

**THE CORPORATION OF THE  
TOWNSHIP OF PELEE**

**Financial Statements  
December 31, 2007**

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

CHARTERED ACCOUNTANTS



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**AUDITORS' REPORT**

**To the Members of Council, Inhabitants and Ratepayers of the  
Corporation of the Township of Pelee**

We have audited the consolidated statement of financial position of the Corporation of the Township of Pelee as at December 31, 2007 and the consolidated statements of financial activities and changes in financial position for the year then ended. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation of the Township of Pelee as at December 31, 2007 and the results of its financial activities and changes in financial position for the year then ended in accordance with the accounting principles disclosed in the summary of significant accounting policies accompanying the financial statements.

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

*Graham, Setterington, McIntosh,  
Driedger & Hicks LLP*

Leamington, Ontario  
December 22, 2008

Chartered Accountants  
Licensed Public Accountants

**THE CORPORATION OF THE TOWNSHIP OF PELEE**  
**Consolidated Statement of Financial Position**  
**as at December 31**

<b>FINANCIAL ASSETS</b>	<b>2007</b>	<b>2006</b>
Taxes receivable	\$ 537,739	\$ 374,418
Accounts receivable	99,489	267,317
<b>Total Assets</b>	<b>\$ 637,228</b>	<b>\$ 641,735</b>
<b>LIABILITIES</b>		
Bank overdraft	\$ 542,227	\$ 474,028
Accounts payable and accrued liabilities	379,773	296,893
Municipal debt (Note 3)	382,456	428,478
	<b>1,304,456</b>	<b>1,199,399</b>
<b>MUNICIPAL POSITION</b>		
Current fund (Note 4)	(446,669)	(309,091)
Capital fund (Note 4)	(21,612)	(3,604)
Reserves (Schedule 3)	183,509	183,509
Fund Balances	(284,772)	(129,186)
Amounts to be recovered (Note 3)	(382,456)	(428,478)
	<b>(667,228)</b>	<b>(557,664)</b>
<b>Total Liabilities and Municipal Position</b>	<b>\$ 637,228</b>	<b>\$ 641,735</b>

Approved on behalf of Council:

\_\_\_\_\_  
 Mayor

\_\_\_\_\_  
 Treasurer

**THE CORPORATION OF THE TOWNSHIP OF PELEE**  
**Consolidated Statement of Financial Activities**  
**For the years ended December 31**

	<b>2007</b>		<b>2006</b>
	<b>Actual</b>		<b>Actual</b>
<b>REVENUES</b>			
Taxation	\$ 1,173,028	\$	1,227,817
Transfer payments	269,941		242,098
User charges	578,947		555,865
Investment income	67,912		60,308
<b>Total Revenues</b>	<b>2,089,828</b>		<b>2,086,088</b>
<b>EXPENDITURES</b>			
<b>Current</b>			
General government	594,349		478,941
Protection to persons and property	140,620		94,729
Transportation	416,501		499,333
Environmental	261,105		252,518
Health services	49,686		60,043
Recreation and cultural	428,567		440,633
Planning and development	185,216		126,573
	<b>2,076,044</b>		<b>1,952,770</b>
<b>Capital</b>			
General government	-		6,027
Transportation	5,521		96,702
Protection to persons and property	-		12,463
Environmental	881		3,543
Health Services	1,859		4,113
Recreation and cultural	29,834		87,046
Planning and development	85,252		63,383
	<b>123,347</b>		<b>273,277</b>
<b>Total Expenditures</b>	<b>2,199,391</b>		<b>2,226,047</b>
<b>NET EXPENDITURES</b>	<b>(109,563)</b>		<b>(139,959)</b>
New debt issued	-		39,339
Debt principal repayment	(46,023)		(51,122)
<b>CHANGES IN FUND BALANCE</b>	<b>\$ (155,586)</b>	\$	<b>(151,742)</b>

