

Consolidated Financial Statements of

**THE CORPORATION OF THE  
TOWNSHIP OF WILMOT**

Year ended December 31, 2010

# 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)

	2010	2009	2008	2007	2006	2005
<b>POPULATION</b> at the end of the year	19,621	19,151	18,731	18,321	17,850	17,500
<b>AREA</b> in acres at the end of the year	65,767	65,767	65,767	65,767	65,767	65,767
<b>EMPLOYEES</b> - continuous full time	55	55	55	53	51	48
<b>NUMBER</b> of households	7,267	7,093	6,937	6,786	6,623	6,481
<b>** ASSESSMENT</b> - Taxable assessment upon which the year's rates of taxation were set						
Residential, multi-residential and farm	\$1,991,036	\$1,841,855	\$1,684,512	\$1,632,311	\$1,548,232	\$1,333,571
Commercial - all classes	\$93,815	\$85,959	\$81,620	78,766	73,816	67,901
Industrial - all classes	\$33,571	\$30,309	\$26,516	27,924	28,685	26,664
Pipeline & Managed Forests	\$9,449	\$8,721	\$8,215	8,126	7,618	7,923
<b>Total</b>	<u>\$2,127,871</u>	<u>\$1,966,844</u>	<u>\$1,800,863</u>	<u>\$1,747,127</u>	<u>\$1,658,350</u>	<u>\$1,436,059</u>
Per capita	\$108,449	\$102,702	\$96,143	\$95,362	\$92,905	\$82,061
Commercial and industrial, as a percentage of taxable assessment	6%	6%	6%	6%	6%	7%
Exempt assessment	\$ 78,035	\$63,940	\$61,505	\$62,804	\$63,004	\$53,555
<b>TAX ARREARS</b> -per capita	\$71.80	\$65.10	\$72.20	\$63.80	\$57.00	\$47.10
- percentage of current levy	5.54%	5.08%	5.85%	5.28%	4.69%	4.04%
<b>EXPENDITURE</b> -general municipal purposes	\$ 9,611	\$9,521	\$8,293	\$7,195	\$6,626	\$6,098
<b>TRANSFERS TO THE REGION</b>	\$13,347	\$12,655	\$11,776	\$11,181	\$10,399	\$9,900
<b>TRANSFERS TO THE SCHOOL BOARDS</b>	\$7,146	\$7,006	\$6,692	\$6,619	\$6,240	\$6,202
<b>REVENUE FOR GENERAL MUNICIPAL SERVICES</b>						
Taxation	\$5,968	\$5,717	\$5,447	\$5,240	\$4,965	\$4,525
Payment in lieu of taxes	166	166	166	166	82	81
Government grants	2,537	1,643	1,104	1,022	920	1,225
Fees and service charges	2,992	3,099	2,888	2,729	2,218	2,612
Equity income from Kitchener Power Corporation	485	(584)	218	(319)	738	439
Other	1,062	1,461	1,001	1,438	844	806
<b>Total</b>	<u>\$13,209</u>	<u>\$11,502</u>	<u>\$10,824</u>	<u>\$10,276</u>	<u>\$9,767</u>	<u>\$9,688</u>

\*\* Reflects market value assessment.

**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)

	2010	2009	2008	2007	2006	2005
<b>NET LONG TERM LIABILITIES</b>						
General municipal activities	\$1,266	\$1,524	\$1,778	\$2,032	\$2,280	\$2,527
- per capita	\$65	\$80	\$95	\$111	\$128	\$144
- percentage of taxable assessment	0.06%	0.08%	0.10%	0.12%	0.14%	0.18%
- Municipal enterprises	Nil	Nil	Nil	Nil	Nil	Nil
<b>CHARGES FOR NET LONG TERM LIABILITIES</b>						
General municipal activities	\$258	\$255	\$252	\$311	\$247	\$0
-per capita	\$13	\$13	\$13	\$17	\$14	\$0
-as a tax rate	\$0.121	0.130	0.140	0.178	0.149	0.000
<b>ACCUMULATED SURPLUS</b>						
- OPERATING FUND (note below)	(\$1,090)	\$1,954	n/a	n/a	n/a	n/a
- TANGIBLE CAPITAL ASSETS (note below)	\$103,126	\$98,711	\$97,751	n/a	n/a	n/a
- RESERVES AND RESERVE FUNDS	\$5,270	\$5,940	\$8,589	\$9,776	\$7,337	\$7,193
- KITCHENER POWER CORPORATION	\$14,168	\$13,683	\$14,267	\$14,049	\$13,303	\$12,852
<b>DEFERRED REVENUES</b>	\$1,137	\$1,068	\$631	\$134	\$1,275	\$2,482

**NOTE:**

Effective January 1, 2009, the Township of Wilmot changed its accounting and financial reporting to conform to the revised guidelines in the Public Sector Accounting Handbook on financial reporting presentation (section PS 1200) and tangible capital accounting (PS 3150). Accordingly, financial information for some items, for the years 2005 through 2008 has not been presented, as these items lack comparability.



