

**CORPORATION OF THE VILLAGE OF POINT EDWARD**

**CONSOLIDATED FINANCIAL STATEMENTS**

**December 31, 2015**

**CORPORATION OF THE VILLAGE OF POINT EDWARD**

**CONSOLIDATED FINANCIAL STATEMENTS**

**December 31, 2015**

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## Village of Point Edward

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### MANAGEMENT'S REPORT

The management of the Corporation of the Village of Point Edward ("Village") is responsible for the integrity, objectivity and accuracy of the financial information in the accompanying consolidated financial statements.

The consolidated financial statements have been prepared by management in accordance with Canadian Generally Accepted Accounting Principles established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies is disclosed in Note 1 to the consolidated financial statements.

To meet its responsibility, management maintains comprehensive financial and internal control systems designed to ensure the proper authorization of transactions, the safeguarding of assets and the integrity of the financial data. The Village employs highly qualified professional staff and deploys an organizational structure that effectively segregates responsibilities, and appropriately delegates authority and

The Finance Committee, a sub-committee of Village Council ("Council"), reviews and approves the consolidated financial statements before they are submitted to Council.

The December 31, 2015 consolidated financial statements have been examined by the Village of Point Edwards' external auditors, Collins Barrow KMD LLP, and their report precedes the consolidated financial statements.

Point Edward, Canada  
July 26, 2016

**Teena Thibeault**  
Treasurer

**Jim Burns**  
Chief Administrative Officer/Clerk



**INDEPENDENT AUDITORS' REPORT****TO THE MEMBERS OF COUNCIL, INHABITANTS AND RATEPAYERS  
OF THE CORPORATION OF THE VILLAGE OF POINT EDWARD**

We have audited the consolidated financial statements of the Corporation of the Village of Point Edward which comprise the consolidated statement of financial position as at December 31, 2015, and the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, accompanying schedules and a summary of significant accounting policies and other explanatory information.

*Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

*Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Village's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, these consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation of the Village of Point Edward as at December 31, 2015, and the results of its consolidated operations, changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*Collins Barrow KMO LLP*

Chartered Accountants  
Licensed Public Accountants

London, Ontario  
July 26, 2016

# CORPORATION OF THE VILLAGE OF POINT EDWARD

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As At December 31, 2015

	2015	2014
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents	2,439,324	1,448,369
Investments (note 2)	512,055	629,882
Taxes receivable	847,243	855,129
Accounts and notes receivable	1,034,760	1,019,973
Investment in Bluewater Power Corporation (note 3)	2,044,820	2,042,735
<b>TOTAL FINANCIAL ASSETS</b>	<b>6,878,202</b>	<b>5,996,088</b>
<b>LIABILITIES</b>		
Bank indebtedness (note 4)	-	-
Accounts payable and accrued liabilities	446,018	337,787
Long-term debt (note 5)	1,636,395	1,967,565
<b>TOTAL LIABILITIES</b>	<b>2,082,412</b>	<b>2,305,352</b>
<b>NET FINANCIAL ASSETS</b>	<b>4,795,791</b>	<b>3,690,736</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 6)	26,507,022	27,143,362
<b>ACCUMULATED SURPLUS (note 7)</b>	<b>31,302,813</b>	<b>30,834,098</b>

Contingencies (note 13)

Contractual commitments (note 14)

Approved on behalf of Council:

