



Consolidated Financial Statements of the

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

December 31, 2012



Chartered Accountants

Collins Barrow KMD LLP
495 Richmond Street, Suite 700
P.O. Box 5005
London, Ontario
N6A 5G4 Canada

INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Township of St. Clair

We have audited the consolidated financial statements of the **Corporation of the Township of St. Clair**, which comprise the consolidated statement of financial position as at December 31, 2012 and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

We draw attention to Note 2 to the financial statements which describes the effect of the retroactive restatement of the post employment benefits in the December 31, 2011 year end figures. Our opinion is not qualified in respect of this matter.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the **Corporation of the Township of St. Clair** as at December 31, 2012 and the results of its consolidated operations, its consolidated change in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Report on other Legal and Regulatory Requirements

As required by the Corporations Act of Ontario, we report that, in our opinion, the accounting principles in Canadian general accepted accounting principles have been applied on a basis consistent with that of the preceding year.

Collins Barrow KMO LLP

CHARTERED ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

London, Canada
August 12, 2013

CORPORATION OF THE TOWNSHIP OF ST. CLAIR
Notes to the Consolidated Financial Statements
Year ended December 31, 2012

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CORPORATION OF THE TOWNSHIP OF ST. CLAIR
Consolidated Statement of Financial Position
December 31, 2012

	<u>2012</u>	<u>2011</u> (Restated)
ASSETS		
FINANCIAL ASSETS		
Cash	\$ 1,606,673	\$ 5,506,854
Taxes receivable	924,876	982,674
Accounts receivable	6,375,177	5,286,362
Long-term receivables (Note 6)	402,630	749,786
	<u>9,309,356</u>	<u>12,525,676</u>
LIABILITIES		
Accounts payable and accrued charges	\$ 5,353,721	\$ 6,623,576
Deferred revenue - Schedule 1	279,031	826,278
Other current liabilities	57,736	59,883
Post employment benefits (Note 8)	1,668,043	1,598,430
Net long-term liabilities (Note 7)	13,369,829	13,981,131
	<u>20,728,360</u>	<u>23,089,298</u>
NET FINANCIAL DEBT	(11,419,004)	(10,563,622)
NON-FINANCIAL ASSETS		
Tangible capital assets - net - Schedule 2	198,893,026	189,568,001
Prepaid expenses	113,074	87,250
Inventories of material and supplies	118,019	174,025
	<u>199,124,119</u>	<u>189,829,276</u>
ACCUMULATED SURPLUS - Schedule 3	\$ 187,705,115	\$ 179,265,654

CORPORATION OF THE TOWNSHIP OF ST. CLAIR
Consolidated Statement of Operations
Year ended December 31, 2012

	Budget 2012 (Unaudited)	Actual 2012	Actual 2011 (Restated) (Note 2)
REVENUES			
TAXATION AND USER CHARGES			
Net Municipal Taxation	\$ 10,731,868	\$ 11,528,156	\$ 9,863,272
User charges	10,790,763	12,523,301	11,387,813
	<u>21,522,631</u>	<u>24,051,457</u>	<u>21,251,085</u>
GOVERNMENT TRANSFERS			
Province of Ontario	2,311,584	3,090,774	4,273,782
Federal Grant	1,510,587	2,481,907	3,570,766
Other Municipalities	224,000	189,965	207,447
	<u>4,046,171</u>	<u>5,762,646</u>	<u>8,051,995</u>
OTHER			
Investment income	205,000	167,713	238,261
Penalties and interest on taxes	200,000	167,134	198,718
Deferred revenue earned	100,000	579,569	33,846
Contribution (donated) tangible capital assets	700,000	404,514	1,078,596
Donations and other revenues	1,081,500	426,645	449,053
Loss on sale of land & assets	-	(494,695)	-
	<u>2,286,500</u>	<u>1,250,880</u>	<u>1,998,474</u>
TOTAL REVENUES	<u>27,855,302</u>	<u>31,064,983</u>	<u>31,301,554</u>
EXPENSES			
General government	1,463,604	1,527,194	1,435,204
Protection to persons and property	4,474,162	4,321,823	4,349,069
Transportation services	4,022,300	4,385,067	4,887,278
Environmental services	8,347,640	7,182,769	6,928,276
Health services	62,567	51,270	46,405
Social and family services		17,762	18,264
Recreation and cultural services	4,572,134	4,223,235	4,212,278
Planning and development	1,138,216	2,876,792	2,517,609
TOTAL EXPENSES	<u>24,080,623</u>	<u>24,585,912</u>	<u>24,394,383</u>
ANNUAL SURPLUS, as previously stated	3,774,679	6,479,071	6,907,171
Prior Period Adjustment (Note 2)			(70,000)
Annual SURPLUS, (2011 restated)	3,774,679	6,479,071	6,837,171
ACCUMULATED SURPLUS, BEGINNING OF YEAR			
as previously stated	179,265,654	179,265,654	177,980,145
Prior Period Adjustment (Note 2)			(1,528,430)
ACCUMULATED SURPLUS, BEGINNING OF YEAR - restated	179,265,654	179,265,654	176,451,715
EQUITY (DECREASE) INCREASE IN LAWSS	1,960,390	1,960,390	(4,023,232)
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 185,000,723</u>	<u>\$ 187,705,115</u>	<u>\$ 179,265,654</u>

