

**VILLAGE OF POINT EDWARD**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2008**

495 Richmond Street  
Suite 700  
P.O. Box 5005  
London, Ontario, Canada  
N6A 5G4

## AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers  
of the Corporation of the Village of Point Edward

We have audited the consolidated statement of financial position of the Corporation of the Village of Point Edward as at December 31, 2008 and the consolidated statements of financial activities and changes in financial position for the year then ended. In addition, we have audited the schedules of current operations, capital fund operations, reserves and reserve funds for the year ended December 31, 2008. These financial statements and schedules are the responsibility of the Village'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 and schedules are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and schedules. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement and schedule presentation.

In our opinion, these consolidated financial statements and schedules present fairly, in all material respects, the financial position of the Corporation of the Village of Point Edward as at December 31, 2008 and the results of its financial activities and changes in its financial position for the year then ended in accordance with the accounting principles for municipal governments established by the Canadian Institute of Chartered Accountants.

*Collins Barrow KMD LLP*

London, Canada  
February 20, 2009

LICENSED PUBLIC ACCOUNTANTS

**VILLAGE OF POINT EDWARD**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2008**

(with comparative figures as at December 31, 2007)

	<u>2008</u>	<u>2007</u>
<b>FINANCIAL ASSETS</b>		
Cash	\$ 1,009,903	\$ 562,259
Taxes receivable	541,673	554,423
Accounts receivable	809,215	723,588
Investments (note 4)	800,458	775,637
Investment in Blue Water Power Distribution Corporation (note 5)	<u>1,652,734</u>	<u>1,609,868</u>
	<u>4,813,983</u>	<u>4,225,775</u>
<b>NON-FINANCIAL ASSETS</b>		
Prepaid expenses	<u>4,727</u>	<u>10,923</u>
Total assets	<u>\$4,818,710</u>	<u>\$4,236,698</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 298,048	\$ 367,249
Long term liabilities (note 6)	<u>662,730</u>	<u>734,671</u>
Total liabilities	<u>960,778</u>	<u>1,101,920</u>
<b>MUNICIPAL FUND POSITION</b>		
Operating fund (note 7)	----	----
Capital fund	----	----
Equity in Blue Water Power Distribution Corporation (note 6)	1,652,734	1,609,868
Reserves (note 8)	<u>2,867,928</u>	<u>2,259,581</u>
Total fund balances	4,520,662	3,869,449
Amounts to be recovered from future revenues	<u>(662,730)</u>	<u>(734,671)</u>
Municipal fund position	<u>3,857,932</u>	<u>3,134,778</u>
Total liabilities and municipal fund position	<u>\$4,818,710</u>	<u>\$ 4,236,698</u>

The accompanying notes are an integral part of this financial statement.

Approved by:

Mayor: \_\_\_\_\_ C.A.O./Clerk-Treasurer: \_\_\_\_\_

**VILLAGE OF POINT EDWARD**  
**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

(with comparative figures for the year ended December 31, 2007)

	<b>Budget 2008 (Unaudited)</b>	<b>Actual 2008</b>	<b>Actual 2007</b>
<b>Revenues</b>			
Taxation for municipal purposes	\$ 1,943,138	\$ 1,946,619	\$ 1,808,817
User fees	1,306,737	1,284,282	1,278,681
Government transfers – Federal	34,134	34,134	27,309
Government transfers – Ontario	148,972	287,531	75,223
Government transfers – Other municipalities	32,964	31,392	27,125
Interest and investment income	134,000	133,443	157,091
Share of earnings of Blue Water Power Distribution Corp.		42,865	35,249
Penalty and interest on taxes	68,000	67,218	71,937
Casino revenue	<u>1,850,000</u>	<u>1,883,927</u>	<u>1,995,738</u>
Total revenues	<u>5,517,945</u>	<u>5,711,411</u>	<u>5,477,170</u>
<b>Expenditures</b>			
Current			
General government	735,794	679,366	504,841
Protection to persons and property	1,261,740	1,227,089	1,240,764
Transportation services	685,660	690,326	679,386
Environmental services	1,007,271	999,322	912,002
Recreation and cultural services	583,032	588,437	640,920
Planning and development	<u>3,500</u>	<u>2,947</u>	<u>4,289</u>
	<u>4,276,997</u>	<u>4,187,487</u>	<u>3,982,202</u>
Capital			
General government	21,079	16,219	65,103
Protection to persons and property	29,558	25,516	42,343
Transportation services	446,719	144,476	365,577
Environmental services	437,779	343,627	1,037,141
Recreational cultural services	405,735	291,100	123,415
Planning and development	<u>51,137</u>	<u>5,693</u>	<u>224,814</u>
	<u>1,392,007</u>	<u>826,631</u>	<u>1,858,393</u>
Total expenditures	<u>5,669,004</u>	<u>5,014,118</u>	<u>5,840,595</u>
<b>Net revenues (expenditures)</b>	(151,059)	697,293	(363,425)
Sale of assets		3,840	809
Debt principal (repayments)	(49,920)	(49,920)	(47,937)
Deferred revenue			46
<b>Change in fund balances</b>	<u>\$ (200,979)</u>	<u>\$ 651,213</u>	<u>\$ (410,507)</u>

