

**AMHERSTBURG MUNICIPAL COUNCIL
SPECIAL MEETING**

**MONDAY, OCTOBER 22, 2007
At 6:00pm in the Council Chambers**

Please Note: All Public Meetings of Council are recorded by an electronic recording device.

AGENDA

PRESENT:

Mayor Wayne Hurst
Deputy Mayor Robert Bailey
Councillor Rick Fryer
Councillor Robert (Bob) Pillon
Councillor Paul Renaud
Councillor John Sutton
Councillor Rosa White

ALSO PRESENT:

Frank Pizzuto, Chief Administrative Officer
George Balango, Manager of Development Services
Carol Bendo, Human Resources Specialist/Deputy Clerk
Paul Beneteau, Treasurer
Lory Bratt, Planning Coordinator
Stephen Brown, CBO
David Carpenter, IT Manager
Ron Dzombak, Manager of Recreational Services
Ivan Fregonese, Supervisor Budget Services
Pam Malott, Mgr. of Corporate & Leg. Services/Clerk
Randy Sinasac, Deputy Fire Chief
Lou Zarlenga, Public Works Manager

Dave Settingington, FCA

DISCLOSURE OF PECUNIARY INTEREST

REPORTS OF MUNICIPAL OFFICERS

Report #1

Report from Paul Beneteau regarding 2006 Financial Statements for the Town of Amherstburg.

Dave Settingington, from the accounting firm Graham, Settingington, MacIntosh, Driedger and Hicks is present to discuss the 2006 financial statements.

This is to be an informal discussion, and complies with the new Canadian generally accepted auditing standards whereby the auditors are required to meet with the audit committee to review findings of the audit. Council had previously appointed Council as a Whole as the Audit Review Committee.

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NOTICE OF MOTIONS

ADJOURNMENT

Moved by
Seconded by

That we rise and adjourn at PM.



PRESENTED TO COUNCIL
SPECIAL COUNCIL 6PM
ITEM REPORT #1
DATE OCT 22 2007

Council Report

Report To: MAYOR AND MEMBERS OF COUNCIL
Date of Meeting: OCTOBER 22, 2007
Submitted By: PAUL BENETEAU, TREASURER
Prepared By: PAUL BENETEAU, TREASURER
Date of Report: OCTOBER 15, 2007
File No.: 2007OCT15T
Subject: 2006 FINANCIAL STATEMENTS (ATTACHED)

Dave Settingington, from the accounting firm of Graham, Settingington, MacIntosh, Driedger and Hicks will be present to discuss the 2006 financial statements. This is to be an informal discussion, and complies with the new Canadian generally accepted auditing standards whereby the auditors are required to meet with the audit committee to review the findings of the audit. Council had previously appointed Council as a Whole as the Audit Review Committee.

The following documentation is included for discussion purposes:

1. A report dated September 8, 2007, of the findings of the audit
2. The Executive Summary
3. The Consolidated Financial Statements (Green bound booklets)

In addition, I have included my summary comments along with a Schedule of Financial Activities for the Amherstburg Arena and the K. Walter Ranta Marina.

Respectfully submitted for discussion purposes.

Paul Beneteau, B.Comm., AMCT
Treasurer

There were no new accounting policies adopted or changes to the application of accounting policies of Town of Amherstburg during the year.

Significant Unusual Transactions

We are not aware of any significant or unusual transactions entered into by Town of Amherstburg that you should be informed about.

Accounting Estimates

Management is responsible for the accounting estimates included in financial statements. Estimates and the related judgments and assumptions are based on management's knowledge of the business and past experience about current and future events.

Our responsibility as auditors is to obtain sufficient appropriate evidence to provide reasonable assurance that management's accounting estimates are reasonable within the context of the financial statements as a whole. An audit includes performing appropriate procedures to verify the:

- Calculation of accounting estimates;
- Analyzing of key factors such as underlying management assumptions;
- Materiality of estimates individually and in the aggregate in relation to the financial statements as a whole;
- Estimate's sensitivity to variation and deviation from historical patterns;
- Estimate's consistency with the entity's business plans; and
- Other audit evidence.

Disagreements with Management

We are required to communicate any disagreements with management, whether or not resolved, about matters that are individually or in aggregate significant to the financial statements or auditor's report. Disagreements may arise over:

- Selection or application of accounting principles;
- Assumptions and related judgments for accounting estimates;
- Financial statement disclosures;
- Scope of the audit; or
- Wording of the auditor's report.

We are pleased to inform you that we had no disagreements with management during the course of our audit.

Issues Discussed

The auditor generally discusses among other matters, the application of accounting principles and auditing standards, and fees, etc. with management in during the initial or recurring appointment of the auditor during the normal course of business. There were no major issues discussed during our audit with regards to our retention that were not in the normal course of business.

