

Financial Statements of

**THE CORPORATION OF THE
TOWNSHIP OF WILMOT**

Year ended December 31, 2016

THE CORPORATION OF THE TOWNSHIP OF WILMOT

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THE CORPORATION OF THE TOWNSHIP OF WILMOT
SIX-YEAR FINANCIAL REVIEW (UNAUDITED)

(All dollar amounts are in (000's) of dollars, except per capita figures)

	2016	2015	2014	2013	2012	2011
POPULATION at the end of the year	21,151	20,982	20,828	20,541	20,286	20,035
AREA in acres at the end of the year	65,767	65,767	65,767	65,767	65,767	65,767
EMPLOYEES - continuous full time	62	61	60	60	56	54
NUMBER of households	7,822	7,771	7,714	7,604	7,500	7,420
ASSESSMENT - Taxable assessment upon which the year's rates of taxation were set						
Residential, multi-residential and farm	2,960,690	2,819,008	2,674,206	2,528,385	2,358,972	2,180,301
Commercial - all classes	128,835	116,868	111,762	107,291	105,698	99,027
Industrial - all classes	39,948	40,371	41,292	40,314	38,149	35,192
Pipeline & Managed Forests	12,984	11,877	11,451	11,014	10,552	9,919
Total	<u>3,142,457</u>	<u>2,988,124</u>	<u>2,838,711</u>	<u>2,687,004</u>	<u>2,513,371</u>	<u>2,324,439</u>
Per capita	\$148,573	\$142,414	\$136,293	\$130,812	\$123,897	\$116,019
Commercial and industrial, as a percentage of taxable assessment	5%	5%	5%	5%	6%	6%
Exempt assessment	\$ 114,611	\$ 110,791	\$ 99,241	\$ 93,708	\$ 91,226	\$ 84,746
TAX ARREARS -per capita	\$40.90	\$48.10	\$69.90	\$57.40	\$70.20	\$72.60
- percentage of current levy	2.80%	3.39%	4.84%	4.16%	5.24%	5.54%
EXPENDITURE -general municipal purposes	\$ 18,591	\$ 17,834	\$ 17,007	\$ 16,102	\$ 15,396	\$ 14,932
TRANSFERS TO THE REGION	\$ 16,394	\$ 15,949	\$ 15,431	\$ 15,016	\$ 14,584	\$ 13,697
TRANSFERS TO THE SCHOOL BOARDS	\$ 7,644	\$ 7,643	\$ 7,502	\$ 7,424	\$ 7,352	\$ 7,139
REVENUE FOR GENERAL MUNICIPAL SERVICES						
Taxation	\$ 7,419	\$ 7,153	\$ 6,950	\$ 6,726	\$ 6,564	\$ 6,217
Payment in lieu of taxes	160	157	153	157	161	165
Government grants	2,137	1,933	2,220	1,706	3,235	6,660
Fees and service charges	4,864	5,066	4,086	3,908	4,026	3,765
Equity income from Kitchener Power Corporation	806	850	823	642	710	702
Other	1,027	4,359	1,350	1,690	1,213	1,618
Total	<u>\$ 16,413</u>	<u>\$ 19,517</u>	<u>\$ 15,582</u>	<u>\$ 14,829</u>	<u>\$ 15,908</u>	<u>\$ 19,127</u>

THE CORPORATION OF THE TOWNSHIP OF WILMOT
SIX-YEAR FINANCIAL REVIEW (UNAUDITED)
 (All dollar amounts are in (000's) of dollars, except per capita figures)

