
THE CORPORATION OF THE COUNTY OF LAMBTON

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2012

THE CORPORATION OF THE COUNTY OF LAMBTON
INDEX TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

CONTENTS

INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Operations	4
Statement of Change in Net Financial Debt	5
Statement of Cash Flow	6
NOTES to the Financial Statements	7 to 19
SCHEDULES	
Schedule of Tangible Capital Assets	20 to 23
Schedule of Accumulated Surplus	24
Schedule of Continuity of Reserves	25
Schedule of Continuity of Reserve Funds	26
Schedule of Current Operations Segment Disclosure	27 to 30



Tel: 519 336 9900
Fax: 519 332 4828
www.bdo.ca

BDO Canada LLP
Kenwick Place, 250 Christina Street N
PO Box 730
Sarnia ON N7T 7J7 Canada

Independent Auditor's Report

**To the Members of Council, Inhabitants and Ratepayers
of the The Corporation of the County of Lambton**

We have audited the accompanying financial statements of the Corporation of the County of Lambton, which comprise the statement of financial position as at December 31, 2012, and the statement of operations, statement of change in net financial debt and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.



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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Corporation of the County of Lambton as at December 31, 2012 and the results of its operations and its cash flows for the year then ended, in accordance with Canadian generally accepted accounting principles.

BDO Canada LLP

Chartered Accountants, Licensed Public Accountants

Sarnia, Ontario
July 2, 2013

THE CORPORATION OF THE COUNTY OF LAMBTON
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2012

	2012 ACTUAL \$	Restated 2011 ACTUAL \$
<u>FINANCIAL ASSETS</u>		
Cash and Temporary Investments (Note 4)	22,001,073	26,166,657
Accounts Receivable	4,340,706	4,455,746
Due from Community Development Corporation	2,571,378	2,164,085
Amounts Recoverable on Long Term Debt (Note 8)	29,019,489	32,214,743
Investment in Community Development Corporation (Note 5)	1,255,380	2,214,980
TOTAL FINANCIAL ASSETS	59,188,026	67,216,211
<u>LIABILITIES</u>		
Bank Indebtedness (Note 6)	0	4,725,409
Accounts Payable and Accrued Liabilities	10,854,852	13,948,421
Deferred Grant (Note 7)	1,279,572	1,606,169
Long Term Debt (Note 8)	50,733,313	53,565,281
Landfill Closure and Post Closure Costs (Note 11)	5,386,686	5,373,996
Employment Benefits Payable (Note 2)	2,147,793	2,187,831
TOTAL LIABILITIES	70,402,216	81,407,107
NET FINANCIAL DEBT	(11,214,190)	(14,190,896)
<u>NON-FINANCIAL ASSETS</u>		
Tangible Capital Assets - net (Schedule 1)	248,971,446	248,156,549
Inventories	509,365	866,271
Prepaid Expenses	572,509	3,567,012
TOTAL NON-FINANCIAL ASSETS	250,053,320	252,589,832
ACCUMULATED SURPLUS (Schedule 2)	238,839,130	238,398,936

The accompanying notes and schedules are an integral part of this financial statement.

**THE CORPORATION OF THE COUNTY OF LAMBTON
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2012**

	2012 BUDGET \$	2012 ACTUAL \$	Restated 2011 ACTUAL \$
REVENUE			
Taxation	64,992,860	64,910,736	62,605,873
Federal Government Transfers	4,015,665	4,134,870	5,147,725
Provincial Government Transfers	72,450,766	74,401,979	74,149,037
Other Municipalities	912,992	1,179,022	934,191
User Charges	23,193,413	23,338,770	22,870,302
Investment Income	118,072	213,337	246,765
Donations	94,702	322,155	487,945
Other	0	52,246	716,293
Gain/Loss on Disposal of Tangible Capital Assets	0	(233,695)	(72,547)
Community Development Corporation Share of Income	0	(959,600)	(826,753)
	<u>165,778,470</u>	<u>167,359,820</u>	<u>166,258,831</u>
EXPENSES			
General Government	10,568,750	10,723,599	10,159,665
Protection Services	3,738,976	4,153,632	3,743,928
Transportation Services	15,513,134	15,851,288	15,317,008
Environmental Services	3,724,589	3,475,305	3,275,188
Health Services	22,441,749	22,910,816	21,380,739
Social and Family Services	83,135,725	85,036,884	81,138,494
Social Housing	10,697,106	11,893,371	10,744,214
Recreation and Cultural Services	8,927,549	8,812,585	7,756,349
Planning and Development	4,011,079	4,062,146	3,827,486
	<u>162,758,657</u>	<u>166,919,626</u>	<u>157,343,071</u>
ANNUAL SURPLUS	3,019,813	440,194	8,915,760
ACCUMULATED SURPLUS, beginning of the year	<u>238,398,936</u>	<u>238,398,936</u>	<u>229,483,176</u>
ACCUMULATED SURPLUS, end of the year	<u>241,418,749</u>	<u>238,839,130</u>	<u>238,398,936</u>

The accompanying notes and schedules are an integral part of this financial statement.

THE CORPORATION OF THE COUNTY OF LAMBTON
STATEMENT OF CHANGE IN NET FINANCIAL DEBT
FOR THE YEAR ENDED DECEMBER 31, 2012

	2012 BUDGET \$	2012 ACTUAL \$	Restated 2011 ACTUAL \$
ANNUAL SURPLUS	3,019,813	440,194	8,915,760
Amortization of Tangible Capital Assets	14,035,875	15,214,108	13,620,391
Acquisition of Tangible Capital Assets	(13,695,039)	(16,262,700)	(25,563,176)
Loss on Sale of Tangible Capital Assets	0	233,695	72,547
Change in Inventories	0	356,906	(406,880)
Change in Prepaid Expenses	0	2,994,503	(3,239,365)
(INCREASE)/DECREASE IN NET FINANCIAL DEBT	3,360,649	2,976,706	(6,600,723)
NET FINANCIAL DEBT, beginning of the year	(14,190,896)	(14,190,896)	(7,590,173)
NET FINANCIAL DEBT, end of the year	(10,830,247)	(11,214,190)	(14,190,896)

The accompanying notes and schedules are an integral part of this financial statement.

