

**CORPORATION OF THE VILLAGE
OF POINT EDWARD
CONSOLIDATED FINANCIAL STATEMENTS**
December 31, 2022

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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 accountability.

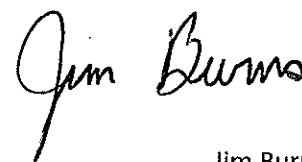
The Finance Committee, a sub-committee of Village Council ("Council"), reviews and approves the consolidated financial statements before they are submitted to Council.

The December 31, 2022 consolidated financial statements have been examined by the Village of Point Edwards' external auditors, MNP LLP, and their report precedes the consolidated financial statements.

Point Edward, Canada



Teena Thibeault
Treasurer



Jim Burns
Chief Administrative Officer/Clerk

Independent Auditor's Report

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

Opinion

We have audited the consolidated financial statements of the Corporation of the Village of Point Edward and its subsidiaries (the "Village"), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Village as at December 31, 2022, and the results of its consolidated operations, changes in its consolidated net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Village in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the consolidated financial statements, management is responsible for assessing the Village's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Village or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Village's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Village's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Village to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Village to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

MNP LLP

London, Ontario

June 27, 2023

Chartered Professional Accountants

Licensed Public Accountants

CORPORATION OF THE VILLAGE OF POINT EDWARD

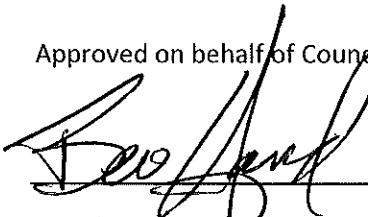
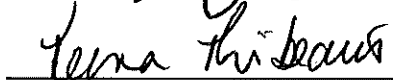
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

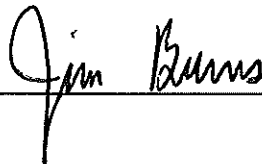
As at December 31, 2022

	2022	2021
	\$	\$
FINANCIAL ASSETS		
Cash and cash equivalents (note 3)	4,372,565	2,880,499
Investments (note 4)	1,151,063	1,104,843
Taxes receivable (note 5)	229,418	1,058,572
Accounts receivable	2,461,238	1,964,947
Investment in Bluewater Power Corporation (note 7)	2,882,663	2,704,297
TOTAL FINANCIAL ASSETS	11,096,947	9,713,158
LIABILITIES		
Accounts payable and accrued liabilities (note 8)	704,419	838,023
Deferred revenue (note 10)	904,209	534,846
TOTAL LIABILITIES	1,608,628	1,372,869
NET FINANCIAL ASSETS	9,488,319	8,340,289
NON-FINANCIAL ASSETS		
Tangible capital assets (note 11) (schedule 1)	26,092,854	27,296,548
Prepaid expenses	12,221	4,967
TOTAL NON-FINANCIAL ASSETS	26,105,075	27,301,515
ACCUMULATED SURPLUS (note 13)	35,593,394	35,641,804

Commitments (note 17)

Approved on behalf of Council:


 _____ Mayor

 _____ Treasurer


 _____ C.A.O./Clerk

CORPORATION OF THE VILLAGE OF POINT EDWARD

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the year ended December 31, 2022

	Budget 2022 \$ (note 15)	Actual 2022 \$	Actual 2021 \$
REVENUES			
Taxation	3,109,822	3,142,498	3,046,420
User charges	2,287,540	2,257,681	2,060,113
Province of Ontario grants	396,970	174,759	414,123
Other municipalities grants	87,964	105,247	89,998
Penalties and interest on taxes	140,000	143,572	173,149
Investment income	222,133	194,676	92,759
Gain (loss) on sale of tangible capital assets	14,755	2,500	(25,953)
Casino revenue	1,100,000	1,550,461	646,161
Share of net income in Bluewater Power Corporation (note 7)	-	247,989	254,776
TOTAL REVENUES	7,359,184	7,819,383	6,751,546
EXPENSES			
General government	1,197,489	1,226,031	1,017,090
Protection services	1,672,950	1,619,350	1,677,596
Transportation services	1,378,118	1,403,749	1,207,299
Environmental services	1,919,051	1,909,619	1,809,429
Recreation and cultural services	1,236,031	1,251,129	1,256,396
Planning and development	2,500	1,832	2,418
TOTAL EXPENSES	7,406,139	7,411,710	6,970,228
ANNUAL SURPLUS	(46,955)	407,673	(218,682)
ACCUMULATED SURPLUS - beginning of year	35,641,804	35,641,804	35,940,773
Equity decrease in Lambton Area Water Supply System (LAWSS) due to change in % ownership (note 14)	(456,083)	(456,083)	(80,287)
ACCUMULATED SURPLUS - end of year (note 13)	35,138,766	35,593,394	35,641,804

