

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 1990**

1. Accounting policies:

The consolidated financial statements of the Municipality are the representation of management prepared in accordance with accounting policies 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 judgements.

(a) (i) Basis of consolidation:

These consolidated statements reflect the assets, liabilities, sources of financing and expenditures of the revenue fund, capital fund, reserve funds and reserves and include the activities of all committees of Council and the following boards which are under the control of Council:

Schreiber Parks and Recreation Committee
Schreiber Public Library Board

All inter-fund assets and liabilities and sources of financing and expenditures have been eliminated with the exception of loans or advances between reserve funds and any other fund of the Municipality and the resulting interest income and expenditures.

(ii) Non-consolidated entities:

The following joint local boards and utility are not consolidated:

Thunder Bay District Health Unit
District of Thunder Bay Home for the Aged
Thunder Bay Area Emergency Measures Organization
North Shore Family Resource Centre
Schreiber Hydro-Electric Commission

(iii) Accounting for school board transactions:

The taxation, other revenue, expenditures, assets and liabilities with respect to the operations of the school boards are not reflected in the municipal fund balances of these financial statements. Overlevies (underlevies) are reported on the consolidated balance sheet as other current liabilities (other current assets).

(iv) Trust funds:

Trust funds and their related operations administered by the Municipality are not consolidated, but are reported separately on the trust funds statement of continuity and balance sheet.

(b) Basis of accounting:

(i) Sources of financing and expenditures are reported on the accrual basis of accounting with the exception of inventories and prepaid expenses which are charged against operations in the period in which they are incurred.

(ii) 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.

(iii) The historical cost and accumulated depreciation of fixed assets are not reported for municipal purposes. Fixed assets are reported as an expenditure on the consolidated statement of operations in the year of acquisition.

(iv) Capital outlay to be recovered in future years, which represents the outstanding principal portion of unmatured long-term liabilities for municipal expenditures or capital funds transferred to other organizations, is reported on the consolidated balance sheet.

2. Net long-term liabilities:

(a) The balance of net long-term liabilities reported on the consolidated balance sheet is made up of the following:

Total long-term liabilities incurred by the Municipality at the end of the year amount to	<u>1990</u>	<u>1989</u>
	\$111,079	\$130,671

(b) Of the net long-term liabilities reported in (a) of this note the principal payments are payable as follows:

	1991 to 1995	1996 to 2000	2001 and thereafter	Total
From general municipal revenues	\$38,607	\$39,295	\$33,177	\$111,079

(c) Approval of the Ontario Municipal Board has been obtained for the long-term liabilities in (a) issued in the name of the Municipality.

3. Municipal fund balances at the end of the year

(a) The balances on the consolidated statement of operations of municipal equity (deficit) of (\$278,595) (1989, \$2,108) at the end of the year are comprised of the following:

	1990	1989
-to be recovered from operations of the operating fund for the following year	\$(45,873)	\$(4,774)
-to be applied to operations of local boards for the following year	6,167 (39,706)	6,882 2,108
-acquisition of fixed assets to be financed from proceeds of long-term liabilities and through reserve funds	(238,889)	-
	<u>\$(278,595)</u>	<u>\$2,108</u>

(b) Approval of the Ontario Municipal Board has been obtained for the pending issue of long-term liabilities to be financed from revenues beyond the term of Council.

**4. Reserves and reserve funds**

The total balances of reserves and reserve funds of \$150,000 (1989, \$150,000) and \$351,210 (1989, \$453,858), respectively, are made up of the following:

	<u>1990</u>	<u>1989</u>
Reserve set aside for specific purpose by Council:		
- for working capital	\$150,000	\$150,000
Total Reserve	\$150,000	\$150,000
Reserve funds set aside for specific purposes by Council		
- for acquisition of fixed assets	\$25,203	\$146,562
- for waterworks plant renewal	223,405	213,353
- for recreation programs and facilities	20,271	19,453
- for library capital expansion	18,040	16,423
- for town hall renovations	29,238	28,126
- for cemetery expansion	35,053	29,941
Total reserve funds	<u>\$351,210</u>	<u>\$453,858</u>

5. Operations of school boards

Further to note 1(a) (iii), the taxation, other revenues, expenditures and overlevies (underlevies) of the school boards are comprised of the following:

	<u>1990</u>	<u>1989</u>
Taxation	\$534,362	\$451,276
Grants in lieu of taxation	7,591	6,476
Amounts received or receivable	<u>541,953</u>	<u>457,752</u>
Requisitions	540,950	447,375
Supplementary taxation	1,519	11,175
	<u>542,469</u>	<u>458,550</u>
Underlevies for the year	(516)	(798)
Overlevies (underlevies), beginning of year	(78)	720
Underlevies, end of year	<u>\$(594)</u>	<u>\$(78)</u>

6. Contributions to unconsolidated joint boards:

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

	<u>1990</u>	<u>1989</u>
Thunder Bay District Health Unit	\$11,233	\$10,593
District of Thunder Bay Home for the Aged	20,531	15,328
Thunder Bay Area Emergency Measures Organization	1,206	1,291
North Shore Family Resource Centre	<u>5,767</u>	<u>4,233</u>
	<u>\$38,737</u>	<u>\$31,445</u>

The Municipality's share of the accumulated surpluses (deficits) of these joint boards is as follows:

	<u>1990</u>	<u>1989</u>
Thunder Bay District Health Unit (1.33 %)	\$377	\$317
District of Thunder Bay Home for the Aged (3.84%)	(1,568)	(2,833)
	<u>\$(1,191)</u>	<u>\$(2,516)</u>

7. Trust Funds:

Trust funds administered by the Municipality amounting to \$58,393 (1989, \$54,527) have not been included in the consolidated balance sheet nor have their operations been included in the consolidated statement of operations.

8. Charges for net long-term liabilities:

Total charges for the year for net long-term liabilities which are reported on the consolidated statement of operations are as follows:

	<u>1990</u>	<u>1989</u>
Principal Payments	\$16,565	\$21,712
Interest	19,592	12,159
	<u>\$36,157</u>	<u>\$33,871</u>

9. Non-accrual of interest on long-term liabilities:

No provision has been made in these financial statements for the accrual of interest on the net long-term liabilities. Had this provision been made the municipal fund balances as at December 31, 1990 would have been decreased by \$2,939 (1989, \$3,594).