



*Consolidated Financial Statements of the*

**CORPORATION OF THE  
TOWNSHIP OF ST. CLAIR**

*December 31, 2003*

## **TABLE OF CONTENTS**

	<u>PAGE</u>
Consolidated Statement of Financial Activities	1
Consolidated Statement of Financial Position	2
Consolidated Statement of Changes in Financial Position	3
Notes to the Consolidated Financial Statements	4-11
Schedule 1 - Reserves and Deferred Revenue	12
Schedule 2 - Capital Operations	13
Schedule 3 - Current Operations	14

**CORPORATION OF THE TOWNSHIP OF ST. CLAIR**  
**Consolidated Statement of Financial Activities**  
Year ended December 31, 2003

	<u>Budget</u> <u>2003</u>	<u>Actual</u> <u>2003</u>	<u>Budget</u> <u>2002</u>	<u>Actual</u> <u>2002</u>
<b>REVENUES</b>				
<b>TAXATION AND USER CHARGES</b>				
Net Municipal Taxation	\$ 7,354,952	\$ 7,670,724	\$ 6,643,492	\$ 6,895,164
User charges	5,842,787	5,466,423	5,150,275	5,299,815
	<u>13,197,739</u>	<u>13,137,147</u>	<u>11,793,767</u>	<u>12,194,979</u>
<b>GRANTS</b>				
Province of Ontario	1,860,900	1,711,841	2,285,150	2,109,875
Federal Grant		2,728		16,161
Other Municipalities	73,000	76,502		11,000
	<u>1,933,900</u>	<u>1,791,071</u>	<u>2,285,150</u>	<u>2,137,036</u>
<b>OTHER</b>				
Investment income	275,000	276,074	220,000	286,802
Penalties and interest on taxes	240,000	319,000	220,000	267,753
Prepaid special charges	58,215	48,972	400,755	498,203
Donations and other revenues	80,000	150,807	529,111	864,495
	<u>653,215</u>	<u>794,853</u>	<u>1,369,866</u>	<u>1,917,253</u>
<b>TOTAL REVENUES</b>	<u>15,784,854</u>	<u>15,723,071</u>	<u>15,448,783</u>	<u>16,249,268</u>
<b>EXPENDITURES</b>				
<b>CURRENT OPERATIONS</b>				
General government	1,167,121	1,117,423	1,203,702	1,103,375
Protection to persons and property	2,596,914	2,315,548	2,533,029	2,185,546
Transportation services	2,316,300	2,565,136	2,243,850	2,017,800
Environmental services	3,172,027	2,908,114	3,061,603	2,933,711
Health services	8,000	3,326	8,500	3,196
Social and family services	6,000	7,613	6,000	6,000
Recreation and cultural services	1,849,055	1,716,633	1,759,532	1,637,040
Planning and development	420,450	469,324	427,200	636,834
	<u>11,535,867</u>	<u>11,103,117</u>	<u>11,243,416</u>	<u>10,523,502</u>
<b>CAPITAL OPERATIONS</b>				
General government	83,500	214,309	503,751	339,196
Protection to persons and property	280,000	287,591	365,000	385,232
Transportation services	1,287,336	760,370	1,778,900	1,631,667
Environmental services	2,239,300	1,770,202	2,489,450	696,652
Recreation and cultural services	615,900	729,470	725,000	639,469
Planning and development	1,384,340	1,499,354	1,044,600	521,753
	<u>5,890,376</u>	<u>5,261,296</u>	<u>6,906,701</u>	<u>4,213,969</u>
<b>TOTAL EXPENDITURES</b>	<u>17,426,243</u>	<u>16,364,413</u>	<u>18,150,117</u>	<u>14,737,471</u>
<b>CHANGE IN NET FINANCIAL POSITION</b>	(1,641,389)	(641,342)	(2,701,334)	1,511,797
Transfer from deferred revenues	(30,000)	16,390	(37,500)	(30,424)
Debt Principal Repayment	645,803	645,805	612,327	612,328
<b>CHANGE IN FUND BALANCES</b>	(2,257,192)	(1,303,537)	(3,276,161)	929,893
<b>FUND BALANCES, BEGINNING OF YEAR</b>	9,938,061	9,938,061	9,008,168	9,008,168
<b>FUND BALANCES, END OF YEAR</b>	\$ 7,680,869	\$ 8,634,524	\$ 5,732,007	\$ 9,938,061

