

**The Corporation of the
Village of Westport
Water and Wastewater Systems
Financial Statements
For the year ended December 31, 2010**

BRENT J. BURNS, Chartered Accountant

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Auditor's Report

**To the Members of Council,
Inhabitants and Ratepayers of the
Corporation of the Village of Westport**

I have audited the statement of financial position of The Corporation of the Village of Westport - Water and Wastewater Systems as at December 31, 2010 and the statement of financial activities for the year then ended. These financial statements are the responsibility of the Village'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 Village's water and wastewater systems as at December 31, 2010 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles disclosed in Note 1 to the financial statements.



Brent J. Burns
Chartered Accountant
Licensed Public Accountant

Gananoque, Ontario

February 24, 2011

**The Corporation of the Village of Westport
Water and Wastewater System
Statement of Financial Position**

December 31	2010	2009
Financial Assets		
Accounts receivable	\$ 27,103	\$ 91,732
Due from the Village	<u>-</u>	<u>120,953</u>
	\$ 27,103	\$ 212,685
Liabilities		
Bank indebtedness	\$ 5,062	\$ 131,445
Accounts payable and accrued liabilities	13,714	123,186
Deferred revenue	32,447	-
Debt (Note 2)	1,155,175	1,241,056
Due to Village	<u>29,780</u>	<u>-</u>
	<u>1,236,178</u>	<u>1,495,687</u>
Net Debt	<u>(1,209,075)</u>	<u>(1,283,002)</u>
Non-financial Assets		
Tangible capital assets (Schedule 1)	<u>4,373,761</u>	<u>4,428,172</u>
Accumulated Surplus (Note 3)	\$ 3,164,686	\$ 3,145,170

**The Corporation of the Village of Westport
Water and Wastewater System
Statement of Change in Net Debt**

<u>For the year ended December</u>	2010 Actual	2009 Actual
Annual surplus (deficit)	\$ 19,516	\$ (1,464)
Acquisition of tangible capital assets	(59,741)	(109,108)
Amortization of tangible capital assets	<u>114,152</u>	<u>112,962</u>
Decrease in net debt	73,927	2,390
Net debt – beginning of year	<u>(1,283,002)</u>	<u>(1,285,392)</u>
Net debt – end of year	\$ (1,209,075)	\$ (1,283,002)

**The Corporation of the Village of Westport
Water and Wastewater System
Statement of Operations**

For the year ended December	2010 Actual	2009 Actual
Revenue		
Water and sewer grants and service fees	\$ 407,018	\$ 330,984
Local government grants and transfers	37,822	106,207
Miscellaneous revenues	3,432	28,712
Total revenues	448,272	465,903
Expenses		
Water and sewer operations	146,690	182,243
Professional services	10,564	6,492
Maintenance & repairs	33,990	23,794
Interest on long term debt	56,580	64,364
Administration	58,798	68,603
Municipal taxes	7,978	8,909
Amortization	114,156	112,962
Total expenses	428,756	467,367
Annual surplus (deficit)	19,516	(1,464)
Accumulated surplus – beginning of year	3,145,170	3,146,634
Accumulated surplus – end of the year	\$ 3,164,686	\$ 3,145,170

**The Corporation of the Village of Westport
Water and Wastewater System
Statement of Cash Flow**

December 31	2010 Actual	2009 Actual
Operating transactions		
Annual surplus (deficit)	\$ 19,516	\$ (1,464)
Non-cash items including amortization	<u>114,152</u>	<u>112,962</u>
	<u>133,668</u>	<u>111,498</u>
Net change in working capital other than cash and cash equivalents	<u>138,337</u>	<u>34,175</u>
Financing transactions		
Debt repayment	<u>(85,881)</u>	<u>(80,415)</u>
Capital transactions		
Acquisition of tangible capital assets	<u>(59,741)</u>	<u>(109,108)</u>
Increase (decrease) in cash and cash equivalents	126,383	(43,850)
Cash and cash equivalents— beginning of year	<u>(131,445)</u>	<u>(87,595)</u>
Cash and cash equivalents – end of the year	\$ (5,062)	\$ (131,445)

The Corporation of the Village of Westport Water and Wastewater System Notes to Financial Statements

For the year ended December 31, 2010

1. Summary of Significant Accounting Policies

The financial statements of the Westport Water and Wastewater Systems are the representation of management prepared in accordance with accounting policies prescribed by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Since precise determination of many assets and liabilities is dependant upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgement.

a) Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the creation of a legal obligation to pay.

b) Non-financial Assets

Non-financial assets are not 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.

c) Tangible Capital Assets

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

Structures	20 to 45 years
Water and waste plants and networks:	
Water distribution system	40 years
Sewage collection system	40 years

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal.

d) Revenue Recognition

Government grants and 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.

**The Corporation of the Village of Westport
Water and Wastewater System
Notes to Financial Statements**

For the year ended December 31, 2010

e) Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions on such areas as employee benefits, assessment appeals and environmental provisions. These estimates and assumptions are based on the System's best information and judgement and may differ significantly from actual results.

2. Debt

	2010	2009
Bank loan payable, interest at bank prime rate less .25% repayable in monthly instalments of \$ 3,914 principal and interest, due 2018.	\$ 248,135	\$ 272,625
Bank loan payable, interest at bank prime rate less .25% repayable in monthly instalments of \$3,220 principal and interest, due 2011.	395,219	417,326
Bank loan payable, interest at bank prime rate less .25% repayable in monthly instalments of \$2,404 principal and interest, due 2016.	127,076	149,757
Bank loan payable, interest at bank prime rate less .25% repayable in monthly instalments of \$2,503 principal and interest, due 2033.	384,745	401,348
	\$ 1,155,175	\$ 1,241,056

Of the long term liabilities reported in this note, principal payments are payable as follows:

From 2011 to 2014	\$ 363,559	\$ 449,440
From 2015 to 2019 and thereafter	791,616	791,616
	\$ 1,155,175	\$ 1,241,056

**The Corporation of the Village of Westport
Water and Wastewater System
Notes to Financial Statements**

For the year ended December 31, 2010

3. Accumulated Surplus

	<u>2010</u>	<u>2009</u>
Surplus – general revenue	\$ 3,125,788	\$ 3,106,272
Reserves		
Water	13,078	13,078
Sewer	<u>25,820</u>	<u>25,820</u>
	<u>\$ 3,164,686</u>	<u>\$ 3,145,170</u>

Schedule 1

**The Corporation of the Village of Westport
Westport Water and Wastewater Systems
Schedule of Tangible Capital Assets**

For the year ended December, 2010

	Opening Balance at Beginning Of Year	Additions	Balance End of Year	Accumulated Amortization Beginning Of Year	Amortization	Accumulated Amortization End of Year	Net Carrying Amount End of Year
Land	\$ 3	\$ -	\$ 3	\$ -	\$ -	\$ -	\$ 3
Buildings	1,883,000	-	1,883,000	117,066	58,533	175,599	1,707,401
Sanitary and storm sewers	1,568,202	12,553	1,580,755	59,576	30,645	90,221	1,490,534
Water distribution	1,201,680	47,188	1,248,868	48,067	24,978	73,045	1,175,823
	\$4,652,885	\$ 59,741	\$ 4,712,626	\$ 224,709	\$ 114,156	\$ 338,865	\$ 4,373,761