

**THE CORPORATION OF**  
**THE TOWNSHIP OF BLANDFORD-BLENHEIM**  
**CONSOLIDATED FINANCIAL REPORT**  
**DECEMBER 31, 2008**

AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers  
of the Corporation of the Township of Blandford-Blenheim:

I have audited the consolidated statement of financial position of the Corporation of the Township of Blandford-Blenheim as at December 31, 2008 and the consolidated statements of municipal activities and changes in financial position for the year then ended. These financial statements are the responsibility of the Township's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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 my opinion, these financial statements present fairly, in all material respects, the financial position of the Township as at December 31, 2008 and the results of its activities and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

London, Canada  
March 4, 2009

*Scrimgeour Company*  
LICENSED PUBLIC ACCOUNTANT

The Corporation Of The Township of Blandford-Blenheim  
Consolidated Statement of Financial Position



<b>As at December 31</b>	<b>2008</b>	<b>2007</b>
	\$	\$
<b>ASSETS</b>		
Cash and short term investments (Note 1)	3,679,949	4,097,319
Taxes receivable	960,678	1,071,662
Accounts receivable	674,470	573,229
Other current assets	195,022	129,517
<b>Total Assets</b>	<b>5,510,119</b>	<b>5,871,727</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Bank loan (Note 8)	1,657,000	-
Accounts payable and accrued liabilities	544,282	453,855
Deferred revenues - Obligatory Reserve funds (Note 4)	463,706	327,183
Employee Benefits (Note 5)	-	68,343
	<b>2,664,988</b>	<b>849,381</b>
<b>Net Long Term Liabilities (Note 7)</b>	<b>9,063</b>	<b>13,551</b>
<b>FUND BALANCES - END OF THE YEAR (Note 8)</b>		
Operating fund	(8,000)	173,844
Capital fund	(2,953,011)	
Reserves and reserve funds	5,806,142	4,916,845
Fund Balances	2,845,131	5,090,689
Amounts to be recovered	(9,063)	(81,894)
<b>Municipal Position</b>	<b>2,836,068</b>	<b>5,008,795</b>
<b>Total Liabilities and Municipal Position</b>	<b>5,510,119</b>	<b>5,871,727</b>

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

The Corporation Of The Township of Blandford-Blenheim  
Consolidated Statement of Municipal Activities



For the year ended December 31	2008	2007
	\$	\$
<b>Revenues</b>		
<b>Taxation and User Charges</b>		
Residential and farm taxation	2,450,947	2,310,670
Commercial, industrial and business taxation	727,184	681,823
Taxation and other grants	19,438	34,310
User charges	377,382	418,370
<b>Grants</b>		
Province of Ontario	3,107,400	2,594,960
Recoveries from other municipalities	447,307	394,960
<b>Other</b>		
Penalties and interest on taxes	147,288	156,692
Investment income	185,233	211,380
Other	104,794	75,560
Donations	14,884	26,012
Lot levies earned	14,683	16,189
	<u>7,596,540</u>	<u>6,920,926</u>
<b>Expenditures</b>		
<b>Current Operations</b>		
General government	534,004	504,311
Protection to persons and property	2,087,585	1,876,676
Transportation services	1,551,179	1,456,386
Health Services	35,338	40,522
Recreational and cultural services	434,733	412,972
Planning and development	31,793	58,915
	<u>4,674,632</u>	<u>4,349,782</u>
<b>Capital Operations</b>		
General government	7,018	101,298
Protection to persons and property	95,693	300,227
Transportation services	4,894,382	1,095,545
Recreational and cultural services	93,054	66,991
	<u>5,090,147</u>	<u>1,564,061</u>
<b>Total Expenditures</b>	<u>9,764,779</u>	<u>5,913,843</u>
<b>Net Revenues / Expenditures</b>	-2,168,239	1,007,083
Add: Proceeds of long term debt		0
Less: Debt principal repayments	-4,488	-8,436
<b>Change in Fund Balances</b>	<u>-2,172,727</u>	<u>998,647</u>

