

CONSOLIDATED FINANCIAL REPORT

2008

TOWNSHIP OF MATACHEWAN

DISTRICT OF TEMISKAMING

TOWNSHIP OF MATACHEWAN

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2008

FINANCIAL ASSETS

	2008	2007
Cash	\$ 242,341	\$ 354,872
Taxes receivable	33,516	16,057
Accounts receivable	165,503	67,733
Total assets	\$ 441,360	\$ 438,662

LIABILITIES

Accounts payable and accrued liabilities - note 4	\$ 195,783	\$ 147,747
Long-term liabilities	-	1,666
	195,783	149,413

MUNICIPAL POSITION

Operating fund - note 6	-	(223,445)
Capital fund - note 6	35,681	-
Reserves - notes 4, 6	209,896	514,360
Municipal fund balance	245,577	290,915
Long term debt amounts to be recovered	-	(1,666)
Municipal position	245,577	289,249
Total liabilities and municipal position	\$ 441,360	\$ 438,662

The accompanying notes form an integral part of these financial statements.

TOWNSHIP OF MATACHEWAN

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2008

REVENUES	(Unaudited)		
	Budget 2008	Actual 2008	Actual 2007
Operating fund			
Municipal taxation	\$ 123,000	\$ 181,909	\$ 198,065
Water user fees	90,038	83,486	80,415
User charges	45,021	17,490	22,123
Federal grants	48,964	12,115	12,345
Provincial grants	491,416	296,312	279,939
Investment income	11,000	6,998	11,470
Penalties and interest on taxes	9,500	3,935	6,698
Provincial offences act revenues	5,849	7,236	4,382
Other - note 4	155,581	33,545	31,255
Total operating fund	980,369	643,026	646,692
Capital fund			
Provincial grants	303,733	338,977	-
Donations	5,000	75,000	-
Sale of building	-	64,204	-
Total capital fund	308,733	478,181	-
Total revenues	1,289,102	1,121,207	646,692
EXPENSES			
Operating fund			
General government	291,291	270,442	200,871
Protection to persons and property	136,349	81,809	99,794
Transportation services	190,895	60,531	43,617
Environmental services	119,633	112,827	99,346
Health services	37,874	39,846	30,497
Social and family services	62,751	60,194	72,906
Recreation and cultural services	26,965	28,412	26,236
Planning and development	39,600	10,470	8,812
Total operating fund	905,358	664,531	582,079
Capital fund			
General government	1,634	-	1,540
Waterworks	-	-	4,880
Curling rink	458,733	500,764	4,141
Heliport	-	-	39
Total capital fund	460,367	500,764	10,600
Total expenses	1,365,725	1,165,295	592,679
NET REVENUE (EXPENDITURE)	(76,623)	(44,088)	54,013
Debt principal repayments	13,154	(1,250)	(5,417)
Change in municipal position	(63,469)	(45,338)	48,596
Municipal position, beginning of year	290,915	290,915	242,319
Municipal position, end of year	\$ 227,446	\$ 245,577	\$ 290,915

The accompanying notes form an integral part of these financial statements.

TOWNSHIP OF MATACHEWAN
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>2008</u>	<u>2007</u>
Operations		
Net revenues	\$ (44,088)	\$ 54,013
Other sources (uses) -		
Taxes receivable	(17,459)	(10,068)
Accounts receivable	(97,770)	3,911
Accounts payable	48,036	135,333
Net increase (decrease) from operations	<u>(111,281)</u>	<u>183,189</u>
Financing activities		
Long term debt repayments	<u>(1,250)</u>	<u>(5,417)</u>
Net change in cash for year	(112,531)	177,772
Cash, beginning of year	<u>354,872</u>	<u>177,100</u>
Cash, end of year	<u>\$ 242,341</u>	<u>\$ 354,872</u>
Balance consists of		
Cash	<u>\$ 242,341</u>	<u>\$ 354,872</u>

The accompanying notes form an integral part of these financial statements.

TOWNSHIP OF MATACHEWAN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2008

1. **Accounting policies**

The consolidated financial statements of the Corporation of the Township of Matachewan are the representations of management and council and are prepared in accordance with the Public Sector Standards accounting principles of the Canadian Institute of Chartered Accountants as prescribed for Ontario Municipalities by the Ministry of Municipal Affairs. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgments.

(a) **Basis of consolidation**

(i) These consolidated statements reflect the assets, liabilities, sources of financing and expenditures of the revenue fund, capital fund, reserve fund and include the activities of all committees of Council.