	2016	2015	2014	2013	2012	2011
NET LONG TERM LIABILITIES						
General municipal activities	\$0	\$0	\$0	\$60	\$739	\$1,005
- per capita	\$0	\$0	\$0	\$3	\$36	\$50
- percentage of taxable assessment	0.00%	0.00%	0.00%	0.00%	0.03%	0.05%
- Municipal enterprises	Nil	Nil	Nil	Nil	Nil	Nil
CHARGES FOR NET LONG TERM LIABILITIES						
General municipal activities	\$0	\$0	\$60	\$269	\$266	\$261
-per capita	\$0	\$0	\$3	\$13	\$13	\$13
-as a tax rate	\$0.000	\$0.000	\$0.021	\$0.100	\$0.106	\$0.112
ACCUMULATED SURPLUS						
- OPERATING FUND	\$1,677	\$706	\$1,175	\$1,515	\$859	\$251
- TANGIBLE CAPITAL ASSETS	\$143,567	\$146,639	\$101,630	\$104,288	\$107,228	\$108,252
- RESERVES AND RESERVE FUNDS	\$7,210	\$7,168	\$6,110	\$5,103	\$4,449	\$2,552
- KITCHENER POWER CORPORATION	\$16,972	\$16,508	\$15,963	\$15,398	\$15,041	\$14,614
DEFERRED REVENUES	\$1,776	\$1,708	\$3,320	\$2,806	\$2,037	\$2,051



Management Responsibility for Financial Reporting

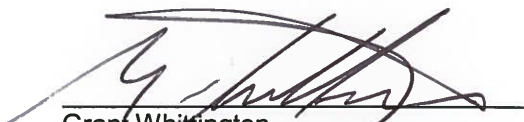
For the Year ended December 31, 2016

The accompanying Financial Statements and all other information contained in this Annual Report are the responsibility of the management of The Corporation of the Township of Wilmot. The preparation of periodic financial statements involves the use of estimates and approximations because the precise determination of financial information frequently depends on future events. These Financial Statements have been prepared by management within the reasonable limits of materiality and within the framework of Canadian generally accepted accounting principles for governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

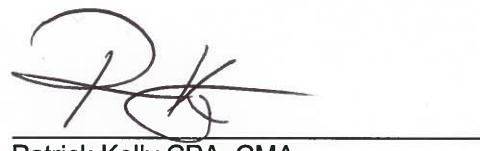
In carrying out its responsibilities, management maintains appropriate systems of internal and administrative controls designed to provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly accounted for and safeguarded, and that financial information produced is relevant and reliable.

Prior to their submission to Council, the Financial Statements are reviewed and approved by management. In addition, management meets periodically with the Township's external auditors to approve the scope and timing of their respective audits, to review their findings and to satisfy itself that their responsibilities have been properly discharged.

Graham Mathew Professional Corporation, Chartered Professional Accountants, as the Township's appointed external auditors have audited the Financial Statements. The external auditors have full and free access to management and Council. The Independent Auditors' Report is dated April 24, 2017 and appears on the following page. Their opinion is based upon an examination conducted in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures as they consider necessary to obtain reasonable assurance that the Financial Statements are free of material misstatements and present fairly the financial position and results of the operations of the Township in accordance with Canadian public sector accounting standards.



Grant Whittington,
Chief Administrative Officer



Patrick Kelly CPA, CMA
Director of Finance / Treasurer

INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of
The Corporation of the Township of Wilmot

We have audited the accompanying financial statements of **The Corporation of the Township of Wilmot**, which comprise the statement of financial position as at December 31, 2016, and the statements of operations and accumulated surplus, change in net financial assets and cash flows 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 public sector accounting standards, 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.