Difficulties Encountered During the Audit

We encountered no significant difficulties during our audit that should be brought to the attention of the audit committee.

**GRAHAM, SETTERINGTON, McINTOSH,
DRIEDGER & HICKS**
CHARTERED ACCOUNTANTS

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FAX (519) 326-8044

September 13, 2007

Executive Summary

To the Town of Amherstburg

Attached is a summary reflecting key components of the audited financial statements for the years 2003 - 2006.

The amounts for the years 2003 - 2006 reflect the previous executive summaries presented to council at the time our firm gave the audit presentation for the respective years.

These amounts are for council's consideration of the financial position of the Town.

**GRAHAM, SETTERINGTON, McINTOSH
DRIEDGER & HICKS**

*Graham, Setterington, McIntosh,
Driedger & Hicks*

Chartered Accountants
Licensed Public Accountants

①

**GRAHAM, SETTERINGTON, McINTOSH,
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LINDSAY L. ROUNDING, BAcc, CA

September 8, 2007

Town of Amherstburg
271 Sandwich Street South
Amherstburg Ontario
N9V 2A5

We have been engaged to audit the financial statements of Town of Amherstburg for the year ending December 31, 2006. Canadian generally accepted auditing standards require that we communicate the following information with you in relation to your audit.

Evaluation of Internal Controls

Audits include a review and evaluation of the system of internal controls to assist in determining the level of reliance that may or should be placed on the system in assessing the nature and extent of audit procedures to be undertaken.

During the course of our audit, we encountered the following specific internal control matters that we wish to bring to your attention:

Observation

The town was paying an employee's credit card balance and the employee then reimbursed the town for personal expenses.

Recommendation

The town should only pay amounts for actual expenses incurred on behalf of the town.

Management Response

The town will reimburse the employee for the expenses incurred on behalf of the town and all purchases will be shipped to the town.

Observation

Personnel files are not secured (under lock and key).

Recommendation

Personnel files should be placed in a locked cabinet.

Management Response

The recommendation will be implemented.

Significant Accounting Principles

Management is responsible for the appropriate selection and application of accounting policies. Our role is to re-view the appropriateness and application as part of our audit. The accounting policies used by Town of Amherstburg are described in Note 1, Summary of Significant Accounting policies, in the financial statements.

This communication is prepared solely for the information of the audit committee and is not intended for any other purpose. We accept no responsibility to a third party who uses this communication.

To ensure there is a clear understanding and record of the matters discussed, we ask that members of the audit committee sign their acknowledgement in the spaces provided below. Should any member of the audit committee wish to discuss or review any matter addressed in this letter or any other matters related to financial reporting, please do not hesitate to contact us at any time.

Yours truly,

GRAHAM, SETTERINGTON, McINTOSH, DRIEDGER & HICKS

*Graham Setterington, McIntosh,
Driedger & Hicks*

Acknowledgement:

We have read and reviewed the above disclosures and understand and agree with the comments therein:

Per: _____ Title: _____ Date: _____

Per: _____ Title: _____ Date: _____

TOWN OF AMHERSTBURG

Long Term Debenture Debt as at December 31

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Total Debt	\$ 14,880,813	\$ 9,765,449	\$ 10,107,623	\$ 10,486,799
Recoverable Debt	<u>6,725,257</u>	<u>4,186,305</u>	<u>4,426,206</u>	<u>4,801,547</u>
General Municipal Debt	<u>\$ 8,155,556</u>	<u>\$ 5,579,144</u>	<u>\$ 5,681,417</u>	<u>\$ 5,685,252</u>
Recoverable Debt				
Shoreline	\$ 32,373	\$ 37,246	\$ 52,327	\$ 59,100
Tile	143,959	173,658	155,212	181,908
Water	2,694,951	1,034,870	1,150,654	1,329,750
Municipal Drains	51,466	17,826	0	27,179
Sewage	0	61,184	118,516	172,237
Sanitary Sewers	3,802,508	2,855,511	2,937,856	3,014,456
Storm Sewers	<u>0</u>	<u>6,010</u>	<u>11,641</u>	<u>16,915</u>
	<u>\$ 6,725,257</u>	<u>\$ 4,186,305</u>	<u>\$ 4,426,206</u>	<u>\$ 4,801,545</u>
General Municipal Debt				
Fire	\$ 83,283	\$ 177,898	\$ 267,303	\$ 160,484
Parks	626,838	750,270	632,112	114,370
Other Cultural	137,865	213,406	213,566	69,382
Street Lights	0	2,225	4,308	6,259
Roads	6,984,608	4,039,600	4,404,788	5,027,538
Police Station	<u>322,962</u>	<u>395,745</u>	<u>159,340</u>	<u>307,220</u>
	<u>\$ 8,155,556</u>	<u>\$ 5,579,144</u>	<u>\$ 5,681,417</u>	<u>\$ 5,685,253</u>