\_\_\_\_\_ Mayor

\_\_\_\_\_ C.A.O./Clerk

\_\_\_\_\_ Treasurer

*The accompanying notes are an integral part of these financial statements*

# CORPORATION OF THE VILLAGE OF POINT EDWARD

## CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the Year Ended December 31, 2015

	Budget 2015 \$ (note 12)	Actual 2015 \$	Actual 2014 \$
<b>REVENUES</b>			
Taxation	2,505,438	2,524,580	2,396,682
User charges	1,605,931	1,679,485	1,584,511
Government of Canada grants	58,895	58,895	60,550
Province of Ontario grants	85,315	85,315	97,623
Other municipalities grants	82,964	50,656	110,582
Penalties and interest on taxes	105,000	120,158	106,117
Investment income	109,470	151,562	95,974
Loss on sale of tangible capital assets	-	(51,088)	(41,499)
Casino revenue	2,150,000	2,388,128	2,354,753
Share of net income in Bluewater Power Corporation	-	93,691	138,776
<b>TOTAL REVENUES</b>	<b>6,703,013</b>	<b>7,101,382</b>	<b>6,904,069</b>
<b>EXPENSES</b>			
General government	854,707	882,252	863,952
Protection services	1,407,294	1,481,807	1,680,931
Transportation services	806,263	1,019,223	1,549,886
Environmental services	1,054,586	1,813,226	1,351,598
Recreation and cultural services	762,195	1,155,109	1,068,155
Planning and development	2,600	5,424	768
<b>TOTAL EXPENSES</b>	<b>4,887,645</b>	<b>6,357,041</b>	<b>6,515,290</b>
<b>ANNUAL SURPLUS</b>	<b>1,815,368</b>	<b>744,341</b>	<b>388,779</b>
<b>ACCUMULATED SURPLUS - beginning of year</b>	<b>30,834,098</b>	<b>30,834,098</b>	<b>30,689,915</b>
<b>Equity decrease in LAWSS due to change in % ownership</b>	<b>(275,626)</b>	<b>(275,626)</b>	<b>(244,596)</b>
<b>ACCUMULATED SURPLUS - end of year (note 7)</b>	<b>32,373,840</b>	<b>31,302,813</b>	<b>30,834,098</b>

The accompanying notes are an integral part of these financial statements

# CORPORATION OF THE VILLAGE OF POINT EDWARD

## CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS For the Year Ended December 31, 2015

	Budget 2015 \$ (note 12)	Actual 2015 \$	Actual 2014 \$
<b>ANNUAL SURPLUS</b>	1,815,368	744,341	388,779
Amortization of tangible capital assets	1,271,825	1,271,825	1,223,380
Acquisition of tangible capital assets	(1,489,942)	(981,910)	(1,232,331)
Loss on disposal of tangible capital assets	-	51,088	41,499
Share of LAWSS adjustment on tangible capital assets due to change in % ownership	295,337	295,337	273,857
Share of LAWSS adjustment on opening surplus due to change in % ownership	(275,626)	(275,626)	(244,596)
Decrease in prepaid expenses	-	-	-
Decrease in work in progress	-	-	117,190
<b>INCREASE IN NET FINANCIAL ASSETS</b>	1,616,962	1,105,055	567,778
<b>NET FINANCIAL ASSETS - beginning of year</b>	3,690,736	3,690,736	3,122,958
<b>NET FINANCIAL ASSETS - end of year</b>	5,307,698	4,795,791	3,690,736

*The accompanying notes are an integral part of these financial statements*



# CORPORATION OF THE VILLAGE OF POINT EDWARD

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2015

	Actual 2015 \$	Actual 2014 \$
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING</b>		
Annual surplus	744,341	388,779
Decrease/(increase) in taxes receivable	7,886	(197,527)
Decrease/(increase) in accounts and notes receivable	(14,787)	94,620
Equity basis net income in Bluewater Power Corporation	(93,691)	(138,776)
Increase/(decrease) in accounts payable and accrued liabilities	108,231	(91,815)
Non-cash charges to operations		
Amortization of tangible capital assets	1,271,825	1,223,380
Loss on disposal of tangible capital assets	51,088	41,499
<b>Net increase in cash from operating transactions</b>	<b>2,074,893</b>	<b>1,320,160</b>
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(981,910)	(1,232,331)
Share of LAWWS adjustment on tangible capital assets	295,337	273,857
Decrease in work in progress	-	117,190
<b>Net decrease in cash from capital transactions</b>	<b>(686,573)</b>	<b>(841,284)</b>
<b>INVESTING</b>		
Dividends received from Bluewater Power Corporation	91,606	46,620
Equity decrease in LAWSS due to change in % ownership	(275,626)	(244,596)
Decrease in investments	117,827	285,314
<b>Net decrease in cash from investing transactions</b>	<b>(66,193)</b>	<b>87,338</b>
<b>FINANCING</b>		
Debt principal repayments	(480,696)	(296,526)
Share of LAWSS adjustment on long term debt	149,524	(35,043)
Decrease in bank indebtedness	-	-
<b>Net decrease in cash from financing transactions</b>	<b>(331,172)</b>	<b>(331,569)</b>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>990,955</b>	<b>234,645</b>
<b>CASH AND CASH EQUIVALENTS - beginning of year</b>	<b>1,448,369</b>	<b>1,213,724</b>
<b>CASH AND CASH EQUIVALENTS - end of year</b>	<b>2,439,324</b>	<b>1,448,369</b>
Cash paid for interest	76,794	92,903
Cash received from interest	81,300	95,974

The accompanying notes are an integral part of these financial statements

# CORPORATION OF THE VILLAGE OF POINT EDWARD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2015

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The Village of Point Edward ("Village") 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, Municipal Affairs Act and related legislation. The Village provides municipal services such as fire, public works, planning, parks and recreation and other general government operations.