Auditors' 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 our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider 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 Township of Wilmot** as at December 31, 2016, and the results of its operations, change in its net financial position and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Cambridge, Ontario
April 24, 2017

Chartered Professional Accountants, authorized to practise public
accounting by the Chartered Professional Accountants of Ontario

THE CORPORATION OF THE TOWNSHIP OF WILMOT

Statement of Financial Position

December 31, 2016

	2016	2015
Financial Assets		
Cash	\$ 10,804,063	\$ 9,003,582
Taxes receivable	866,007	1,010,156
Accounts receivable	1,949,004	1,828,116
Investment in Kitchener Power Corp. (note 6)	16,971,930	16,507,759
	<u>30,591,004</u>	<u>28,349,613</u>
Liabilities		
Accounts payable and accrued liabilities	2,143,774	1,636,320
Deferred revenue	1,003,504	1,057,526
Deferred revenue - obligatory reserve funds (note 8)	1,775,924	1,707,760
	<u>4,923,202</u>	<u>4,401,606</u>
Net Financial Assets	\$ 25,667,802	\$ 23,948,007
Non-Financial Assets		
Tangible capital assets (note 7)	143,566,863	146,639,000
Inventories and supplies	110,745	330,369
Prepaid expenses	80,551	103,897
	<u>143,758,159</u>	<u>147,073,266</u>
Accumulated Surplus (note 12)	\$ 169,425,961	\$ 171,021,273

See accompanying notes to financial statements.

Approved on behalf of Council

THE CORPORATION OF THE TOWNSHIP OF WILMOT

Statement of Operations and Accumulated Surplus

Year ended December 31, 2016

	2016	2015
Revenues		
Taxation	\$ 7,419,040	\$ 7,152,688
Taxation from other governments	160,154	156,931
User fees and charges	4,696,547	4,713,578
Government transfer		
Canada	8,207	6,753
Ontario	1,372,660	1,230,491
Investment income	354,591	364,055
Interest and penalties on taxes	197,607	215,611
Other	187,094	136,678
	14,395,900	13,976,785
Expenses		
General government	2,401,929	2,184,944
Protection to persons and property	2,228,314	1,979,818
Transportation services	5,787,305	5,719,689
Environmental services	2,236,047	2,308,467
Health services	55,361	46,433
Recreation and cultural services	5,646,469	5,177,417
Planning and development	417,757	417,453
	18,773,182	17,834,221
Net expenses before other income (expense)	(4,377,282)	(3,857,436)
Other income (expense)		
Grants and transfers related to capital		
Deferred revenue earned	458,312	566,766
Grants and transfers - Canada	627,179	566,510
Grants and transfers - Ontario	128,861	128,861
Loss on disposal of tangible capital assets	(131,817)	(77,703)
Change in equity in Kitchener Power Corp.	805,923	850,276
Donations	18,165	24,000
Sale of Publications, Equipment	50,765	34,593
Donated Tangible Capital Assets (note 7)	-	3,393,868
Interest earned on reserve funds	59,791	53,528
	2,017,179	5,540,699
Annual Surplus (Deficit)	(2,360,103)	1,683,263
Accumulated Surplus, beginning of the year	171,021,273	124,903,622
Asset Management Plan Adjustment (note 13)	764,791	44,434,388
Accumulated Surplus, end of the year	\$ 169,425,961	\$ 171,021,273

See accompanying notes to financial statements.

THE CORPORATION OF THE TOWNSHIP OF WILMOT

Statement of Change in Net Financial Assets

Year ended December 31, 2016

	2016	2015
Annual Surplus (Deficit)	\$ (2,360,103)	\$ 1,683,263
Amortization of tangible capital assets	6,011,527	5,963,300
Acquisition of tangible capital assets	(2,306,416)	(3,221,606)
Contributed tangible capital assets	-	(3,393,868)
Loss on disposal of tangible capital assets	131,817	77,703
Change in inventories and supplies	219,624	(194,963)
Change in prepaid expenses	23,346	17,235
Increase In Net Financial Assets	1,719,795	931,064
Net Financial Assets, beginning of year	23,948,007	23,016,943
Net Financial Assets, end of year	\$ 25,667,802	\$ 23,948,007

See accompanying notes to financial statements.