TOWN OF AMHERSTBURG

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**Current Fund
as at December 31**

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
General Purpose Tax Levies	\$ (244,352)	\$ (220,576)	\$ (2,640,702)	\$ (2,092,414)
Ranta Marina Deficit	(838,700)	(748,807)	(733,859)	(618,396)
Water User Rates	(327,022)	(411,111)	92,397	518,171
Sewer User Rates	(2,358,834)	(1,182,710)	(665,623)	118,878
Equity in Essex Power	<u>0</u>	<u>0</u>	<u>2,614,402</u>	<u>2,614,402</u>
	<u>\$ (3,768,908)</u>	<u>\$ (2,563,204)</u>	<u>\$ (1,333,385)</u>	<u>\$ 540,641</u>

TOWN OF AMHERSTBURG

3

Reserves and Deferred Revenue as at December 31

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Working Capital				
Town	\$ 1,652,965	\$ 1,451,090	\$ 377,492	\$ 946,810
Waterworks System	<u>3,977,013</u>	<u>3,941,524</u>	<u>4,321,578</u>	<u>4,251,578</u>
	<u>5,629,978</u>	<u>5,392,614</u>	<u>4,699,070</u>	<u>5,198,388</u>
 Acquisition of fixed assets				
Protection Services	30,000	0	12,267	251,076
Roadways	18,000	18,000	18,000	18,000
Parks	38,860	13,860	12,967	12,967
Recreational Facilities	<u>178,719</u>	<u>3,516</u>	<u>3,516</u>	<u>33,357</u>
	<u>265,579</u>	<u>35,376</u>	<u>46,750</u>	<u>315,400</u>
 General Operations				
Sick Leave	44,393	44,393	44,393	44,393
Insurance	0	0	0	3,197
Post Employment Benefits	8,890	8,890	1,508,892	1,008,892
Protection Services	12,044	12,044	12,044	12,044
Waterworks System	<u>226,508</u>	<u>226,508</u>	<u>226,508</u>	<u>226,508</u>
	<u>291,835</u>	<u>291,835</u>	<u>1,791,837</u>	<u>1,295,034</u>
 Total Reserves	 6,187,392	 5,719,825	 6,537,657	 6,808,822
 Deferred Revenue - Infrastructure				
Renewal	<u>4,314,966</u>	<u>3,296,052</u>	<u>3,421,531</u>	<u>2,813,352</u>
	<u>\$ 10,502,358</u>	<u>\$ 9,015,877</u>	<u>\$ 9,959,188</u>	<u>\$ 9,622,174</u>

TOWN OF AMHERSTBURG

**Financial Statements
December 31, 2006**

**GRAHAM, SETTERINGTON, McINTOSH,
DRIEDGER & HICKS**
CHARTERED ACCOUNTANTS

1

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AUDITORS' REPORT

To the Town of Amherstburg

We have audited the consolidated statement of financial position of the Town of Amherstburg as at December 31, 2006 and the consolidated statement of financial activities, changes in financial position, schedule of capital fund operations, schedule of current fund operations, and schedule of reserves and deferred revenue for the year then ended. These financial statements are the responsibility of the town's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Town of Amherstburg as at December 31, 2006 and the results of its operations and changes in cash flow for the year then ended in accordance with accounting principles as explained in Note 1.