**CORPORATION OF THE TOWNSHIP OF ST. CLAIR**  
**Consolidated Statement of Financial Position**  
December 31, 2003

	<u>2003</u>	<u>2002</u>
<b>FINANCIAL ASSETS</b>		
Cash	\$ 5,828,277	\$ 7,508,724
Taxes receivable	2,520,598	1,826,039
Accounts receivable	1,459,266	1,776,150
Other assets	20,952	20,370
Long-term receivables (Note 5)	739,769	941,888
	<b>10,568,862</b>	<b>12,073,171</b>
<b>PHYSICAL ASSETS</b>		
Inventories of material and supplies	322,411	303,159
	<b>\$ 10,891,273</b>	<b>\$ 12,376,330</b>
<b>LIABILITIES</b>		
Accounts payable and accrued charges	\$ 1,624,754	\$ 1,827,080
Deferred revenue (Note 8)	577,600	561,210
Other current liabilities	54,395	49,979
Net long-term liabilities (Note 6)	6,253,129	6,898,934
	<b>8,509,878</b>	<b>9,337,203</b>
<b>FUND BALANCES AT END OF YEAR</b>		
To be recovered from taxation (Note 7)	(159,932)	(300,993)
Capital operations not yet financed (Note 7)	(1,782,317)	(1,227,224)
Reserves (Note 8)	10,576,773	11,466,278
<b>Fund Balances</b>	<b>8,634,524</b>	<b>9,938,061</b>
<b>Amounts to be recovered</b>	<b>(6,253,129)</b>	<b>(6,898,934)</b>
<b>NET FINANCIAL POSITION</b>	<b>2,381,395</b>	<b>3,039,127</b>
	<b>\$ 10,891,273</b>	<b>\$ 12,376,330</b>

**CORPORATION OF THE TOWNSHIP OF ST. CLAIR**  
**Consolidated Statement of Changes in Financial Position**  
Year ended December 31, 2003

	<u>Actual 2003</u>	<u>Actual 2002</u>
<b>Cash provided by operations:</b>		
Net revenues	\$ (659,091)	\$ 1,511,797
<b>Increase (decrease) in net current assets     other than cash:</b>		
(Increase) decrease in:		
Taxes receivable	(694,559)	1,293,670
Accounts receivable	316,884	700,366
Other assets	(582)	32,144
Inventories of materials and supplies	(19,252)	(15,844)
(Decrease) increase in:		
Accounts payable and accrued charges	(202,326)	(155,571)
Other current liabilities	4,416	(6,809)
<b>Cash provided by operations</b>	(1,254,510)	3,359,753
<b>Cash used in investment activities</b>		
Decrease in long-term receivables	202,119	197,641
<b>Cash provided by (used in) financing activities</b>		
Decrease in long-term debt	(645,805)	(612,328)
<b>Increase in cash during the year</b>	(1,698,196)	2,945,066
<b>Cash balance - beginning of year</b>	7,508,724	4,563,658
<b>Cash balance - end of year</b>	\$ 5,810,528	\$ 7,508,724

# CORPORATION OF THE TOWNSHIP OF ST. CLAIR

## Notes to the Consolidated Financial Statements

Year ended December 31, 2003

---

On January 1, 2001, the Corporation of the Township of Sombra and The Corporation of the Township of Moore were amalgamated as a township municipality under the name of “The Corporation of the Township of St. Clair”, as per the Minister’s Restructuring Filing Notice under Subsection 25.2(6)(b) of the Municipal Act, dated February 21, 2000.