THE CORPORATION OF THE TOWNSHIP OF WILMOT

Statement of Cash Flows

Year ended December 31, 2016

	2016	2015
Operating activities		
Annual Surplus (Deficit)	\$ (2,360,103)	\$ 1,683,263
Sources (uses)		
Taxes receivable	144,149	444,954
Accounts receivable	(120,888)	(260,582)
Accounts payable and accrued liabilities	507,454	479,273
Deferred revenue	14,142	(554,845)
Inventories and supplies	219,624	(194,963)
Prepaid expenses	23,346	17,235
	(1,572,276)	1,614,335
Non-cash charges to operations		
Amortization	6,011,527	5,963,300
Loss on sale of tangible capital assets	131,817	77,703
	4,571,068	7,655,338
Capital activities		
Acquisition of tangible capital assets	(2,306,416)	(3,221,606)
Contributed tangible capital assets	-	(3,393,868)
	(2,306,416)	(6,615,474)
Investing activities		
Net increase in investments	(464,171)	(519,676)
Net increase in cash	1,800,481	520,188
Cash, beginning of year	9,003,582	8,483,394
Cash, end of year	\$ 10,804,063	\$ 9,003,582

THE CORPORATION OF THE TOWNSHIP OF WILMOT

Notes to Financial Statements

Year ended December 31, 2016

1. Municipal Status

The Corporation of The Township of Wilmot was created on January 1, 1973 when the municipalities of Wilmot and New Hamburg were amalgamated into a single legal entity under the Wilmot name. The Township operates as a lower tier government in the Province of Ontario, Canada. Wilmot provides municipal services such as fire protection, public works, water/sanitary distribution, urban/rural planning, recreation and cultural services, and other general government services. The Township owns 7.75% of Kitchener Power Corporation and its affiliates.

2. Summary of Significant Accounting policies:

The financial statements of the Municipality are the representation of management, prepared in accordance with local government accounting standards established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

The following is a summary of the significant accounting policies followed in the preparation of these financial statements:

(a) Basis of Presentation:

(i) Financial Statements:

These statements reflect the financial assets, liabilities, operating revenues and expenses, reserve funds and reserves, changes in investment in tangible capital assets and cash flows and include the activities of all governmental functions controlled and exercised by the Township Council.

All interfund transfers have been eliminated.

(ii) Government Business Enterprises:

The government business enterprise, Kitchener Power Corp., is accounted for on the modified equity basis which reflects the Township's investment in the enterprise and its share of net income (loss) since acquisition. Under the modified equity basis, the enterprise's accounting principles are not adjusted to conform to those of the Township, and inter-organizational transactions and balances are not eliminated.

(iii) Accounting for Region and School Board Transactions:

The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the School Boards and the Regional Municipality of Waterloo, are not reflected in these financial statements.

(iv) Trust Funds:

Trust funds and their related operations administered by the Municipality are not consolidated herein but are reported separately on the "Trust Funds Statement of Financial Position and Statement of Continuity" (see also Note 4).

THE CORPORATION OF THE TOWNSHIP OF WILMOT

Notes to Financial Statements, continued

Year ended December 31, 2016

2. Summary of Significant Accounting policies (continued):

(b) Non-Financial Assets

Non-financial assets are not normally 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 revenues over expenses, provides the change in net financial assets for the year.

(i) 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 of the tangible capital assets is amortized on a straight-line basis over their estimated useful lives as follows:

Land	not amortized
Land Improvements	15 years
Buildings	40 years
Machinery and Equipment	10 years
Technological Equipment	5 years
Vehicles	10 years
Roads (tar & chip, gravel, paved)	25 years
Bridges	60 years
Water and Wastewater	75 years

Assets under construction are not amortized until the asset is available for productive use.

(ii) Contributions of Tangible Capital Assets (Donated)

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

(iii) Interest Capitalization

The Township does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.

(iv) Works of art and cultural and historic assets

These assets are not recorded in these financial statements.

(v) Inventories and Prepaid Expenses

Inventories held for consumption are recorded at the lower of cost and replacement cost.