The accompanying notes are an integral part of this financial statement.

**VILLAGE OF POINT EDWARD**  
**STATEMENT OF CHANGES IN FINANCIAL POSITION**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**  
(with comparative figures for the year ended December 31, 2007)

	<b><u>2008</u></b>	<b><u>2007</u></b>
Operating activities		
Net revenues (expenditures) - statement 2	\$ 697,293	\$ (363,425)
Net change in non-cash working capital balances		
Taxes receivable	12,750	(108,769)
Accounts receivable	(85,627)	67,938
Prepaid expenses	6,196	8,147
Accounts payable and accrued liabilities	<u>(69,201)</u>	<u>157,572</u>
	<u>561,411</u>	<u>(238,537)</u>
Financial activities		
Long-term debt repayments	<u>(49,920)</u>	<u>(47,937)</u>
	<u>(49,920)</u>	<u>(47,937)</u>
Investing activities		
Sale of assets	3,840	809
Net (increase) in investment - Blue Water Power Distribution Corporation	<u>(42,866)</u>	<u>(35,249)</u>
	<u>(39,026)</u>	<u>(34,440)</u>
Change in cash and equivalents during year	472,465	(320,914)
Cash and equivalents, beginning of year	<u>1,337,896</u>	<u>1,658,810</u>
Cash and equivalents, end of year	<u>\$1,810,361</u>	<u>\$1,337,896</u>
Analysis of cash and equivalents		
Cash	\$1,009,903	\$ 562,259
Investments	<u>800,458</u>	<u>775,637</u>
	<u>\$1,810,361</u>	<u>\$1,337,896</u>

The accompanying notes are an integral part of this financial statement.

**VILLAGE OF POINT EDWARD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2008**

1. Accounting Policies

The consolidated financial statements of the Corporation of the Village of Point Edward are the representation of management prepared in accordance with generally accepted accounting policies for municipal governments, as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Village are as follows:

(a) Basis of Consolidation

(i) Consolidated entities

These consolidated statements reflect the assets, liabilities, revenues and expenditures of the revenue fund, capital fund, reserve funds and reserves and include the activities of all committees of Council.

All interfund assets and liabilities and revenue 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 local boards, joint local boards, municipal enterprises and utilities are not consolidated.

Blue Water Power Distribution Corporation (see note 5)

(iii) Accounting for County and School Board Transactions

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

(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) Revenues and expenses

Revenues and expenses are reported on the accrual basis of accounting.

(ii) Accrual Accounting

The accrual basis of accounting recognizes revenues as they become available and 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.

**VILLAGE OF POINT EDWARD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2008**

1. Accounting Policies (continued)

(b) Basis of Accounting

(iii) Property, plant and equipment

The historical cost and accumulated amortization for property, plant and equipment are not recorded for municipal purposes. Property, plant and equipment are reported as an expenditure on the Consolidated Statement of Financial Activities in the year of acquisition.

(iv) The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of the assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the period. Actual results could differ from the estimates.

(c) Future Change in Accounting Policies

In 2009, the municipality will apply the new recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants regarding the recognition, measurement and presentation of tangible capital assets following the release of Section PS3150, "Tangible Capital Assets". Management is currently assessing the impact this new standard will have on the financial statements.

2. Operations of School Boards and the County of Lambton

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

	<u>School Boards</u>	<u>County</u>
Amounts requisitioned and raised	\$1,382,106	\$1,741,617

3. Pension Agreements

The Municipality makes contributions to the Ontario Municipal Employees Retirement System (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 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 2008 was \$55,533 (2007 - \$59,011) for current service.

**VILLAGE OF POINT EDWARD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2008**

3. Pension Agreements (continued)

Under the past service provisions of the OMERS agreement, the municipality was not obligated at December 31, 2008 for any further funding. The municipality contributed NIL (2007 - \$NIL) during the year for past service.