## Management Responsibility for Financial Reporting

For the Year ended December 31, 2010

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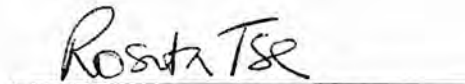
The accompanying Consolidated Financial Statements and all other information contained in this Annual Report are the responsibility of the management of The Corporation of the Township of Wilmot. The preparation of periodic financial statements involves the use of estimates and approximations because the precise determination of financial information frequently depends on future events. These Consolidated 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 Canadian Institute of Chartered Accountants.

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 Consolidated 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 Accountants, as the Township's appointed external auditors have audited the Consolidated Financial Statements. The external auditors have full and free access to management and Council. The Auditors' Report is dated June 6, 2011 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 Consolidated 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 generally accepted accounting principles.

  
Grant Whittington,  
Chief Administrator Officer

  
Rosita Tse, B.Comm 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 consolidated financial statements of **The Corporation of the Township of Wilmot**, which comprise the consolidated statement of financial position as at December 31, 2010, and the consolidated statements of operations and accumulated surplus, change in net financial position 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 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.

### Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the 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 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, 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 consolidated financial statements present fairly, in all material respects, the financial position of **The Corporation of the Township of Wilmot** as at December 31, 2010, and the results of its operations, changes in its net financial position and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Cambridge, Ontario  
June 6, 2011

CHARTERED ACCOUNTANTS, authorized to practice public  
accounting by The Institute of Chartered Accountants of Ontario

# THE CORPORATION OF THE TOWNSHIP OF WILMOT

## Consolidated Statement of Financial Position

December 31, 2010

	2010	2009 (Restated note 13)
<b>Financial Assets</b>		
Cash	\$ 6,873,938	\$ 10,935,396
Taxes receivable	1,408,668	1,245,912
Accounts receivable	1,712,498	1,018,505
Investment in Kitchener Power Corporation (note 6)	14,167,716	13,683,036
	<u>24,162,820</u>	<u>26,882,849</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	2,334,272	1,521,261
Deferred revenue	1,196,650	1,292,409
Deferred revenue - obligatory reserve funds (note 8)	1,137,143	1,068,032
Net long-term liabilities (note 9)	1,266,059	1,524,113
	<u>5,934,124</u>	<u>5,405,815</u>
<b>Net Financial Assets</b>	<u>\$ 18,228,696</u>	<u>\$ 21,477,034</u>
<b>Non-Financial Assets</b>		
Tangible Capital Assets (note 7)	103,126,463	98,771,364
Inventories and Supplies	67,330	46,251
Prepaid Expenses	52,275	52,973
	<u>103,246,068</u>	<u>98,870,588</u>
<b>Accumulated Surplus</b> (note 15)	<u>\$ 121,474,764</u>	<u>\$ 120,347,622</u>

See accompanying notes to consolidated financial statements.

Approved on behalf of Council

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# THE CORPORATION OF THE TOWNSHIP OF WILMOT

## Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2010

	2010	2009 (Restated note 13)
<b>Revenues:</b>		
Taxation	\$ 5,967,801	\$ 5,716,695
Taxation from other governments	165,734	166,499
User fees and charges	3,842,229	3,098,525
Government transfers		
Canada	5,904	5,724
Ontario	1,161,044	1,136,255
Investment income	579,577	559,629
Interest and penalties on taxes	264,103	265,124
Other	24,813	23,351
	<u>12,011,205</u>	<u>10,971,802</u>
<b>Expenses</b>		
General government	2,200,455	1,939,952
Protection to persons and property	1,687,795	1,619,279
Transportation services	4,977,606	5,046,840
Environmental services	1,603,931	1,355,927
Health services	63,699	53,193
Recreation and cultural services	3,450,374	1,970,039
Planning and development	252,515	249,808
	<u>14,236,375</u>	<u>12,235,038</u>
<b>Net expenses before other income</b>	<u>(2,225,170)</u>	<u>(1,263,236)</u>
<b>Other income (loss)</b>		
Grants and transfers related to capital		
Deferred revenue earned – capital	984,884	447,120
Government transfers – Canada	926,268	487,543
Government transfers – Ontario	443,431	13,402
Sale of tangible capital assets	39,207	
Donated tangible capital assets	458,000	
Loss on disposal of tangible capital assets	(297,410)	(12,811)
Change in equity in Kitchener-Power Corporation	484,680	(583,845)
Donations	290,380	129,286
Interest earned on reserve funds	22,872	49,572
	<u>3,352,312</u>	<u>530,267</u>
<b>Annual Surplus (Deficit) for year</b>	1,127,142	(732,969)
<b>Accumulated Surplus, beginning of the year (note 13)</b>	120,347,622	121,080,591
<b>Accumulated Surplus, end of the year</b>	<u>\$ 121,474,764</u>	<u>\$ 120,347,622</u>

See accompanying notes to consolidated financial statements.



# THE CORPORATION OF THE TOWNSHIP OF WILMOT

## Consolidated Statement of Changes in Net Financial Position

Year ended December 31, 2010

	2010	2009
		(Restated note 13)
<b>Annual Surplus (Deficit) for year</b>	<b>\$ 1,127,142</b>	<b>\$ (732,969)</b>
Amortization of tangible capital assets	4,710,244	4,644,614
Acquisition of tangible capital assets	(8,904,753)	(4,868,980)
Donated tangible capital assets	(458,000)	
Loss on sale of tangible capital assets	297,410	12,811
Change in inventories and supplies	(21,079)	26,772
Change in prepaid expense	698	62,499
<b>Decrease in Net Financial Assets</b>	<b>(3,248,338)</b>	<b>(855,253)</b>
<b>Net Financial Assets, beginning of the year</b>	<b>21,477,034</b>	<b>22,332,287</b>
<b>Net Financial Assets, end of the year</b>	<b>\$ 18,228,696</b>	<b>\$ 21,477,034</b>

See accompanying notes to consolidated financial statements

# THE CORPORATION OF THE TOWNSHIP OF WILMOT

## Consolidated Statement of Cash Flows

Year ended December 31, 2010

	2010	2009 (Restated note 13)
<b>Operating activities</b>		
Surplus (deficit) for year	\$ 1,127,142	\$ (732,969)
Sources (uses)		
Taxes receivable	(162,756)	107,183
Accounts receivable	(693,993)	1,180,259
Accounts payable and accrued liabilities	813,012	(1,048,308)
Deferred revenue	(26,649)	941,465
Prepaid expenses	698	62,499
Inventories of supplies	(21,079)	26,772
	1,036,375	536,901
Non-cash charges to operations		
Amortization	4,710,244	4,644,614
Donated Capital assets	(458,000)	
Loss on sale of tangible capital assets	297,410	12,811
Cash provided from operations	5,586,029	5,194,326
<b>Capital activities</b>		
Acquisition of tangible capital assets	(8,904,753)	(4,868,980)
<b>Investing activities</b>		
Net change in investments	(484,680)	583,845
<b>Financing activities</b>		
Debt repayment	(258,054)	(254,736)
<b>Net increase (decrease) in cash</b>	<b>(4,061,458)</b>	<b>654,455</b>
<b>Cash, beginning of year</b>	<b>10,935,396</b>	<b>10,280,941</b>
<b>Cash, end of year</b>	<b>\$ 6,873,938</b>	<b>\$ 10,935,396</b>

See accompanying notes to consolidated financial statements.

# THE CORPORATION OF THE TOWNSHIP OF WILMOT

## Notes to Consolidated Financial Statements

Year ended December 31, 2010

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### 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. Accounting Policies

The consolidated 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 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. However, because of the inherent uncertainty in making estimates, actual results could differ from those estimates.

The focus of PSAB financial statements is on the financial position of the Municipality and the changes thereto and emphasizes those assets which could provide resources to discharge existing liabilities or finance future operations. This provides information about the Township's overall future revenue requirements and its ability to finance activities and meet its obligations. The following is a summary of the significant accounting policies followed in the preparation of these financial statements.

(a) Basis of Consolidation:

(i) Consolidated 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 Corporation, 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.

# THE CORPORATION OF THE TOWNSHIP OF WILMOT

## Notes to Consolidated Financial Statements, continued

Year ended December 31, 2010

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### 2. Accounting policies (continued)

(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 Region of Waterloo, are not reflected in these consolidated financial statements.