**GRAHAM, SETTERINGTON, McINTOSH,
DRIEDGER & HICKS**

*Graham, Setterington, McIntosh,
Driedger & Hicks*

Chartered Accountants
Licensed Public Accountants

Leamington, Ontario
August 8, 2007

TOWN OF AMHERSTBURG

Consolidated Statement of Financial Position as at December 31

	<u>2006</u>	<u>2005</u>
Financial Assets		
Cash	\$ 2,040,894	\$ 3,999,964
Taxes and grants-in-lieu	2,154,055	2,694,608
Trade and other receivables	2,509,260	2,135,427
Other	0	47,416
Promissory note receivable - Hydro System (Note 3(i))	144,115	288,229
Long-term investment - Hydro System (Note 3(i))	<u>2,748,160</u>	<u>2,868,992</u>
Total Assets	\$ <u>9,596,484</u>	\$ <u>12,034,636</u>
 Liabilities		
Bank indebtedness	\$ 0	\$ 5,063,929
Accounts payable and accrued liabilities	4,174,838	3,177,796
Interest on debt	72,086	76,804
Municipal debt (Note 4)	14,880,813	9,765,449
Employee benefits payable (Note 6)	8,713,100	7,900,200
Deferred revenue	<u>4,314,966</u>	<u>3,296,052</u>
	<u>32,155,803</u>	<u>29,280,230</u>
 Municipal Position (Note 7)		
Current fund (Schedule 1)	(3,768,908)	(2,563,204)
Capital fund (Schedule 2)	(1,310,945)	(2,662,763)
Reserves (Schedule 3)	<u>6,187,392</u>	<u>5,719,825</u>
Fund balances	1,107,539	493,858
Amounts to be recovered (Note 7)	(16,941,601)	(13,553,147)
Amounts to be recovered from benefiting landowners and user rates (Note 4)	<u>(6,725,257)</u>	<u>(4,186,305)</u>
	<u>(22,559,319)</u>	<u>(17,245,594)</u>
Total Liabilities and Municipal Position	\$ <u>9,596,484</u>	\$ <u>12,034,636</u>

TOWN OF AMHERSTBURG

3

Consolidated Statement of Financial Activities for the years ended December 31

	<u>2006</u>	<u>2005</u>
Revenues		
Net taxation/user charges	\$ 17,011,462	\$ 15,081,690
Government transfer	4,076,452	1,963,940
Other	2,766,201	2,051,359
Interest	407,080	581,905
Share of hydro income for year	60,766	154,063
	<u>24,321,961</u>	<u>19,832,957</u>
Expenditures		
Current		
General government	1,964,123	2,184,239
Protection to persons and property	5,546,902	5,262,540
Transportation services	3,339,771	3,228,135
Environmental services	6,092,317	4,953,608
Recreation and culture	1,552,554	1,318,697
Planning and development	396,121	346,043
Total current	<u>18,891,788</u>	<u>17,293,262</u>
Capital		
General government	36,689	45,832
Protection to persons and property	138,654	403,902
Transportation services	4,084,164	692,660
Environmental services	5,582,592	2,116,386
Recreation and culture	60,787	344,012
Planning and development	25,870	414,801
Total capital	<u>9,928,756</u>	<u>4,017,593</u>
Total Expenditures	<u>28,820,544</u>	<u>21,310,855</u>
Net Revenues	<u>(4,498,583)</u>	<u>(1,477,898)</u>
Add: New debt issued	6,709,322	1,052,921
Less: Debt principal repayments	(1,597,058)	(1,430,515)
	<u>5,112,264</u>	<u>(377,594)</u>
Changes in Fund Balances	<u>\$ 613,681</u>	<u>\$ (1,855,492)</u>

TOWN OF AMHERSTBURG

4

Consolidated Statement of Changes in Financial Position for the years ended December 31

	<u>2006</u>	<u>2005</u>
Cash provided by (used in)		
Operating Activities:		
Change in operating fund balance for the year	\$ 613,681	\$ (1,855,492)
Changes in non-cash working capital balances		
Taxes receivable	540,553	320,181
Accounts receivable	(373,833)	(693,701)
Other assets	47,416	(23,417)
Accounts payable	1,358,597	(752,013)
Amounts to be recovered	(3,388,454)	(543,292)
Deferred revenue	657,359	(125,483)
Accrued interest	(4,718)	27,363
Debt recoverable from others	(2,538,952)	239,902
Increase in employee benefits payable	812,900	621,200
	<u>(2,275,451)</u>	<u>(2,784,752)</u>
Investing Activities:		
Reduction in investments	<u>264,946</u>	<u>32,801</u>
Financing		
Long-term debt issued	6,709,322	1,052,921
Long-term debt repaid	(1,597,058)	(1,430,515)
Transfer to tile and shoreline	3,100	35,420
	<u>5,115,364</u>	<u>(342,174)</u>
Net increase (decrease) in cash and cash equivalents	3,104,859	(3,094,125)
Opening cash and cash equivalents	<u>(1,063,965)</u>	<u>2,030,160</u>
Closing cash and cash equivalents	<u>\$ 2,040,894</u>	<u>\$ (1,063,965)</u>

TOWN OF AMHERSTBURG

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Notes to Financial Statements for the years ended December 31

1. Significant Accounting Policies

The consolidated financial statements of the Corporation of the Town of Amherstburg are the representation of management prepared in accordance with accounting policies prescribed for Ontario municipalities by the Ministry of Municipal Affairs. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. They have been made using careful judgements.

(a) (i) Basis of Consolidation

These consolidated statements reflect the assets, liabilities, sources of financing and expenditures of the revenue fund, capital fund, reserves and deferred revenue fund and include the activities of all committees of council which are under the control of Council.

(ii) Other Entities

Essex Power Corporation, a government business enterprise, and an investment of the Town, is accounted for using the modified equity method. This represents the Town's proportionate share of Essex Power's net assets at acquisition plus its share of undistributed earnings. The basis is consistent with the generally accepted accounting treatment of government business enterprises.