CORPORATION OF THE TOWNSHIP OF ST. CLAIR
Consolidated Statement of Change in Net Financial Assets
Year ended December 31, 2012

	2012 Actual	2011 Actual (Restated) (Note 2)
ANNUAL SURPLUS	\$ 6,479,071	\$ 6,837,171
Amortization of tangible capital assets	4,105,842	3,905,878
Acquisition of tangible capital assets	(11,231,785)	(14,197,325)
Contribution (donated) tangible capital assets	(404,514)	(1,078,596)
Share of LAWSS adjustment on tangible capital assets	(2,289,262)	4,827,661
(Gain) Loss on sale of tangible capital assets	494,695	(11,784)
Proceeds on sales of tangible capital assets		43,521
(Acquisition) Use of supplies inventories	56,005	(21,807)
(Acquisition) Use of prepaid expenses	(25,824)	2,429
Change in LAWSS Ownership	1,960,390	(4,023,232)
(INCREASE) IN NET FINANCIAL ASSETS	(855,382)	(3,716,084)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	(10,563,622)	(6,847,538)
NET FINANCIAL ASSETS, END OF YEAR	\$ (11,419,004)	\$ (10,563,622)

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

CORPORATION OF THE TOWNSHIP OF ST. CLAIR
Consolidated Statement of Cashflows
Year ended December 31, 2012

	<u>Actual 2012</u>	<u>Actual 2011 (Restated) (Note 2)</u>
OPERATING TRANSACTIONS		
Annual Surplus/(Deficit)	\$ 6,479,071	\$ 6,837,171
Non - Cash items including amortization	4,105,842	3,905,878
(Gain) Loss on sale of tangible capital assets	494,695	(11,784)
Prepaid expenses	(25,824)	2,429
Inventories of material and supplies	56,005	(21,807)
Deferred revenue	(547,247)	126,993
Taxes receivable	57,798	167,724
Accounts receivable	(1,088,815)	3,673,121
Accounts payable	(1,269,855)	(267,769)
Current other liabilities	(2,147)	
Unfunded liabilities for benefits	69,613	70,000
Cash provided by operating transactions:	8,329,136	14,481,956
INVESTING TRANSACTIONS		
Decrease (Increase) in long-term receivables	347,156	516,918
Equity (Decrease) increase in LAWSS due to change in ownership	1,960,390	(4,023,232)
Cash applied to investment transactions	2,307,546	(3,506,314)
CAPITAL TRANSACTIONS		
Proceeds on sale of tangible capital assets		43,521
Cash used to acquire tangible capital assets	(11,231,785)	(14,197,325)
Contribution (donated) tangible capital assets	(404,514)	(1,078,596)
Share of LAWSS adjustment on tangible capital assets	(2,289,262)	4,827,661
Cash applied to capital transactions	(13,925,561)	(10,404,739)
FINANCING TRANSACTIONS		
Proceeds from debt issues		
Debt repayment	(1,018,852)	(908,960)
Share in LAWSS Adjustment	407,550	(953,662)
Cash applied to financing transactions	(611,302)	(1,862,622)
NET (DECREASE) INCREASE IN CASH	(3,900,181)	(1,291,719)
CASH, BEGINNING OF YEAR	5,506,854	6,798,573
CASH, END OF YEAR	\$ 1,606,673	\$ 5,506,854
Total interest paid	\$ 714,435	\$ 739,916
Total interest received	\$ 159,836	\$ 239,415