**THE CORPORATION OF THE COUNTY OF LAMBTON
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED DECEMBER 31, 2012**

	2012 ACTUAL \$	Restated 2011 ACTUAL \$
OPERATING TRANSACTIONS		
Annual Surplus	440,194	8,915,760
Uses of Cash		
Increase in Prepaid Expenses	0	(3,239,365)
Increase in Due from Community Development Corporation	(407,293)	(347,597)
Decrease in Bank Indebtedness	(4,725,409)	0
Decrease in Accounts Payable and Accrued Liabilities	(3,093,569)	0
Decrease in Deferred Grant	(326,597)	0
Decrease in Landfill Closure and Post Closure Costs	0	(497,722)
Decrease in Employment Benefits Payable	(40,038)	0
Increase in Inventories	0	(406,880)
	<u>(8,592,906)</u>	<u>(4,491,564)</u>
Sources of Cash		
Increase in Bank Indebtedness	0	4,725,409
Increase in Accounts Payable and Accrued Liabilities	0	1,542,426
Increase in Landfill Closure and Post Closure Costs	12,690	0
Increase in Employment Benefits Payable	0	140,472
Decrease in Accounts Receivable	115,040	1,122,793
Decrease in Inventories	356,906	0
Decrease in Prepaid Expenses	2,994,503	0
	<u>3,479,139</u>	<u>7,531,100</u>
Non-cash Charges to Operations		
Amortization	15,214,108	13,620,391
Loss on Sale of Tangible Capital Assets	233,695	72,547
	<u>15,447,803</u>	<u>13,692,938</u>
Cash Provided by Operations	<u>10,774,230</u>	<u>25,648,234</u>
CAPITAL TRANSACTIONS		
Cash Used to Acquire Tangible Capital Assets	<u>(16,262,700)</u>	<u>(25,563,176)</u>
INVESTING TRANSACTIONS		
Decrease in Investment in Community Development Corporation	<u>959,600</u>	<u>826,753</u>
FINANCING TRANSACTIONS		
Amounts Recoverable on Long Term Debt	3,195,254	1,801,297
Long Term Debt Issued	3,327,669	1,158,506
Long Term Debt Principal Repayments	<u>(6,159,637)</u>	<u>(5,726,223)</u>
Net Decrease in Cash from Financing Activities	<u>363,286</u>	<u>(2,766,420)</u>
DECREASE IN CASH	<u>(4,165,584)</u>	<u>(1,854,609)</u>
CASH, beginning of the year	<u>26,166,657</u>	<u>28,021,266</u>
CASH, end of the year	<u>22,001,073</u>	<u>26,166,657</u>

The accompanying notes and schedules are an integral part of this financial statement.

**THE CORPORATION OF THE COUNTY OF LAMBTON
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2012**

1. ACCOUNTING POLICIES

The financial statements of The Corporation of the County of Lambton (Municipality) are the representation of management and have been prepared in accordance with generally accepted accounting principles for municipal governments, as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. 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 judgments.

(a) Basis of Consolidation

(i) Government business enterprises are separate legal entities which do not rely on the Municipality for funding. Investments in government business enterprises are accounted for using the modified equity method. Under this method, the government business enterprise's accounting policies, which follow Canadian generally accepted accounting principles, are not adjusted to conform with Public Sector Accounting Standards and inter-entity transactions and balances are not eliminated. The following government business enterprise is reflected in the financial statements:

- Community Development Corporation

(ii) Trust funds and their related operations administered by the Municipality are not consolidated, but are reported separately on the "Trust Funds Financial Report".

(b) Basis of Accounting

(i) Sources of financing and expenditures are reported on the accrual basis of accounting.

(ii) The accrual basis of accounting recognizes revenues, as they become available and measurable; expenses 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) 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. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the Change in Net Financial Debt for the year.

**THE CORPORATION OF THE COUNTY OF LAMBTON
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2012**

a) **Tangible Capital Assets (TCAs)**

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

Bridges	35 - 75 years	Straight Line
Buildings	15 - 40 years	Double Declining Balance
Building Contents	5 - 50 years	Straight Line
Building Site Elements	10 - 50 years	Straight Line
Fleet	5 - 10 years	Straight Line
Information Technology	3 - 10 years	Straight Line
Leasehold Improvements	10 - 40 years	Declining Balance
Machinery and Equipment	3 - 40 years	Straight Line
Medical and Emergency Equipment	2 - 20 years	Straight Line
Roads	15 - 50 years	Straight Line
Signage and Illuminations	10 - 20 years	Straight Line

One half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized.

The Municipality has a capitalization threshold of \$5,000 so that individual TCAs of lesser value are expensed unless they are pooled because, collectively, they have significant value. Examples of pools are appliances, furnishing, shelving, street furniture, telephone equipment and tools.

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

Works of art, artifacts, cultural and historic assets are not recorded as assets in the financial statements because a reasonable estimate of the future benefits associated with such property cannot be made.

b) **Inventories and Prepaid Expenses**

Inventories and prepaid expenses held for consumption are recorded at the lower of cost and net realizable value. Cost for inventories is determined on the average cost basis.

(iv) **Revenue Recognition**

Taxation revenue is recognized in the year that the taxes are levied.

Government transfer revenues are recognized when the amount has been determined and approval has been obtained. If the government transfers relate to specific expenditures, the revenue is recognized when the resources have been used for the specific purpose.

User charges are recorded when the amount is determinable, collectability is assured and the services provided.

Investment income is recorded as earned.

Donations are recorded when the amount is determinable and collectability is reasonably assured.

(v) **Temporary Investments**

Temporary investments are recorded at the lower of cost and market value.

**THE CORPORATION OF THE COUNTY OF LAMBTON
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2012**

2. EMPLOYMENT BENEFITS PAYABLE

Employment benefits payable are comprised of the following:

	2012	2011
	\$	\$
Liability for vacation credits	1,901,900	1,938,318
Liability for vested sick leave benefits	<u>245,893</u>	<u>249,513</u>
	<u>2,147,793</u>	<u>2,187,831</u>

Liability for Vacation Credits

Under the provisions of certain employee vacation plans, some vacation credits are earned as at December 31 but are generally unavailable for use until a later date. In addition, the provisions of certain plans allow the accumulation of vacation credits for use in future periods. The approximate value of these credits as of December 31, 2012 is \$1,901,900 (2011 - \$1,938,318).

Liability for Vested Sick Leave Benefits

Under the terms of the sick leave benefit plan, unused sick leave can increase according to remuneration increases and employees may become entitled to a cash payment of 10% annually, 100% upon termination or up to 100% by special request to County Council. The vested portion of sick leave days is payable to a maximum of one-half year's salary.

This plan is no longer in effect for accumulation of additional sick leave days, with the exception of members of CEP Local 65 and ONA Local 196.

To the extent that these accumulated days have vested and can be taken in cash by the employee, this liability amounted to \$245,893 (2011 - \$249,513) at the end of the year. An amount of \$9,126 (2011 - \$44,070) was paid to employees who left the Municipality's employment during the current year.

A reserve has been established to provide for this past service liability. The balance at the end of the year is \$266,066 (2011 - \$259,592).

3. TRUST FUNDS

Trust funds administered by the Municipality amounting to \$92,771 (2011 - \$160,455) have not been included in the "Statement of Financial Position", nor have their operations been included in the "Statement of Operations".

4. CASH AND TEMPORARY INVESTMENTS

	2012	2011
	\$	\$
Cash on Hand and in Banks	21,915,784	26,082,242
Temporary Investments	<u>85,289</u>	<u>84,415</u>
	<u>22,001,073</u>	<u>26,166,657</u>

The Municipality's cash is held at a Canadian chartered bank and earns interest based on the 30 day average bankers acceptance (BA) rate.

The temporary investments, held in a money market fund, are due on demand.

The Municipality has a \$5,500,000 demand operating line available to it. Interest rate of prime less 1.0% is charged on money borrowed. As at December 31, 2012 the Municipality has not drawn anything on the operating line.

**THE CORPORATION OF THE COUNTY OF LAMBTON
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2012**

5. GOVERNMENT BUSINESS ENTERPRISE

The following summarizes the financial position and operations of the government business enterprises which have been reported in these financial statements using the modified equity method:

- Community Development Corporation

The Community Development Corporation is a corporation incorporated under Part III of The Corporations Act. It has partnered with the University of Western Ontario to establish a university styled research and development park to act as a conduit for the delivery of professional development, education via interaction among institutions of higher education, contract research, technology transfer and commercialization of intellectual property. The Corporation of the County of Lambton holds the controlling interest in the Community Development Corporation.

