

Consolidated Financial Statements

The Corporation of the Town of Marathon

December 31, 2009

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Auditors' Report

To the Members of Council, Inhabitants and Ratepayers of

The Corporation of the Town of Marathon

We have audited the consolidated statement of financial position of The Corporation of the Town of Marathon as at December 31, 2009 and the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended. These financial statements are the responsibility of the Town's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Town as at December 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Thunder Bay, Canada
October 13, 2010

Chartered Accountants
Licensed Public Accountants

The Corporation of the Town of Marathon Consolidated Statement of Financial Position

As at December 31	2009	2008
	\$	\$ <i>[restated - note 2]</i>
FINANCIAL ASSETS		
Cash and cash equivalents	3,141,479	3,130,038
Investments <i>[note 4]</i>	200,000	200,000
Taxes receivable	917,697	562,468
User charges receivable	117,677	70,135
Accounts receivable	583,557	1,833,678
Lease receivable <i>[note 5]</i>	237,500	287,500
Total financial assets	5,197,910	6,083,819
LIABILITIES		
Accounts payable and accrued liabilities	1,128,317	1,919,445
Deferred revenue <i>[note 9]</i>	329,934	117,996
Debt <i>[note 10]</i>	1,700,058	2,048,016
Capital lease obligations <i>[note 11]</i>	33,667	63,314
Landfill closure and post-closure liability <i>[note 12]</i>	1,399,464	1,399,464
Total liabilities	4,591,440	5,548,235
NET FINANCIAL ASSETS	606,470	535,584
NON-FINANCIAL ASSETS		
Tangible capital assets - net <i>[note 13] [schedule 2]</i>	35,271,580	34,448,013
Accumulated surplus <i>[schedule 1]</i>	35,878,050	34,983,597

See accompanying notes to the consolidated financial statements.

The Corporation of the Town of Marathon Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31

	Budget 2009 \$ <i>[note 17]</i>	Actual 2009 \$	Actual 2008 \$ <i>[restated - note 2]</i>
REVENUES <i>[schedule 3]</i>			
Taxation			
Residential and farm taxation	2,546,787	2,554,972	2,482,505
Commercial and industrial taxation	3,704,538	3,702,870	3,745,599
Taxation from other governments	85,843	112,917	111,992
	6,337,168	6,370,759	6,340,096
Deduct			
Amounts received or receivable on behalf of school boards	(897,760)	(899,338)	(972,150)
	5,439,408	5,471,421	5,367,946
User charges			
Water and sewer	1,164,012	1,142,258	1,164,228
Other fees and service charges	1,255,714	1,020,158	1,230,772
	7,859,134	7,633,837	7,762,946
Grants			
Government of Canada	1,472,496	95,823	580,797
Province of Ontario	4,811,901	3,270,705	5,453,528
	6,284,397	3,366,528	6,034,325
Other			
Investment income	120,000	39,899	174,392
Penalties and interest on taxes	250,000	250,960	84,494
Sale of land and equipment	6,000	(400)	400
Sundry	87,850	97,934	141,764
Donations and other	111,929	111,929	376,568
	575,779	500,322	777,618
Total revenues	14,719,310	11,500,687	14,574,889

The Corporation of the Town of Marathon Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31

	Budget 2009 \$ <i>[note 17]</i>	Actual 2009 \$	Actual 2008 \$ <i>[restated - note 2]</i>
EXPENSES <i>[note 14] [schedule 3]</i>			
General government	2,532,166	2,591,964	2,130,052
Protection to persons and property	1,598,862	1,582,808	1,445,685
Transportation services	1,554,999	1,763,672	2,019,873
Environmental services	1,125,613	1,625,632	1,285,700
Health services	218,017	249,848	266,955
Social and family services	559,826	663,006	559,140
Recreation and cultural services	1,510,056	1,818,869	2,021,276
Planning and development	320,405	310,435	270,483
	9,419,944	10,606,234	9,999,164
NET REVENUES	5,299,366	894,453	4,575,725
Other expenses			
Loss on disposal of tangible capital assets	—	—	66,611
Annual surplus	5,299,366	894,453	4,509,114
Accumulated surplus, beginning of year	1,666,129	34,983,597	30,474,483
Accumulated surplus, end of year	6,965,495	35,878,050	34,983,597

See accompanying notes to the consolidated financial statements.

