

CORPORATION OF THE TOWNSHIP OF MATACHEWAN
Financial Statements
Year Ended December 31, 2007

CORPORATION OF THE TOWNSHIP OF MATACHEWAN

Statement of Financial Position

December 31, 2007

	2007	2006
FINANCIAL ASSETS		
Cash	\$ 354,872	\$ 177,100
Taxes receivable (Note 6)	16,057	5,989
Accounts receivable	41,292	3,490
Deposit on building	10,255	-
Due from Province of Ontario	1,100	39,937
Due from Government of Canada	15,086	26,820
Due from school boards	35,309	36,706
	\$ 473,971	\$ 290,042
LIABILITIES		
Accounts payable and accrued liabilities	\$ 42,213	\$ 26,923
Long-term liability (Note 8)	1,666	7,083
Deferred revenue (Note 2)	81,289	20,800
Landfill closure and post-closure liability (Note 13)	15,000	15,000
	140,168	69,806
MUNICIPAL POSITION		
FUND BALANCES		
Operating fund (deficit) (Schedule A)(Note 10)	(223,445)	(217,726)
Reserve (Schedule C)	573,914	460,045
	350,469	242,319
AMOUNT TO BE RECOVERED (Note 9)	(16,666)	(22,083)
	333,803	220,236
	\$ 473,971	\$ 290,042

Approved by

_____ Councilor

CORPORATION OF THE TOWNSHIP OF MATACHEWAN

Statement of Financial Activities

Year Ended December 31, 2007

	2007	2006
REVENUES		
TAXATION AND USER CHARGES		
Residential and farm taxation	\$ 106,897	\$ 101,667
Commercial and industrial	6,999	6,999
Taxation from other governments	39,230	77,694
User charges - water and sewer	80,415	70,692
	233,541	257,052
GRANTS		
Province of Ontario - operating	284,321	344,563
Province of Ontario - capital	-	34,062
Government of Canada - operating	12,345	2,830
Government of Canada - capital	-	2,220
OTHER		
Penalties and interest on taxes	6,698	8,254
Investment income	11,470	4,900
Other	112,931	57,565
	427,765	454,394
TOTAL REVENUES	661,306	711,446
EXPENDITURES		
CURRENT OPERATIONS		
General Government	155,931	277,075
Protection to persons and property	103,194	84,316
Transportation services	43,617	53,440
Environmental services	99,346	99,603
Health services	30,497	30,684
Social and family services	72,906	74,281
Recreation and cultural services	31,648	15,118
	537,139	634,517
CAPITAL OPERATIONS		
General Government	1,540	10,000
Protection to persons and property	39	25,998
Transportation services	-	3,199
Environmental services	4,880	-
Recreation and cultural services	4,141	-
	10,600	39,197
TOTAL EXPENDITURES	547,739	673,714
CHANGE IN MUNICIPAL POSITION	\$ 113,567	\$ 37,732

CORPORATION OF THE TOWNSHIP OF MATACHEWAN

Statement of Change in Fund Balance

Year Ended December 31, 2007

	2007	2006
CHANGE IN MUNICIPAL POSITION	\$ 113,567	\$ 37,732
ADD (DEDUCT)		
New debt issued	-	10,000
Debt principal repayments	(5,417)	(2,917)
Increase in landfill closure and post-closure liability	-	15,000
Increase in amounts to be recovered	(5,417)	22,083
CHANGE IN FUND BALANCES	\$ 108,150	\$ 59,815