	April 30, 2012 \$	Restated April 30, 2011 \$
Assets	<u>29,945,994</u>	<u>31,244,790</u>
Liabilities	28,690,614	29,029,810
Surplus	<u>1,255,380</u>	<u>2,214,980</u>
	<u>29,945,994</u>	<u>31,244,790</u>
Revenues	3,229,364	2,881,955
Expenditures	<u>4,188,964</u>	<u>3,708,708</u>
Net Expenditures	(959,600)	(826,753)

6. BANK INDEBTEDNESS

The County held a bankers acceptance which matured February 29, 2012 and incurred a stamping fee of 0.85%.

7. DEFERRED GRANT

The balance of \$1,279,572 represents monies received in 2006 for the Best Start Program and is unspent at December 31, 2012.

**THE CORPORATION OF THE COUNTY OF LAMBTON
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2012**

8. LONG TERM DEBT

- (a) The balance of the long term debt reported on the Statement of Financial Position is:

Total long term debt incurred by the Municipality, including those incurred on behalf of local (lower tier) Municipalities, and outstanding at the end of the year:

	2012	2011
	<u>\$</u>	<u>\$</u>
Lambton Meadowview Villa	958,705	1,385,051
Roads	1,110,107	1,504,145
Homes Rebuild	14,519,144	15,809,932
Emergency Medical Services	508,675	637,716
Community Health Services	226,590	338,808
County Administration Building	43,139	65,454
Information Technology	230,816	669,344
Housing	3,493,058	271,357
Library	11,157	16,929
Lambton Heritage Museum	31,153	47,268
Inn of the Good Shepherd	581,280	604,534
Lambton Area Waterworks Supply System	14,069,000	16,302,000
County of Lambton - Community Development Corp.	<u>14,950,489</u>	<u>15,912,743</u>
	50,733,313	53,565,281
Long term debt assumed by local (lower tier) Municipalities and others	<u>29,019,489</u>	<u>32,214,743</u>
Net long term debt at the end of the year	<u>21,713,824</u>	<u>21,350,538</u>

- (b) Of the long term debt reported in (a) of this note, \$48,183,391 in principal payments are payable from 2013 to 2017 \$1,000,020 from 2018 to 2022, and \$1,549,932 thereafter and are summarized as follows:

	Years 2013 2017	Years 2018 2022	Years 2023 Thereafter	Total
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
from general municipal revenue	19,163,872	1,000,020	1,549,932	21,713,824
from local (lower tier) Municipalities	<u>29,019,489</u>	0	0	29,019,489
	<u>48,183,361</u>	<u>1,000,020</u>	<u>1,549,932</u>	<u>50,733,313</u>

THE CORPORATION OF THE COUNTY OF LAMBTON
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2012

- (c) The long-term debt in (a) issued in the name of the Municipality has 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.

Approval of the Ontario Municipal Board has been obtained for those pending issues of long-term debt and commitments to be financed by revenues beyond the term of council and approved on or before December 31, 1992. Those approved after January 1, 1993 have been approved by by-law.

The principal and interest payments required to service these actual and pending issues and commitments are within the debt repayment limit prescribed by the Ministry of Municipal Affairs. The annual repayment limit to be effective January 1, 2013 has been authorized at \$16,332,203. Actual annual repayment of principal and interest in 2012 was \$3,846,033 (2011 - \$3,651,171). Interest rates on long term debt vary between 2.95% and 5.24%.

- (d) On May 9, 1997, the Municipality, on behalf of 10 member Municipalities, refinanced the Ontario Clean Water Agency (OCWA) debt for the Lambton Area Waterworks Supply System (LAWSS). The debenture issue, in the amount of \$35,506,000, will require annual principal and interest payments of approximately \$3,450,000 over 20 years. Annual payments made by the Municipality will be recovered 100% from the participating Municipalities.

9. PENSION AGREEMENTS

The Municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 898 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. Employees and employers contribute jointly to the plan.

The Administration Corporation Board of Directors, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the plan assets and administration of the benefits. OMERS provides pension services to more than 420,000 active and retired members and approximately 968 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2012. The results of the valuation disclosed total actuarial liabilities of \$69,100 million in respect of benefits accrued for service with actuarial assets at that date of \$59,200 million indicating an actuarial deficit of \$9,900 million.

Because OMERS is a multi-employer pension plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Municipality does not recognize any share of the OMERS pension surplus or deficit. The amount contributed to OMERS for 2012 was \$4,208,905 (2011 - \$3,395,893) for current service and is included as an expenditure on the Statement of Operations. The OMERS Board rate was 8.3% to 12.8% depending on income level for 2012 (2011 - 7.4% to 10.7% depending on income level).

The Municipality makes no contributions under the past services provisions of the OMERS Agreement.

10. SARNIA-LAMBTON ECONOMIC PARTNERSHIP ASSOCIATION

The Sarnia-Lambton Economic Partnership Association (SLEP) is an independent body charged with the responsibility for managing economic development within the County of Lambton. It is jointly funded by the Municipality, local Municipalities, the private sector and senior levels of government. The Municipality provided \$1,055,750 (2011 - \$1,000,000) in operating funds during 2012. SLEP has not been consolidated.

**THE CORPORATION OF THE COUNTY OF LAMBTON
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2012**

11. LIABILITY FOR LANDFILL CLOSURE AND POST CLOSURE COSTS

The Ontario Environmental and Protection Act sets out regulatory requirements to properly close and maintain all active and inactive landfill sites. Under environmental law, there is a requirement for closure and post closure care of solid waste landfill sites.

Landfill closure and post closure care requirements have been defined in accordance with industry standards and include covering and landscaping of the landfill, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance.

The total projected closure and post closure costs at December 31, 2012 are \$10,689,485.

The estimated liability of \$5,386,686 (2011 - \$5,373,996) represents the sum of the discounted future cash flows for closure and post closure care activities discounted at the Municipality's current long term borrowing rate of 4.0%. The estimated remaining capacity of the Municipality's sites are approximately 195,658 cubic metres, which will be filled in 5 years. Post-closure care is estimated to continue for a period of 25 years.

The Municipality has established a reserve fund in order to fund this future liability. The fund is currently valued at \$1,197,809.

12. EXPENDITURE BY OBJECT

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

	2012	2011
	\$	\$
Salaries, wages and employee benefits	67,598,956	63,353,653
Materials	43,570,750	41,192,898
Contracted services	5,440,872	5,929,367
Rents and financial expenses	3,108,545	3,259,422
Interest on long-term debt	881,650	884,750
Contributions to other organizations	31,104,745	29,102,590
Amortization	<u>15,214,108</u>	<u>13,620,391</u>
	<u>166,919,626</u>	<u>157,343,071</u>

13. SEGMENTED INFORMATION

The County of Lambton is a diversified municipal government organization that provides a wide range of services to its citizens. For management reporting purposes the County's operations and activities are organized and reported by segments. The County's services are provided by departments and their activities are reported in these segments. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

General Government & Administration - Providing support to the entire Corporation, this segment includes the Council, CAO, Clerk, Finance, Human Resources, Information Technology, Legal and Procurement and Project Management Departments.

Court Administration - Administration of the County's Court offices includes setting trials, recording court proceedings, generating transcripts and receiving payments for fines resulting from charges laid by the various police forces operating within the County. Grants to area Municipalities towards the cost of court security and local policing are also reflected.

THE CORPORATION OF THE COUNTY OF LAMBTON
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2012

Protective Services - The Building Services Department provides County-wide inspections for plumbing, sewage disposal systems and weed control. Building inspection services and property standards enforcements for most local Municipalities, as well as zoning by-law enforcement is provided.