The Corporation of the Town of Marathon
Consolidated Statement of Change in Net Financial
Assets

Year ended December 31, 2009

	Budget 2009 \$ <i>[note 17]</i>	Actual 2009 \$	Actual 2008 \$
Annual surplus	5,299,366	894,453	4,509,114
Acquisition of tangible capital assets	(6,178,247)	(2,221,367)	(4,918,254)
Amortization of tangible capital assets	—	1,397,800	1,262,222
Loss on disposal of tangible capital assets	—	—	66,611
Increase (decrease) in net financial assets	(878,881)	70,886	919,693
Net financial assets, beginning of year	—	535,584	(384,109)
Net financial assets (debt), end of year	(878,881)	606,470	535,584

See accompanying notes to the consolidated financial statements.

The Corporation of the Town of Marathon Consolidated Statement of Cash Flows

Year ended December 31	2009	2008
	\$	\$ <i>[restated - note 2]</i>
OPERATIONS		
Annual surplus	894,453	4,509,114
Non-cash charges		
Amortization	1,397,800	1,262,222
Loss on disposal of tangible capital assets	—	66,611
Decrease in landfill closure and post-closure costs	—	(464,694)
	2,292,253	5,373,253
Net change in non-cash working capital balances		
Increase in taxes receivable	(352,691)	(247,123)
Increase in user charges receivable	(47,542)	(7,716)
Decrease (increase) in accounts receivable	1,247,583	(362,099)
Decrease in lease receivable	50,000	50,000
Increase (decrease) in accounts payable	(791,128)	378,270
Increase (decrease) in deferred revenue	211,938	(1,994,577)
Increase in prepaid expenses	—	(1,269)
Cash provided by operating transactions	2,610,413	3,188,739
CAPITAL		
Acquisition of tangible capital assets	(2,221,367)	(4,918,254)
Cash used in capital transactions	(2,221,367)	(4,918,254)
FINANCING		
Repayment of long-term debt	(347,958)	(338,104)
Principle payments on capital lease obligations	(29,647)	(28,336)
Cash used in financing transactions	(377,605)	(366,440)
Increase (decrease) in cash and cash equivalents	11,441	(2,095,955)
Opening cash and cash equivalents	3,130,038	5,225,993
Closing cash and cash equivalents	3,141,479	3,130,038

See accompanying notes to the consolidated financial statements.

The Corporation of the Town of Marathon

Notes to the Consolidated Financial Statements

December 31, 2009

GENERAL

The Corporation of the Town of Marathon 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 and related legislation.

1. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements of the The Corporation of the Town of Marathon are prepared by management in accordance with accounting policies generally accepted for the local government as prescribed by the Public Sector Accounting Board ("PSAB") of the CICA. The more significant of these accounting policies are as follows:

[a] Basis of consolidation

Reporting Entity

These consolidated financial statements reflect the financial assets, liabilities, revenues, expenses, and accumulated surplus of the reporting entity. The reporting entity is comprised of all organizations, local boards, and committees accountable for the administration of their financial affairs and resources, to the Town, and which are owned or controlled by the Town. Accordingly, the following are consolidated in these financial statements.

Marathon Centennial Public Library Board

All interfund balances and transactions have been eliminated.

Joint Local Boards

The financial activities of certain entities associated with the Town are not consolidated. The Town's contributions to these entities are recorded in the Statement of Operations and Accumulated Surplus. The entities that are accounted for in this manner are:

Thunder Bay District Health Unit

The District of Thunder Bay Social Services Administration Board

Trust Funds

Trust funds administered by the Town have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations and Accumulated Surplus. They are reported separately on the Trust Fund Statement of Financial Position and Statement of Operations and Accumulated Surplus.