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

**THE CORPORATION OF THE TOWNSHIP OF PELEE**  
**Consolidated Statement of Changes in Financial Position**  
**For the years ended December 31**

	<b>2007</b>	<b>2006</b>
	<b>Actual</b>	<b>Actual</b>
<b>OPERATIONS</b>		
Net revenues	\$ (109,563)	\$ (139,959)
<b>Sources and (Uses)</b>		
Taxes receivable	(163,321)	78
Accounts receivable	167,828	(144,351)
Accounts payable and accrued liabilities	82,880	184,108
	87,387	39,835
Cash (used) provided from operations	(22,176)	(100,124)
<b>FINANCING</b>		
Increase in bank indebtedness	68,199	111,907
Payments made on long-term debt	(46,023)	(51,122)
Long-term debt issued	-	39,339
	22,176	100,124
<b>NET CHANGE IN CASH</b>	-	-
<b>CASH, BEGINNING OF YEAR</b>	-	-
<b>CASH, END OF YEAR</b>	\$ -	\$ -

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

**THE CORPORATION OF THE TOWNSHIP OF PELEE**  
**Notes to the Consolidated Financial Statements**  
**For the years ended December 31**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES**

The consolidated financial statements of The Corporation of the Township of Pelee (the "Municipality") are the representation of management prepared in accordance with local government accounting standards established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants.

The focus of PSAB financial statements is on the financial position of the Municipality and the changes thereto. The Consolidated Statement of Financial Position includes all the assets and liabilities of the Municipality. Financial assets are those which provide resources to discharge existing liabilities or finance future operations. Municipal position represents the financial position and is the difference between assets and liabilities. This provides information about the Municipality's overall future revenue requirements and its ability to finance activities and meet its obligations.

*(a) Basis of consolidation*

*(i) Consolidated entities*

These consolidated financial statements reflect the financial assets, liabilities, revenues and expenditures of the revenue, capital, reserves and reserve funds and include the activities of all committees of Council. There are no non-consolidated entities.

*(ii) Accounting for school board transactions*

The taxation and other revenues with respect to the operations of the school boards are not reflected in the Consolidated Statement of Financial Activities. In addition, the expenditures, assets and liabilities with respect to the operations of the school boards are not reflected in these financial statements except to the extent that any amounts due to or from are reported on the Consolidated Statement of Financial Position as "other current liabilities" or "other current assets".

*(iii) Trust funds*

Trust funds and their related operations that are administered by the Municipality are not consolidated.

*(iv) Municipal debt*

The charges for municipal debt assumed by non-consolidated entities or by individuals, in the case of tile drainage and shoreline property assistance loans, are not reflected in these consolidated statements.

**THE CORPORATION OF THE TOWNSHIP OF PELEE**  
**Notes to the Consolidated Financial Statements**  
**For the years ended December 31**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)**

*(b) Basis of accounting*

*(i) Accrual basis of accounting*

Revenues and expenditures are reported on the accrual 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.

*(ii) Fund accounting*

Funds within the consolidated financial statements consist of the current fund, capital fund and reserves and reserve funds. Transfers between funds are recorded as adjustments to the appropriate fund balance.

*(iii) Capital assets*

The historical cost and accumulated depreciation for capital assets are not reported for municipal purposes. Capital assets are reported as an expenditure on the Consolidated Statement of Financial Activities in the year of acquisition.

*(iv) Post-retirement benefits*

The Municipality has no obligation for post-retirement benefits.

*(v) Use of estimates*

The preparation of financial statements in accordance with local government accounting standards established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants requires management to make estimates and assumptions that affect the reported amount 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 expenditures during the period. Actual results could differ from those estimates. Adjustments, if any, will be reflected in operations in the period of settlement.