### 1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Village are the representation of management and have been prepared in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board (PSAB) as defined in the CPA Canada Public Sector Accounting Handbook. Significant aspects of the accounting policies are as follows:

#### (a) Basis of Consolidation

##### i) Consolidated Entity

These consolidated financial statements reflect the assets, liabilities, revenues and expenses and accumulated surplus of the reporting entity.

The reporting entity is comprised of all committees and local boards accountable for the administration of their financial affairs and resources of the Village and which are owned or controlled by the Village.

These entities include:

- Point Edward Electricity Holdings Inc.

Inter-departmental and inter-organizational transactions and balances with this entity have been eliminated.

##### ii) Government Business Enterprise

The Village's investment in Bluewater Power Corporation ("BPC") is accounted for on the modified equity basis, consistent with Canadian public sector accounting standards as recommended by PSAB for investments in government business enterprises. Under the modified equity basis, BPC's accounting policies are not adjusted to conform to those of the Village and inter-organizations transactions and balances are not eliminated. The Village recognizes its equity interest in the annual income or loss of BPC in its Consolidated Statement of Operations with corresponding increase or decrease in its investment asset account. Any dividends that the Village may receive from BPC will be reflected as reductions in the investment asset account. BPC transitioned to International Financial Reporting Standards (IFRS) in 2015 and therefore, the 2014 balances in note 3 have been restated accordingly. There is no impact to the Village's financial statements as a result.

# CORPORATION OF THE VILLAGE OF POINT EDWARD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2015

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### 1. SIGNIFICANT ACCOUNTING POLICIES, continued

#### iii) Joint Local Board

The Lambton Area Water Supply System ("LAWSS") has been consolidated on a proportionate basis based upon the water flow of the municipality in proportion to the entire flows provided by the joint board for the previous year. Under the proportionate basis, the Village's pro rata share of each assets, liabilities, revenues and expenditures of LAWSS are consolidated with similar items in the Village's financial statements. For 2015, the Village's share of LAWSS was 2.14% (2014 - 2.47%). Material inter-organizational transactions and balances have been eliminated.

#### iv) 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 these consolidated financial statements.

#### (b) Basis of accounting

The Village follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of a receipt of goods or services and/or the creation of a legal obligation to pay.

#### (c) Non-financial assets

Non-financial assets are not yet 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.

#### (d) Tangible capital assets

Tangible capital assets are recorded at cost which includes all amount that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, if any, of tangible capital assets is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

<b>Asset</b>	<b>Useful Life - Years</b>
Land improvements	20 years
Buildings and building improvements	15 - 100 years
Transportation infrastructure	15 - 50 years
Environmental infrastructure	35 - 100 years
Vehicles	7 - 15 years
Equipment	5 - 20 years

# CORPORATION OF THE VILLAGE OF POINT EDWARD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2015

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### 1. SIGNIFICANT ACCOUNTING POLICIES, continued

#### (d) Tangible capital assets, continued

Amortization is charged starting in the year subsequent to acquisition and a full year of amortization is charged in the year of disposition. Assets under construction are not amortized until the year after the asset is available for productive use.

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and are also recorded as revenue.

The Village's tangible capital asset policy does not allow for the capitalization of interest costs associated with the acquisition or construction of a tangible capital asset. Works of art and cultural and historic assets are not recorded as assets in these financial statements.

#### (e) Financial instruments

##### i) Measurement of financial instruments

The Village initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Village subsequently measures its financial assets and financial liabilities at amortized cost.

##### ii) Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in the consolidated statement of operations. The write-down reflects the difference between the carrying amount and the higher of:

- a) the present value of the cash flows expected to be generated by the asset or group of assets;
- b) the amount that could be realized by selling the assets or group of assets;
- c) the net realizable value of any collateral held to secure repayment of the assets or group of assets.