CORPORATION OF THE TOWNSHIP OF ST. CLAIR

Notes to the Consolidated Financial Statements

Year ended December 31, 2012

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 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:

Brigden Community Hall
Courtright Community Hall
Moore Township Museum
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) *Joint Local Board*

The Lambton Area Water Supply System (LAWSS) has been consolidated on a proportionate equity basis based upon the water flow of the municipality in proportion to the entire flows provided by the joint board for the previous year. Under the proportionate equity basis, the municipality's pro rata share of each of the assets, liabilities, revenues and expenditures of the board are consolidated with similar items in the municipality's financial statements. For 2012, the municipality's share of the System was 24.41% (2011 - 21.91%). Material inter-organizational transaction and balances have been eliminated.

CORPORATION OF THE TOWNSHIP OF ST. CLAIR

Notes to the Consolidated Financial Statements

Year ended December 31, 2012

1. ACCOUNTING POLICIES (Continued)

(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.

(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 Financial Position.

(b) Basis of accounting

(i) Accrual accounting

The accrual basis of accounting recognizes revenues in the period in which they are earned and measurable; expenditures are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.

(ii) 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.

(iii) 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, excluding land are amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Useful Life – Years
Land Improvements	10 - 25
Buildings and building improvements	5 - 50
Machinery and equipment	5 - 50
Linear assets	10 - 90

CORPORATION OF THE TOWNSHIP OF ST. CLAIR

Notes to the Consolidated Financial Statements

Year ended December 31, 2012

Amortization for non infrastructure assets is calculated for six months if purchased before July. For infrastructure assets amortization will be recorded in the year following acquisition. Assets under construction are not amortized until the asset is available for productive use.

(a) Contribution of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue.

(b) Works of art and cultural and historical assets

Works of art and cultural and historic assets are not recorded as assets in these financial statements.

(c) Inventories

Inventories held for consumption are recorded at the lower of cost or replacement value

(iv) *Deferred revenues*

The Township receives funds for specific purposes under the authority of provincial legislation, Government transfer of gas taxes and Township by-laws and are reported as deferred revenue in the Consolidated Statement of Financial Position. These amounts by their nature are restricted in their use and will be recognized as revenues in the period in which expenditures are incurred.

v) *Use of Estimates*

The preparation of financial statements in conformity with Public Sector Accounting Board 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.

In addition, the Township's implementation of the Public Sector Accounting Handbook PS3150 has required management to make estimates of historical cost and useful lives of tangible capital assets.

vi) *Government transfers*

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 estimate of the amounts can be made.

CORPORATION OF THE TOWNSHIP OF ST. CLAIR

Notes to the Consolidated Financial Statements

Year ended December 31, 2012

vii) *Future accounting changes*

Effective for fiscal period beginning on or after April 1, 2012, all governments will be required to adopt Public Sector Accounting Board Handbook ("PSAB") Section 3510, Tax Revenue. This standard provides guidance to governments on the accounting and reporting of tax revenue in the financial statements.

viii) *Employee future benefits*

The Township has adopted the accrual method of employee future benefits as required by the Canadian Institute of Chartered Accountants. This has been applied retroactively to 2011 year. The cost of future benefits earned by employees is determined using the projected benefit method prorated on service and assumption with respect to mortality and termination rates, retirement age and expected inflation rates with respect to employee benefit costs.

2. PRIOR PERIOD ADJUSTMENT

In 2012 the Township has adopted the accrual method of employee benefits and has applied this retrospectively to 2011 and 2010 with prior period being restated. This has resulted in an increase in liabilities and decrease in accumulated surplus in the amount of \$70,000 for 2011 and \$1,528,430 for 2010.

3. 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	\$ 8,029,608	\$ 8,854,233
Share of payments-in-lieu of taxes	29,160	73,713
	<hr/>	<hr/>
	\$ 8,058,768	\$ 8,927,946

4. 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 \$208,515 at December 31, 2012 has not been included in the Consolidated Financial Position nor have its operations been included in the Consolidated Statement of Operations.