Public Works - The Public Works Department is responsible for the maintenance and upgrade of the County's road system and bridges. The County's fleet of road equipment operates out of two main depot locations.

Environmental Services - The County owns, operates and manages six former lower tier municipal landfill sites, of which only one continues to accept domestic and commercial waste for disposal. Environmental monitoring and post-closure care continues on an ongoing basis for the five closed facilities. Contracts with private landfills for additional capacity allow the County to fulfill its mandate to dispose of municipally collected waste.

Public Health - Provides specialized public health programs and services in the County through two main streams. Environmental Health & Prevention Services protects the public's health with programs and clinical services such as safe water and food handling, immunizations and the investigation of communicable disease outbreaks and health hazards. Health Promotion & Program Support focuses on the prevention of chronic disease, injury prevention and substance abuse prevention programs.

Emergency Medical Services - The EMS Department offers 24 hour, 7 days a week, land ambulance services to residents from nine stations located throughout the County.

General Assistance - The Ontario Works Department provides employment and income assistance to eligible participants. Income support assistance is provided to persons in need to cover the costs of food, shelter and basic needs. Persons receiving social assistance are required to participate in a plan of increased employment activity. The Social Planning & Program Support Department examines the community's needs, ensures compliance of funds allocated and administers the Lambton Shared Services Centre.

Assistance to Aged - The County operates three long-term care facilities which provide comfort, quality and security to rural and urban residents. In addition, two Adult Day programs are provided for seniors who continue to live in their own homes or with family members.

Child Care - The Children's Services Department operates a Day Care facility. In addition, service agreements with not-for-profit and profit centres in the County provide additional subsidized child care spaces. The Department also offers a variety of services through programs such as Healthy Babies Healthy Children, Best Start, and Child Health.

Housing - The Housing Services Department provides subsidized, well-maintained housing for County residents. The Department completes eligibility assessments, maintains the centralized waiting list for rent-geared-to-income assistance, and administers the non-profit housing programs, rent supplement programs and the affordable housing programs. A Home Ownership down payment program is also provided.

Library - The Library Department provides services to the public through numerous branch libraries, one bookmobile and deposit collections in Long-Term Care Homes.

Culture - Culture is comprised of the Museums and Art Gallery Departments. Two museums are operated by the County, one collects family and corporate artifacts which depict the history of Sarnia-Lambton and the other is located at the site of North America's first commercial oil well. Judith & Norman Alix Art Gallery collects, preserves and holds in trust a collection of Canadian paintings and sculptures. The Lambton County Archives gathers and maintains Lambton County archival materials.

Planning & Development - The Department prepares and maintains the County's Official Plan and provides consent, subdivision, municipal official plan and woodlot approvals. The Department also works closely with local Municipalities preparing official plan and zoning by-laws, and providing comprehensive, ongoing planning advisory services. The Community Development Corporation's deficit for the year of \$959,600 has been included in this segment.

**THE CORPORATION OF THE COUNTY OF LAMBTON
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2012**

For each reported segment, revenues and expenses represent amounts that are directly attributable to the segment. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1.

14. PUBLIC HEALTH GRANTS

The Municipality has signed the 2012 Grant Terms and Conditions offered by the Ministry of Health and Long-Term Care under section 76 of the Health Protection and Promotion Act for the provision of public health programs and services. The 2012 settlement reports summarize by program, all revenue and expenditures and identify any resulting surplus or deficit related to the grants. The surplus amounts are included in accounts payable and accrued liabilities.

Public Health Division, Ministry of Health and Long-Term Care	2012	2012	
75% Funded Mandatory and Related Programs	Subsidy	Subsidy	(Surplus)/
	Received	Earned	Deficit
	\$	\$	\$
Mandatory Programs	5,322,008	5,322,008	-
Vector-borne Diseases	168,554	168,554	-
Small Drinking Water Systems	10,000	10,000	-
CINOT Expansion	14,173	11,942	(2,231)
Total	<u>5,514,735</u>	<u>5,512,504</u>	<u>(2,231)</u>
100% Funded Related Programs			
Infectious Diseases Control	166,675	166,675	-
Infection Prevention and Control Nurses	65,969	86,384	20,415
Healthy Smiles Ontario (Operational)	329,280	329,280	-
Enhanced Food Safety - Haines	25,000	25,000	-
Enhanced Safe Water	15,500	15,500	-
Needle Exchange Program Initiative	25,188	25,188	-
Infection Prevention and Control Week	8,000	8,000	-
Sexually Transmitted Infections Week	7,000	7,000	-
World Tuberculosis Day	2,000	2,000	-
Chief Nursing Officer	29,173	33,490	4,317
Public Health Nurse Initiative	170,260	160,684	(9,576)
Total	<u>844,045</u>	<u>859,201</u>	<u>15,156</u>
One-Time Funded at 75%			
IT Infrastructure Improvements (2011/12)	26,625	26,625	-
Total	<u>26,625</u>	<u>26,625</u>	<u>-</u>
One-Time Funded at 100%			
Panorama (2011/12)	9,885	9,885	-
Panorama (2012/13)	50,597	11,018	(39,579)
Bed Bug Support (2011/12)	29,180	29,180	-
HSO - Capital	65,000	65,000	-
Health Communities Fund - Partnership Stream (2012/13)	30,500	3,115	(27,385)
Total	<u>185,162</u>	<u>118,198</u>	<u>(66,964)</u>
Total Public Health Division	<u>6,570,567</u>	<u>6,516,528</u>	<u>(54,039)</u>

**THE CORPORATION OF THE COUNTY OF LAMBTON
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2012**

Health Promotion Division, Ministry of Health and Long-Term Care	2012 Subsidy Received \$	2012 Subsidy Earned \$	(Surplus)/ Deficit \$
100% Funded Program Smoke-Free Ontario-Ontario Tobacco Strategy			
Tobacco Control Coordination	100,000	100,000	-
Youth Tobacco Use Prevention	80,000	80,000	-
Protection and Enforcement	161,832	161,832	-
Prosecution	12,766	12,766	-
Total	<u>354,598</u>	<u>354,598</u>	<u>-</u>
Total Health Promotion Division	<u>354,598</u>	<u>354,598</u>	<u>-</u>

Included in Health Services on Schedule 1 for 2012 are assets relating to the Community Health Services Department (CHSD) with costs of \$4,092,235 accumulated amortization of \$1,613,054 and a net book value of \$2,479,181.

15. SOCIAL SERVICE CONTRACTS

The Corporation of the County of Lambton has Service Contracts with the Ministry of Community and Social Services (MCSS), the Ministry of Children and Youth Services (MCYS) and the Ministry of Education (EDU). A reconciliation report summarizes, by detail code, all revenue and expenditures and resulting surplus or deficit related to the Service Contract. The surplus amounts are included in Accounts Payable and Accrued Liabilities.

The presentation below was prepared in accordance with the modified accrual basis of accounting, which includes short term accruals of revenue and expenditures and does not recognize non-cash transactions such as amortization. The presentation is reflected prior to application of flexibility of funding between detail codes. The subsidy received (revenue) and subsidy earned (expenditure) comprise part of Provincial Government Transfers Revenue and Social and Family Services and Health Services Expenses that are included in the Statement of Operations.