When the event occurring after the impairment confirms that a reversal is necessary, the reversal is recognized in the Consolidated Statement of Operations up to the amount of the previously recognized impairment.

# CORPORATION OF THE VILLAGE OF POINT EDWARD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2015

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### 1. SIGNIFICANT ACCOUNTING POLICIES, continued

#### (f) Revenue recognition

Property tax billings are prepared by the Village based on the assessment roles issued by the Municipal Property Assessment Corporation. Tax rates are established annually by Council, incorporating amounts to be raised for local services. A normal part of the assessment process is the issue of supplementary assessment rolls, which provide updated information with respect to changes in the property assessments. Once a supplementary assessment roll is received, the Village determines the taxes applicable and renders a supplementary tax billing. Taxation revenues are recorded at the time the tax billings are issued.

The Village is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are levied.

User charges, Government of Canada grants, Province of Ontario grants & Other municipal grants are recognized when related goods or services are provided and collectability is reasonably assured.

Investment income earned on surplus funds is recognized when earned.

Casino revenue is recognized when earned. Share of net income in BWP is recognized when earned.

#### (g) Use of Estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards 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 period.

In addition, the Village's implementation of the Public Sector Accounting Handbook PS3150 has required management to make estimates of historical cost and useful lives of tangible capital assets. Actual results could differ from these estimates.

#### (h) Government Transfers

Transfers are recognized in the consolidated financial statements as revenues in the period in which the 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.

#### (i) Investments

Investments consist of guaranteed investment certificates ("GICs") with maturity dates greater than 90 days and are recorded at amortized cost. Investment income is reported as revenue in the period earned.

# CORPORATION OF THE VILLAGE OF POINT EDWARD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2015

### 1. SIGNIFICANT ACCOUNTING POLICIES, continued

#### (j) Employee future benefits

The contributions to the Ontario Municipal Employers Retirement System ("OMERS"), a multi-employer defined benefit pension plan, are expensed when contributions are due.

### 2. INVESTMENTS

The investments of \$512,055 (2014 - \$629,882) reported on the Consolidated Statement of Financial Position at cost, have a market value of \$512,055 (2014 - \$629,882) at the end of the year.

### 3. INVESTMENT IN BLUEWATER POWER CORPORATION

The Village is a 3.37% shareholder of Bluewater Power Corporation. The investment in Bluewater Power Corporation is reported on the modified equity basis.

The following is the financial information presented by Bluewater Power Corporation:

#### Consolidated Statement of Financial Position

	2015	2014
	\$	Restated \$
Current assets	32,798,683	34,085,653
Other assets	63,054,937	60,370,123
Regulatory balances	6,660,625	4,784,683
Current liabilities	(22,046,594)	(20,028,677)
Non-current liabilities	(35,592,704)	(34,878,498)
Regulatory balances	(3,575,386)	(4,138,802)
Shareholders' equity	41,299,561	40,194,482

#### Consolidated Statements of Comprehensive Income

	2015	2014
	\$	Restated \$
Revenue	136,449,483	124,812,957
Operating expenditures	(131,621,697)	(120,579,113)
Finance income and costs	(2,066,042)	(2,003,406)
Income tax expense	(1,351,000)	(1,570,000)
Net movement in regulatory balances, net of tax	2,449,358	3,538,557
Other comprehensive income	(36,741)	(1,079,108)
Total comprehensive income	3,823,361	3,119,887

# CORPORATION OF THE VILLAGE OF POINT EDWARD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2015

### 4. BANK INDEBTEDNESS

The Village has an operating loan agreement with a Canadian Chartered bank for a credit facility up to \$600,000, payable on demand, bearing interest at the bank's prime rate per annum. The balance on the credit facility at December 31, 2015 was \$NIL (2014 - \$NIL).

### 5. LONG-TERM DEBT

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

	2015	2014
	\$	\$
Debt incurred by The Corporation of the County of Lambton on behalf of LAWSS and participating municipalities, with interest at increasing rates from 7.95% to 8.00%, maturing May 2017. Recoverable from taxation and user fees.	134,264	224,029
Ontario Infrastructure Projects Corporation ("OIPC") capital loan, bearing interest at 3.78% per annum, due and payable in full February 15, 2021.	1,502,131	1,743,536
<b>TOTAL LONG-TERM DEBT:</b>	<b>1,636,395</b>	<b>1,967,565</b>

(b) Interest paid during the year on long term debt amounted to \$76,794 (2014 - \$92,903).