(iii) Accounting for Region (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 Essex are not reflected in the municipal fund balances of these financial statements.

(iv) Trust Funds

There are no trust funds administered by the municipality.

(b) Basis of Accounting

The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

The consolidated statement of financial position reflects all of the financial assets and liabilities of the municipality. Financial assets are those assets which could provide resources to discharge existing liabilities or finance future operations.

TOWN OF AMHERSTBURG

Notes to Financial Statements
for the years ended December 31

6

1. Accounting Policies (Cont'd)

(b) Basis of Accounting (cont'd)

Capital Assets

The historical cost and accumulated amortization for capital assets is not recorded for municipal purposes. Property, plant and equipment is reported as an expenditure on the "Consolidated Statement of Financial Activities" in the year of acquisition. For capital assets financed or to be financed by the issue of long-term indebtedness, they are reported on the "Consolidated Statement of Financial Activities" as they are incurred.

Deferred Revenue

Revenue restricted by legislation, regulation or agreement and is not available for general municipal purposes is reported as deferred revenue on the consolidated statement of financial position.

Employee Future Benefits

The Town has adapted the method for employee future benefits as required by the Canadian Institute of Chartered Accountants. The cost of future benefits earned by employees is actuarially determined using the projected benefit method prorated on service and assumptions with respect to mortality and termination costs, retirement age and expected inflation costs with respect to employee benefit costs.

2. Operation of School Boards and the County of Essex

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

	<u>School Boards</u>	<u>County</u>
Taxation and User Charges	\$ 6,667,883	\$ 6,974,189

TOWN OF AMHERSTBURG

Notes to Financial Statements for the years ended December 31

3. Long-Term Receivables

(i) Investment in Essex Power Corporation

The municipality has an investment in the Hydro System known as Essex Power Corporation. Essex Power Corporation is a government business enterprise and is accounted for in the records of the Town of Amherstburg using the modified equity basis. The investment is comprised of the following:

	<u>2006</u>	<u>2005</u>
Promissory Note Receivable - Essex Power Corporation carries an interest rate of 7.25%.	\$ 144,114	\$ 288,229
Common Shares - 2,678,179, adjusted for share of accumulated operating deficit.	<u>2,748,160</u>	<u>2,868,992</u>
	<u>\$ 2,892,274</u>	<u>\$ 3,157,221</u>

(ii) Supplementary Information

The following table provides condensed supplementary information for Essex Power Corporation as at December 31.

	<u>2006</u>	<u>2005</u>
Financial Position		
Current Assets	\$ 17,721,138	\$ 26,726,102
Capital Assets	26,976,676	24,937,114
Other	<u>4,028,349</u>	<u>4,126,972</u>
Total Assets	<u>48,726,163</u>	<u>55,790,188</u>
Current Liabilities	16,538,648	22,229,304
Long Term Liabilities	<u>12,664,626</u>	<u>13,815,523</u>
Total Liabilities	<u>29,203,274</u>	<u>36,044,827</u>
Net Assets	<u>\$ 19,522,889</u>	<u>\$ 19,745,361</u>
Result from Operations		
Gross Margin on Service Revenue	\$ 8,402,934	\$ 9,236,615
Other Revenue	4,403,103	2,607,311
Operating Expenses	<u>(12,542,993)</u>	<u>(10,353,335)</u>
Income from Operations	263,044	1,490,591
Other Income (Expenses)	<u>114,484</u>	<u>(434,876)</u>
Net Income	<u>\$ 377,528</u>	<u>\$ 1,055,715</u>

TOWN OF AMHERSTBURG

Notes to Financial Statements for the years ended December 31

4. Net Long-Term Liabilities

2006

2005

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

Total long-term liabilities incurred by the Municipality and those incurred on behalf of municipal enterprises and benefiting landowners and outstanding at the end of the year amount to:

\$ 14,880,816 \$ 9,765,449

Amount to be recovered from benefiting landowners and user rates.

6,725,257 4,186,305

\$ 8,155,559 \$ 5,579,144

(b) Of the long-term debt reported in (a) following are the years of repayment:

2007	\$	1,957,200
2008		2,057,380
2009		1,654,204
2010		1,537,020
2011		1,320,032
2012 onward		<u>6,354,980</u>

\$ 14,880,816

(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 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.