4. Investments

The investments of \$800,458 (2007 - \$775,637) reported on the "Consolidated Statement of Financial Position" at cost, have a market value of \$800,458 (2007 - \$775,637) at the end of the year.

5. Investment – Blue Water Power Distribution Corporation

On November 1, 2000 the assets of the Electric Department of the Public Utilities Commission of the Village of Point Edward were transferred to Blue Water Power Distribution Corporation. This transfer resulted in proceeds on disposal in the amount of \$1,377,314 subsequently adjusted to \$1,370,798. The Village is a 3.37% shareholder of Blue Water Distribution Corporation. The investment in Blue Water Power Distribution Corporation is reported on the modified equity basis.

6. Net Long Term Liabilities

2008

2007

- (a) The balance of net long term liabilities reported on the "Consolidated Statement of Financial Position" is made up of the following:

Total long term liabilities incurred by the municipality including those incurred on behalf of school boards, other municipalities and municipal enterprises and outstanding at the end of the year amount to

\$662,730

\$734,671

- (b) Of the net long term liabilities reported in (a) of this note, \$312,840 in principal payments are payable from 2009 to 2013, \$349,890 from 2014 to 2018 and \$NIL thereafter, and are recoverable entirely from water rates.

- (c) The long term liabilities in (a) issued in the name of the municipality have received approval of the Ontario Municipal Board (or approval by private legislation) 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.

**VILLAGE OF POINT EDWARD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2008**

7. Municipal Fund Balances at the End of the Year

The municipal operating fund (or deficit) balance on the "Consolidated Statement of Financial Position" is \$NIL (2007 - \$NIL) and is comprised of the following:

<u>Operating Fund</u>	<u>2008</u>	<u>2007</u>
For general reduction of taxation	\$ ----	\$ ----
For general reduction of user charges	<u>----</u>	<u>----</u>
	<u>\$ ----</u>	<u>\$ ----</u>

8. Reserves

The total balances of reserves of \$2,867,928 (2007 - \$2,259,581) are made up of the following:

	<u>2008</u>	<u>2007</u>
Reserves set aside for specific purpose by Council		
- General - Point Edward Electricity Holdings	\$ 236,661	\$ 218,846
- Capital expenditures	237,680	243,265
- Equipment replacement	20,000	20,000
- Working capital	798,582	736,651
- Water	266,073	274,088
- Emergencies	187,698	96,741
- Donation reserve	61,796	66,143
- Assessment loss reserve	50,000	50,000
- New hospital reserve	102,700	142,700
- Insurance claims reserve	8,733	8,733
- Specified capital projects reserve	814,303	325,975
- Transit Study reserve	37,714	30,451
- Parks sick leave reserve	20,873	20,873
- Police sick leave reserve	<u>25,115</u>	<u>25,115</u>
Total reserves	<u>\$2,867,928</u>	<u>\$2,259,581</u>

**VILLAGE OF POINT EDWARD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2008**

9. Charges for Net Long Term Liabilities

Total charges for year for net long term liabilities which are reported on the "Consolidated Statement of Operations" are as follows:

	<u>2008</u>	<u>2007</u>
Principal payments	\$ 49,920	\$ 47,937
Interest	<u>53,742</u>	<u>59,107</u>
	<u>\$ 103,662</u>	<u>\$ 107,044</u>

The charges for long term liabilities assumed by the non-consolidated entities are not reflected in these statements.

10. Commitments

During the year, the Village of Point Edward made a commitment to support the St. Joseph's Hospice Campaign. The gift commitment is \$100,000 to be paid annually in equal amounts of \$20,000 from 2008 to 2012.

**VILLAGE OF POINT EDWARD**  
**SCHEDULE OF CURRENT OPERATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**  
(with comparative figures for the year ended December 31, 2007)