### 1. ACCOUNTING POLICIES

The consolidated financial statements of the Corporation of the Township of St. Clair 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 Township and the changes thereto. The Statement of Financial Position includes all the assets and liabilities of the Township. Financial assets are those which could 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 Township’s overall future revenue requirements and its ability to finance activities and meet obligations.

#### *(a) (i) Basis of consolidation*

These consolidated statements reflect the assets, liabilities, sources of financing and expenditures of the revenue fund, capital fund and reserves for all municipal organizations, committees, and boards which are owned or controlled by Council. All interfund assets and liabilities and revenues and expenditures have been eliminated on consolidation.

The following boards controlled by Council have been consolidated:

Bridgen Community Hall  
Courtright Community Hall  
Port Lambton Athletic Field Board  
Port Lambton Community Centre  
Sombra Athletic Field Board  
Sombra Community Centre  
Sombra Township Museum  
Wilkesport Community Centre  
Wilkesport Field Board

#### *(ii) Non-consolidated entities*

There are no non-consolidated entities.

**CORPORATION OF THE TOWNSHIP OF ST. CLAIR**  
**Notes to the Consolidated Financial Statements**  
**Year ended December 31, 2003**

---

*(iii) 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 the municipal fund balances of these financial statements. Overlevies (underlevies) are reported on the Consolidated Balance Sheet as Other current liabilities (Other current assets).

**1. ACCOUNTING POLICIES (Continued)**

*(iv) Trust Funds*

Trust funds and their related operations administered by the municipality are not consolidated, but are reported separately on the Trust Funds Statement of Continuity and Balance Sheet.

*(b) Basis of accounting*

*(i) Accrual accounting*

Sources of financing 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) Capital assets*

The historical cost and accumulated depreciation for capital assets are not recorded for municipal purposes. The cost of acquiring capital assets is reported as an expenditure on the Consolidated Statement of Operations in the year of acquisition.

*(iii) Deferred revenues*

The Township receives funds for specific purposes under the authority of provincial legislation and Township by-laws. These funds by their nature are restricted in their use and until applied to applicable capital works are recorded as deferred revenue. Amounts applied to qualifying capital projects are recorded as revenue in the fiscal period they are expended.

**CORPORATION OF THE TOWNSHIP OF ST. CLAIR**  
**Notes to the Consolidated Financial Statements**  
Year ended December 31, 2003

---

(vi) *Use of estimate*

The preparation of financial statements in conformity with Canadian generally accepted accounting principals requires management to make estimates and assumptions that affect the reported amounts of the 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 the estimates.

**2. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF LAMBTON**

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

	<u>School Boards</u>	<u>County of Lambton</u>
Taxation and user charges	\$ 8,610,815	\$ 7,072,843
Share of payments-in-lieu of taxes	26,899	591,084
	<hr/>	<hr/>
	8,637,714	7,663,927
Less: Requisitions	8,637,714	7,663,927
	<hr/>	<hr/>
Overlevies, end of the year	\$ NIL	\$ NIL

**3. TRUST FUNDS**

The following trust funds: Bradshaw Cemetery, Water Well Contamination Deposits and the St. Clair River Trail are administered by the township. The total fund balance amounting to \$187,810 at December 31, 2003 has not been included in the Consolidated Balance Sheet nor have its operations been included in the Consolidated Statement of Operations.

**4. PENSION AGREEMENTS**

The municipality makes contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf of 44 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.

The amount contributed to OMERS for 2003 was \$81,655.37 for current service and is included as an expenditure on the consolidated Statement of Operations. The OMERS plan was fully funded as of December 31, 2003.



# CORPORATION OF THE TOWNSHIP OF ST. CLAIR

## Notes to the Consolidated Financial Statements

Year ended December 31, 2003

---

### 5. LONG-TERM RECEIVABLES

A local improvement in the amount of \$56,000 for road reconstruction is receivable in equal annual instalments of \$28,000 on the final tax billing of each year up to and including 2005. The cost was based on a straight fifty/fifty split in costs with the Township.