CORPORATION OF THE TOWNSHIP OF ST. CLAIR
Notes to the Consolidated Financial Statements
Year ended December 31, 2012

5. PENSION AGREEMENTS

The municipality makes contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf of 75 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 2012 was \$611,688 (50% by employees and 50% by the employer) for current service and the employer’s portion is included as an expenditure on the consolidated Statement of Operations. The OMERS plan had a \$9,924 million funding deficit as of December 31, 2012 (\$7,290 million deficit as of December 31, 2011) and the Plan had an actuarial value of net assets of \$59,198 million as of December 31, 2012 (\$57,258 million as of December 31, 2011.)

6. LONG-TERM RECEIVABLES

A capital lease receivable in the amount of \$97,541 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 was signed in March 2000.

On March 7, 2005 Council approved the refinancing of tax receivable arrears on 274 properties. The balance at December 31, 2012 was \$52,000 bearing interest at 8% per annum. The Municipality’s interest shall be secured in accordance with the provisions of the Municipal Act, 2001, S.O. 2001, c. 25 and associated regulations, especially Local Improvement Charges – Property Lien Status – O. Reg. 119/03. Principal reductions will be based on the sale of lots. Should there be a default of non compliance within 30 days the loan refinancing will be null and void and the amount before refinancing will be due plus interest at 15% per annum.

Other long term receivables totals \$253,089.

Repayments over the next five years:

2013	\$233,853
2014	\$ 66,306
2015	\$ 40,874
2016	\$ 35,809
2017	<u>\$ 25,788</u>
Total	<u>\$402,630</u>

7. NET LONG-TERM LIABILITIES

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

CORPORATION OF THE TOWNSHIP OF ST. CLAIR
Notes to the Consolidated Financial Statements
Year ended December 31, 2012

	<u>2012</u>	<u>2011</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	\$ 13,624,832	\$ 14,311,539
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	(255,003)	(330,408)
Net long-term liabilities, end of year	\$ 13,369,829	\$13,981,131

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

From general municipal revenues:

2013 – 2017	\$ 6,186,363
2018 – 2022	2,594,015
2023 and thereafter	4,844,454
	<u>\$ 13,624,832</u>

- (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, 2012 is \$255,003, and is not recorded on the Consolidated Statement of Financial Position.
- (e) The charges for long-term liabilities assumed by individuals, regarding tile drainage and shoreline property assistance loans are not reflected in these statements.
- (f) Total interest charges on net long term debt reported on the Consolidated Statement of Operations are \$1,111,656 (2011 (\$224,117)). The long-term liabilities bear interest at rates ranging from 3.91% to 7.6%. The negative 2011 interest rate has to do with LAWSS gain of \$953,662 due to reduction in municipal share being offset against interest charges.

CORPORATION OF THE TOWNSHIP OF ST. CLAIR

Notes to the Consolidated Financial Statements

Year ended December 31, 2012

8. CHANGE IN ACCOUNTING POLICY - POST EMPLOYMENT BENEFITS

The Township hired an actuary to estimate our post employment benefits provided to our retirees under Public Sector Accounting Board under section 3250. The actuary determined a liability obligation for \$70,000 applied to December 31, 2011 and \$1,528,430 needed to be recorded for December 31, 2010 which was applied retroactively.

Employees who meet the criteria of having a minimum of 10 years of service and are a minimum age of 55 can retire with the municipality paying the dental and health benefits to the age of 65 and share 50% to the age of 70 for union and age 70 for non union employees. Assumptions used are as follows:

- a) a discount factor of 3.5% (2011 - 3.5%)
- b) an annual increase of 3.5% (2011- 3.5%)
- c) in addition to the annual increase, inflation of 3.0% (2011 – 2.5%)
- d) an employee is presumed to retire at the later of age 60 and their current age plus one year
- e) It is assumed that 70% of union retirees who reach age 65 will remain in the program for which the cost is split 50%.

The liability based on the above assumption at the year-end date is \$1,668,043 (2011 - \$1,598,430).