**2. OPERATION OF SCHOOL BOARDS**

	<u><b>2007</b></u>	<u><b>2006</b></u>
Taxation and share of payments in lieu	\$ 275,045	\$ 329,060
Requisition	<u>275,045</u>	<u>329,060</u>
	<u>\$ -</u>	<u>\$ -</u>

**THE CORPORATION OF THE TOWNSHIP OF PELEE**  
**Notes to the Consolidated Financial Statements**  
**For the years ended December 31**

<b>3. LONG-TERM DEBT AND AMOUNTS TO BE RECOVERED</b>	<b><u>2007</u></b>	<b><u>2006</u></b>
Bank loans	\$ <u>382,456</u>	\$ <u>428,478</u>
Principal amounts due in the future:		
	2008	\$ 47,766
	2009	46,119
	2010	40,494
	2011	36,928
	2012	39,234
	2013-2016	<u>171,915</u>
		\$ <u>382,456</u>
 <b>4. MUNICIPAL POSITION</b>	 <b><u>2007</u></b>	 <b><u>2006</u></b>
<b>Current Fund</b>		
To be used to offset (to be recovered from) taxation or user charges		
General ratepayers	\$ (197,894)	\$ (77,990)
Library board	23,910	13,710
Benefitting landowner - special area charges (Schedule 4)	<u>(272,685)</u>	<u>(244,811)</u>
	\$ <u>(446,669)</u>	\$ <u>(309,091)</u>
<b>Capital Fund</b>		
To be used to offset capital expenditures/(unfinanced capital)	\$ <u>(21,612)</u>	\$ <u>(3,604)</u>

**THE CORPORATION OF THE TOWNSHIP OF PELEE**  
**Schedule of Current Fund Activities**  
**For the years ended December 31**

**SCHEDULE 1**

	<b>2007 Budget (unaudited)</b>	<b>2007 Actual</b>	<b>2006 Actual</b>
<b>REVENUES</b>			
Taxation	\$ 1,032,082	\$ 1,173,028	\$ 1,227,817
Transfer payments	20,000	269,941	242,098
User charges	766,900	578,947	555,865
Investment Income	39,700	67,912	60,308
<b>Total Revenues</b>	<b>1,858,682</b>	<b>2,089,828</b>	<b>2,086,088</b>
<b>EXPENDITURES</b>			
<b>Current</b>			
General government	487,015	594,349	478,941
Protection to persons and property	47,000	140,620	94,729
Transportation	302,125	416,501	499,333
Environmental	202,642	261,105	252,518
Health services	137,625	49,686	60,043
Recreation and cultural	509,625	428,567	440,633
Planning and development	115,650	185,216	126,573
<b>Total Expenditures</b>	<b>1,801,682</b>	<b>2,076,044</b>	<b>1,952,770</b>
<b>NET REVENUES</b>	<b>57,000</b>	<b>13,784</b>	<b>133,318</b>
<b>FINANCING AND TRANSFERS</b>			
Principal payments on long-term debt	(42,000)	(46,023)	(51,122)
Transfer from (to) reserves and reserve funds - net	-	-	-
Transfer to capital fund - net	(15,000)	(105,339)	(233,938)
<b>Net Financing and Transfers</b>	<b>(57,000)</b>	<b>(151,362)</b>	<b>(285,060)</b>
<b>CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>(137,578)</b>	<b>(151,742)</b>
<b>CURRENT FUND BALANCE, BEGINNING OF YEAR</b>	<b>(309,091)</b>	<b>(309,091)</b>	<b>(157,349)</b>
<b>CURRENT FUND BALANCE, END OF YEAR</b>	<b>\$ (309,091)</b>	<b>\$ (446,669)</b>	<b>\$ (309,091)</b>

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

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**THE CORPORATION OF THE TOWNSHIP OF PELEE**  
**Schedule of Capital Fund Activities**  
**For the years ended December 31**