	<b><u>Budget</u></b> <b><u>2008</u></b>	<b><u>Actual</u></b> <b><u>2008</u></b>	<b><u>Actual</u></b> <b><u>2007</u></b>
<b>Revenues</b>			
Taxation for municipal purposes	\$1,943,138	\$1,946,619	\$ 1,808,817
User fees	1,306,737	1,284,282	1,278,681
Government transfers – Federal	34,134		27,309
Government transfers – Ontario	148,972	148,970	75,223
Government transfers – Other municipalities	32,964	31,392	27,125
Interest and investment income	134,000	133,442	157,091
Penalty and interest on taxes	68,000	67,218	71,937
Casino revenue	1,850,000	1,883,927	1,995,738
Other income		<u>3,840</u>	<u>809</u>
Total revenues	<u>5,517,945</u>	<u>5,499,690</u>	<u>5,442,730</u>
<b>Expenditures</b>			
Current			
General government	735,794	679,366	504,841
Protection to persons and property	1,261,740	1,227,089	1,240,764
Transportation services	685,660	690,326	679,386
Environmental services	1,007,271	999,322	912,002
Recreation and cultural services	583,032	588,437	640,920
Planning and development	<u>3,500</u>	<u>2,947</u>	<u>4,289</u>
	<u>4,276,997</u>	<u>4,187,487</u>	<u>3,982,202</u>
<b>Net revenues (expenditures)</b>	<u>1,240,948</u>	<u>1,312,203</u>	<u>1,460,528</u>
<b>Financing and transfers</b>			
Debt repayments	(49,920)	(49,920)	(47,937)
Transfer from/(to) reserves and reserve funds	(81,553)	(152,808)	610,744
Transfer from/(to) capital fund	<u>(1,109,475)</u>	<u>(1,109,475)</u>	<u>(2,023,335)</u>
<b>Total net transfers</b>	<u>(1,240,948)</u>	<u>(1,312,203)</u>	<u>(1,460,528)</u>
<b>Change in operating fund</b>	----	----	----
Opening operating fund balance	<u>----</u>	<u>----</u>	<u>----</u>
<b>Closing operating fund balance</b>	<u>----</u>	<u>----</u>	<u>----</u>

The accompanying notes are an integral part of this financial statement.

**VILLAGE OF POINT EDWARD**  
**SCHEDULE OF CAPITAL FUND OPERATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

(with comparative figures for the year ended December 31, 2007)

	<b><u>Budget</u></b> <b><u>2008</u></b>	<b><u>Actual</u></b> <b><u>2008</u></b>	<b><u>Actual</u></b> <b><u>2007</u></b>
<b>Revenues</b>			
Government transfers – Federal	\$	\$ 34,134	\$
Government transfers – Provincial	_____	_____138,561	_____
<b>Total revenues</b>	_____ ----	_____172,695	_____ ----
<b>Expenditures</b>			
General government	21,079	16,219	65,103
Protection to persons and property	29,558	25,516	42,343
Transportation services	446,719	144,476	365,577
Environmental services	437,779	343,627	1,037,141
Recreation and cultural services	405,735	291,100	123,415
Planning and development	_____51,137	_____5,693	_____224,814
<b>Total expenditures</b>	_____1,392,007	_____826,631	_____1,858,393
<b>Net revenues/(expenditures)</b>	_____ (1,392,007)	_____ (653,936)	_____ (1,858,393)
<b>Financing and transfers</b>			
Transfers from/(to) reserves and reserve funds	282,532	(455,539)	(164,942)
Transfers from/(to) operating fund	_____1,109,475	_____1,109,475	_____2,023,335
<b>Total net transfers</b>	_____1,392,007	_____653,936	_____1,858,393
<b>Change in capital fund</b>	_____ ----	_____ ----	_____ ----
Opening capital fund balance	_____ ----	_____ ----	_____ ----
<b>Closing capital fund balance</b>	<u>\$</u> _____ ----	<u>\$</u> _____ ----	<u>\$</u> _____ ----

The accompanying notes are an integral part of this financial statement.

**VILLAGE OF POINT EDWARD**  
**SCHEDULE OF RESERVES AND RESERVE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**  
(with comparative figures as at December 31, 2007)

	<b><u>Budget</u></b> <b><u>2008</u></b>	<b><u>Actual</u></b> <b><u>2008</u></b>	<b><u>Actual</u></b> <b><u>2007</u></b>
<b>Revenues</b>	\$	\$	\$ 46
<b>Expenditures</b>	_____	_____	_____ ----
<b>Net revenues/(expenditures)</b>	_____	_____	_____ 46
<b>Financing and transfers</b>			
Transfer from/(to) capital fund	(282,532)	455,539	164,942
Transfers from/(to) operating fund	<u>81,553</u>	<u>152,808</u>	<u>(610,744)</u>
<b>Total net transfers</b>	<u>(200,979)</u>	<u>608,347</u>	<u>(445,802)</u>
<b>Change in reserve fund balances</b>	(200,979)	608,347	(445,756)
Opening balance, reserves and reserve funds	<u>2,259,581</u>	<u>2,259,581</u>	<u>2,705,337</u>
<b>Ending balance, reserves and reserve funds</b>	<u>\$2,058,602</u>	<u>\$2,867,928</u>	<u>\$2,259,581</u>

The accompanying notes are an integral part of this financial statement.