CORPORATION OF THE TOWNSHIP OF MATACHEWAN

Statement of Cash Flow

Year Ended December 31, 2007

	2007	2006
OPERATING ACTIVITIES		
Change in municipal position	\$ 113,567	\$ 37,732
SOURCES (USES)		
Accounts receivable	(37,802)	(3,490)
Accounts payable and accrued liabilities	15,290	(22,667)
Deferred revenue	60,489	(21,820)
Deposit on building	(10,255)	-
Taxes receivable	(10,068)	62,170
Due from Province of Ontario	38,837	(8,879)
Due from school boards	1,397	(19,223)
Due from Government of Canada	11,734	17,962
Landfill closure and post-closure liability	-	15,000
	69,622	19,053
Cash flow from operating activities	183,189	56,785
FINANCING ACTIVITIES		
Proceeds from issue of long-term debt	-	10,000
Repayment of long term debt	(5,417)	(2,917)
Cash flow from (used by) financing activities	(5,417)	7,083
INCREASE IN CASH FLOW	177,772	63,868
Cash - beginning of year	177,100	113,232
CASH - END OF YEAR	\$ 354,872	\$ 177,100
CASH FLOW SUPPLEMENTARY INFORMATION		
Interest paid	\$ -	\$ -

CORPORATION OF THE TOWNSHIP OF MATACHEWAN

Notes to Financial Statements

Year Ended December 31, 2007

1. NATURE OF BUSINESS

The Corporation of the Township of Matachewan (the municipality) is a single-tier municipal corporation located in the Timiskaming District of Northern Ontario. It is subject to provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the municipality are the representation of management prepared in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants. The financial statements have in management's opinion, been properly prepared within reasonable limits of materiality.

The focus of PSAB financial statements is on the financial position of the municipality and the changes thereto. The Statement of Financial Position reports the assets and liabilities of the municipality. Financial assets are those assets which could provide resources to discharge existing liabilities or finance future operations. Municipal position represents the financial position and is the difference between assets and liabilities. This provides information about the municipality's overall future revenue requirements and its ability to finance activities and meet its obligations.

A) REPORTING ENTITY

(i) The statements reflect the assets, liabilities, revenues, expenditures and fund balances of the reporting entity. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the municipality and which are owned or controlled by the municipality.

(ii) Non-consolidated Entities

The following local boards, joint local boards, municipal enterprises and utilities are not proportionately consolidated because the net effect of the proportionate consolidation is not material:

Timiskaming District Health Unit
District of Timiskaming Social Services Administration Board

(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 the municipal position of these financial statements.

B) BASIS OF ACCOUNTING

(i) Fund Accounting

In accordance with practices common to Ontario municipalities, the municipality follows the fund basis of accounting. The capital fund is used principally to account for assets acquired or obligations incurred which are to be financed from the future revenue of the municipality and its annual interest cost of this financing that is paid from operations. Reserve funds are generally created by appropriations from current operations. The uses of these funds are restricted to the purposes for which the reserve funds are created. Within the framework of the fund basis of accounting, these financial statements have been prepared on an accrual basis. The accrual basis of accounting recognizes revenues as 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.

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CORPORATION OF THE TOWNSHIP OF MATACHEWAN

Notes to Financial Statements

Year Ended December 31, 2007

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(ii) 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.

(iii) Accounts Receivable

Accounts receivable are reported net of any allowance for doubtful accounts.

(iv) Inventories

Inventories held by the municipality are not viewed as financial assets and have, therefore, been included as expenditures in the period they are acquired in the Statement of Financial Activities.

(v) Capital Assets

The historical cost and accumulated amortization for capital assets are not recorded for municipal purposes. Capital assets are reported as an expenditure on the Statement of Financial Activities in the year of acquisition. The amount of these expenditures which is financed from long-term liabilities which remains outstanding at year-end is included in the amounts to be recovered in future years in the Statement of Financial Position.

(vi) Reserves

Certain amounts, as approved by Council, are set aside in reserves for future operating and capital purposes. Transfers to and/or from reserves are an adjustment to the respective fund when approved.

(vii) Government Transfers

Government transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

(viii) Deferred revenue

Deferred revenue represents user charges and other fees which have been collected, for which the related services have yet to be performed. These amounts will be recognized in the fiscal year the services are performed.

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