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

The Corporation of the Township of Blandford-Blenheim  
 Consolidated Statement of Changes in Financial Position



For the year ended December 31	2008	2007
	\$	\$
<b>Operations</b>		
Net revenues (expenditures)	-2,168,239	1,007,083
<b>Sources (Uses) of Cash</b>		
Taxes receivable	110,984	17,608
Accounts receivable	-101,241	-355,221
Other current assets	-65,505	-30,764
Accounts payable and accruals	90,427	-85,340
Deferred revenue	136,523	115,619
Amounts to be recovered	-72,831	
	-2,069,882	668,985
<b>Financing</b>		
Proceeds from short term debt	1,657,000	0
Proceeds from long term debt	0	0
Long term debt repaid	-4,488	-8,436
	1,652,512	-8,436
<b>Net Change in Cash and Cash Equivalents</b>	<b>-417,370</b>	<b>660,549</b>
<b>Opening Net Cash and Cash Equivalents</b>	<b>4,097,319</b>	<b>3,436,770</b>
<b>Closing Net Cash and Cash Equivalents</b>	<b>3,679,949</b>	<b>4,097,319</b>

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



For the year ended December 31, 2008

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The Corporation of the Township of Blandford-Blenheim is a Township in the Province of Ontario, Canada. It conducts its operations guided by the provisions of the provincial statutes such as the Municipal Act and related legislation.

## 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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The consolidated financial statements of The Corporation of the Township of Blandford-Blenheim (the "Township") are prepared by management in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 expenditures during the period. 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. These have been made using careful judgment. Actual results could differ from these estimates. Significant aspects of the accounting principles adopted by the Township are as follows:

### (a) **Reporting Entities**

- (i) The consolidated financial statements reflect the assets, liabilities, revenues, expenditures and fund balances of the reporting entity. The reporting entity is composed of all organizations, committees and local boards accountable for the administration of their financial affairs and sources to the Township and which are owned or controlled by the Township.

Inter-departmental and inter-organizational transactions and balances between these organizations have been eliminated.

### (ii) **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 Corporation of the County of Oxford are not reflected in the municipal fund balances of these financial statements.

### (iii) **Trust Funds**

Trust funds and their related operations administered by the Township are not consolidated, but are reported separately on the Trust Funds Statement of Continuity and Statement of Financial Position.

### (b) **Basis of Accounting**

#### (i) **Fund Accounting**

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



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For the year ended December 31, 2008

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**1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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**(b) Basis of Accounting**

**(ii) 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.

**(iii) Capital Assets**

Capital assets are reported as an expenditure on the Consolidated Statement of Municipal Activities in the year of acquisition. PSAB 3150 requires municipalities to capitalize and amortize their capital assets effective January 1, 2009. The Township has adopted a capital asset policy and is completing their inventory of capital assets

**(iv) Reserves and Reserve Funds**

Certain amounts, as approved by Township Council, are set aside in reserves and reserve funds for future operating and capital purposes. Transfers to and/or from reserves and reserve funds are an adjustment to the respective fund when approved.

**(v) Government Transfers**

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 estimates of the amounts can be made.

**(vi) Deferred Revenues**

Deferred revenues represent user charges and fees which have been collected but for which the related services have yet to be provided. These amounts will be recognized as revenues in the fiscal year the services are performed.

**(vii) Short Term Investments**

In 2007, the Township had short term investments of \$1,147,500 which were cashed in 2008.

The Corporation Of The Township of Blandford-Blenheim  
Notes To The Consolidated Financial Statements



For the year ended December 31, 2008

**2 OPERATIONS OF SCHOOL BOARDS**

Further to Note 1(a)(iii), during 2008, the Township made property tax transfers to School Boards. The amount collected and remitted is summarized below by board:

	2008	2007
Public English	2,549,229	2,541,033
Separate English	473,162	473,826
Public French	8,917	9,289
Separate French	16,144	15,839

**3 TRUST FUNDS**

Trust funds administered by the Township amounting to \$152,900 (2007 - \$149,300) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Municipal Activities.