Prepaid expenses relate to expenditures incurred in the current period which relate to and will be expensed in a future fiscal period.

THE CORPORATION OF THE TOWNSHIP OF WILMOT

Notes to Financial Statements, continued

Year ended December 31, 2016

2. Summary of Significant Accounting policies (continued):

(c) Revenue Recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs, in the completion of specific work or the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible assets are acquired.

Tax revenue is recognized when it is authorized and in the period for which the tax is levied.

(d) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. These estimates and assumptions, including taxation assessment appeals, legal claims provisions, the valuation of tangible capital assets and their related useful lives and amortization, are based on management's best information and judgement and may differ significantly from future actual results.

THE CORPORATION OF THE TOWNSHIP OF WILMOT

Notes to Financial Statements, continued

Year ended December 31, 2016

3. Operations of School Boards and the Region of Waterloo:

Further to note 2(a)(iii), the taxation, other revenues, and requisitions for the School Boards and the Region of Waterloo are comprised of the following:

	School Boards	Region
Taxation and user charges	\$ 7,533,038	\$ 16,285,372
Share of payments in lieu of taxes	110,476	109,056
	7,643,514	16,394,428
Payment	7,643,514	16,394,428
Overlevies (underlevies) end of year	\$ -	\$ -

4. Trust Funds:

Further to note 2(a)(iv), trust fund assets administered by the Township amounting to \$587,771 (2015 - \$550,774) have not been included in the Statement of Financial Position nor have their operations been included in the Statement of Operations and Accumulated Surplus.

5. Ontario Municipal Employees' Retirement Fund:

The Township makes matching contributions on behalf of its staff to the Ontario Municipal Employees' Retirement Fund (OMERS), which is a multi-employer plan. 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, age and rates of pay.

Employee contributions in 2016 were at rates ranging from 9.0% to 14.6% based on member earnings and were matched by the Township on a dollar for dollar basis. The amount contributed to OMERS by the Township for 2016 was \$422,000 (2015 - \$407,925) for current service and is included as an expense on the statement of operations and accumulated surplus.

The OMERS pension plan has a deficit. The last available report for the OMERS plan was on December 31, 2016. At that time the plan reported a \$6.3 billion actuarial deficit (2015 - \$7.5 billion), based on actuarial liabilities of \$91.7 billion (2015 - \$84.8 billion) and actuarial assets of \$85.4 billion (2015 - \$77.3 billion). If actuarial surpluses are not available to offset the existing deficit and subsidize future contributions, increases in contributions will be required in the future. There were no changes to contribution rates or benefits for 2016.

The Township does not participate in any past service provisions of the OMERS agreement.

THE CORPORATION OF THE TOWNSHIP OF WILMOT

Notes to Financial Statements, continued

Year ended December 31, 2016

6. Investment in Kitchener Power Corp.:

Under the provincial government's Electricity Competition Act (Bill 35), Kitchener Power Corp., a holding company, along with its wholly-owned affiliates, Kitchener-Wilmot Hydro Inc., and Kitchener Energy Services Inc. was incorporated on July 1, 2004.

The Township holds 7.75% of the common shares of Kitchener Power Corp. and a 7.75% share in long-term notes payable by subsidiaries and investees of Kitchener Power Corp.

The investment in Kitchener Power Corp. consists of the following elements:

	2016	2015
Kitchener Power Corp. common shares, initial valuation	\$ 5,113,962	\$ 5,113,962
Kitchener-Wilmot Hydro Inc. long-term notes receivable	5,964,566	5,964,566
	11,078,528	11,078,528
Accumulated equity increase, beginning of year	5,429,231	4,909,555
	16,507,759	15,988,083
Share of net income for year	805,923	850,276
Dividends received in year	(341,752)	(330,600)
Cost of investment	\$ 16,971,930	\$ 16,507,759

The Kitchener-Wilmot Hydro Inc. notes bear interest at the annual rate of 6.0%, and are unsecured.