(c) The long term liabilities in (a) issued in the name of the Village 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.

# CORPORATION OF THE VILLAGE OF POINT EDWARD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2015

### 5. LONG-TERM DEBT, continued

(d) The long term debt reported in (a) of this note is repayable as follows:

	Principal \$	Interest \$	Total \$
2016	315,181	62,577	377,758
2017	329,880	47,660	377,540
2018	270,108	34,944	305,052
2019	280,414	24,637	305,051
2020	291,114	13,937	305,051
2021 and subsequent years	149,698	829	150,527
	1,636,395	184,584	1,820,979

### 6. TANGIBLE CAPITAL ASSETS

The net book value of the tangible capital assets are:

	2015 \$	2014 \$
General		
Land and land improvements	2,269,294	2,405,005
Buildings	12,353,796	12,637,145
Vehicles and equipment	1,587,935	1,637,841
Infrastructure		
Transportation	4,158,377	4,086,334
Environmental	5,989,464	6,377,037
	26,358,866	27,143,362
Work in progress	148,156	-
	26,507,022	27,143,362

For additional information, see the Consolidated Schedule of Tangible Capital Assets.

During 2015, there were no write-downs of assets (2014 - \$NIL) and no interest capitalized (2014 - \$NIL).



# CORPORATION OF THE VILLAGE OF POINT EDWARD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2015

### 7. ACCUMULATED SURPLUS

Accumulated surplus consists of individual fund surplus/(deficit) and reserves as follows:

	2015	2014
	\$	\$
<b>Surplus</b>		
Investment in Bluewater Power Corporation	2,044,820	2,042,735
<b>Invested In Capital Assets</b>		
Tangible capital assets - net book value	26,507,022	27,143,362
Long-term debt	(1,636,395)	(1,967,565)
	24,870,627	25,175,797
<b>Surplus</b>	26,915,447	27,218,532
<b>Reserves</b>		
Point Edward Electricity Holdings	320,467	158,233
Capital expenditures	40,474	40,474
Public works winter maintenance	51,980	26,980
Working capital	848,582	848,582
Water	147,883	353,925
Emergencies	2,260,741	1,731,413
General election	4,000	-
Donation reserve	79,987	63,373
Fire department training	22,878	22,878
Dump truck replacement	50,000	-
New hospital	40,000	62,700
Insurance claims	14,268	11,768
Specified capital projects	178,792	150,213
Fire department vehicle	25,000	25,000
Fire department rescue truck	100,000	-
Parks sick leave	23,601	23,601
Parks splash pad	76,935	-
Planning licenses and permits	15,294	-
Grants on hold	15,593	11,448
LAWSS	70,891	84,978
<b>Total Reserves</b>	4,387,366	3,615,566
	31,302,813	30,834,098

# CORPORATION OF THE VILLAGE OF POINT EDWARD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2015

### 8. JOINT LOCAL BOARD CONSOLIDATION - LAWSS

The following summarizes the financial position and operations of LAWSS which has been reported in these consolidated financial statements using the proportionate consolidation method.

The consolidated financial statements include the Village's 2.14% (2014 - 2.74%) proportionate interest as follows:

#### Consolidated Statement of Financial Position

	2015	2014
	\$	\$
Cash	83,112	79,005
Accounts and notes receivable	7,164	8,660
Accounts payable and accrued liabilities	(19,385)	(2,687)
Long-term debt	(134,264)	(224,029)
Net financial debt	(63,373)	(139,051)
Tangible capital assets	1,889,933	2,202,084
<b>Accumulated surplus</b>	<b>1,826,560</b>	<b>2,063,033</b>

#### Consolidated Statement of Operations

	2015	2014
	\$	\$
Total revenues	221,900	245,143
Total expenses	(182,746)	(195,950)
<b>Annual surplus</b>	<b>39,154</b>	<b>49,193</b>

# CORPORATION OF THE VILLAGE OF POINT EDWARD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2015

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### 9. PENSION AGREEMENTS

The Village makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), a multi-employer plan, on behalf of all permanent, full-time 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. Employees and employers contribute jointly to the plan.