(iv) Trust Funds:

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

(b) Basis of Accounting:

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

(ii) The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(c) 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 consolidated 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)	10-40 years
Water and Wastewater	60 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.

# THE CORPORATION OF THE TOWNSHIP OF WILMOT

## Notes to Consolidated Financial Statements, continued

Year ended December 31, 2010

### 2. Accounting policies (continued)

#### (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.

#### (d) Deferred Revenue

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.

#### (e) Investments

Investments consist of term deposits and are recorded at cost. Investment income is reported as revenue in the period earned. Investment income earned on obligatory reserve funds is considered deferred until the funds are applied.

#### (f) Government Transfers

Government transfers are recognized in the financial statements in the period in which the events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

### 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	\$ 7,000,254	\$ 13,226,611
Share of payments in lieu of taxes	145,475	120,305
	7,145,729	13,346,916
Requisitions paid	7,145,729	13,346,916
Overlevies (underlevies), end of year	\$ nil	\$ nil

# THE CORPORATION OF THE TOWNSHIP OF WILMOT

## Notes to Consolidated Financial Statements, continued

Year ended December 31, 2010

### 4. Trust Funds

Further to note 2(a)(iv), trust fund assets administered by the Township amounting to \$378,350 (2009 - \$389,221) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of financial activities.

### 5. Ontario Municipal Employees' Retirement Fund

The Township makes 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.

The amount contributed to OMERS for 2010 was \$251,177 (2009 - \$233,914) for current service.

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

### 6. Investment in Kitchener Power Corporation

Under the provincial government's Electricity Competition Act (Bill 35), Kitchener Power Corporation, 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 Corporation and a 7.75% share in long-term notes payable by subsidiaries and investees of Kitchener Power Corporation.

The investment in Kitchener Power Corporation consists of the following elements:

	2010	2009
Kitchener Power Corporation 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
Adjustment – prior period		(777,129)
Accumulated income, beginning of year	2,604,508	3,188,353
	13,683,036	13,489,752
Share of net income for year	631,930	356,034
Dividends received in year	(147,250)	(162,750)
Cost of investment	\$ 14,167,716	\$ 13,683,036

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 Consolidated Financial Statements, continued

Year ended December 31, 2010

### 6. Investment in Kitchener Power Corporation (continued)

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

	2010	2009
	(in thousands)	(in thousands)
Current assets	\$ 75,024	\$ 65,742
Long-term assets	177,089	165,684
<b>Total assets</b>	<b>252,113</b>	<b>231,426</b>
Current liabilities	34,677	27,106
Long-term liabilities	111,589	104,727
<b>Total liabilities</b>	<b>146,266</b>	<b>131,833</b>
<b>Net assets</b>	<b>\$ 105,847</b>	<b>\$ 99,593</b>

	2010	2009
	(in thousands)	(in thousands)
Results of operations:		
Revenues	\$ 195,771	\$ 178,829
Operating expenses	(187,617)	(174,235)
<b>Net income</b>	<b>\$ 8,154</b>	<b>\$ 4,594</b>
<b>Township's share of net income 7.75%</b>	<b>\$ 632</b>	<b>\$ 356</b>

### 7. Tangible Capital Assets

	Cost	Accumulated Amortization	Net Book Value 2010	Net Book Value 2009 (Restated note 13)
Land	\$ 10,320,181	\$	\$ 10,320,181	\$ 9,862,181
Land Improvements	1,929,151	985,648	943,503	822,773
Buildings	21,504,392	5,284,634	16,219,758	14,792,367
Machinery & Equipment	1,995,746	1,095,338	900,408	915,249
Vehicles	4,924,406	2,586,052	2,338,354	2,134,086
Infrastructure	123,463,791	56,333,300	67,130,491	66,880,872
	164,137,667	66,284,972	97,852,695	95,407,528
Assets under Construction	5,273,768		5,273,768	3,363,836
<b>Total</b>	<b>\$169,411,435</b>	<b>\$ 66,284,972</b>	<b>\$ 103,126,463</b>	<b>\$ 98,771,364</b>

# THE CORPORATION OF THE TOWNSHIP OF WILMOT

## Notes to Consolidated Financial Statements, continued

Year ended December 31, 2010

### 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:

	2010	2009
Recreational parkland (The Planning Act)	\$ 1,175,586	\$ 1,129,380
Development charges and sub-dividers contributions	(171,927)	(138,105)
Federal Gas Tax	11,228	9,425
Building Department (Bill 124)	122,256	67,332
	<b>\$ 1,137,143</b>	<b>\$ 1,068,032</b>