CORPORATION OF THE VILLAGE OF POINT EDWARD

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

For the year ended December 31, 2022

	Budget 2022 \$ (note 15)	Actual 2022 \$	Actual 2021 \$
ANNUAL SURPLUS	(46,955)	407,673	(218,682)
Amortization of tangible capital assets	1,296,568	1,296,568	1,314,490
Acquisition of tangible capital assets	(1,727,666)	(453,661)	(1,297,995)
Net book value of disposed tangible capital assets	(14,755)	12,255	68,687
Share of LAWSS adjustment on tangible capital assets due to change in % ownership	348,532	348,532	(28,667)
Share of LAWSS adjustment on opening surplus due to change in % ownership	(456,083)	(456,083)	(80,287)
Increase in prepaid expenses	-	(7,254)	(961)
INCREASE IN NET FINANCIAL ASSETS	(600,359)	1,148,030	(243,415)
NET FINANCIAL ASSETS - beginning of year	8,340,289	8,340,289	8,583,704
NET FINANCIAL ASSETS - end of year	7,739,930	9,488,319	8,340,289

CORPORATION OF THE VILLAGE OF POINT EDWARD

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2022

	Actual 2022 \$	Actual 2021 \$
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Annual surplus	407,673	(218,682)
Non-cash charges to operations		
Amortization of tangible capital assets	1,296,568	1,314,490
(Gain) loss on disposal of tangible capital assets	(2,500)	25,953
Equity basis net income in Bluewater Power Corporation	(247,989)	(254,776)
Change in non-cash assets and liabilities		
Decrease (increase) in taxes receivable	829,154	(8,807)
Increase in accounts receivable	(496,291)	(1,193,851)
(Decrease) increase in accounts payable and accrued liabilities	(133,604)	163,019
Increase in deferred revenue	369,363	16,356
Increase in prepaid expenses	(7,254)	(961)
Net increase (decrease) in cash from operating transactions	2,015,120	(157,259)
CAPITAL		
Acquisition of tangible capital assets	(453,661)	(1,297,995)
Proceeds on disposal of tangible capital assets	14,755	42,734
Share of LAWSS adjustment on tangible capital assets	348,532	(28,667)
Net decrease in cash from capital transactions	(90,374)	(1,283,928)
INVESTING		
Dividends received from Bluewater Power Corporation	69,623	61,108
Equity decrease in LAWSS due to change in % ownership	(456,083)	(80,287)
Increase in investments	(46,220)	(4,725)
Net decrease in cash from investing transactions	(432,680)	(23,904)
FINANCING		
Debt principal repayments	-	(149,697)
Net decrease in cash from financing transactions	-	(149,697)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,492,066	(1,614,788)
CASH AND CASH EQUIVALENTS - beginning of year	2,880,499	4,495,287
CASH AND CASH EQUIVALENTS - end of year	4,372,565	2,880,499
Cash paid for interest	-	2,829
Cash received from interest	645,799	225,634

The accompanying notes and schedules are an integral part of these consolidated financial statements

The Corporation of the Village of Point Edward ("Village") is a municipality in the Province of Ontario, Canada. It was incorporated in 1878 and conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, 2001, 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.

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 Village 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 2022, the Village's share of LAWSS was 1.88% (2021 - 2.32%). Material inter-organizational transactions and balances have been eliminated.

1. **SIGNIFICANT ACCOUNTING POLICIES (continued)**

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) Cash and cash equivalents

Cash equivalents are comprised of guaranteed investment certificates and term deposits with original maturities of 90 days or less.

e) 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:

Asset	Useful Life - Years
Land improvements	20 - 50 years
Buildings and building improvements	15 - 100 years
Transportation infrastructure	15 - 50 years
Environmental infrastructure	35 - 100 years
Vehicles	7 - 15 years
Equipment	5 - 25 years

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.