Because OMERS is a multi-employer pension plan, the Village of Point Edward does not recognize any share of the pension plan deficit of \$5,259,000 (2014 - \$5,307,000) based on the fair market value of OMERS' assets, as this is a joint responsibility of all Ontario municipalities and their employees. Employer contributions for current service amounted to \$147,765 (2014 - \$135,313) and were matched by employee contributions in a similar amount.

The amount contributed for past service to OMERS for the year ended December 31, 2015 was \$NIL (2014 - \$NIL). Employer's contributions for current and past service are included as an expenditure on the Consolidated Statement of Operations and Accumulated Surplus. The most recent actuarial valuation was completed on December 31, 2014.

### 10. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF LAMBTON

During 2015, requisitions were made by the County of Lambton and School Boards requiring the Village to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are as follows:

	School Boards \$	County \$
Property taxes	1,300,645	1,606,980
Payments in lieu	1,900	273,560
	1,302,545	1,880,540
Amounts requisitioned and remitted	1,302,545	1,880,540

These amounts have not been included in the Consolidated Statement of Operations and Accumulated Surplus.

# CORPORATION OF THE VILLAGE OF POINT EDWARD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2015

### 11. EXPENSES BY OBJECT

The expenses for the year reported on the Consolidated Statement of Operations and Accumulated Surplus by object are as follows:

	Budget 2015	Actual 2015	Actual 2014
	\$	\$	\$
Salaries and benefits	2,142,137	2,139,031	1,965,754
Interest charges	13,148	76,701	92,831
Materials	1,722,189	1,705,835	1,826,337
Contracted services	972,673	1,071,516	1,292,030
Rents and financial expenses	2,600	2,502	2,411
External transfers	34,898	89,632	112,547
Amortization	-	1,271,825	1,223,380
	4,887,645	6,357,041	6,515,290

### 12. BUDGET FIGURES

Budget data presented in these consolidated financial statements are based upon the 2015 operating and capital budget approved by Council. The chart below reconciles the approved budget to the budget figures reported in these consolidated financial statements.

	Village Approved Budget	PSAB Adjustment & Consolidated Entities	Budget Per Financial Statements
	\$	\$	\$
General revenues	6,692,361	10,652	6,703,013
General expenses	(5,005,913)	118,268	(4,887,645)
Non Statement of Operations Transactions:			
Debt principal payment	(59,759)	59,759	-
Capital expenditures	(1,489,942)	1,489,942	-
Reserve transfers	(136,747)	136,747	-
<b>Annual surplus</b>	-	1,815,368	1,815,368

# CORPORATION OF THE VILLAGE OF POINT EDWARD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2015

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### 13. CONTINGENCIES

The Village is subject to various litigation and claims arising in the normal course of its operations. The final outcome of the outstanding claims cannot be determined at this time. However, management believes that the ultimate disposition of these matters will not be material to the financial statements and the Village's insurance will adequately cover any potential liability arising from these claims. Claims are reported as an expense in the year of the loss, where costs are deemed to be likely and can be reasonably determined. No amounts have been accrued at this time.

### 14. CONTRACTUAL COMMITMENTS

The Village entered into a service agreement with Marcotte Recycling for the collection of garbage for a ten year term ending June 30, 2022 at an approximate cost of \$123,425 in 2015, \$128,954 in 2016, \$131,532 in 2017 and \$134,163 for 2018 to 2022 annually, including HST.

The Village has entered into a service agreement with the Ontario Provincial Police for the provision of policing services which will expire on December 31, 2019 at an annual cost of \$705,562 including HST for 2015 and subsequent years' amounts to be determined on an annual basis based on estimated salary and benefit costs.

The Village has entered into a service agreement with the City of Sarnia for the provision of transit services which will expire on December 31, 2016 at a cost of \$180,000 including HST.

### 15. SEGMENTED INFORMATION

The Village is a diversified municipal government institution that provides a wide range of services to its citizens. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of those segments and the activities they encompass are as follows:

#### **General Government**

The departments within general government are responsible for the general management and control of the Village, including adopting by-laws, adopting administrative policy, levying taxes, and providing administrative services. They also ensure that quality services are provided to the community and that the services are aligned with Council approved actions.