The Corporation of the Town of Marathon

Notes to the Consolidated Financial Statements

December 31, 2009

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 financial statements.

[b] Basis of accounting

Accrual accounting

The Town uses the accrual basis of accounting and recognizes revenues as they are levied or earned and become measurable; expenses 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.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances in banks.

Inventories

Inventories of supplies, including vehicle parts and road maintenance materials, are charged to operations when purchased. Inventories held for resale are recorded at the lower of cost and net realizable value.

Employee benefits

Vacation pay, sick leave liability and other post-employment benefits are charged to operations in the year earned.

The Corporation of the Town of Marathon

Notes to the Consolidated Financial Statements

December 31, 2009

Non-financial assets

Non-financial assets are not available to discharge existing liabilities and 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. The change in non-financial assets during the year, together with the annual surplus, provides the Change in Net Financial Assets for the year.

[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. 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 to 40 years
Buildings	20 to 60 years
Vehicles	10 to 20 years
Machinery and equipment	10 to 30 years
Other	5 to 20 years
Transportation - roads and other structures	20 to 80 years
Underground and other networks	30 to 60 years

Amortization charged in the year of acquisition and in the year of disposal is based on the number of months the asset is in use in that year. Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized.

[b] Contribution of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. Similarly, transfers of assets to third parties are recorded as an expense equal to the net book value of the asset as of the date of transfer.

[c] Tangible capital assets recognized at nominal value

Assets for which there is a difficulty of determining a tenable valuation are assigned a nominal value of one dollar.

[d] Capitalization of interest

The Town has a policy of capitalizing borrowing costs incurred when financing the acquisition of a tangible capital asset, for those interest costs incurred up to the date the asset goes into use, per PS 3150.17.

The Corporation of the Town of Marathon

Notes to the Consolidated Financial Statements

December 31, 2009

[e] Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

[f] Inventories

Inventories held for consumption are recorded at the lower of cost or replacement cost.

Deferred revenue

Deferred revenue represents user charges and fees and government transfers which have been collected but for which the related services have yet to be performed. These accounts will be recognized as revenues in the fiscal year the services are performed. The Town receives development charges under the authority of provincial legislation and Town by-laws (obligatory reserve funds) as well as Gas Tax proceeds from the Federal Government through the Association of Municipalities of Ontario. These funds, by their nature, are restricted in their use and, until applied to specific expenses and are recorded as deferred revenue. Amounts applied to qualifying capital projects are recorded as revenue in the fiscal period they are expended. See note 9 for more details.

Reserves and reserve funds

Certain amounts, as approved by the Town Council, are set aside in reserves and reserve funds for future operating and capital purposes.

Investment income

Investment income earned on surplus funds are reported as revenue in the period earned. Investment income earned on obligatory reserve funds is added to the fund balance and forms part of the deferred revenue balance.

Government transfers

Government transfers are the transfer of assets from senior levels of government that are not the results of an exchange transaction, are not expected to be repaid in the future or are the result of a direct financial return.

Government transfers are recognized in the consolidated financial statements as revenue in the fiscal period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met including performance and return requirements, and reasonable estimates of the amounts can be determined.

The Corporation of the Town of Marathon

Notes to the Consolidated Financial Statements

December 31, 2009

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 reporting period. Actual results could differ from these estimates.

2. CHANGE IN ACCOUNTING POLICIES

[a] Effective January 1, 2009, The Corporation of the Town of Marathon adopted Canadian Institute of Chartered Accountants ("CICA") Public Sector Handbook Section 1200 - Financial Statement Presentation and Section 3150 - Tangible Capital Assets. As a result of these changes, the Town has recorded tangible capital assets for 2009 with prior year information restated to conform with the current year presentation. In addition, the statements reflect the new Statement of Change in Net Financial Assets and no longer reflect the Statements of Operating, Capital and Reserves and Reserve Funds.