1. **SIGNIFICANT ACCOUNTING POLICIES (continued)**

f) 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.

Financial assets measured at amortized cost include cash, accounts and notes receivable and taxes receivable. Financial assets measured at fair value include investments.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

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.

g) 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.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

g) *Revenue recognition (continued)*

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.

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

Investment income earned on surplus funds is recognized when earned.

Casino revenue is recognized when earned.

The Village's share of net income in Bluewater Power is recognized when earned.

Taxation revenues in any year may also be reduced as a result of reductions in assessment values arising from assessment and/or tax appeals. Each year, an amount is identified to cover the estimated amount of revenue loss attributable to assessment appeals, tax appeals and other deficiencies in tax revenues (e.g., uncollectible amounts, write-offs, etc.).

h) *Accumulated surplus*

Accumulated surplus represents the Corporation's net economic resources. It is an amount by which all assets (financial and non-financial) exceed liabilities. An accumulated surplus indicates that the Corporation has net resources (financial and physical) that can be used to provide future services. An accumulated deficit means that liabilities are greater than assets.

i) *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. Estimates are used with accounting for items such as accrued receivables and accrued liabilities.

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.

j) *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.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

k) 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. STANDARD ISSUED BUT NOT YET EFFECTIVE

The Village has not yet applied the following new standards, interpretations and amendments to standards that have been issued as at December 31, 2022 but are not yet effective. Unless otherwise stated, the Village does not plan to early adopt any of these new or amended standards and interpretations.

PS 3280 Asset Retirement Obligations

PS 3280 establishes accounting standards on how to account for and report a liability for an asset retirement obligation related to tangible capital assets. The standard is effective for annual periods beginning on or after April 1, 2022. The Village is assessing the impact of these new standards.

3. CASH AND CASH EQUIVALENTS

	2022	2021
	\$	\$
Cash on deposit	2,766,055	1,278,980
Cash equivalents	1,606,510	1,601,519
	4,372,565	2,880,499

4. INVESTMENTS

The Village has investments in guaranteed investment certificates (GICs) of \$1,151,063 (2021 - \$1,104,843) with maturity dates ranging from January 2023 to June 2027 and interest rates from 1.58% to 4.65% and market value of \$1,151,063 (2021 - \$1,104,843) at December 31, 2022.

CORPORATION OF THE VILLAGE OF POINT EDWARD
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022
NOTES TO THE FINANCIAL STATEMENTS

5. TAXES RECEIVABLE

Taxes receivable are reported net of allowance for doubtful accounts of \$NIL (2021 - \$NIL). As at December 31, the balances are as follows:

	2022	2021
	\$	\$
Taxes receivable	204,697	738,359
Penalties and interest	24,721	320,213
	229,418	1,058,572

6. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF LAMBTON

During 2022, 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	1,356,753	1,905,013
Payments in lieu	700	242,513
Amounts requisitioned and remitted	1,357,453	2,147,526

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

7. INVESTMENT IN BLUEWATER POWER CORPORATION

In recognition of the requirements of Bill 35 (The Energy Competition Act, 1998) the Village, along with the City of Sarnia, Town of Petrolia, Township of Warwick, Village of Oil Springs and Village of Alvinston passed in the year 2000 transfer by-laws that transferred, effective October 31, 2000, all of their hydro assets and liabilities to Bluewater Power Distribution Corporation. Upon determination of the fair value of assets and liabilities transferred, each municipality received a promissory note from Bluewater Power Distribution Corporation and shares of Bluewater Power Corporation, which owns 100% of Bluewater Power Distribution Corporation, equal to the percentage of the fair market value of assets and liabilities each municipality contributed compared to the total fair market value of the assets and liabilities contributed by the municipalities. The fair market value of the assets and liabilities contributed by the Village of Point Edward was determined to be 3.37% of the fair market value of all of the assets and liabilities contributed by all of the six participating municipalities.

CORPORATION OF THE VILLAGE OF POINT EDWARD
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022
NOTES TO THE FINANCIAL STATEMENTS

7. INVESTMENT IN BLUEWATER POWER CORPORATION (continued)

For its contribution the Village took back a promissory note from Bluewater Power Distribution Corporation bearing interest at 7.25% and Point Edward Electricity Holdings Inc., wholly owned by the Village was incorporated to hold the Village's investment in 3.37% of the common shares of Bluewater Power Corporation. This investment in 3.37% of the common shares of Bluewater Power Corporation was valued at \$607,682.