# CORPORATION OF THE VILLAGE OF POINT EDWARD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2015

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### 15. SEGMENTED INFORMATION, continued

#### **Protection Services**

Protection is comprised of police services, fire protection, building department and animal control. The police services work to ensure the safety and protection of the citizens and their property. The fire department is responsible to provide fire suppression services, fire prevention programs, training and education related to prevention, detection or extinguishment of fires and emergency rescue services. The building department is responsible for permit processing and building inspections. The animal control department is responsible to provide a licensing system for dogs.

#### **Transportation Services**

Transportation includes the delivery of municipal public works services related to the planning, development and maintenance of the roadway system, street lighting and funding for mobility transit services.

#### **Environmental Services**

Environmental services consist of providing sanitary and storm sewer, water, waste collection and disposal, and recycling services.

#### **Recreation and Cultural Services**

This service area provides services meant to improve the health and development of the Village's citizens. The Village is responsible for the development, provision and maintenance of the Point Edward Arena and Community Hall, as well as parks and recreation.

#### **Planning and Development**

The County of Lambton Planning Department provides advice, guidance and recommendations to Council, the Committee of Adjustment and staff members on all planning issues. The administration for all planning application is dealt with by municipal office staff. The Point Edward Committee of Adjustment supports an open and inclusive planning process and considers decisions on severance and minor variance applications.

### 16. FINANCIAL INSTRUMENTS AND RISKS

Unless otherwise noted, it is management's opinion that the Village is not exposed to significant risks. There have been no changes in the Village's risk exposures from the prior year.

#### Credit risk

The Village is exposed to credit risk through its cash, taxes receivable and accounts and notes receivable. There is a possibility of non-collection of its accounts receivable. The majority of the Village's receivables are from rate payers and government entities. The Village mitigates its exposure to credit loss by placing its cash with major financial institutions.

# CORPORATION OF THE VILLAGE OF POINT EDWARD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2015

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### 16. FINANCIAL INSTRUMENTS AND RISKS, continued

#### Liquidity risk

Liquidity risk is the risk that the Village will not be able to meet its obligations as they become due. The Village manages this risk by establishing budgets and funding plans to fund its expenses and debt repayments.

#### Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Village is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the variable rate of temporary borrowings and long-term liabilities and the value of fixed rate long-term liabilities.

### 17. ECONOMIC DEPENDENCE

Approximately 34% (2014 - 35%) of the Village's total revenues are generated from the Ontario Lottery and Gaming Corporation (OLG). The loss of a material amount of casino revenue from OLG could have a material adverse effect on the operations of the Village.

### 18. COMPARATIVE AMOUNTS

The financial statements have been reclassified, where applicable, to confirm to the presentation used in the current year. The changes do not affect prior year earnings.

# CORPORATION OF THE VILLAGE OF POINT EDWARD

## CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the Year Ended December 31, 2015

	General			Infrastructure		Work in Progress \$	Totals \$
	Land and Land Improvements \$	Buildings \$	Vehicles and Equipment \$	Transportation \$	Environmental \$		
<b>COST</b>							
Balance, beginning of year	3,983,359	19,938,304	3,485,886	7,182,792	9,849,313	-	44,439,654
Add: additions during the year	9,303	236,320	252,059	311,404	24,668	148,156	981,910
Less: disposals during the year	-	31,670	110,677	52,545	1,133	-	196,025
LAWSS equity adjustment	-	-	-	-	(425,597)	-	(425,597)
<b>Balance, end of year</b>	<b>3,992,662</b>	<b>20,142,954</b>	<b>3,627,268</b>	<b>7,441,651</b>	<b>9,447,251</b>	<b>148,156</b>	<b>44,799,942</b>
<b>ACCUMULATED AMORTIZATION</b>							
Balance, beginning of year	1,578,354	7,301,159	1,848,045	3,096,458	3,472,276	-	17,296,292
Add: amortization for the year	145,014	516,634	260,493	232,781	116,903	-	1,271,825
Less: disposals during the year	-	28,635	69,205	45,965	-	-	143,805
LAWSS equity adjustment	-	-	-	-	(131,392)	-	(131,392)
<b>Balance, end of year</b>	<b>1,723,368</b>	<b>7,789,158</b>	<b>2,039,333</b>	<b>3,283,274</b>	<b>3,457,787</b>	<b>-</b>	<b>18,292,920</b>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>2,269,294</b>	<b>12,353,796</b>	<b>1,587,935</b>	<b>4,158,377</b>	<b>5,989,464</b>	<b>148,156</b>	<b>26,507,022</b>