5. Charges for Net Long-Term Liabilities

2006

2005

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

Principal payments

\$ 1,597,088 \$ 1,430,515

Interest

611,593 636,282

\$ 2,208,681 \$ 2,066,797

TOWN OF AMHERSTBURG

Notes to the Financial Statements for the years ended December 31

6. Employee Future Benefits

The municipality pays certain benefits on behalf of its retired employees. Information about Amherstburg's defined benefit plans is as follows:

Accrued benefit as at December 31, 2005	\$ (7,900,200)
Benefit (cost)/income for the period	(1,030,600)
Expense for the year (Estimated expense less actual payments)	<u>217,700</u>
 Projected accrued benefit obligation at December 31, 2006 as determined by actuarial valuations.	 \$ <u>(8,713,100)</u>

The main actuarial assumptions employed for the valuations are as follows:

Discount rate	4.75%
Inflation rate	2%

7. Municipal Fund Balances at the End of the Year

2006 2005

(a) The balances on the "Consolidated Statement of Operations" of the municipal position of (\$ 22,559,319) (2005 - (\$17,245,594)) at the end of the year is comprised of the following:

(i) Operating fund

For General Reduction of Taxation	\$ (1,083,052)	\$ (969,383)
For General Reduction of User Charges - Water	(327,022)	(411,111)
For General Reduction of User Charges - Sewers	<u>(2,358,834)</u>	<u>(1,182,710)</u>
	<u>(3,768,908)</u>	<u>(2,563,204)</u>

(ii) Equity in Government Enterprises

Balance Forward	0	2,614,402
Transfer to Revenue	<u>0</u>	<u>(2,614,402)</u>
	<u>0</u>	<u>0</u>

(iii) Capital Fund

(Capital Operations not yet permanently financed for acquisition of capital assets to be recovered through taxation user charges or pending issue of long-term liabilities).

	<u>(1,310,945)</u>	<u>(2,662,763)</u>
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TOWN OF AMHERSTBURG

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Notes to the Financial Statements for the years ended December 31

7. Municipal Fund Balances at the End of the Year (Cont'd)	<u>2006</u>	<u>2005</u>
(iv) Reserves	\$ <u>6,187,392</u>	\$ <u>5,719,825</u>
(v) Amounts to be Recovered		
- Taxation		
Accrued interest on long-term debt	(72,945)	(73,805)
Portion of long-term debt due from future revenue	(8,155,556)	(5,579,142)
Employee future benefits and interest	<u>(8,713,100)</u>	<u>(7,900,200)</u>
	<u>(16,941,601)</u>	<u>(13,553,147)</u>
- User Charges		
Amount to be recovered from benefiting landowners and user rates	<u>(6,725,257)</u>	<u>(4,186,305)</u>
TOTAL	\$ <u>(22,559,319)</u>	\$ <u>(17,245,594)</u>

8. OMERS

The Municipality belongs to the Ontario Municipal Employee Retirement Fund (OMERS) which is a multi-employer plan on behalf of members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

During the year \$ 430,109 was contributed by the Municipality.

9. Comparative Figures

Certain comparative figures have been reclassified to conform with current year presentation.

TOWN OF AMHERSTBURG

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Schedule 1

Consolidated Schedule of Current Fund Operations as at December 31

	Budget 2006 <u>(Unaudited)</u>	Actual <u>2006</u>	Actual <u>2005</u>
Revenue			
Net municipal taxation and user charges	\$ 15,900,353	\$ 17,011,462	\$ 15,081,690
Government transfers	1,466,678	2,870,786	1,472,630
Other	2,200,000	2,324,943	1,867,638
Interest	548,000	407,080	581,905
Share of hydro income	<u>0</u>	<u>60,766</u>	<u>154,063</u>
Total Revenue	<u>20,115,031</u>	<u>22,675,037</u>	<u>19,157,926</u>
Expenditures			
General government	2,307,332	1,964,123	2,184,239
Protection to persons and property	5,766,774	5,546,902	5,262,540
Transportation services	3,144,115	3,339,771	3,228,135
Environmental services	3,395,042	6,092,317	4,953,608
Recreation and culture	1,356,021	1,552,554	1,318,747
Planning and development	265,244	396,121	346,043
	<u>16,234,528</u>	<u>18,891,788</u>	<u>17,293,312</u>
Net Revenues	<u>3,880,503</u>	<u>3,783,249</u>	<u>1,864,614</u>
Financing and transfers			
Debt principal repayments	(1,487,755)	(1,597,058)	(1,430,515)
Transfers to reserves	(45,000)	(510,489)	(663,543)
Transfers from reserves	15,000	58,919	1,508,324
Transfers to capital operations	(2,066,848)	(2,940,325)	(2,508,749)
	<u>(3,584,603)</u>	<u>(4,988,953)</u>	<u>(3,094,483)</u>
Change in Current Fund	295,900	(1,205,704)	(1,229,869)
Opening Current Fund Balance	<u>(295,900)</u>	<u>(2,563,204)</u>	<u>(1,333,335)</u>
Ending Current Fund Balance	<u>\$ 0</u>	<u>\$ (3,768,908)</u>	<u>\$ (2,563,204)</u>
Analyzed as follows:			
General purpose tax levies		\$ (1,083,052)	\$ (969,383)
Water service user rates		(327,022)	(411,111)
Sewer service user rates		<u>(2,358,834)</u>	<u>(1,182,710)</u>
Operating Fund Balance		<u>\$ (3,768,908)</u>	<u>\$ (2,563,204)</u>