THE CORPORATION OF THE TOWNSHIP OF WILMOT

Notes to Financial Statements, continued

Year ended December 31, 2016

6. Investment in Kitchener Power Corp. (continued):

The following table provides condensed financial information in respect of Kitchener Power Corp.:

	2016	2015
	(in thousands)	(in thousands)
Current assets	\$ 75,614	\$ 74,721
Long-term assets	230,045	213,840
Total assets	\$ 305,659	\$ 288,561
Current liabilities	39,059	38,904
Long-term liabilities	114,250	106,708
Total liabilities	153,309	145,612
Net assets	\$ 152,350	\$ 142,949

	2016	2015
	(in thousands)	(in thousands)
Results of operations:		
Revenues	\$ 277,930	\$ 250,525
Operating expenses	(267,531)	(239,554)
Net income	\$ 10,399	\$ 10,971
Township's share of net income - 7.75%	\$ 806	\$ 850

THE CORPORATION OF THE TOWNSHIP OF WILMOT

Notes to Financial Statements, continued

Year ended December 31, 2016

7. Tangible Capital Assets

	Cost	Accumulated Amortization	Net Book Value 2016	Net Book Value 2015
Land	\$ 10,320,181	\$ -	\$ 10,320,181	\$ 10,320,181
Land Improvements	3,780,158	1,710,047	2,070,111	2,119,604
Buildings	34,317,163	9,903,466	24,413,697	24,913,351
Machinery & Equipment	3,181,730	2,003,905	1,177,825	788,541
Vehicles	5,893,042	4,012,465	1,880,577	1,735,923
Infrastructure (Note 13)	172,881,770	70,547,765	102,334,005	105,178,544
	230,374,044	88,177,648	142,196,396	145,056,144
Assets under Construction	1,370,467	-	1,370,467	1,582,856
Total	\$ 231,744,511	\$88,177,648	\$143,566,863	\$146,639,000

There were no tangible capital assets contributed to the Township in 2016. Donated land and other tangible capital assets are capitalized at their fair market value at the time of receipt and included in income as "donated tangible capital assets".

Amortization expense for the year amounts to \$6,011,527 (\$5,963,300 in 2015).

8. Deferred revenue - obligatory reserve funds:

A requirement of PSAB is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as provincial legislation restricts how these funds may be used and under certain circumstances these funds may possibly be refunded.

(a) The balances in the obligatory reserve funds of the Township are summarized as follows:

	2016	2015
Recreational parkland (The Planning Act)	\$ 1,330,930	\$ 1,319,072
Development charges and sub-dividers contributions	1,148,416	884,058
Federal Gas Tax	42,225	14,283
Building Department (Bill 124)	(745,647)	(509,653)
	\$ 1,775,924	\$ 1,707,760

THE CORPORATION OF THE TOWNSHIP OF WILMOT

Notes to Financial Statements, continued

Year ended December 31, 2016

8. Deferred revenue - obligatory reserve funds (continued)

(b) Continuity schedule:

	2016	2015
Revenue		
Development charges and user fees	\$ 477,909	\$ 402,893
Federal Gas Tax funding	584,440	556,610
Investment income	20,739	20,923
	1,083,088	980,426
Deferred revenue recognized	(1,014,924)	(1,133,276)
Change in deferred revenue	68,164	(152,850)
Deferred revenue, beginning of year	1,707,760	1,860,610
Deferred revenue, end of year	\$ 1,775,924	\$ 1,707,760

9. Net long-term liabilities:

(a) The balance of net long-term liabilities reported on the statement of financial position is made up of the following:

	2016	2015
The municipality has assumed responsibility for the payment of principal and interest charges on certain long-term liabilities issued by the Region of Waterloo. At the end of the year, the outstanding principal amount of this liability is	\$ 1,230,321	\$1,324,520
Of the long-term liabilities shown above, the responsibility for payment of principal and interest charges that has been assumed by individuals amounts to	(1,230,321)	(1,324,520)
Net long-term liabilities at end of year	\$ nil	\$ nil