Detail Code	Program Name	2012 Subsidy Received \$	2012 Subsidy Earned \$	(Surplus)/ Deficit \$
	MCSS			
8770	Consolidated Homeless Prevention Program	135,705	135,705	-
8766	Domiciliary Hostels	150,621	145,530	(5,091)
8758	Energy Emergency Fund	137,353	137,353	-
		<u>423,679</u>	<u>418,588</u>	<u>(5,091)</u>

**THE CORPORATION OF THE COUNTY OF LAMBTON
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2012**

Detail Code	Program Name	2012 Subsidy Received \$	2012 Subsidy Earned \$	(Surplus)/ Deficit \$
EDU				
A380	Child Care Administration	196,092	196,092	-
A371	Child Care Delivery Agent Fee Subsidy (DNA) Supports	1,761,410	1,761,410	-
A375	Repairs & Maintenance - Child Care	18,727	18,727	-
A376	Child Care Delivery Agent Special Needs Resourcing	657,507	657,507	-
A390	Child Care Delivery Agent Wage Subsidy Non-Profit	1,091,814	1,108,900	17,086
A391	Child Care Delivery Agent Wage Subsidy Commercial	41,038	23,952	(17,086)
A393	Delivery Agents-Pay Equity Union Settlement	70,455	70,455	-
A400	Ontario Works Child Care Formal	342,900	352,743	9,843
A401	Ontario Works Child Care Informal	24,800	14,957	(9,843)
A412	Capacity Funding to Support Transformation	21,281	21,281	-
A425	ELCC Administration	31,000	31,000	-
A429	ELCC Fee Subsidy	484,500	484,500	-
A446	Wage Improvement Non-Profit	428,347	433,739	5,392
A644	Wage Improvement Commercial	10,353	4,961	(5,392)
A661	Best Start Operating	7,979,164	7,979,164	-
A663/	ELCD 100% Child Care Fee Subsidy/Extended			
A664	Day Program	293,887	293,887	-
A665	Transition - Operating	150,072	150,072	-
A713	Transition - Capital	66,015	66,015	-
		<u>13,669,362</u>	<u>13,669,362</u>	-
MCYS				
A386	Child Care Delivery Agent Resource Centres	98,086	98,085	(1)
A525	Early Child Development Planning	35,600	35,600	-
A526	Early Child Development Demo	383,822	383,822	-
		<u>517,508</u>	<u>517,507</u>	(1)
Other MCYS				
	Healthy Babies Healthy Children	848,593	848,593	-
	Best Start Demonstration Community Integration	34,500	34,500	-
		<u>883,093</u>	<u>883,093</u>	-
	Total	<u>15,493,642</u>	<u>15,488,550</u>	<u>(5,092)</u>

**THE CORPORATION OF THE COUNTY OF LAMBTON
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2012**

16. LIBRARY GOVERNMENT TRANSFERS

Government Transfers recorded as 2012 revenue for the Library segment are comprised of the following amounts:

Ministry of Tourism & Culture Operating Grant	\$265,865
Ministry of Tourism & Culture Pay Equity Grant	18,083
Ministry of Culture One Time Grant	49,956
Capital Sustainability Funding	88,126
Service Ontario Grant	1,657
Special Student Grants - Federal Programs	<u>33,166</u>
	<u>\$456,853</u>

17. COMMITMENTS

The Municipality routinely enters into short term lease arrangements for the supply of vehicles, photocopiers, postage machines and other such similar office equipment. Annual payments in 2012 amounted to \$156,003.

The Municipality has entered into an agreement with the Bluewater Health Foundation to provide a grant of \$15 million dollars to the Foundation over a ten year period commencing October 1, 2006 and ending October 1, 2015. The Municipality will pay the Foundation \$1.5 million on October 1 of each year the Foundation complies with the terms of the agreement. The Foundation must provide the County with a statement of account for each year that it receives the Annual Contribution no later than six months after the receipt of the contribution. The statement of account shall include details on capital expenditures made on the project with the proceeds of the grant to date, a statement that only capital expenditures are paid with the proceeds of the Grant, a signature by a person with signing authority for the Foundation and original receipts if requested by the County. At December 31, 2012 a total of \$10.5 million has been paid.

The Municipality has entered into an agreement with the City of Sarnia for the maintenance of County roads within the City west of Modeland Road. The agreement covers a ten year period commencing June 1, 2010 and ending May 31, 2020.

The Municipality has entered into an agreement with the Village of Point Edward for the maintenance of County roads within the Village over a ten year period commencing January 1, 2010 and ending December 31, 2019.

18. CONTINGENT LIABILITIES

The Municipality is a defendant in various legal actions. The ultimate outcomes are indeterminable at December 31, 2012 as litigation is still in progress. The Municipality's management is of the opinion that the Municipality has adequate insurance coverage to offset the amount of the claims and related costs, if any. Consequently, no provision for potential loss, if any, is reflected in these financial statements.

**THE CORPORATION OF THE COUNTY OF LAMBTON
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2012**

19. USE OF ACCOUNTING ESTIMATES AND MEASUREMENT UNCERTAINTY

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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods.

In particular, management's estimate for the Landfill closure and post closure liability is subject to measurement uncertainty. The estimate is based on assumptions and calculations prepared by the County's Public Works engineering staff. Actual results could differ significantly from those estimates because of the uncertainty related to future cost estimates, future use of the landfill site, etc.

20. BUDGET FIGURES

The approved operating budget for 2012 is reflected on the "Statement of Operations". These numbers have not been audited but are presented for information purposes only. The budgets established for capital funds, reserves and reserve funds are on a project-oriented basis, the costs of which may be carried out over one or more years. As such, they are not directly comparable with current year actual amounts and have not been reflected. Budget figures have been reclassified to comply with PSAB reporting requirements.

21. PRIOR PERIOD RESTATEMENT

COMMUNITY DEVELOPMENT CORPORATION 2011 - ADJUSTMENTS

This prior period restatement impacts Note 5 found on page 10. The amounts that are presented for comparative purposes have been restated to correct this error as follows:

As at April 30, 2011	As Reported	Change	Restated
Assets	\$31,164,798	\$ 79,992	\$31,244,790
Liabilities	28,906,756	123,054	29,029,810
Surplus	2,258,04	(43,062)	2,214,980
Expenditures	3,665,646	43,062	3,708,708
Net Expenditure for the Period	783,691	43,062	826,753

This resulted in a decrease of \$43,062 to the 2011 balance of the Investment in Community Development Corporation, a decrease of \$43,062 to the Accumulated Surplus and a decrease of \$43,062 to the Community Development Corporation share of income on the County 2011 financial statements.

THE CORPORATION OF THE COUNTY OF LAMBTON
SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2012
Schedule 1