As a result of the PSAB changes, non-financial assets for 2008 have increased by \$34,445,629 for tangible capital assets, 2008 expenses increased by \$3,654,917, and the 2008 opening municipal position has increased by \$30,858,592 and is now represented by accumulated surplus.

[b] On January 1, 2009, the Town changed its accounting policy for joint local boards. Joint local boards that were previously accounted for as government partnerships and proportionately consolidated in the financial statements are no longer proportionately consolidated in the Town's financial statements. This policy change has been applied retroactively in the financial statements. Management believes that this policy provides more relevant and reliable information to the users of the financial statements.

As a result of the non-proportionate consolidation of joint local boards, 2008 financial assets have decreased by \$660,870, 2008 liabilities have decreased by \$797,753, 2008 revenues have decreased by \$1,360,266, 2008 expenditures have decreased by \$4,942,353, and the 2008 opening municipal position has increased by \$208,444 and is now represented by accumulated surplus.

3. TRUST FUNDS

The only trust fund currently administered by the Town is the Cemetery Maintenance Fund. This trust fund which amounts to \$36,692 [2008 - \$34,592] has not been included in the Consolidated Statement of Financial Position nor has its operations been included in the Consolidated Statement of Operations and Accumulated Surplus.

4. INVESTMENTS

Investments consist of a bond maturing in April, 2010, yielding an interest rate of 4.0% at maturity.

The Corporation of the Town of Marathon

Notes to the Consolidated Financial Statements

December 31, 2009

5. LEASE RECEIVABLE

In 2007, the Town entered into an agreement to dispose of a property in the form of a lease with an option to purchase exercisable by the tenant. The agreement provides for the Town to receive monthly payments of \$4,166.67 until September, 2014.

6. TEMPORARY LOANS

The Town has available a line of credit of \$1,500,000 [2008 - \$1,500,000] for which the Town has provided a general security agreement of which \$nil [2008 - \$nil] was borrowed at year-end. Interest on the line of credit is calculated at bank prime plus 1/4%.

7. PENSION AGREEMENTS

The Town makes contributions to the Ontario Municipal Employees Retirement Fund ("OMERS"), which is a multi-employer plan, on behalf of members of its staff. The plan is a defined benefit plan which specifies the amount of retirement benefit to be received by the employees based on the length of service and rates of pay. The amount contributed to OMERS for 2009 was \$133,830 [2008 - \$141,930] for current service.

8. EMPLOYEE FUTURE BENEFIT OBLIGATIONS

Under the sick leave benefit plan, unused sick leave can accumulate and certain employees may become entitled to a cash payment when they retire or leave their employment.

The liability for these days which could be taken by an employee upon voluntary termination of employment amounted to approximately \$52,675 [2008 - \$72,535] at the end of the year. An amount of \$52,675 [2008 - \$72,535] has been provided for this past service liability as a reserve.

The Corporation of the Town of Marathon

Notes to the Consolidated Financial Statements

December 31, 2009

9. DEFERRED REVENUE

	2009 \$	2008 \$
Obligatory reserve funds		
Unearned Gas tax proceeds	286,979	—
Other deferred revenue		
Marathon Action Centre - Advance from Province	21,478	—
Federal Government - Olympic Torch Run	15,000	—
Provincial Government - Olympic Torch Run	2,811	—
DSSAB Funding - Wellness Program	3,000	—
VIC Water Project - Infrastructure Stimulus Fund	666	—
Firefighters Association - Penn Lake Park Donation	—	5,000
Williams Operating Corporation - Penn Lake Park Donation	—	106,929
Miscellaneous	—	6,067
	329,934	117,996

The continuity of deferred revenue is as follows:

Balance, beginning of year	117,996	2,112,572
Conditional grant proceeds received in year	17,811	—
Gas tax grant proceeds received in the year	286,979	—
Donations and other proceeds received in year	25,144	5,000
Conditional grant revenue earned	—	(1,871,560)
Donations and other proceeds earned	(117,996)	(128,016)
Balance, end of year	329,934	117,996

10. DEBT

[a] The balance of debt reported on the Consolidated Statement of Financial Position is made up of the following:

	2009 \$	2008 \$
Toronto Dominion Bank		
Term loan repayable in monthly payments of \$16,461 including interest at 4.79%, maturing April, 2021.	1,700,058	2,048,016

The Corporation of the Town of Marathon

Notes to the Consolidated Financial Statements

December 31, 2009

[b] Principal due on debt is summarized as follows:

	\$
2010	115,650
2011	121,531
2012	127,710
2013	134,204
2014	140,928
2015 and thereafter	1,060,035
	<u>1,700,058</u>

The long-term liability noted above was approved by by-law. The annual principal and interest payments required to service this liability is within the annual debt repayment limit prescribed by the Ontario Ministry of Municipal Affairs and Housing.

[c] The debt in [a] issued in the name of the Town have received approval of the Ontario Municipal Board for those approved on or before December 31, 1992. Those approved after January 1, 1993 have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs.

[d] Total interest charges for debt reported on the Consolidated Statement of Financial Activities are \$100,887 [2008 - \$110,678].

11. CAPITAL LEASES

In 2006, the Town entered into a five-year lease agreement to purchase equipment with General Electric Canada Equipment Financing at a rate of 4.53% per annum.

The future minimum annual lease payments of capital leases, together with the balance of the obligation, are as follows:

	\$
2010	31,904
2011	2,660
Total minimum lease payments	34,564
Less amounts representing interest at a rate of 4.53%	897
	<u>33,667</u>

The Corporation of the Town of Marathon

Notes to the Consolidated Financial Statements

December 31, 2009

12. LANDFILL CLOSURE AND POST-CLOSURE

The main components of the landfill closure plan includes final capping using selected specific layers of impermeable materials based on an engineered cap design and implementation of a drainage management plan and gas management plan. The post-closure care requirements will involve cap maintenance, groundwater monitoring, gas management system operation and maintenance and annual inspections and reports as in accordance with Ministry of Environment regulations.

The estimated liability for this care is the present value for future cash flows associated with closure and post closure costs discounted using the Town's average long-term borrowing rate of 6%. The change in the recorded liability is \$nil [2008 - \$464,694] based on a total estimated undiscounted outflow in the future of \$1,985,500 [2008 - \$1,985,500], leaving an amount to be recognized in the future of \$nil [2008 - \$nil] over the closure and post closure period. The liability is expected to be funded through budget allocations to a landfill reserve over the remaining life of the landfill.

The Town filed an application with the Ministry of Environment for a six year extension to the life of the site. The Ministry reviewed the plan and made comments and recommendations which included specific monitoring as well as a built in contingency plan within the operating plan and recommends closure of the site as soon as possible.

Post closure care is estimated to continue for a period of approximately 19 years.

13. TANGIBLE CAPITAL ASSETS

Schedule 2 provides information on the tangible capital assets of the Town by major asset class, as well as accumulated amortization of the assets controlled.

There were no write-downs of assets in 2009 [2008 - \$nil].

Interest capitalized during 2009 was \$nil [2008 - \$nil].

There were no contributed tangible capital assets in 2009 [2008 - \$nil].

There were no assets recorded at a nominal value in 2009 [2008 - \$nil].

The Corporation of the Town of Marathon

Notes to the Consolidated Financial Statements

December 31, 2009

14. SEGMENTED INFORMATION

The Town of Marathon is a diversified municipal government institution that provides a wide range of services to its citizens, including police, fire, ambulance and water. For management reporting purposes the Town's operations and activities are organized and reported by Fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

Municipal services are provided by departments and their activities are reported in these funds. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

General government

General government services are comprised of various administrative services, including the Finance Department, Corporate Services Departments, and Mayor and Council.