THE CORPORATION OF THE TOWNSHIP OF WILMOT

Notes to Financial Statements, continued

Year ended December 31, 2016

9. Net long-term liabilities (continued):

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

	2017 to 2021	2022 and thereafter	Total
From benefiting landowners	\$ 543,353	\$ 686,968	\$ 1,230,321

(c) The Township is contingently liable for the long-term liability with respect to tile drainage loans and the water system indebtedness. The total amount of this contingent liability outstanding at December 31, 2016 is \$1,230,321 (2015 - \$1,324,520).

10. Self Insurance Coverage:

The Township has an agreement with members of the Waterloo Region Municipalities Insurance Pool to purchase property damage and public liability insurance on a group basis and share a retained level of risk. The members pay an annual levy to fund insurance coverage, losses, and contribute to a surplus. The pool has purchased insurance to fund losses above a pre-determined deductible and any losses above a pre-determined total in any year.

The Township is self-insured for public liability claims up to \$10,000 (2015 - \$10,000) for any individual claim and \$10,000 (2015 - \$10,000) for any number of claims arising out of a single occurrence. Outside coverage is in place for claims in excess of these limits.

During the year, claims amounting to \$41,935 (2015 - \$25,203) were settled and insurance premiums of \$246,687 (2015 - \$249,750) were paid. Both amounts are reported as an expenditure on the Statement of Operations and Accumulated Surplus.

The Township is from time to time, involved in legal suits of varying dollar amounts for which no provision for possible liability has been recorded in these financial statements. In the event the Township is found liable, any amounts not recoverable from Township's insurers will be adjusted against future revenues.

THE CORPORATION OF THE TOWNSHIP OF WILMOT

Notes to Financial Statements, continued

Year ended December 31, 2016

11. Other explanatory notes

(a) Expenditures by object

The following is a summary of the operating expenditures on the statement of financial activities by the object of expenditure:

	2016	2015
Salaries, wages and employee benefits	\$ 7,306,913	\$ 6,966,309
Materials	4,803,509	4,609,168
Amortization	6,011,527	5,963,300
Contracted services	578,876	168,177
External transfers	72,357	127,267
	<hr/>	<hr/>
	\$ 18,773,182	17,834,221

(b) Budget Figures

Council has approved operating budgets for 2016 that included funding contributions for Capital Projects and various Reserves, the costs for which may be carried over one or more years. In addition, the approved budgets have excluded certain costs such as amortization expenses. These costs have now been included in the actual expenses under PSAB generally accepted accounting principles.

THE CORPORATION OF THE TOWNSHIP OF WILMOT

Notes to Financial Statements, continued

Year ended December 31, 2016

11. Other explanatory notes (continued)

	Budget 2016	Actual 2016	Actual 2015
Revenues			
Mayor and Council	\$ -	\$ -	\$ -
Office of the CAO	90,110	83,330	80,278
Financial Services	324,330	313,477	332,767
Program Support	9,439,830	9,437,925	9,024,674
Fire Services	33,960	17,935	40,587
Transportation and Public Works	91,800	130,192	134,699
Environmental Services	4,724,570	4,903,607	4,531,547
Health Services	71,900	70,299	74,929
Recreation and Cultural Services	1,574,400	1,597,878	1,562,555
Planning Services	648,000	430,140	498,401
Total revenues	\$ 16,998,900	\$ 16,984,783	\$ 16,280,437
Expenses			
Mayor and Council	\$ 137,660	\$ 134,785	\$ 138,560
Office of the CAO	502,810	512,964	500,350
Financial Services	603,850	606,685	571,708
Program Support	2,975,250	2,729,834	2,798,479
Fire Services	1,118,960	1,282,614	1,133,482
Transportation and Public Works	1,819,960	1,853,233	1,854,884
Environmental Services	4,724,570	4,903,607	4,531,548
Health Services	71,900	70,299	74,928
Recreation and Cultural Services	4,290,650	4,329,810	4,093,118
Planning Services	753,290	560,952	583,380
Total expenses	\$ 16,998,900	\$ 16,984,783	\$ 16,280,437
Annual Surplus	\$ -	\$ -	\$ -