Commencing May 1, 2009, the interest rate payable on the promissory note increased from 7.25% to 7.62%, the deemed debt cost allowed by the Ontario Energy Board and on May 1, 2013 the increase rate declined to 6.39%. In May 2016 the rate was adjusted to 6.73%. In May 2018 the rate was adjusted to 6.98%.

The investment in Bluewater Power Corporation is reported on the modified equity basis.

	2022	2021 (recast)
	\$	\$
Promissory Note	653,025	653,025
Point Edward Electricity Holdings Inc. common shares	607,682	607,682
Share of net income since acquisition, net of dividends received	1,621,956	1,443,590
	2,882,663	2,704,297
Continuity of Investment		
Balance, beginning of year	2,704,297	2,510,629
Share of net income for the year	247,989	254,776
Dividends received during the year	(69,623)	(61,108)
Net increase in equity during the year	178,366	193,668
Balance, end of year	2,882,663	2,704,297

The promissory note is due from Bluewater Power Distribution Corporation is unsecured, subordinated and due eighteen months following demand for payment. During 2022, the Village of Point Edward received \$45,732 (2021 - \$45,732) of interest income on the promissory note.

CORPORATION OF THE VILLAGE OF POINT EDWARD
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022
NOTES TO THE FINANCIAL STATEMENTS

7. INVESTMENT IN BLUEWATER POWER CORPORATION (continued)

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

Consolidated Statement of Financial Position

	2022	2021 (recast)
	\$	\$
Current assets	31,702,654	31,147,750
Other assets	103,424,359	96,049,509
Regulatory balances	8,349,095	6,204,712
Current liabilities	(30,042,847)	(25,548,180)
Non-current liabilities	(44,260,708)	(44,954,637)
Regulatory balances	(3,011,254)	(3,532,521)
Shareholders' equity	66,161,299	59,366,633

Consolidated Statements of Comprehensive Income

	2022	2021 (recast)
	\$	\$
Revenue	143,731,056	136,171,610
Operating expenditures	(134,777,772)	(126,997,194)
Finance income and costs	(2,458,899)	(2,111,081)
Income tax expense	(2,245,000)	(1,916,000)
Net movement in regulatory balances, net of tax	2,026,650	1,154,002
Other comprehensive income	2,584,605	1,063,406
Total comprehensive income	8,860,640	7,364,743

The comparative amounts in the statements of Bluewater Power Corporation have been recast from those previously reported. The recast resulted from an immaterial error relating to amortization periods used.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in Accounts payable and accrued liabilities are the government remittances totalling \$27,633 (2021 – \$29,989).

9. 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, 2022 was \$NIL (2021 - \$NIL).

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DECEMBER 31, 2022
NOTES TO THE FINANCIAL STATEMENTS

10. DEFERRED REVENUE

Deferred revenue is made up of the following:

	Opening Balance \$	Contributions Received \$	Funding Recognized \$	Ending Balance \$
COVID-19 Safe Restart Funding	110,542	150,052	110,542	150,052
Canada Community Building Fund	188,504	64,604	-	253,108
Other	235,800	265,249	-	501,049
	534,846	479,905	110,542	904,209

11. TANGIBLE CAPITAL ASSETS

The net book value of the tangible capital assets is as follows:

	2022 \$	2021 \$
General		
Land and land improvements	2,024,054	2,135,513
Buildings	11,767,394	12,232,028
Vehicles and equipment	2,324,513	2,305,013
Infrastructure		
Transportation	3,412,316	3,631,953
Environmental	5,276,844	5,732,975
	24,805,121	26,037,482
Work in progress	1,287,733	1,259,066
	26,092,854	27,296,548

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

During 2022, there were no write-downs of assets (2021 - \$NIL) and no interest capitalized (2021 - \$Nil)

12. PENSION AGREEMENTS

The Village makes contributions to the Ontario Municipal Employees Retirement System (OMERS), which is 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. The employer amount contributed to OMERS for 2022 was \$184,643 (2021 - \$178,441). The contribution rate for 2022 was 9.2% to 15.8% depending on age and income level (2021 – 9.0% to 15.8%)

OMERS is a multi-employer plan, therefore any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Village does not recognize any share of the OMERS pension surplus or deficit. The last available report for the OMERS plan was December 31, 2022. At that time the plan reported a \$6.68 billion actuarial deficit (2021 - \$3.13 billion actuarial deficit), based on actuarial liabilities of \$128.79 billion (2021 - \$120.80 billion) and actuarial assets of \$124.21 billion (2021 - \$117.67 billion). Ongoing adequacy of the current contribution rates will need to be monitored as declines in the financial markets may lead to increased future funding requirements.