9. ONTARIO POWER GENERATION PROPERTY REASSESSMENT

The property tax assessment for Ontario Power Generation (OPG) for the years 2003 to 2009 has been under appeal with the Assessment Review Board since 2006. On April 5, 2013 an agreement has been reached in principle with OPG, MPAC and St. Clair for \$3,300,000 including the County of Lambton portion. As of December 31, 2012 the municipality has reduced the recorded liability by \$963,000 to \$2,478,544 in the financial statements based on the new agreement. In 2012 \$963,000 was recognized as income in the Consolidated Statement of Operations.

CORPORATION OF THE TOWNSHIP OF ST. CLAIR

Notes to the Consolidated Financial Statements

Year ended December 31, 2012

10. JOINT LOCAL BOARD CONSOLIDATION - LAWSS

The following summarizes the financial position and operations of Lambton Area Water Supply System (LAWSS) which has been reported in these financial statements using the proportionate consolidation method.

The consolidated financial statements include the municipality's 24.41% (2011 - 21.91%) proportionate interest as follows:

	<u>2012</u>	<u>2011</u>
Cash	\$ 801,322	\$ 684,946
Accounts receivable	118,236	63,897
Accounts payable	(51,487)	(59,313)
	<u>868,067</u>	<u>689,530</u>
Long term debt	(3,434,243)	(3,571,768)
<u>Tangible capital assets</u>	<u>22,155,157</u>	<u>20,063,090</u>
<u>Accumulated surplus</u>	<u>19,588,985</u>	<u>17,180,852</u>
Total revenues	\$2,374,001	\$2,081,384
Total expenses	<u>1,926,258</u>	<u>1,884,921</u>
Annual Surplus (Deficit)	<u>\$ 447,743</u>	<u>\$ 196,463</u>

11. EXPENDITURE BY OBJECT

Total expenditures for the year reported on the Consolidated Statement of Operations are as follows:

	<u>2012</u>	<u>2011</u>
Wages and employee benefits	\$ 6,494,194	\$ 6,346,031
Materials	5,743,649	6,115,886
Contracted services	7,130,571	8,610,803
Amortization	4,105,842	3,905,878
Interest on Long-term debt	1,111,656	(584,215)
	<u>\$24,585,912</u>	<u>\$24,394,383</u>

CORPORATION OF THE TOWNSHIP OF ST. CLAIR
Notes to the Consolidated Financial Statements
Year ended December 31, 2012

12. BUDGET DATA

Budget data presented in these consolidated financial statements are based upon the 2012 operating and capital budgets approved by Council and actual for consolidated entities. The chart below reconciles the approved budget figures reported in these consolidated financial statements. The Township approved budget general expenses include amortization expense in the amount of \$2,063,657.

	Township Approved Budget	PSAB Adjustment & Consolidated Entities	Budget Per Financial
General revenues	\$27,750,302	105,000	\$27,855,302
General expenses	(23,524,213)	(556,410)	(24,080,623)
Non Statement of Operation Transactions			
Proceeds from Debt Issue	3,296,333	(3,296,333)	--
Capital expenditures	(12,116,101)	12,116,101	--
Transfer from reserves	2,530,022	(2,530,022)	--
Annual Surplus (Deficit)	\$(2,063,657)	\$5,838,336	\$3,774,679

13. SUBSEQUENT EVENT

On January 15, 2013 a debenture was sold to Infrastructure Ontario for a principal amount of \$2,500,000 with a ten year term carrying an interest rate of 2.77% per annual compounded semi-annually for the financing of approved 2012 road capital projects.

14. SEGMENT INFORMATION

Segmented information is presented on Schedule 6 and 7. The Corporation of the Township of St. Clair is a diversified municipality and provides a wide range of services to its citizens including police, fire, transportation, water, wastewater and waste disposal and community services, including recreation and culture and golf. The general government segment includes such functions as finance, council and administrative offices. Planning and development includes planning and zoning, industrial park, campgrounds and drainage.