	Balance, beginning of year \$	Additions \$	Disposals \$	Other- Donations, Writedowns \$	Balance, end of year \$
COST					
Land	37,494,176	0	7,500	0	37,486,676
Bridges	26,080,217	1,298,352	0	0	27,378,569
Buildings	123,960,783	8,699,984	538	(26,047)	132,634,182
Building Contents	13,448,772	1,264,386	824,285	14,961	13,903,834
Building Site Elements	7,096,982	706,213	20,981	(53,086)	7,729,128
Fleet	5,368,228	761,978	653,378	103,865	5,580,693
Information Technology	2,791,703	459,932	677,597	48,390	2,622,428
Leasehold Improvements	2,728,222	8,305	233,105	(6,741)	2,496,681
Machinery and Equipment	8,856,224	617,709	286,669	14,868	9,202,132
Medical and Emergency Equipment	2,425,165	231,932	64,134	0	2,592,963
Roads	181,710,108	9,190,238	15,190	20,932	190,906,088
Signage and Illuminations	2,522,762	179,485	9,270	0	2,692,977
Work In Progress	7,933,230	(7,272,956)	0	0	660,274
TOTAL COST	422,416,572	16,145,558	2,792,647	117,142	435,886,625
ACCUMULATED AMORTIZATION					
Land	0	0	0	0	0
Bridges	10,951,785	367,691	0	(8)	11,319,468
Buildings	52,177,068	4,403,382	51	257,440	56,837,839
Building Contents	5,917,227	1,064,965	752,712	1,266	6,230,746
Building Site Elements	3,826,906	275,445	6,294	(44,852)	4,051,205
Fleet	3,328,021	569,921	647,829	(108,494)	3,141,619
Information Technology	1,493,197	508,970	677,597	8,400	1,332,970
Leasehold Improvements	1,026,743	82,954	128,893	(1,736)	979,068
Machinery and Equipment	3,495,104	536,544	268,574	6,369	3,769,443
Medical and Emergency Equipment	1,401,594	259,510	60,646	(4)	1,600,454
Roads	89,025,408	6,930,621	7,086	1,532	95,950,475
Signage and Illuminations	1,616,970	94,248	9,270	(56)	1,701,892
Work In Progress	0	0	0	0	0
ACCUMULATED AMORTIZATION	174,260,023	15,094,251	2,558,952	119,857	186,915,179
NET BOOK VALUE					
Land	37,494,176	0	7,500	0	37,486,676
Bridges	15,128,432	930,661	0	8	16,059,101
Buildings	71,783,715	4,296,602	487	(283,487)	75,796,343
Building Contents	7,531,545	199,421	71,573	13,695	7,673,088
Building Site Elements	3,270,076	430,768	14,687	(8,234)	3,677,923
Fleet	2,040,207	192,057	5,549	212,359	2,439,074
Information Technology	1,298,506	(49,038)	0	39,990	1,289,458
Leasehold Improvements	1,701,479	(74,649)	104,212	(5,005)	1,517,613
Machinery and Equipment	5,361,120	81,165	18,095	8,499	5,432,689
Medical and Emergency Equipment	1,023,571	(27,578)	3,488	4	992,509
Roads	92,684,700	2,259,617	8,104	19,400	94,955,613
Signage and Illuminations	905,792	85,237	0	56	991,085
Work In Progress	7,933,230	(7,272,956)	0	0	660,274
NET BOOK VALUE - 2012	248,156,549	1,051,307	233,695	(2,715)	248,971,446

THE CORPORATION OF THE COUNTY OF LAMBTON
SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2012
Schedule 1

	Balance, beginning of year \$	Additions \$	Disposals \$	Other- Donations, Writedowns \$	Balance, end of year \$
COST					
General Government	36,663,191	(15,600,837)	724,402	12,103	20,350,055
Protection Services	1,262	0	0	0	1,262
Transportation Services	220,628,714	27,464,252	689,180	265,887	247,669,673
Environmental Services	3,943,902	0	0	0	3,943,902
Health Services	9,419,960	550,096	310,875	(9,401)	9,649,780
Social and Family Services	60,920,227	604,919	16,736	(162,309)	61,346,101
Social Housing	68,624,350	523,104	16,014	173,192	69,304,632
Recreation and Cultural Services	14,202,715	9,876,980	1,035,440	(162,330)	22,881,925
Planning and Development	79,021	0	0	0	79,021
Work In Progress	7,933,230	(7,272,956)	0	0	660,274
TOTAL COST	422,416,572	16,145,558	2,792,647	117,142	435,886,625
ACCUMULATED AMORTIZATION					
General Government	5,585,597	612,173	716,280	(24,047)	5,457,443
Protection Services	210	84	0	0	294
Transportation Services	108,060,624	8,035,778	643,367	50,715	115,503,750
Environmental Services	3,721,581	15,697	0	4	3,737,282
Health Services	3,781,254	729,148	307,387	19,305	4,222,320
Social and Family Services	25,130,276	2,142,221	14,504	2,131	27,260,124
Social Housing	19,135,986	2,397,516	5,041	236,282	21,764,743
Recreation and Cultural Services	8,800,092	1,155,931	872,373	(164,531)	8,919,119
Planning and Development	44,403	5,703	0	(2)	50,104
Work In Progress	0	0	0	0	0
ACCUMULATED AMORTIZATION	174,260,023	15,094,251	2,558,952	119,857	186,915,179
NET BOOK VALUE					
General Government	31,077,594	(16,213,010)	8,122	36,150	14,892,612
Protection Services	1,052	(84)	0	0	968
Transportation Services	112,568,090	19,428,474	45,813	215,172	132,165,923
Environmental Services	222,321	(15,697)	0	(4)	206,620
Health Services	5,638,706	(179,052)	3,488	(28,706)	5,427,460
Social and Family Services	35,789,951	(1,537,302)	2,232	(164,440)	34,085,977
Social Housing	49,488,364	(1,874,412)	10,973	(63,090)	47,539,889
Recreation and Cultural Services	5,402,623	8,721,049	163,067	2,201	13,962,806
Planning and Development	34,618	(5,703)	0	2	28,917
Work In Progress	7,933,230	(7,272,956)	0	0	660,274
NET BOOK VALUE - 2012	248,156,549	1,051,307	233,695	(2,715)	248,971,446

**THE CORPORATION OF THE COUNTY OF LAMBTON
SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2012**

Schedule 1

	Balance, beginning of year \$	Additions \$	Disposals \$	Other- Donations, Writedowns \$	Balance, end of year \$
COST					
Land	37,485,394	8,782	0		37,494,176
Bridges	25,664,977	415,103	0	137	26,080,217
Buildings	112,830,003	12,137,073	0	(1,006,293)	123,960,783
Building Contents	12,800,127	1,320,343	672,700	1,002	13,448,772
Building Site Elements	6,494,175	632,437	28,243	(1,387)	7,096,982
Fleet	5,197,471	337,101	166,344		5,368,228
Information Technology	2,461,898	485,486	155,681		2,791,703
Leasehold Improvements	2,727,621	3,327	0	(2,726)	2,728,222
Machinery and Equipment	7,872,235	1,233,024	252,570	3,535	8,856,224
Medical and Emergency Equipment	2,358,532	148,610	81,977		2,425,165
Roads	172,258,206	9,444,160	0	7,742	181,710,108
Signage and Illuminations	2,536,694	29,472	43,404		2,522,762
Work In Progress	7,566,982	366,248	0	0	7,933,230
TOTAL COST	398,254,315	26,561,166	1,400,919	(997,990)	422,416,572
ACCUMULATED AMORTIZATION					
Land	0	0	0	0	0
Bridges	10,611,737	340,040	0	8	10,951,785
Buildings	48,780,745	3,831,660	0	(435,337)	52,177,068
Building Contents	5,546,023	1,033,259	661,331	(724)	5,917,227
Building Site Elements	3,609,340	233,474	15,441	(467)	3,826,906
Fleet	2,923,874	529,978	160,612	34,781	3,328,021
Information Technology	1,094,301	551,682	152,784	(2)	1,493,197
Leasehold Improvements	938,105	89,733	0	(1,095)	1,026,743
Machinery and Equipment	3,211,084	520,607	235,181	(1,406)	3,495,104
Medical and Emergency Equipment	1,226,715	246,493	71,629	15	1,401,594
Roads	82,476,547	6,548,481	0	380	89,025,408
Signage and Illuminations	1,549,533	98,913	31,394	(82)	1,616,970
Work In Progress	0	0	0	0	0
ACCUMULATED AMORTIZATION	161,968,004	14,024,320	1,328,372	(403,929)	174,260,023
NET BOOK VALUE					
Land	37,485,394	8,782	0	0	37,494,176
Bridges	15,053,240	75,063	0	129	15,128,432
Buildings	64,049,258	8,305,413	0	(570,956)	71,783,715
Building Contents	7,254,104	287,084	11,369	1,726	7,531,545
Building Site Elements	2,884,835	398,963	12,802	(920)	3,270,076
Fleet	2,273,597	(192,877)	5,732	(34,781)	2,040,207
Information Technology	1,367,597	(66,196)	2,897	2	1,298,506
Leasehold Improvements	1,789,516	(86,406)	0	(1,631)	1,701,479
Machinery and Equipment	4,661,151	712,417	17,389	4,941	5,361,120
Medical and Emergency Equipment	1,131,817	(97,883)	10,348	(15)	1,023,571
Roads	89,781,659	2,895,679	0	7,362	92,684,700
Signage and Illuminations	987,161	(69,441)	12,010	82	905,792
Work In Progress	7,566,982	366,248	0	0	7,933,230
NET BOOK VALUE - 2011	236,286,311	12,536,846	72,547	(594,061)	248,156,549