**SCHEDULE 2**

	<b>2007 Budget (unaudited)</b>	<b>2007 Actual</b>	<b>2006 Actual</b>
<b>REVENUES</b>			
Other - grants	\$ 2,196,764	\$ -	\$ -
<b>EXPENDITURES</b>			
<b>Current</b>			
General government	-	-	6,027
Transportation	-	5,521	96,702
Protection to persons and property	-	-	12,463
Environmental	2,308,278	881	3,543
Health services	-	1,859	4,113
Recreation and cultural	-	29,834	87,046
Planning and development	-	85,252	63,383
<b>Total Expenditures</b>	<b>2,308,278</b>	<b>123,347</b>	<b>273,277</b>
<b>NET (EXPENDITURES)</b>	<b>(111,514)</b>	<b>(123,347)</b>	<b>(273,277)</b>
<b>FINANCING AND TRANSFERS</b>			
Long-term debt issued	-	-	39,339
Transfer from current fund	15,000	105,339	233,938
<b>Net Financing and Transfers</b>	<b>15,000</b>	<b>105,339</b>	<b>273,277</b>
<b>CHANGE IN FUND BALANCE</b>	<b>(96,514)</b>	<b>(18,008)</b>	<b>-</b>
<b>CAPITAL FUND BALANCE, BEGINNING OF YEAR</b>	<b>(21,612)</b>	<b>(3,604)</b>	<b>(3,604)</b>
<b>CAPITAL FUND BALANCE, END OF YEAR</b>	<b>\$ (118,126)</b>	<b>\$ (21,612)</b>	<b>\$ (3,604)</b>

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

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**THE CORPORATION OF THE TOWNSHIP OF PELEE**

**Schedule of Reserves**

**SCHEDULE 3**

**For the years ended December 31**

	<b>2007 Budget (unaudited)</b>	<b>2007 Actual</b>	<b>2006 Actual</b>
<b>REVENUES</b>			
Investment income	\$ -	\$ -	-
Transfer from revenue	-	-	-
<b>RESERVE, BEGINNING OF YEAR</b>	183,509	183,509	183,509
<b>RESERVE, END OF YEAR</b>	\$ 183,509	\$ 183,509	\$ 183,509

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

# THE CORPORATION OF THE TOWNSHIP OF PELEE - SPECIAL AREA CHARGES

## Schedule of Revenue, Expenditures and Accumulated Net Surplus

SCHEDULE 4

For the years ended December 31

	<u>Pumping and Repairs</u>			<u>West Shore Road Water System</u>	<u>East Shore Road Water System</u>	<u>Year ended December 31</u>	
	<u>Big Marsh</u>	<u>Curry Marsh</u>	<u>Round Marsh</u>			<u>2007 Total</u>	<u>2006 Total</u>
<b>REVENUE</b>							
Grants	\$ -	\$ -	\$ -	\$ 39,153	\$ 20,427	\$ 59,580	\$ 95,690
User charges	67,792	24,259	10,775	14,189	2,641	119,655	1,500
Levied on lands	-	-	-	-	-	-	102,825
	<u>67,792</u>	<u>24,259</u>	<u>10,775</u>	<u>53,342</u>	<u>23,068</u>	<u>179,235</u>	<u>200,015</u>
<b>EXPENDITURES</b>							
Operator's salary	13,677	7,886	7,555	16,885	14,329	60,332	77,707
Operations	51,842	21,513	13,383	24,625	35,413	146,777	215,670
	<u>65,520</u>	<u>29,399</u>	<u>20,938</u>	<u>41,510</u>	<u>49,742</u>	<u>207,109</u>	<u>293,377</u>
<b>REVENUE OVER (UNDER) EXPENDITURES</b>	2,272	(5,140)	(10,163)	11,831	(26,674)	(27,874)	(93,362)
<b>ACCUMULATED NET SURPLUS (DEFICIT) BEGINNING OF YEAR</b>	<u>105,687</u>	<u>97,715</u>	<u>2,743</u>	<u>(264,414)</u>	<u>(186,542)</u>	<u>(244,811)</u>	<u>(151,449)</u>
<b>ACCUMULATED NET SURPLUS (DEFICIT) END OF YEAR</b>	<u>\$ 107,959</u>	<u>\$ 92,575</u>	<u>\$ (7,420)</u>	<u>\$ (252,583)</u>	<u>\$ (213,216)</u>	<u>\$ (272,685)</u>	<u>\$ (244,811)</u>