CORPORATION OF THE VILLAGE OF POINT EDWARD
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13. ACCUMULATED SURPLUS

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

	2022	2021
	\$	\$
Surplus		
Investment in Bluewater Power Corporation	2,882,663	2,704,297
Invested In Capital Assets		
Tangible capital assets - net book value	26,092,854	27,296,548
Surplus	28,975,517	30,000,845
Reserves		
Emergencies	1,250,167	918,640
Roads capital	1,009,543	1,009,543
Working capital	848,582	848,582
Water	686,717	719,533
MAT tax	430,490	186,965
Engine truck replacement	350,000	150,000
Specified capital projects	328,623	311,404
LAWSS	304,943	318,821
Land	227,000	227,000
Assessment loss	215,000	145,000
Point Edward Electricity Holdings	177,282	204,168
Storm station upgrade	175,461	100,000
Planning licenses and permits	110,582	110,582
Parks sick leave	85,000	85,000
Barrel roof	75,000	-
Public works winter maintenance	51,980	51,980
Public works one tonne truck	50,000	-
Donation reserve	40,710	74,595
Public works dump truck	40,000	20,000
Health & safety	32,913	-
M Grant	30,041	39,300
Fire department air pack	25,000	-
Fire department training	22,878	22,878
Insurance claims	16,468	16,468
OCIF grant	12,997	-
Cannabis fund	10,000	10,000
Cleaning wells	7,500	7,500
Farmers market	3,000	3,000
Chiller evaporator	-	10,000
Fire department vehicle	-	35,000
General election	-	15,000
Total Reserves	6,617,877	5,640,959
	35,593,394	35,641,804

CORPORATION OF THE VILLAGE OF POINT EDWARD
CONSOLIDATED FINANCIAL STATEMENTS
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14. JOINT LOCAL BOARD CONSOLIDATION – LAWSS

The following summarizes the financial position and operations of Lambton Area Water Supply System (LAWSS) which has been reported in these consolidated financial statements using the proportionate consolidation method.

The consolidated financial statements include the Village's 1.88% (2021 - 2.32%) proportionate interest as follows:

Consolidated Statement of Financial Position

	2022	2021
	\$	\$
Cash	295,094	316,543
Accounts and notes receivable	11,861	21,607
Accounts payable and accrued liabilities	(2,012)	(19,329)
Net financial debt	304,943	318,821
Tangible capital assets	1,705,275	2,085,982
Accumulated surplus	2,010,218	2,404,803

Consolidated Statement of Operations

	2022	2021
	\$	\$
Total revenues	205,753	241,634
Total expenses	(144,255)	(165,160)
Annual surplus	61,498	76,474

CORPORATION OF THE VILLAGE OF POINT EDWARD
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022
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15. BUDGET FIGURES

Budget data presented in these consolidated financial statements are based upon the 2022 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	7,022,337	336,847	7,359,184
General expenses	(5,828,084)	(1,578,055)	(7,406,139)
Non-statement of Operations Transactions:			
Capital expenditures	1,727,666	(1,727,666)	-
Reserve transfers	(619,350)	619,350	-
Annual surplus	2,302,569	(2,349,524)	(46,955)

16. EXPENSES BY OBJECT

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

	Budget 2022 \$	Actual 2022 \$	Actual 2021 \$
Salaries and benefits	2,834,077	2,765,526	2,600,101
Interest charges	-	-	1,379
Materials	2,172,507	2,283,320	1,931,332
Contracted services	783,954	985,568	1,034,270
Rents and financial expenses	4,800	6,382	4,421
External transfers	32,746	74,346	84,235
Amortization	1,578,055	1,296,568	1,314,490
	7,406,139	7,411,710	6,970,228

17. COMMITMENTS

The Village entered into a service agreement with Marcotte Disposal for waste collection for a ten-year term ending June 30, 2032 at an approximate cost of \$122,314 in 2023, 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, 2023. The 2023 annual cost will be \$563,080 including HST and subsequent years' amounts are 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, 2023 at a cost of \$244,000 including HST.