A capital lease receivable in the amount of \$683,769 arises from expenditures incurred to develop and build an industrial building on behalf of a third party and is financed through proceeds from a capital lease to the Township. The lease agreement, which was signed in March 2000, commences on April 1, 2000 and is due on March 31, 2010. The nominal interest rate is 6.25% per annum with equal monthly payments of \$9,949.03 until April 1, 2010, when the final payment of \$100,000 is due.

Repayments over the next five years:

2004	\$106,887
2005	\$111,961
2006	\$89,362
2007	\$95,110
2008	\$101,227
Thereafter	<u>\$235,222</u>
Total	<u>\$739,769</u>

# CORPORATION OF THE TOWNSHIP OF ST. CLAIR

## Notes to the Consolidated Financial Statements

Year ended December 31, 2003

---

### 6. NET LONG-TERM LIABILITIES

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

	<u>2003</u>	<u>2002</u>
Total long-term liabilities incurred by the municipality including those incurred on behalf of school boards and municipal enterprises and outstanding at the end of the year amount to	<b>\$6,945,393</b>	\$ 7,791,770
Of the long-term liabilities shown above, the responsibility for payment of principal and interest charges for tile drainage and shoreline property assistance loans has been assumed by individuals. At the end of the year, the outstanding principal amount of this liability is	<b>(692,264)</b>	(892,836)
<hr/>		
Net long-term liabilities, end of year	<b>\$6,253,129</b>	\$6,898,934

---

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

**From general municipal revenues:**

<b>2004 – 2008</b>	<b>\$ 2,428,831</b>
<b>2009 – 2013</b>	<b>2,409,622</b>
<b>2014 and thereafter</b>	<b>2,106,940</b>
	<hr/>
	<b>\$ 6,945,393</b>

- (c) The long-term liabilities in (a) issued in the name of the municipality 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 payment limit prescribed by the Ministry of Municipal Affairs.
- (d) The municipality is contingently liable for long-term liabilities with respect to tile drainage and shoreline property assistance loans. The total amount outstanding as at December 31, 2003 is \$692,264 and is not recorded on the Consolidated Balance Sheet.
- (e) The charges for long-term liabilities assumed by individuals, regarding tile drainage and shoreline property assistance loans are not reflected in these statements.

# CORPORATION OF THE TOWNSHIP OF ST. CLAIR

## Notes to the Consolidated Financial Statements

Year ended December 31, 2003

---

### 7. MUNICIPAL FUND BALANCES, END OF YEAR

- (a) The balances on the Consolidated Balance Sheet of the municipal deficit of \$1,528,217 at the end of the year are comprised of the following:

	<u>2003</u>	<u>2002</u>
To be used to offset (recovered from) taxation or user charges		
For benefiting landowners in regards to user charges		
• municipal drains maintenance special areas	(320,767)	\$ (427,668)
• local boards	160,835	126,675
	<u>(159,932)</u>	<u>(300,993)</u>
Capital operations not yet financed		
Acquisition of fixed assets to be recovered		
• through taxation and user charges	(287,066)	(370,903)
• from the proceeds on sale of land	(1,495,251)	(956,321)
Unapplied capital receipts		100,000
	<u>(1,782,317)</u>	<u>(1,227,224)</u>
	<u>\$ (1,942,249)</u>	<u>\$ (1,528,217)</u>

# CORPORATION OF THE TOWNSHIP OF ST. CLAIR

## Notes to the Consolidated Financial Statements

Year ended December 31, 2003

---

### 8. RESERVES AND DEFERRED REVENUE

The total balances of reserves and deferred revenue of \$ 10,576,773 and \$577,600 respectively are made up of the following:

	<u>2003</u>	<u>2002</u>
Reserves set aside for specific purpose by council		
Working capital	\$ 643,500	\$ 643,500
Election	-	18,507
General fund operating reserve	2,822,032	2,545,869
Capital expenditures	5,412,329	5,135,762
Water distribution	325,316	1,486,854
Sanitary Sewage systems	1,206,307	1,190,959
Uncollectable taxes	95,135	92,670
Insurance claims	60,762	334,136
Corunna Downtown Improvement Area	11,392	18,021
<b>Total reserves</b>	<b>\$10,576,773</b>	<b>\$ 11,466,278</b>
Deferred Revenue set aside for specific purposes by legislation, regulation or agreement		
Payments-in-lieu of park land	\$ 38,276	\$ 67,561
Impost and lot levies	80,367	78,285
Development charges	458,956	415,364
<b>Total deferred revenue</b>	<b>\$ 577,599</b>	<b>\$ 561,210</b>

The majority of the reserves and deferred revenues received interest calculated on a monthly basis.

# CORPORATION OF THE TOWNSHIP OF ST. CLAIR

## Notes to the Consolidated Financial Statements

Year ended December 31, 2003

---

### 9. Contractual Obligation – Ontario Clean Water Agency

In accordance with a service agreement entered into by the municipality (the former Township of Sombra) with the Ontario Clean Water Agency (OCWA), the existing sewage systems are owned and operated by OCWA. The municipality is obligated to meet all operating costs and repay the long-term liabilities related to this project.

Included in the consolidated statement of financial activities are the 2003 charges from OCWA. The consolidated statement of financial position does not reflect any assets or liabilities pertaining to the sewage systems except to the extent of service charges due to (or from) OCWA.

Information received from OCWA as at December 31, 2003 indicates the following:

	Accumulated Net Deficit	2003 Debt Charges	Total Outstanding Long-term Liabilities
Sewage system	\$ 5,933 =====	\$ 50,390 =====	\$ 402,096 =====

The surplus and long-term liabilities are not reflected in these financial statements.

**CORPORATION OF THE TOWNSHIP OF ST. CLAIR**  
**Schedule of Reserves**  
**Year ended December 31, 2003**

---

	<b>Budget</b>	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>
	<b><u>2003</u></b>	<b><u>2003</u></b>	<b><u>2002</u></b>	<b><u>2002</u></b>
<b>REVENUES</b>				
Interest	\$ 200,000	\$ 160,099	\$ 220,000	\$ 191,059
Total Revenues	200,000	160,099	220,000	191,059
<b>TRANSFERS</b>				
Transfers from current fund	409,158	928,995	347,250	1,322,583
Transfers to capital fund	(3,051,965)	(1,978,599)	(3,721,926)	(1,094,081)
Net Financing and Transfers	(2,642,807)	(1,049,604)	(3,374,676)	228,502
<b>CHANGE IN FUND BALANCE</b>	(2,442,807)	(889,505)	(3,154,676)	419,561
<b>FUND BALANCE, BEGINNING OF YEAR</b>	11,466,278	11,466,278	11,046,717	11,046,717
<b>FUND BALANCE, END OF YEAR</b>	\$ 9,023,471	\$ 10,576,773	\$ 7,892,041	\$ 11,466,278