All interfund assets and liabilities and sources of financing and expenditures have been eliminated.

(ii) **Non-consolidated entities**

The following local boards, joint local boards, municipal enterprises and utilities are not consolidated:

Timiskaming District Health Unit
District of Timiskaming Social Services Administration Board

Although these are joint local boards they run autonomously to provide those services mandated by the Province. The Township has no control over these programs or their financing. These joint local boards are not proportionately consolidated. The yearly requisitions of these boards are expensed by the Township in its statements.

(iii) **Accounting for school board transactions**

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

(b) **Basis of accounting**

(i) Sources of financing and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting 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) **Capital assets**

The historical cost and accumulated depreciation for capital assets are not recorded for municipal purposes. Capital assets are reported as an expenditure on the "Consolidated Statement of Financial Activities" in the year of acquisition.

In 2009 the Township will change to reporting tangible capital assets on its statement of financial position at cost less accumulated amortization. A yearly amortization expense will be reflected in the statement of financial activities. To facilitate these new reporting requirements the Township has already started to construct an inventory of all tangible assets on hand and establish proper accounting policies and procedures.

TOWNSHIP OF MATACHEWAN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2008

2. **Operations of school boards**

Further to note 1(a) (iii), the taxation levied on behalf of and due to the school boards is:

2008	2007
\$ 37,502	\$ 22,410

3. **Contributions to unconsolidated joint boards**

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

	2008	2007
Timiskaming District Health Unit (THU)	\$ 15,672	\$ 15,613
District of Timiskaming Social Services Administration Board (DTSSAB)	\$ 76,035	\$ 87,790

The Township is contingently liable for its share of the accumulated deficits and long term liabilities of these boards at the end of the year. The information as to these amounts for the 2008 year end is not available at this time. At the end of 2007 the DTSSAB was in a net surplus (considering long term debt) position of approximately \$3.5 million while the THU was in a net surplus (considering long term debt) position of approximately \$15,000. Neither year end position is expected to materially affect the Township of Matachewan.

4. **Prior period error**

In 2007, several properties under tax registration were sold. The proceeds of the sales were erroneously included in the Township's income. The changes made to the 2007 comparative figures are as follows:

	2007	
	restated	prior to restatement
Accounts payable	\$ 147,747	\$ 88,192
Reserves	514,360	573,915
Other revenue	31,255	90,810

There is no impact on the 2008 figures.

5. **Dump closure costs**

In 2003, a study was done by an engineering firm to determine closure costs, post closure costs and life expectancy on the Matachewan dump. The dump is estimated to last another 107 years. No liability has been recorded to date.

TOWNSHIP OF MATACHEWAN

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2008

6.	Municipal fund balances	<u>2008</u>	<u>2007</u>
	Operating fund		
	Revenues	\$ 643,026	\$ 646,692
	Expenses	<u>664,531</u>	<u>582,079</u>
	Net revenue (expenditure)	(21,505)	64,613
	Debt principal repayments	(1,250)	(5,417)
	Transferred from (to) capital fund	(58,264)	(10,600)
	Transferred (to) from reserve fund - net	<u>304,464</u>	<u>(54,315)</u>
	Change in operating fund balance	223,445	(5,719)
	Operating fund balance, beginning of year	<u>(223,445)</u>	<u>(217,726)</u>
	Operating fund balance, end of year	<u>\$ -</u>	<u>\$ (223,445)</u>
	Capital fund		
	Revenues	\$ 478,181	\$ -
	Expenses	<u>500,764</u>	<u>10,600</u>
	Net revenue (expenditure)	(22,583)	(10,600)
	Transferred from operating fund	58,264	10,600
	Transferred from reserves	-	-
	Change in capital fund balance	<u>35,681</u>	<u>-</u>
	Capital fund balance, beginning of year	<u>-</u>	<u>-</u>
	Capital fund balance, end of year	<u>\$ 35,681</u>	<u>\$ -</u>
	Reserves		
	Transfer from (to) operating fund - net	\$ (304,464)	\$ 54,315
	Reserves balance, beginning of year	<u>514,360</u>	<u>460,045</u>
	Reserves balance, end of year	<u>\$ 209,896</u>	<u>\$ 514,360</u>
	The entire reserves are for working funds.		
	Year end fund balance summary		
	Operating fund	\$ -	\$ (223,445)
	Capital fund	35,681	-
	Reserves	<u>209,896</u>	<u>514,360</u>
	Municipal position	<u>\$ 245,577</u>	<u>\$ 290,915</u>