The accompanying notes are an integral part of these financial statements



# CORPORATION OF THE VILLAGE OF POINT EDWARD

## CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2015

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
<b>Revenue</b>							
Property taxation	2,524,580	-	-	-	-	-	2,524,580
User charges	72,016	3,387	18,942	1,150,254	434,886	-	1,679,485
Government transfers - operating	-	-	117,093	27,117	-	-	144,210
Other municipalities	-	17,964	32,692	-	-	-	50,656
Penalties and interest on taxes	120,158	-	-	-	-	-	120,158
Investment income	151,562	-	-	-	-	-	151,562
Loss on sale of tangible capital assets	(51,088)	-	-	-	-	-	(51,088)
Casino	2,388,128	-	-	-	-	-	2,388,128
Equity in income of Bluewater Power Corporation	93,691	-	-	-	-	-	93,691
<b>Total revenues</b>	<b>5,299,046</b>	<b>21,351</b>	<b>168,727</b>	<b>1,177,371</b>	<b>434,886</b>	<b>-</b>	<b>7,101,382</b>
<b>Expenses</b>							
Salaries and benefits	484,959	456,711	311,747	454,393	429,357	1,863	2,139,031
Interest charges	-	-	63,646	13,055	-	-	76,701
Materials	297,204	207,225	124,644	721,135	352,066	3,561	1,705,835
Contracted services	-	659,328	176,148	236,039	-	-	1,071,516
Rents and financial expenses	2,502	-	-	-	-	-	2,502
External transfers	60,534	29,098	-	-	-	-	89,632
Amortization	37,053	129,445	343,038	388,604	373,685	-	1,271,825
<b>Total expenses</b>	<b>882,252</b>	<b>1,481,807</b>	<b>1,019,223</b>	<b>1,813,226</b>	<b>1,155,109</b>	<b>5,424</b>	<b>6,357,041</b>
<b>Net surplus/(deficit)</b>	<b>4,416,794</b>	<b>(1,460,456)</b>	<b>(850,497)</b>	<b>(635,855)</b>	<b>(720,221)</b>	<b>(5,424)</b>	<b>744,341</b>

The accompanying notes are an integral part of these financial statements

# CORPORATION OF THE VILLAGE OF POINT EDWARD

## CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2014

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
<b>Revenue</b>							
Property taxation	2,396,682	-	-	-	-	-	2,396,682
User charges	30,252	2,915	8,841	1,115,068	427,435	-	1,584,511
Government transfers - operating	-	-	158,173	-	-	-	158,173
Other municipalities	-	17,964	92,618	-	-	-	110,582
Penalties and interest on taxes	106,117	-	-	-	-	-	106,117
Investment income	95,974	-	-	-	-	-	95,974
Loss on sale of tangible capital assets	(41,499)	-	-	-	-	-	(41,499)
Casino	2,354,753	-	-	-	-	-	2,354,753
Equity in income of Bluewater Power Corporation	138,776	-	-	-	-	-	138,776
<b>Total revenues</b>	<b>5,081,055</b>	<b>20,879</b>	<b>259,632</b>	<b>1,115,068</b>	<b>427,435</b>	<b>-</b>	<b>6,904,069</b>
<b>Expenses</b>							
Salaries and benefits	462,440	420,076	317,801	365,442	399,227	768	1,965,754
Interest charges	-	-	72,519	20,312	-	-	92,831
Materials	279,508	211,941	682,908	342,109	309,871	-	1,826,337
Contracted services	-	894,027	165,021	232,982	-	-	1,292,030
Rents and financial expenses	2,411	-	-	-	-	-	2,411
External transfers	84,968	27,579	-	-	-	-	112,547
Amortization	34,625	127,308	311,637	390,753	359,057	-	1,223,380
<b>Total expenses</b>	<b>863,952</b>	<b>1,680,931</b>	<b>1,549,886</b>	<b>1,351,598</b>	<b>1,068,155</b>	<b>768</b>	<b>6,515,290</b>
<b>Net surplus/(deficit)</b>	<b>4,217,103</b>	<b>(1,660,052)</b>	<b>(1,290,254)</b>	<b>(236,530)</b>	<b>(640,720)</b>	<b>(768)</b>	<b>388,779</b>

The accompanying notes are an integral part of these financial statements