Protection to persons and property

Protection to persons and property is comprised of police services, fire services and protective inspection and control. The police services are contracted from the Ontario Provincial Police. The Fire Services Department is responsible for fire suppression, fire prevention programs, training and education related to prevention, detection or extinguishment of fires. Protective inspection and control ensures an acceptable quality of building construction and maintenance of properties through enforcement of construction codes, building standards and by-laws for the protection of occupants.

Transportation services

Transportation services include roadways, winter control, parking and street lighting. Roadways covers the delivery of municipal public works services related to the planning, development and maintenance of roadway systems, culverts and sidewalks. Winter control includes snowplowing, sanding and salting, snow removal and flood control. Street lighting plans, develops and maintains the street lighting system.

Environmental services

Environmental services consist of waterworks, sanitary sewer, waste collection and disposal and recycling. Waterworks provides drinking water to the citizens of Marathon. Sanitary sewer collects and treats wastewater. Waste collection and disposal and recycling includes the collection of solid waste, landfill site operations and waste minimization programs.

Health services

Health services includes public health services, hospital and ambulance services. Public health services covers the Town of Marathon's contribution to the activities of the Thunder Bay District Health Unit. In response to the health needs of the community, the Thunder Bay District Health Unit provides health information and prevention-related clinical services to people of all ages, advocates for healthy public policy, protects citizens by investigating reportable diseases and upholds regulations that apply to public health.

The Corporation of the Town of Marathon

Notes to the Consolidated Financial Statements

December 31, 2009

Social and family services

Social and family services include general assistance, assistance to aged persons, child care and assistance to the disabled. General assistance represents the Town's contribution to the activities of the District of Thunder Bay Social Services Administration Board ("TBDSSAB"). TBDSSAB is responsible for issuing welfare payments, Ontario Works program delivery, employment assistance services and social housing. Under assistance to aged persons, TBDSSAB is responsible for providing services to seniors.

Recreation and cultural services

Recreation and cultural services include parks, recreation programs and facilities, public library and contributions to cultural organizations. The community services department provides public services that contribute to neighbourhood development and sustainability through the provision of recreation and leisure services such as fitness and aquatic programs, the development and maintenance of various recreational facilities and the maintenance of parks and open spaces. The public library is dedicated to providing community access to local and global information resources that support lifelong learning, research and leisure activities. The Town makes contributions to various cultural organizations under specific funding programs.

Planning and development

The planning and development department manages urban development for business interest, environmental concerns, heritage matters and local neighbourhoods through city planning and community development and approval of all land development plans.

For additional information see the Schedule of Segment Disclosure (Schedule 3).

The Corporation of the Town of Marathon

Notes to the Consolidated Financial Statements

December 31, 2009

15. RESERVES AND RESERVE FUNDS

The continuity of reserves and reserve funds is as follows:

	2009 \$	2008 \$
Reserves		
Balance, beginning of year	1,703,380	1,377,378
Increases		
Contribution from operations	23,440	395,146
Decreases		
Contribution to operations	34,185	69,144
	34,185	69,144
Balance, end of year	1,692,635	1,703,380
Reserve funds		
Balance, beginning of year	461,904	414,210
Increases		
Contributions from operations	134,070	34,652
Interest earned	3,458	13,042
	137,528	47,694
Balance, end of year	599,432	461,904

16. DESIGNATED ASSETS

Of the financial assets reported on the Statement of Financial Position, the Council has designated \$599,432 [2008 - \$461,904] to support reserve funds.