The Village has entered into a contact with Maaten Construction Limited related to the digester lid refurbishment. The contract is for \$580,124 including HST. Construction has been delayed and is now estimated to be completed in 2023.

Further to note 14 the Village has proportionate interest in joint local board – LAWSS including their related commitments. Future capital commitments in the aggregate amount of \$7,435,254 can be found within the standalone financial statements of Lambton Area Water Supply System (LAWSS).

18. 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.

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 Village's infrastructure including roads, bridges, storm drains, sidewalks, streetlights, traffic signals and winter control and funding for mobility transit services.

18. SEGMENTED INFORMATION (continued)

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.

19. 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.

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.

20. ECONOMIC DEPENDENCE

Approximately 20% (2021 - 9%) 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.

CORPORATION OF THE VILLAGE OF POINT EDWARD
SCHEDULE 1 - CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
For the year ended December 31, 2022

	General			Infrastructure		Work in Progress	Totals
	Land and Land Improvements	Buildings	Vehicles and Equipment	Transportation	Environmental		
	\$	\$	\$	\$	\$	\$	\$
COST							
Balance, beginning of year	4,738,235	22,872,995	5,054,281	8,214,289	9,978,584	1,259,066	52,117,450
Add: additions during the year	35,235	72,576	287,520	29,377	286	28,667	453,661
Less: disposals during the year	-	32,644	79,776	-	-	-	112,420
LAWSS equity adjustment	-	-	-	-	(581,584)	-	(581,584)
Balance, end of year	4,773,470	22,912,927	5,262,025	8,243,666	9,397,286	1,287,733	51,877,107
ACCUMULATED AMORTIZATION							
Balance, beginning of year	2,602,722	10,640,967	2,749,268	4,582,336	4,245,609	-	24,820,902
Add: amortization for the year	146,694	524,955	268,020	249,014	107,885	-	1,296,568
Less: disposals during the year	-	20,389	79,776	-	-	-	100,165
LAWSS equity adjustment	-	-	-	-	(233,052)	-	(233,052)
Balance, end of year	2,749,416	11,145,533	2,937,512	4,831,350	4,120,442	-	25,784,253
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	2,024,054	11,767,394	2,324,513	3,412,316	5,276,844	1,287,733	26,092,854

The accompanying notes and schedules are an integral part of these consolidated financial statements

CORPORATION OF THE VILLAGE OF POINT EDWARD
SCHEDULE 1 - CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
For the year ended December 31, 2021

	General			Infrastructure		Work in Progress	Totals	
	Land and Land Improvements	Buildings	Vehicles and Equipment	Transportation	Environmental			Totals
COST								
Balance, beginning of year	4,738,235	22,480,162	4,639,121	8,219,349	9,990,910	1,269,408	51,337,185	
Add: additions during the year	-	481,368	733,282	50,953	-	32,392	1,297,995	
Less: disposals during the year	-	88,535	318,122	56,013	-	42,734	505,404	
LAWSS equity adjustment	-	-	-	-	(12,326)	-	(12,326)	
Balance, end of year	4,738,235	22,872,995	5,054,281	8,214,289	9,978,584	1,259,066	52,117,450	
ACCUMULATED AMORTIZATION								
Balance, beginning of year	2,429,862	10,194,422	2,791,747	4,396,943	4,171,148	-	23,984,122	
Add: amortization for the year	172,860	519,016	265,754	241,406	115,454	-	1,314,490	
Less: disposals during the year	-	72,471	308,233	56,013	-	-	436,717	
LAWSS equity adjustment	-	-	-	-	(40,993)	-	(40,993)	
Balance, end of year	2,602,722	10,640,967	2,749,268	4,582,336	4,245,609	-	24,820,902	
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	2,135,513	12,232,028	2,305,013	3,631,953	5,732,975	1,259,066	27,296,548	

CORPORATION OF THE VILLAGE OF POINT EDWARD

SCHEDULE 2 - CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE For the year ended December 31, 2022