**THE CORPORATION OF THE COUNTY OF LAMBTON
SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2012**

Schedule 1

	Balance, beginning of year \$	Additions \$	Disposals \$	Other- Donations, Writedowns \$	Balance, end of year \$
COST					
General Government	36,329,449	521,678	183,484	(4,452)	36,663,191
Protection Services	1,262	0	0	0	1,262
Transportation Services	210,273,146	10,657,330	309,641	7,879	220,628,714
Environmental Services	3,941,153	2,749	0	0	3,943,902
Health Services	7,238,720	2,247,780	6,908	(59,632)	9,419,960
Social and Family Services	60,534,196	729,963	194,188	(149,744)	60,920,227
Social Housing	58,160,249	11,315,263	40,573	(810,589)	68,624,350
Recreation and Cultural Services	14,131,678	718,614	666,125	18,548	14,202,715
Planning and Development	77,480	1,541	0	0	79,021
Work In Progress	7,566,982	366,248	0	0	7,933,230
TOTAL COST	398,254,315	26,561,166	1,400,919	(997,990)	422,416,572
ACCUMULATED AMORTIZATION					
General Government	5,112,865	656,859	180,587	(3,540)	5,585,597
Protection Services	126	84	0	0	210
Transportation Services	100,703,820	7,601,872	280,129	35,061	108,060,624
Environmental Services	3,705,098	16,487	0	(4)	3,721,581
Health Services	3,186,498	636,425	6,908	(34,761)	3,781,254
Social and Family Services	23,183,214	2,185,714	170,927	(67,725)	25,130,276
Social Housing	17,421,491	2,066,145	23,696	(327,954)	19,135,986
Recreation and Cultural Services	8,616,133	855,088	666,125	(5,004)	8,800,092
Planning and Development	38,759	5,646	0	(2)	44,403
Work In Progress	0	0	0	0	0
ACCUMULATED AMORTIZATION	161,968,004	14,024,320	1,328,372	(403,929)	174,260,023
NET BOOK VALUE					
General Government	31,216,584	(135,181)	2,897	(912)	31,077,594
Protection Services	1,136	(84)	0	0	1,052
Transportation Services	109,569,326	3,055,458	29,512	(27,182)	112,568,090
Environmental Services	236,055	(13,738)	0	4	222,321
Health Services	4,052,222	1,611,355	0	(24,871)	5,638,706
Social and Family Services	37,350,982	(1,455,751)	23,261	(82,019)	35,789,951
Social Housing	40,738,758	9,249,118	16,877	(482,635)	49,488,364
Recreation and Cultural Services	5,515,545	(136,474)	0	23,552	5,402,623
Planning and Development	38,721	(4,105)	0	2	34,618
Work In Progress	7,566,982	366,248	0	0	7,933,230
NET BOOK VALUE - 2011	236,286,311	12,536,846	72,547	(594,061)	248,156,549

THE CORPORATION OF THE COUNTY OF LAMBTON
SCHEDULE OF ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2012
 Schedule 2

	2012 ACTUAL \$	Restated 2011 ACTUAL \$
RESERVES (Schedule 3)	15,688,865	15,501,844
RESERVE FUNDS (Schedule 4)	6,598,144	6,236,918
Total Reserves and Reserve Funds	22,287,009	21,738,762
SURPLUSES		
Invested in Tangible Capital Assets	248,971,446	248,156,549
Invested in Community Development Corporation	1,255,380	2,214,980
General Revenue Fund	(4,426,402)	(4,798,990)
Unfunded		
Long Term Debt	(21,713,824)	(21,350,538)
Landfill Closure and Post Closure Costs	(5,386,686)	(5,373,996)
Employment Benefits Payable	(2,147,793)	(2,187,831)
Total Surpluses	216,552,121	216,660,174
ACCUMULATED SURPLUS	238,839,130	238,398,936

THE CORPORATION OF THE COUNTY OF LAMBTON
 SCHEDULE OF CONTINUITY OF RESERVES
 FOR THE YEAR ENDED DECEMBER 31, 2012
 Schedule 3

	2012 BUDGET \$	2012 ACTUAL \$	2011 ACTUAL \$
BALANCE, beginning of the year	15,501,844	15,501,844	15,166,178
REVENUE CONTRIBUTIONS			
From Operations	2,286,753	11,424,828	12,489,015
TRANSFERS			
To Operations	1,089,386	2,683,847	1,876,680
To Capital Acquisitions	1,168,000	8,553,960	10,276,669
Total Transfers	2,257,386	11,237,807	12,153,349
BALANCE, end of the year	15,531,211	15,688,865	15,501,844
REPRESENTED BY:			
Reserve for Sick Leave	259,592	266,066	259,592
Reserve for Working Funds	419,652	397,946	419,652
Reserve for Future Operations	14,851,967	15,024,853	14,822,600
	15,531,211	15,688,865	15,501,844

THE CORPORATION OF THE COUNTY OF LAMBTON
SCHEDULE OF CONTINUITY OF RESERVE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012
Schedule 4

	2012 BUDGET \$	2012 ACTUAL \$	2011 ACTUAL \$
BALANCE, beginning of the year	6,236,918	6,236,918	6,477,085
REVENUE CONTRIBUTIONS			
Interest Income	0	71,078	72,506
From Operations	2,115,877	2,138,021	2,379,513
	2,115,877	2,209,099	2,452,019
TRANSFERS			
To Operations	2,033,177	1,845,898	1,778,347
To Capital Acquisitions	0	1,975	913,839
Total Transfers	2,033,177	1,847,873	2,692,186
BALANCE, end of the year	6,319,618	6,598,144	6,236,918
REPRESENTED BY:			
Capital Reserve Fund	4,589,367	4,643,687	4,230,578
Lambton Heritage Museum Reserve Fund	241,798	238,343	232,808
Oil Museum Reserve Fund	43,914	46,608	41,315
Gallery Lambton Reserve Fund	6,967	26,230	35,966
R.T. Bradley Reserve Fund	10,554	10,664	10,754
Library Piano Reserve Fund	1,572	1,673	5,972
Waste Management Reserve Fund	966,673	1,197,809	1,220,752
Senior Services Reserve Fund	3,995	4,035	3,995
Social Housing Reserve Fund	454,778	429,095	454,778
	6,319,618	6,598,144	6,236,918

THE CORPORATION OF THE COUNTY OF LAMBTON
SCHEDULE OF CURRENT FUND SEGMENT DISCLOSURE
FOR THE YEAR ENDED DECEMBER 31, 2012
 Schedule 5