These Revenue and Expenditure items are included in the consolidated Statement of Financial Activities

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**THE CORPORATION OF THE TOWNSHIP OF PELEE -  
PHEASANT FARM**

**Schedule of Operations**

**SCHEDULE 5**

**For the years ended December 31**

	<u>2007</u>		<u>2006</u>
<b>REVENUE</b>			
Sale of hunting licences	\$ 312,375	\$	328,847
Other	239		3,129
	<u>312,614</u>		<u>331,976</u>
<b>EXPENDITURES</b>			
Feed	65,761		43,321
Miscellaneous expense	47,219		43,120
Purchase of birds	75,561		105,772
Salary, wages and benefits	110,920		104,745
Travel	294		237
	<u>299,756</u>		<u>297,195</u>
Total expenditures			
	<u>299,756</u>		<u>297,195</u>
<b>EXCESS REVENUE</b>	\$ <u>12,858</u>	\$	<u>34,781</u>

These Revenue and Expenditure items are included in the consolidated Statement of Financial Activities

**THE CORPORATION OF THE TOWNSHIP OF PELEE - MARINA**

**Schedule of Operations**

**SCHEDULE 6**

**For the years ended December 31**

	<u>2007</u>		<u>2006</u>
<b>REVENUE</b>			
Seasonal wharfage	\$ 26,820	\$	24,722
Transient wharfage	75,576		77,246
Other	41,395		38,292
	<u>143,791</u>		<u>140,260</u>
 <b>EXPENDITURES</b>			
Materials and supplies	78,935		84,013
Wages and salaries	46,718		43,269
	<u>125,653</u>		<u>127,282</u>
 <b>EXCESS REVENUE</b>	 \$ 18,138	 \$	 <u>12,978</u>

These Revenue and Expenditure items are included in the consolidated Statement of Financial Activities

**THE CORPORATION OF THE TOWNSHIP OF PELEE**  
**Analysis of Municipal Position**  
**as at December 31**

	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
<b>Current Funds</b>				
Taxation (Deficit)	\$ (197,894)	\$ (77,990)	\$ (10,542)	\$ 8,530
Special Area Rates				
West Shore Water (Deficit)	(252,583)	(264,414)	(218,677)	(158,473)
East Shore Water (Deficit)	(213,216)	(186,542)	(140,009)	(87,050)
Big Marsh Drainage Surplus	107,959	105,687	114,101	129,317
Round Marsh Drainage (Deficit)	(7,420)	2,743	227	20,431
Curry Marsh Drainage Surplus	92,575	97,715	92,909	91,480
	<u>(470,579)</u>	<u>(322,801)</u>	<u>(151,449)</u>	<u>(4,295)</u>
Library Board Surplus	<u>23,910</u>	<u>13,710</u>	<u>4,642</u>	<u>4,486</u>
	<u>\$ (446,669)</u>	<u>\$ (309,091)</u>	<u>\$ (157,349)</u>	<u>\$ 8,721</u>
<b>Capital Funds</b>				
Unexpended Capital Funds/ (Unfinanced Capital)	\$ (21,612)	\$ (3,604)	\$ (3,604)	\$ (3,604)
<b>Reserve</b>				
Working Capital	\$ 145,000	\$ 145,000	\$ 145,000	\$ 145,000
Community Centre	127	127	127	127
Official Plan Review	30,000	30,000	30,000	30,000
Library	1,296	1,296	1,296	1,296
Park	515	515	515	515
Impost	<u>6,572</u>	<u>6,572</u>	<u>6,572</u>	<u>6,572</u>
	<u>\$ 183,510</u>	<u>\$ 183,510</u>	<u>\$ 183,510</u>	<u>\$ 183,510</u>