CORPORATION OF THE TOWNSHIP OF ST. CLAIR
Consolidated Schedule of Deferred Revenues
Year ended December 31, 2012

Schedule 1

	Balance, Beginning of Year	Increase in Deferred Revenues		Total	Decreases in Deferred Revenues		Balance, End of Year
		Interest	Development Charges		To Operations	To Capital Acquisitions	
Payments-in-lieu of park land	44,683	514	6,780	7,294		-	51,977
Impost and lot levies	96,765			-		96,765	-
Development charges	684,830	951	24,078	25,029		482,805	227,054
Total	826,278	1,465	30,858	32,323		579,570	279,031

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

CORPORATION OF THE TOWNSHIP OF ST. CLAIR

Consolidated Schedule of Tangible Capital Assets

Year ended December 31, 2012

Schedule 2

	General Government	Fire & Police	Transportation Services	Sanitary Sewage	Storm Sewage	Water Supply	Health Services	Recreation & Culture	Planning & Development	Total 2012	Total 2011
COST											
Balance, beginning of year	2,783,346	8,658,270	57,366,155	22,209,730	15,576,213	109,131,910	21,512	16,632,689	2,456,642	234,846,467	235,208,649
Add: Share in LAWSS Adjustment						3,152,159				3,152,159	(6,522,904)
Add: Additions during the year	62,232	38,436	2,589,084	29,474,670	25,085	1,103,126		530,090	43,432	33,866,155	5,749,414
Less: Disposals during the year			498,575	2,472,349		502,920				3,473,844	388,472
Less: Write down										-	278,816
Other: Contribution from Developer			176,250	61,167	110,614	56,483				404,514	1,078,596
ASSETS IN SERVICE - YEAR END	2,845,578	8,696,706	59,632,914	49,273,218	15,711,912	112,940,758	21,512	17,162,779	2,510,074	268,795,451	234,846,467
Assets under construction		92,962	417,226	3,214,684		166,916	219,648	61,238	1,445,745	5,618,419	28,252,789
ALL ASSETS, END OF YEAR	2,845,578	8,789,668	60,050,140	52,487,902	15,711,912	113,107,674	241,160	17,224,017	3,955,019	274,413,870	263,099,256
ACCUMULATED AMORTIZATION											
Balance, beginning of year	1,124,997	2,997,337	26,499,899	9,149,295	4,232,211	25,708,603	-	3,600,236	218,677	73,531,255	71,956,171
Add: Share in LAWSS Adjustment						862,897				862,897	(1,695,243)
Add: Amortization during the year	84,355	301,002	1,369,508	306,611	190,148	1,430,592		353,052	70,574	4,105,842	3,905,878
Less: Accumulated amortization on disposals			367,970	2,472,349		138,831				2,979,150	635,551
BALANCE, END OF YEAR	1,209,352	3,298,339	27,501,437	6,983,557	4,422,359	27,863,261	-	3,953,288	289,251	75,520,844	73,531,255
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	1,636,226	5,491,329	32,548,703	45,504,345	11,289,553	85,244,413	241,160	13,270,729	3,666,568	198,893,026	189,568,001

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

CORPORATION OF THE TOWNSHIP OF ST. CLAIR
Consolidated Statement of Accumulated Surplus
Year ended December 31, 2012

Schedule 3

Reserves	2012	2011 (Restated)
Working Capital	\$ 643,500	\$ 643,500
Election	20,424	10,274
General operating reserve	774,707	774,707
Tax Supplementary billing	1,346,469	379,669
Capital expenditures	3,283,921	2,376,613
Water distribution	2,379,337	2,341,969
Water distribution LAWSS	868,071	689,530
Sanitary Sewage system	1,974,218	1,954,429
Uncollectible taxes	110,670	109,600
Insurance claim	26,574	26,309
St. Clair Parkway	880,906	1,030,952
Total Reserves	12,308,797	10,337,552
Surpluses		
Invested in tangible capital assets General	70,623,563	65,397,524
Invested in tangible capital assets LAWSS	18,720,914	16,491,322
Invested in tangible capital assets Water	62,654,697	63,084,362
Invested in tangible capital assets Sanitary	33,524,022	30,613,662
Local Boards	139,981	136,034
Deficit	(10,266,859)	(6,794,802)
Total Surpluses	175,396,318	168,928,102
ACCUMULATED SURPLUS	\$ 187,705,115	\$ 179,265,654

MOORE MUSEUM
CORPORATION OF THE TOWNSHIP OF ST. CLAIR
Statement of Revenue & Expenditures
Year ended December 31, 2012