THE CORPORATION OF THE TOWNSHIP OF WILMOT

Notes to Financial Statements, continued

Year ended December 31, 2016

11. Other explanatory notes (continued)

(b) Budget Figures (continued)

Pursuant to regulation 284 of the Municipal Act, the Township has provided below a reconciliation of the Council approved budget to the PSAB required format:

	2016	2015
Annual Surplus (Deficit) under PSAB	\$ (2,360,103)	\$ 1,683,263
Less:		
Grants and transfer related to capital	1,678,847	1,547,988
Deferred Revenue, net change	41,512	(152,850)
Contribution from Developers	224,538	375,055
Tangible capital assets additions	2,306,416	3,221,606
Contributed tangible capital assets	-	3,393,868
Increase in Government Business Enterprises	464,171	519,676
	4,715,484	8,905,343
Add:		
Amortization	6,011,527	5,963,300
Capital expenses	932,243	1,181,077
Loss on disposal of capital assets	131,817	77,703
	7,075,587	7,222,080
Budget Surplus, Council approved	\$ -	\$ -

(c) Comparative figures

Certain comparative figures were restated in order to conform with those for the current year.

THE CORPORATION OF THE TOWNSHIP OF WILMOT

Notes to Financial Statements, continued

Year ended December 31, 2016

12. Accumulated surplus

	2016	2015
Reserve and Reserve Funds		
Baden West Noise Wall	69,359	68,741
Cemetery - Operations	(34,850)	(28,164)
Elections	27,112	13,228
Hamilton Road Noise Wall	137,219	135,996
Heritage Lighting	5,579	5,530
Heritage Wilmot	1,202	1,191
Information Technology Reserve Fund	862	4,658
Infrastructure Reserve - Equipment	604,665	927,122
Infrastructure Reserve - Facilities	910,013	1,086,519
Infrastructure Reserve - Roads	1,074,179	1,313,316
Self-Insurance Reserve Fund	20,000	20,000
Street Lighting	(151,709)	48,091
Wastewater	1,712,955	1,312,195
Water	2,089,445	1,523,382
Water Meter Replacement	219,411	247,356
Winter Maintenance	140,946	105,713
Working Funds	383,388	383,388
Total Reserves and Reserve Funds	7,209,776	7,168,264
Surplus		
Invested in tangible capital assets	143,566,863	146,639,000
Operating Fund	18,649,322	17,214,009
Total Surplus	162,216,185	163,853,009
Accumulated Surplus	\$ 169,425,961	\$ 171,021,273

THE CORPORATION OF THE TOWNSHIP OF WILMOT

Notes to Financial Statements, continued

Year ended December 31, 2016

13. Asset Management Plan Adjustment

In accordance with the Ministry of Infrastructure "Building Together" guide, the Township completed an Asset Management Plan (AMP) which was a first step in establishing an overall infrastructure strategy.

As a result of this study, certain infrastructure tangible capital assets were revalued to match AMP data resulting in an increase in tangible capital assets as follows:

	2016	2015
Cost	\$ 2,856,426	\$ 49,140,378
Accumulated amortization	2,091,635	4,705,990
	<u>\$ 764,791</u>	<u>\$ 44,434,388</u>

The impact of this adjustment in 2016 was an increase in accumulated surplus of \$764,791 (2015 - \$44,434,388).

Amortization for future years will increase as a result of this restatement of the net book value of the infrastructure tangible capital assets. The impact for 2016 was an increase in amortization amounting to approximately \$214,000 (2015 - \$1,135,000).