	General Government		Protection Services		Transportation Services		Environmental Services		Recreation and Cultural Services		Planning and Development		Consolidated	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue														
Property taxation	3,142,498	-	-	-	-	-	-	-	-	-	-	-	-	3,142,498
User charges	163,466	7,545	16,735	1,763,661	302,474	3,800	-	-	-	-	-	-	-	2,257,681
Government transfers - operating	-	3,636	171,123	-	-	-	-	-	-	-	-	-	-	174,759
Other municipalities	-	17,964	87,283	-	-	-	-	-	-	-	-	-	-	105,247
Penalties and interest on taxes	143,572	-	-	-	-	-	-	-	-	-	-	-	-	143,572
Investment income	194,676	-	-	-	-	-	-	-	-	-	-	-	-	194,676
Gain on sale of tangible capital assets	2,500	-	-	-	-	-	-	-	-	-	-	-	-	2,500
Casino	1,550,461	-	-	-	-	-	-	-	-	-	-	-	-	1,550,461
Equity in income of Bluewater Power Corporation	247,989	-	-	-	-	-	-	-	-	-	-	-	-	247,989
Total revenues	5,445,162	29,145	275,141	1,763,661	302,474	3,800	-	-	-	-	-	-	-	7,819,383
Expenses														
Salaries and benefits	596,603	658,638	447,993	613,412	447,048	1,832	-	-	-	-	-	-	-	2,765,526
Materials	542,800	282,770	371,518	686,073	400,159	-	-	-	-	-	-	-	-	2,283,320
Contracted services	-	522,594	237,853	225,121	-	-	-	-	-	-	-	-	-	985,568
Rents and financial expenses	6,382	-	-	-	-	-	-	-	-	-	-	-	-	6,382
External transfers	41,600	32,746	-	-	-	-	-	-	-	-	-	-	-	74,346
Amortization	38,646	122,602	346,385	385,013	403,922	-	-	-	-	-	-	-	-	1,296,568
Total expenses	1,226,031	1,619,350	1,403,749	1,909,619	1,251,129	1,832	-	-	-	-	-	-	-	7,411,710
Net surplus/(deficit)	4,219,131	(1,590,205)	(1,128,608)	(145,958)	(948,655)	1,968	-	-	-	-	-	-	-	407,673

CORPORATION OF THE VILLAGE OF POINT EDWARD
SCHEDULE 2 - CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the year ended December 31, 2021

	General Government	Protection Services	Transportation Services	Environmental Services	Recreation and Cultural Services	Planning and Development	Consolidated
	\$	\$	\$	\$	\$	\$	\$
Revenue							
Property taxation	3,046,420	-	-	-	-	-	3,046,420
User charges	221,941	7,197	38,386	1,523,776	260,973	7,840	2,060,113
Government transfers - operating	269,986	11,615	131,348	1,174	-	-	414,123
Other municipalities	-	17,964	72,034	-	-	-	89,998
Penalties and interest on taxes	173,149	-	-	-	-	-	173,149
Investment income	92,759	-	-	-	-	-	92,759
Loss on sale of tangible capital assets	(25,953)	-	-	-	-	-	(25,953)
Casino	646,161	-	-	-	-	-	646,161
Equity in income of Bluewater Power Corporation	254,776	-	-	-	-	-	254,776
Total revenues	4,679,239	36,776	241,768	1,524,950	260,973	7,840	6,751,546
Expenses							
Salaries and benefits	586,021	635,999	354,870	563,360	458,367	1,484	2,600,101
Interest charges	-	-	386	-	993	-	1,379
Materials	331,804	328,568	276,788	624,174	369,064	934	1,931,332
Contracted services	-	566,220	229,517	238,533	-	-	1,034,270
Rents and financial expenses	4,421	-	-	-	-	-	4,421
External transfers	58,100	26,135	-	-	-	-	84,235
Amortization	36,744	120,674	345,738	383,362	427,972	-	1,314,490
Total expenses	1,017,090	1,677,596	1,207,299	1,809,429	1,256,396	2,418	6,970,228
Net surplus/(deficit)	3,662,149	(1,640,820)	(965,531)	(284,479)	(995,423)	5,422	(218,682)

The accompanying notes and schedules are an integral part of these consolidated financial statements