	2012 Budget	2012 Actual	2011 Budget	2011 Actual
REVENUE				
Ministry of Culture, Tourism and Recreation				
Operating grant	\$ 17,340	17,340	\$ 17,340	\$ 18,120
Other grants	2,150	6,221	2,150	6,059
Museum revenue				
Admissions, proceeds and donations	24,550	23,906	15,600	17,104
Net sales	2,000	2,397	2,000	1,993
Municipal contribution	210,900	184,789	197,379	194,527
	256,940	234,653	234,469	237,803
EXPENDITURES				
Advertising	5,780	5,872	5,605	5,346
Amortization	2,796	4,514	2,796	2,796
Building maintenance	6,200	7,033	5,850	9,535
Capital expenditures	35,332	8,788	13,715	10,379
Gift Shop	1,100	985	1,200	866
Ground maintenance	1,500	309	1,500	735
Insurance	2,784	2,631	2,685	2,703
Janitorial service and supplies	12,300	12,326	12,075	11,716
Membership	510	523	510	429
Mileage	800	583	700	900
Office and miscellaneous	6,000	7,278	6,050	9,071
Postage and delivery	850	870	800	641
Salaries, wages and benefits	161,856	167,699	154,397	157,331
Seminars, education and training	1,175	975	1,150	1,200
Supplies	8,062	7,001	6,375	5,429
Website & DVD development			9,166	10,824
Utilities	9,895	7,266	9,895	7,902
	\$ 256,940	\$ 234,653	\$ 234,469	\$ 237,803
Excess of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -

SOMBRA MUSEUM
CORPORATION OF THE TOWNSHIP OF ST. CLAIR
Statement of Revenue & Expenditures
Year ended December 31, 2012

	2012 Budget	2012 Actual	2011 Budget	2011 Actual
Revenues				
Ministry of Culture, Tourism and Recreation	\$ 2,946	2,946	\$ 2,946	2,946
Federal Grant	27,000	7,904	4,000	4,645
Museum revenue				
Admissions, proceeds and donations	1,990	8,692	4,000	4,372
Interest income	170	352	300	434
Municipal contribution	79,786	69,655	46,047	46,989
	<u>\$ 111,892</u>	<u>\$ 89,549</u>	<u>\$ 57,293</u>	<u>\$ 59,386</u>
Expenditures				
Wages & Benefit	\$ 50,800	\$ 49,319	\$ 36,200	\$ 39,343
Advertising and membership	1,000	5,837	600	2,702
Amortization	2,172	12,587	2,167	2,167
Capital	27,000			
Utilities, Security and telephone	17,720	10,815	5,810	5,467
Insurance	3,000	2,559	1,500	1,358
Office Supplies & exhibits	1,500	4,080	4,350	3,832
Maintenance and supplies	8,100	15,485	5,500	9,214
Seminars & Miscellaneous	600		1,166	
	<u>\$ 111,892</u>	<u>\$ 100,682</u>	<u>\$ 57,293</u>	<u>\$ 64,083</u>
Excess of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (11,133)</u>	<u>\$ -</u>	<u>\$ (4,697)</u>
Surplus balance, beginning of the year	\$ 24,165	\$ 24,165	\$ 28,862	\$ 28,862
Excess of revenues over (under) expenditures for the year	<u>-</u>	<u>(11,133)</u>	<u>-</u>	<u>(4,697)</u>
Surplus balance, end of year	<u>\$ 24,165</u>	<u>\$ 13,032</u>	<u>\$ 28,862</u>	<u>\$ 24,165</u>