TOWN OF AMHERSTBURG

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Schedule 2

Consolidated Schedule of Capital Fund Operations as at December 31

	Budget 2006 <u>(Unaudited)</u>	Actual 2006	Actual 2005
Revenues			
Special charges and donations	\$ 448,054	\$ 425,261	\$ 156,772
Government transfers	<u>1,886,667</u>	<u>1,205,666</u>	<u>491,310</u>
Total Revenues	<u>2,334,721</u>	<u>1,630,927</u>	<u>648,082</u>
Expenditures			
General government	60,641	36,689	45,832
Protection to persons and property	136,500	138,654	403,902
Transportation services	4,560,100	4,084,164	692,660
Environmental services	8,946,291	5,582,592	2,116,386
Recreation and culture	397,600	60,787	344,012
Planning and development	0	25,870	414,801
	<u>14,101,132</u>	<u>9,928,756</u>	<u>4,017,593</u>
Net Expenditures	<u>(11,766,411)</u>	<u>(8,297,829)</u>	<u>(3,369,511)</u>
Financing and transfers			
Proceeds of long-term debt	9,699,563	6,709,322	1,052,921
Transfers from operating fund	<u>2,066,848</u>	<u>2,940,325</u>	<u>2,508,749</u>
Net Financing and Transfers	<u>11,766,411</u>	<u>9,649,647</u>	<u>3,561,670</u>
Change in Capital Fund Balance	0	1,351,818	192,159
Opening Capital Fund Balance	<u>0</u>	<u>(2,662,763)</u>	<u>(2,854,922)</u>
Closing Capital Fund Balance	<u>\$ 0</u>	<u>\$ (1,310,945)</u>	<u>\$ (2,662,763)</u>

TOWN OF AMHERSTBURG

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Schedule 3

**Consolidated Schedule of Reserves
as at December 31**

	Actual 2006	Actual 2005
Net Transfers from (to) other funds		
Contributions - net	\$ 15,997	\$ 26,949
Transfer from operating fund	510,489	663,543
Transfer to operating fund	(58,919)	(1,508,324)
Total net transfers	<u>467,567</u>	<u>(817,832)</u>
 Opening Balance	 <u>5,719,825</u>	 <u>6,537,657</u>
 Ending Balance	 <u>\$ 6,187,392</u>	 <u>\$ 5,719,825</u>



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Council Report

Report To: MAYOR AND MEMBERS OF COUNCIL
Date of Meeting: JUNE 26, 2007
Submitted By: PAUL BENETEAU, TREASURER
Prepared By: PAUL BENETEAU, TREASURER
Date of Report: JUNE 19, 2007
File No.: 2007OCT16T
Subject: 2006 FINANCIAL STATEMENTS

RECOMMENDATION:

That the Financial Statements of the Town of Amherstburg, for the year ended December 31, 2006, be adopted as presented.

REPORT:

The accounting firm of Graham, Settrington, McIntosh, Driedger and Hicks have complete the audit of the Town of Amherstburg's 2006 financial operations and have completed the financial statements and have found that the statements reflect fairly, the financial position of the Town of Amherstburg. The statements are in conformity with general accounting principles and have been reviewed with staff, and have reported the same to Council.

The financial statements, as reported, show an increase in the General Municipal Debt of approximately \$2.5 million since the end of 2003, in large part due to Capital Roads projects as the Town continues to address priorities as identified in the Road Needs Study. As well there is an increase in the Water and Wastewater debt as the Town begins to address infrastructure improvements as identified in the Water System Study and the anticipated Waste Water System Study. These items will be offset by increased future revenues streams of these user fees through the implementation of standardized water and sewer rates, which have been increased in response to the infrastructure deficit, and the need to start saving for life cycle replacement of the said infrastructure.

The Ranta Marina has an accumulated deficit of over \$838,701 as previously reported.

The current fund General Purpose Deficit of \$244,352 is a combination of a building department accumulated deficit of \$74,556, with the balance of \$169,796 being to be absorbed through the general fund.

The water department has a deficit of \$327,022, in large part through capital investment and a change in transfers from the water department to the general rate. This amount can be address through a transfer from Water Reserves, which for the most part, has been accumulated from previous years' surpluses.