	General Gov't & Administration \$	Court Administration \$	Protective Services \$	Public Works \$	Environmental Services \$	Public Health \$	Emergency Medical Services \$
REVENUE							
Taxation	11,832,982	(317,043)	254,362	11,933,405	1,843,231	3,008,023	6,736,952
Government Transfers	116,062	113,368	0	3,827,731	0	5,925,850	6,646,004
User Charges & Other	697,053	2,823,857	632,563	2,063,265	1,646,267	762,301	79,982
Gain/Loss from TCA Disposal	(8,122)	0	0	(45,813)	0	(3,488)	0
	12,637,975	2,620,182	886,925	17,778,588	3,489,498	9,692,686	13,462,938
EXPENDITURES							
Salaries, Wages & Employee Benefits	5,129,095	451,289	768,140	2,063,073	234,179	5,474,093	11,694,716
Interest on Long Term Debt	18,321	0	0	58,233	0	10,302	24,774
Goods and Services	4,938,057	1,336,769	156,068	5,643,489	3,225,425	2,243,556	1,177,952
Contributions to Other Organizations	50,000	1,441,282	0	0	0	1,530,000	0
Amortization	588,126	0	84	8,086,493	15,701	211,700	543,723
	10,723,599	3,229,340	924,292	15,851,288	3,475,305	9,469,651	13,441,165
ANNUAL SURPLUS (DEFICIT) 2012	1,914,376	(609,158)	(37,367)	1,927,300	14,193	223,035	21,773

The accompanying notes are an integral part of this financial statement.

**THE CORPORATION OF THE COUNTY OF LAMBTON
SCHEDULE OF CURRENT FUND SEGMENT DISCLOSURE
FOR THE YEAR ENDED DECEMBER 31, 2012**

Schedule 5

	General Assistance \$	Assistance to Aged \$	Child Care \$	Housing \$	Library \$	Culture \$	Planning & Development \$	Total \$
REVENUE								
Taxation	7,915,513	5,098,174	1,678,592	4,194,196	5,404,504	2,136,731	3,191,114	64,910,736
Government Transfers	26,872,221	15,444,919	16,495,649	2,459,237	456,853	177,570	1,385	78,536,849
User Charges & Other	1,980,070	7,395,532	2,226,190	3,438,148	137,242	398,936	(135,476)	24,145,930
Gain/Loss from TCA Disposal	0	(2,232)	0	(10,973)	(163,067)	0	0	(233,695)
	36,767,804	27,936,393	20,400,431	10,080,608	5,835,532	2,713,237	3,057,023	167,359,820
EXPENDITURES								
Salaries, Wages & Employee Benefits	6,518,554	21,537,956	4,998,105	1,887,075	4,383,799	1,506,873	952,009	67,598,956
Interest on Long Term Debt	0	629,709	0	138,283	535	1,493	0	881,650
Goods and Services	4,184,985	3,959,975	15,217,480	7,234,215	712,955	1,190,330	918,911	52,120,167
Contributions to Other Organizations	25,772,738	0	100,000	0	0	25,200	2,185,525	31,104,745
Amortization	144,955	1,805,909	186,518	2,633,798	603,268	388,132	5,701	15,214,108
	36,601,232	27,933,549	20,502,103	11,893,371	5,700,557	3,112,028	4,062,146	166,919,626
ANNUAL SURPLUS (DEFICIT) 2012	166,572	2,844	(101,672)	(1,812,763)	134,975	(398,791)	(1,005,123)	440,194

The accompanying notes are an integral part of this financial statement.

THE CORPORATION OF THE COUNTY OF LAMBTON
SCHEDULE OF CURRENT FUND SEGMENT DISCLOSURE
FOR THE YEAR ENDED DECEMBER 31, 2012

Schedule 5

	General Gov't & Administration \$	Court Administration \$	Protective Services \$	Public Works \$	Environmental Services \$	Public Health \$	Emergency Medical Services \$
REVENUE							
Taxation	11,080,941	(212,040)	217,328	12,268,242	1,832,510	2,815,882	5,982,917
Government Transfers	254,264	1,539	0	3,826,569	0	6,114,415	6,505,908
User Charges & Other	790,826	2,796,359	607,575	2,091,738	1,990,658	755,037	106,072
Gain/Loss from TCA Disposal	(2,897)	0	0	(29,512)	0	0	0
	12,123,134	2,585,858	824,903	18,157,037	3,823,168	9,685,334	12,594,897
EXPENDITURES							
Salaries, Wages & Employee Benefits	4,804,657	379,237	744,878	1,987,886	225,116	4,997,880	10,814,733
Interest on Long Term Debt	33,583	0	0	74,789	0	7,863	29,641
Goods and Services	4,618,107	1,230,130	124,098	5,617,420	3,033,589	2,379,210	1,006,212
Contributions to Other Organizations	50,000	1,265,500	0	0	0	1,540,000	0
Amortization	653,319	0	84	7,636,933	16,483	94,307	510,893
	10,159,666	2,874,867	869,060	15,317,008	3,275,188	9,019,260	12,361,479
ANNUAL SURPLUS (DEFICIT) 2011	1,963,468	(289,009)	(44,157)	2,840,029	547,980	666,074	233,418

The accompanying notes are an integral part of this financial statement.

THE CORPORATION OF THE COUNTY OF LAMBTON
SCHEDULE OF CURRENT FUND SEGMENT DISCLOSURE
FOR THE YEAR ENDED DECEMBER 31, 2012

Schedule 5

	General Assistance \$	Assistance to Aged \$	Child Care \$	Housing \$	Library \$	Culture \$	Planning & Development \$	Total \$
REVENUE								
Taxation	8,554,028	4,683,679	1,666,760	3,934,487	5,247,017	1,579,922	2,954,200	62,605,873
Government Transfers	24,309,875	15,259,183	15,840,079	5,838,268	359,003	985,542	2,117	79,296,762
User Charges & Other	1,437,073	7,189,635	2,393,078	3,641,854	170,569	463,448	37,883	24,471,805
Gain/Loss from TCA Disposal	0	(23,261)	0	(16,877)	0	0	0	(72,547)
	<u>34,300,976</u>	<u>27,109,236</u>	<u>19,899,917</u>	<u>13,397,732</u>	<u>5,776,589</u>	<u>3,028,912</u>	<u>2,994,200</u>	<u>166,301,893</u>
EXPENDITURES								
Salaries, Wages & Employee Benefits	5,839,123	20,685,761	4,924,776	1,674,502	4,330,972	1,023,480	920,652	63,353,653
Interest on Long Term Debt	0	698,481	0	37,583	746	2,084	0	884,750
Goods and Services	3,938,104	4,130,739	14,568,741	7,293,938	709,164	839,619	892,616	50,381,687
Contributions to Other Organizations	24,118,315	0	120,000	0	0	200	2,008,575	29,102,590
Amortization	151,050	1,761,427	201,976	1,738,191	778,412	71,672	5,644	13,620,391
	<u>34,046,592</u>	<u>27,276,408</u>	<u>19,815,493</u>	<u>10,744,214</u>	<u>5,819,294</u>	<u>1,937,055</u>	<u>3,827,487</u>	<u>157,343,071</u>
ANNUAL SURPLUS (DEFICIT) 2011	254,384	(167,172)	84,424	2,653,518	(42,705)	1,091,857	(833,287)	8,958,822

The accompanying notes are an integral part of this financial statement.