17. BUDGET FIGURES

The operating budget approved by Town Council for 2009 is reflected on the Statement of Operations and Accumulated Surplus. The budget established for capital investment in tangible capital assets is on a project-oriented basis, the costs of which may be incurred over a number of years and therefore may not be comparable with the current year's actual expenses. The Town does not budget activity within reserves and reserve funds, with the exception being those transactions which affect either operations or capital investments. Budget figures have been restated to be comparable with the PSAB reporting reflected in the actual results.

The Corporation of the Town of Marathon

Notes to the Consolidated Financial Statements

December 31, 2009

18. COMMITMENTS

The Town leases certain equipment and vehicles under operating leases and has other financial operating commitments. The future minimum annual lease payments over the next four years are as follows:

	\$
2010	542,802
2011	483,672
2012	386,009
2013	377,159
	<hr/> 1,789,642 <hr/>

19. COMPARATIVE FINANCIAL STATEMENTS

The comparative financial statements have been reclassified for statements previously presented to conform to the 2009 financial statements.

The Corporation of the Town of Marathon Schedule 1
Consolidated Schedule of Accumulated Surplus

Year ended December 31	2009	2008
	\$	\$
Surpluses		
General fund	1,262,767	1,666,129
Investments in tangible capital assets	35,271,580	34,448,013
Unfunded		
Debt	(1,700,058)	(2,048,016)
Employee benefits and post employment benefits	(52,675)	(72,535)
Capital lease obligation	(33,667)	(63,314)
Landfill closure and post closure liability	(1,399,464)	(1,399,464)
Lease receivable	237,500	287,500
Total surpluses	33,585,983	32,818,313
Reserves set aside for specific purposes by Council		
For acquisition of capital assets	185,701	176,586
For recreation programs and facilities	245	245
For working capital	1,454,014	1,454,014
For sick leave	52,675	72,535
Total reserves	1,692,635	1,703,380
Reserve funds set aside for specific purposes by Council		
For acquisition of capital assets	312,835	177,201
For sanitary sewer operations	13,682	13,590
For replacement of equipment	15,980	15,823
For acquisition of cemetery land	166	158
For tax appeal	256,769	255,132
Total reserve funds	599,432	461,904
Accumulated surplus	35,878,050	34,983,597

The Corporation of the Town of Marathon Consolidated Schedule of Tangible Capital Assets

Year ended December 31, 2009

Schedule 2

	General						Infrastructure			Totals		
	Land \$	Land Improvements \$	Buildings \$	Vehicles \$	Machinery and Equipment \$	Other \$	Assets Under Capital Lease \$	Roads and Other Structures \$	Underground and Other Networks \$	Assets Under Construction \$	2009 \$	2008 \$
COST												
Balance, beginning of year	3,904,276	6,178,601	14,408,565	2,826,905	1,953,852	272,660	131,950	15,312,900	13,325,579	1,920,684	60,235,972	56,056,491
Add												
Additions during the year	—	932,704	188,185	269,134	506,944	27,156	—	282,209	—	15,035	2,221,367	4,918,254
Transfers	—	1,609,743	108,387	—	116,812	—	—	—	75,174	(1,910,116)	—	—
Less												
Disposals during the year	—	—	—	—	—	13,832	—	6,700	—	—	20,532	738,773
Balance, end of year	3,904,276	8,721,048	14,705,137	3,096,039	2,577,608	285,984	131,950	15,588,409	13,400,753	25,603	62,436,807	60,235,972
ACCUMULATED AMORTIZATION												
Balance, beginning of year	—	5,601,252	7,243,609	1,631,283	1,300,139	122,218	16,494	5,600,330	4,272,634	—	25,787,959	25,197,899
Add												
Amortization during the year	—	180,490	318,336	153,520	83,136	32,973	6,598	396,034	226,713	—	1,397,800	1,262,222
Less												
Accumulated amortization on disposals	—	—	—	—	—	13,832	—	6,700	—	—	20,532	672,162
Balance, end of year	—	5,781,742	7,561,945	1,784,803	1,383,275	141,359	23,092	5,989,664	4,499,347	—	27,165,227	25,787,959
Net book value	3,904,276	2,939,306	7,143,192	1,311,236	1,194,333	144,625	108,858	9,598,745	8,901,406	25,603	35,271,580	34,448,013