CORPORATION OF THE TOWNSHIP OF ST. CLAIR

Consolidated Schedule of Segment Disclosure - Operating Revenues

Year ended December 31, 2012

Schedule 6

	Taxation	User Charge	Government Transfers	Developer Contributions	Deferred Revenues	Loss on Sales of assets	Other	Total 2012	Total 2011
General Government	11,528,156	197,481	1,052,100	-	-	-	561,564	13,339,301	11,819,087
Fire		59,461	576				11,000	71,037	31,041
Police			146,600					146,600	154,007
Other Protection Services		14,562						14,562	5,256
Total Protection Services	-	74,023	147,176	-	-	-	11,000	232,199	190,304
Transportation Services	-	673,116	496,953	176,250	-	(494,695)	-	851,624	1,655,319
Water		4,811,560		56,483				4,868,043	4,699,575
Waste Water		2,029,297	3,836,158	61,167	579,569			6,506,191	7,517,526
Storm Systems		1,860		110,614				112,474	170,544
Solid Waste & diversion		287,283	34,638					321,921	429,850
Total Environmental Services	-	7,130,000	3,870,796	228,264	579,569	-	-	11,808,629	12,817,495
Parks and Recreation	-	163,774	4,584	-	-	-	131,447	299,805	270,511
Recreational Facilities		617,648	1,899					619,547	1,012,629
Golf Course		1,012,391	8,739				36,597	1,057,727	1,071,157
Museum		18,440	34,411				20,875	73,726	219,098
Total Recreation and Culture Services	-	1,812,253	49,633	-	-	-	188,919	2,050,805	2,573,395
Planning and Zoning	-	44,697	-	-	-	-	-	44,697	47,040
Commercial and Industrial		458,151						458,151	119,281
Campgrounds		473,591	3,541					477,132	500,849
Agriculture and Reforestation		1,659,998	142,447					1,802,445	1,578,784
Total Planning and Development	-	2,636,437	145,988	-	-	-	-	2,782,425	2,245,954
Total Revenues	11,528,156	12,523,310	5,762,646	404,514	579,569	(494,695)	761,483	31,064,983	31,301,554

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF ST. CLAIR

Consolidated Schedule of Segment Disclosure - Operating Expenses

Year ended December 31, 2012

Schedule 7

	Wages & Benefits	Material	Contracted Services	Rent & Finance Charges	Amortization	Inter functional Transfers	Total 2012	Total 2011
General Government	993,501	418,347	116,351	4,611	84,355	(89,971)	1,527,194	1,435,204
Fire	601,676	414,116	2,111	23,262	253,706	38,953	1,333,824	1,349,813
Police	17,349	2,552,018	21,631	41,819	(24,286)	2,608,531	2,601,400	
Other Protection Services	39,696	99,079	230,223	5,477	4,993	379,468	397,856	
Total Protection Services	641,372	530,544	2,784,352	44,893	301,002	19,660	4,321,823	4,349,059
Transportation Services	1,745,029	1,584,985	469,146	3,059	1,369,508	(786,660)	4,385,067	4,887,278
Water	282,247	183,104	721,358	711,227	1,430,593	419,046	3,747,575	3,734,763
Waste Water	135,747	460,776	383,003	357,233	306,610	216,163	1,859,532	1,763,066
Storm Systems	67,478	273,468	79,823	190,148	169,992	780,909	728,829	
Solid Waste & diversion	109	13,380	752,609	28,655	794,753	701,598	701,598	
Total Environmental Services	485,581	930,728	1,936,793	1,068,460	1,927,351	833,856	7,182,769	6,928,276
Health Services	-	48,980	1,490	-	-	800	51,270	46,405
Social and Family Services	-	17,218	-	-	-	544	17,762	18,264
Parks and Recreation	519,857	272,500	54,207	11,828	107,169	(34,102)	931,459	931,015
Recreational Facilities	852,100	706,027	55,499	3,138	166,394	(57,659)	1,725,499	1,811,649
Golf Course	557,181	571,447	7,015	6,419	62,388	4,537	1,208,987	1,114,215
Libraries	217,287	10,896	460	17,101	17,865	11,356	345,934	48,062
Museum	2,146,425	82,201	11,480	21,385	353,052	(69,359)	4,223,235	307,337
Total Recreation and Culture services	2,146,425	1,643,071	128,661	21,385	353,052	(69,359)	4,223,235	4,212,278
Planning and Zoning	74,994	12,713	10,595	27,964	59,106	14,370	112,672	111,067
Commercial and Industrial	48,000	263,414	3,058	11,468	20,848	31,352	429,836	290,754
Campgrounds	206,892	152,446	1,747,049	27,964	11,468	20,848	394,712	410,066
Agriculture and Reforestation	152,401	15,562	1,747,049	27,964	70,574	24,560	1,939,572	1,705,722
Total Planning and development	482,287	444,135	1,760,702	27,964	70,574	91,130	2,876,792	2,517,609
Total Expenses	6,494,195	5,618,008	7,197,495	1,170,372	4,105,842	-	24,585,912	24,394,383
Annual Surplus							6,479,071	6,907,171

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