**4 DEFERRED REVENUES - OBLIGATORY RESERVE FUNDS**

A requirement of the public sector accounting principles of the Canadian Institute of Chartered Accountants, is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as provincial legislation restricts how these funds may be used and under certain circumstances these funds may possibly be refunded. The balances in the obligatory reserve funds of the Township are summarized as follows:

	2008	2007
Development Charges		
- Roads	55,651	52,462
- Administration	9,158	10,240
- Fire	0	0
- Joint Police Services	14,483	11,566
Federal Gas Tax Revenues	384,414	252,915
	463,706	327,183

**5 EMPLOYEE BENEFITS**

The Township provides certain employee benefits which will require funding in future periods. A review of future funding requirements was performed December 31, 2008 and it was determined that there was no longer a requirement to accrue for this liability.

	2008	2007
Extended health, dental and life insurance	0	68,343



For the year ended December 31, 2008

**6 PENSION AGREEMENTS**

The Township 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. Contributions on account of current services were \$59,438 (2007 -\$55,790).

**7 NET LONG TERM LIABILITIES**

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

	2008	2007
Total long term liabilities incurred by the Township, including those incurred on behalf of school boards, other municipalities and municipal enterprises and outstanding at the end of the year amount to	79,677	57,793
Of the long term liabilities above, the responsibility for the payment of principal and interest charges for tile drainage assistance loans and non-consolidated entities has been assumed by others and amounts to	70,614	44,242
	<b>9,063</b>	<b>13,551</b>

(b) Of the net long term liabilities reported in (a) of this note, principal payments are summarized as follows:

	2008 to 2012	After 2012
From general municipal revenues	9,063	0

(c) The long term liabilities in (a) issued in the name of the Township have received approval of the Ontario Municipal Board for those approved on or before December 31, 1992. Those approved after January 1, 1993 have been approved by by-law.

The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

The Corporation Of The Township of Blandford-Blenheim  
Notes To The Consolidated Financial Statements



For the year ended December 31, 2008

7 **NET LONG TERM LIABILITIES (continued)**

- (d) The municipality is contingently liable for long term liabilities with respect to tile drainage and for those for which the responsibility for the payment of principal and interest has been assumed by other municipalities, school boards and non-consolidated local boards, municipal enterprises and utilities. The total amount outstanding as at December 31, 2008 is \$70,614 (2007 - \$44,242) and is not recorded on the Consolidated Statement of Financial Position.

8 **MUNICIPAL FUND BALANCES AT THE END OF THE YEAR**

The fund balances at the end of the year, as reflected on the Consolidated Statement of Municipal Activities are comprised of the following:

	2008	2007
For the General Reduction of Taxation	-8,000	173,844
Capital Fund	-2,953,011	
Reserves	5,806,142	4,916,845
	2,845,131	5,090,689

The Capital Fund balance will be financed in 2009.

During 2008, the Township borrowed funds of \$ 1,657,000 and repaid them in 2009.

9 **EXPENDITURES BY OBJECT**

The following is a summary of the current and capital expenditures reported on the consolidated statement of operations, by the object of expenditure:

	2008	2007
Current Expenditures Consist of:		
Salaries, wages and fringe benefits	1,414,672	1,349,178
Net long term debt charges (interest and principal)	3,928	16,384
Material and supplies	1,545,187	1,322,087
Contracted services	1,704,422	1,654,148
Rents and financial expenses	3,673	3,394
External transfers	2,750	4,591
Reserves		
	4,674,632	4,349,782
Capital Expenditures Consist of:		
Contracted service and equipment purchases	5,090,147	1,564,061