The Sanitary Sewer deficit of \$2.358 million is being addressed through the Sanitary Sewer Rates which have been harmonized and implemented in late 2006. This deficit also includes unfinanced infrastructure improvements which will be long term financed upon completion of the various phases of construction, in particular, the sewer separation program, which is partially being financed through COMRIF grants.

Reserves and Deferred Revenues have increased by \$1.48 million to a total of \$10.5 million through the collection of Development charges and a more aggressive approach taken in setting up reserves for equipment replacement.

The Town's outstanding taxes receivable have decreased from the previous year, and will be further reduced in 2007 as a result of a significant payment received from a major property owner.

The Town billed over \$13.64 million for County and School purposes through property taxation, and paid all amounts owing to these various agencies prior to year end.

The Town uses the accrual basis of accounting which recognizes revenues as they become available and measurable and expenditures as they are incurred and measurable as a result of receipt of goods and services and the creation of a legal obligation to pay.

COMMUNICATIONS:

The consolidated financial statements will be posted on the Website as in previous years.

CONCLUSION:

For Council's information and receipt.

Paul Beneteau, B.Comm., AMCT
Treasurer

TOWN OF AMHERSTBURG

(5)

Amherstburg Arena

Schedule of Financial Activities For the Year Ended December 31

	<u>2005</u> <u>Actual</u>	<u>2006</u> <u>Budget</u>	<u>2006</u> <u>Actual</u>
Revenue	308,726	334,702	314,174
Ice Rentals	40,887	68,000	57,218
Canteen Sales	32,518	33,000	41,157
Hockey School	20,477	20,500	15,612
Figure Skating School	6,097	6,368	8,567
Public Skating	10,809	12,000	8,101
Sign Rentals	5,494	0	4,231
Miscellaneous	1,808	2,000	3,542
Auditorium Rentals	981	900	300
Skate Sharpening/ Rental	<u>427,797</u>	<u>477,470</u>	<u>452,902</u>
 Expenditures	 326,742	 333,182	 351,087
Salaries and Benefits	118,732	105,000	121,261
Utilities	24,568	3,400	40,064
Canteen Purchases	30,673	80,958	32,805
Repairs and Maintenance	25,449	25,000	31,818
Hockey School	23,330	28,500	25,389
Insurance	3,344	3,910	10,343
Office Supplies and Expenses	8,412	7,100	9,272
Janitorial Supplies	2,758	2,800	2,172
Figure Skating Instruction	2,024	2,000	2,114
Telephone	1,559	1,650	1,975
Professional Fees	214	1,000	554
Travel, Safety and Training	<u>567,805</u>	<u>594,500</u>	<u>628,854</u>
Capital Expenditure Financed from Current Revenue	<u>28,900</u>	<u>73,000</u>	<u>50,382</u>
	<u>596,705</u>	<u>667,500</u>	<u>679,236</u>
 Excess Deficit	 -168,908	 -190,030	 -226,334
Less: Debt Principal and Interest Payments	<u>43,382</u>	<u>57,222</u>	<u>57,222</u>
 NET DEFICIT, END OF YEAR	 <u><u>-212,290</u></u>	 <u><u>-247,252</u></u>	 <u><u>-283,556</u></u>

Prepared from the balances in the accounts of the Town.

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TOWN OF AMHERSTBURG

K. Walter Ranta Marina

Schedule of Financial Activities For the Period Ended December 31

	<u>2005 Actual</u>	<u>2006 Budget</u>	<u>2006 Actual</u>
Revenue			
User Charges	93,370	111,175	48,968
Transfer from Reserve	0	0	0
	<u>93,370</u>	<u>111,175</u>	<u>48,968</u>
Expenditures			
Salaries and Benefits	60,881	60,514	62,170
Interest on Acc. Deficit	0	0	29,124
Telephone and Utilities	11,369	15,000	13,990
Insurance	12,063	14,600	12,730
Repairs and Maintenance, Supplies	12,730	9,151	8,500
Markers In and Out	4,695	5,000	4,695
Professional Fees	900	900	2,486
Holding Tank	2,869	2,000	2,050
Office Supplies and Advertising	1,128	2,010	1,159
Concession Expense	915	1,000	1,140
Security	668	700	675
Mileage	101	300	142
	<u>108,318</u>	<u>111,175</u>	<u>138,861</u>
	<u>108,318</u>	<u>111,175</u>	<u>138,861</u>
Excess Deficit	-14,948		-89,893
Accumulated Net Deficit, Beginning of Year	<u>-733,859</u>	<u>-748,807</u>	<u>-748,807</u>
Accumulated Net Deficit, End of Year	<u><u>-748,807</u></u>	<u><u>-748,807</u></u>	<u><u>-838,700</u></u>