## CORPORATION OF THE TOWNSHIP OF ST. CLAIR

## Schedule of Capital Fund Operations

Year ended December 31, 2003

	Budget 2003	Actual 2003	Budget 2002	Actual 2002
<b>REVENUES</b>				
Ontario Grants	\$ 131,900		\$ 339,150	\$ 405,377
Prepaid special charges	58,215	<b>48,972</b>	400,755	498,203
Other revenues	989,740	<b>822,975</b>	524,111	852,475
Donations	60,000	<b>127,116</b>	5,000	
	1,239,855	<b>999,063</b>	1,269,016	1,756,055
<b>CAPITAL EXPENDITURES</b>				
General government	83,500	<b>214,309</b>	503,751	339,196
Protection	280,000	<b>287,591</b>	365,000	385,232
Transportation services	1,287,336	<b>760,370</b>	1,778,900	1,631,667
Environmental services	2,239,300	<b>1,770,202</b>	2,489,450	696,652
Recreation and cultural services	615,900	<b>729,470</b>	725,000	639,469
Planning and development	1,384,340	<b>1,499,354</b>	1,044,600	521,753
	5,890,376	<b>5,261,296</b>	6,906,701	4,213,969
<b>CHANGE IN NET FINANCIAL POSITION</b>				
	(4,650,521)	<b>(4,262,233)</b>	(5,637,685)	(2,457,914)
Transfer from current	1,754,171	<b>1,744,931</b>	1,756,774	1,839,887
Transfer from reserves	3,051,965	<b>1,978,599</b>	3,721,926	1,094,081
Transfer from deferred revenues	30,000	<b>(16,390)</b>	37,500	30,424
Change in Outlay to be Recovered	4,836,136	<b>3,707,140</b>	5,516,200	2,964,392
<b>CHANGE IN FUND BALANCE</b>	185,615	<b>(555,093)</b>	(121,485)	506,478
<b>FUND BALANCE, BEGINNING OF YEAR</b>	\$ (1,227,224)	\$ (1,227,224)	(1,733,702)	(1,733,702)
<b>FUND BALANCE, END OF YEAR</b>	\$ (1,041,609)	\$ (1,782,317)	\$ (1,855,187)	\$ (1,227,224)

## CORPORATION OF THE TOWNSHIP OF ST. CLAIR

### Schedule of Current Fund Operations

Year ended December 31, 2003

	Budget 2003	Actual 2003	Budget 2002	Actual 2002
<b>REVENUES</b>				
TAXATION AND USER CHARGES				
Net municipal taxation	\$ 7,354,952	\$ 7,670,724	\$ 6,643,492	\$ 6,895,164
User charges	4,873,047	4,643,448	5,150,275	5,299,815
	12,227,999	12,314,172	11,793,767	12,194,979
GRANTS				
Province of Ontario	1,709,000	1,711,841	1,946,000	1,704,498
Federal Grant		2,728		16,161
Other Municipalities	73,000	76,502		11,000
	1,782,000	1,791,071	1,946,000	1,731,659
OTHER				
Investment income	75,000	115,975		95,743
Penalties and interest on taxes	240,000	319,000	220,000	267,753
Donations and Other Revenues	20,000	23,691		12,020
	335,000	458,666	220,000	375,516
	14,344,999	14,563,909	13,959,767	14,302,154
<b>EXPENDITURES</b>				
CURRENT OPERATIONS				
General government	1,167,121	1,117,423	1,203,702	1,103,377
Protection to persons and property	2,596,914	2,315,548	2,533,029	2,185,546
Transportation services	2,316,300	2,565,136	2,243,850	2,017,800
Environmental services	3,172,027	2,908,114	3,061,603	2,933,709
Health services	8,000	3,326	8,500	3,196
Social and family services	6,000	7,613	6,000	6,000
Recreation and cultural services	1,849,055	1,716,633	1,759,532	1,637,041
Planning and development	420,450	469,324	427,200	636,834
	11,535,867	11,103,117	11,243,416	10,523,502
<b>Change in Net Financial Position</b>	<b>2,809,132</b>	<b>3,460,792</b>	<b>2,716,351</b>	<b>3,778,652</b>
FINANCING AND TRANSFERS				
Transfer to reserves	409,158	928,995	347,250	1,322,583
Transfer to Capital operations	1,754,171	1,744,931	1,756,774	1,839,887
Debt Principal Repayment	645,803	645,805	612,327	612,328
Net financing and transfers	2,809,132	3,319,731	2,716,351	3,774,798
<b>CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>141,061</b>	<b>-</b>	<b>3,854</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>		<b>(300,993)</b>		<b>(304,847)</b>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ -</b>	<b>\$ (159,932)</b>	<b>\$ -</b>	<b>\$ (300,993)</b>