The Corporation of the Town of Marathon Consolidated Schedule of Segment Disclosure

Schedule 3

Year ended December 31, 2009

	General Government		Protection to Persons and Property		Transportation Services		Environmental Services		Health Services	
	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$
Revenues										
Taxation	5,471,421	5,367,946	—	—	—	—	—	—	—	—
Grants	2,076,325	1,782,344	36,828	44,907	—	2,107,923	783,037	1,446,880	—	—
User fees and service charges	59,024	66,904	124,652	134,627	221,102	320,891	1,281,589	1,290,061	68,438	73,700
Other revenues	257,530	153,699	50,002	40,946	448	4,172	8,832	6,401	3,279	4,434
Interest income - general	36,441	161,350	—	—	—	—	—	—	—	—
Interest income - reserves and reserve funds	3,458	13,042	—	—	—	—	—	—	—	—
	7,904,199	7,545,285	211,482	220,480	221,550	2,432,986	2,073,458	2,743,342	71,717	78,134
Expenses										
Salaries, wages and employee benefits	775,221	805,488	272,186	272,155	691,438	798,605	274,361	160,108	13,712	15,548
Debt charges	100,886	110,678	—	—	—	—	—	—	—	—
Materials	1,455,286	904,777	74,418	81,124	407,851	584,949	642,788	444,825	114,226	114,886
Contracted services	198,269	245,444	1,158,112	1,011,577	90,598	99,752	312,024	370,515	3,278	1,372
Rent and financials	4,527	5,890	—	—	15,679	15,592	—	—	—	—
External transfers	—	—	—	—	—	—	—	—	—	—
Amortization	57,775	57,775	78,092	80,829	558,106	520,975	396,459	310,252	76,738	75,576
	2,591,964	2,130,052	1,582,808	1,445,685	1,763,672	2,019,873	1,625,632	1,285,700	249,848	266,955
Net revenue (expenses)	5,312,235	5,415,233	(1,371,326)	(1,225,205)	(1,542,122)	413,113	447,826	1,457,642	(178,131)	(188,821)

The Corporation of the Town of Marathon
Consolidated Schedule of Segment Disclosure
 Year ended December 31, 2009

Schedule 3 (continued)

	Social and Family Services		Recreation and Cultural Services		Planning and Development		Total
	2009	2008	2009	2008	2009	2008	2008
	\$	\$	\$	\$	\$	\$	\$
Revenues							
Taxation	—	—	—	—	—	—	5,367,946
Grants	223,293	82,005	55,543	562,572	191,502	7,694	6,034,325
User fees and service charges	—	—	407,555	508,583	56	234	2,395,000
Other revenues	9,079	—	130,606	389,054	647	4,520	603,226
Interest income - general	—	—	—	—	—	—	161,350
Interest income - reserves and reserve funds	—	—	—	—	—	—	3,458
	232,372	82,005	593,704	1,460,209	192,205	12,448	14,574,889
Expenses							
Salaries, wages and employee benefits	163,935	62,330	956,658	1,075,510	57,299	88,483	3,278,227
Debt charges	—	—	—	—	—	—	110,678
Materials	45,387	9,397	414,749	527,635	79,539	152,888	2,820,481
Contracted services	10,082	5,463	202,332	205,747	152,952	8,467	1,948,337
Rent and financials	7,200	7,200	301	211	—	—	28,893
External transfers	436,402	474,750	—	—	—	—	550,326
Amortization	—	—	244,829	212,173	20,645	20,645	1,262,222
	663,006	559,140	1,818,869	2,021,276	310,435	270,483	9,999,164
Net revenue (expenses)	(430,634)	(477,135)	(1,225,165)	(561,067)	(118,230)	(258,035)	4,575,725