(b) Continuity schedule:

	2010	2009
Revenue		
Development charges and user fees	\$ 1,131,535	\$ 878,523
Gas Tax funding	526,000	483,043
Investment Income	7,295	5,247
	1,664,830	1,366,813
Deferred revenue recognized	(1,595,719)	(930,162)
Change in deferred revenue	69,111	436,651
Deferred revenue, beginning of year	1,068,032	631,381
Deferred revenue, end of year	<b>\$ 1,137,143</b>	<b>\$ 1,068,032</b>



# THE CORPORATION OF THE TOWNSHIP OF WILMOT

## Notes to Consolidated Financial Statements, continued

Year ended December 31, 2010

### 9. Net long-term liabilities

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

	2010	2009
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	\$ 4,123,182	\$ 4,296,361
Of the long-term liabilities shown above, the responsibility for payment of principal and interest charges that has been assumed by individuals amounts to	(1,754,932)	(1,830,512)
Value of sinking fund investments	(1,102,191)	(941,736)
<b>Net long-term liabilities at end of year</b>	<b>\$ 1,266,059</b>	<b>\$ 1,524,113</b>

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

	2011 to 2015	2016 and thereafter	Sinking fund	Total
From general municipal revenues	\$ 856,615	\$	\$ 1,511,635	\$ 2,368,250
From benefiting landowners	421,751	1,333,181		1,754,932
	<b>\$ 1,278,366</b>	<b>\$ 1,333,181</b>	<b>\$ 1,511,635</b>	<b>\$ 4,123,182</b>

- (c) The long-term liabilities incurred after January 1, 1993 have been approved by by-law and are within the annual limit prescribed by the Ministry of Municipal Affairs and Housing. Long-term debt issues maturing in 2013 and 2014 amount to \$1,266,059.
- (d) 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, 2010 is \$1,754,932 (2009 - \$1,830,512).
- (e) Interest charges for 2010 amounted to \$180,529 (\$183,755 in 2009) and the long-term debt rates of interest range from 2.5% to 7.5% per annum.
- (f) Annual sinking fund payments amounting to \$160,455 are required under provisions of the sinking fund indenture for 2011, 2012 and 2013 at which time the debt retirement provisions are satisfied.

# THE CORPORATION OF THE TOWNSHIP OF WILMOT

## Notes to Consolidated Financial Statements, continued

Year ended December 31, 2010

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### 10. Measurement uncertainty

Property tax billings are prepared by the Township based on an assessment roll prepared by the Municipal Property Assessment Corporation ("MPAC"), an agency of the Ontario government. All assessed property values in the Township were reviewed and new values established based on a common valuation date which were used by the Township in computing the 2010 property tax bills. However, the property tax revenue and tax receivables of the Township are subject to measurement uncertainty as a significant number of appeals submitted by ratepayers have yet to be heard. Further, MPAC's processing of agreed upon adjustments to assessments as well as changes to assessed value reflecting new construction is significantly backlogged. Any supplementary billing adjustments made necessary by the determination of such changes will be recognized in the fiscal year they are determined and the effect shared with regional government and school boards as appropriate.

### 11. Self Insurance Coverage

The Township is self insured for public liability claims up to \$10,000 (2009 - \$10,000) for any individual claim and \$10,000 (2009 - \$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 \$64,539 (2009 - \$60,421) were settled and insurance premiums of \$188,268 (2009 - \$171,153) were paid. Both amounts are reported as an expenditure on the consolidated statement of operations and accumulated surplus.

The Municipality 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 Municipality is found liable, any amounts not recoverable from Municipality's insurers will be adjusted against future revenues.

### 12. Contractual obligation - Ministry of the Environment/Ontario Clean Water Agency

In accordance with a service agreement entered into by the Township in 1975 with the Ministry of the Environment, the existing sewage and water systems are owned and operated by the Ministry. The Township is obligated to meet all operating costs and repay the long-term liabilities related to these projects.

The long-term liabilities indicated above are not reflected in these financial statements.

# THE CORPORATION OF THE TOWNSHIP OF WILMOT

## Notes to Consolidated Financial Statements, continued

Year ended December 31, 2010

### 13. Restatement of prior years

During 2010 the following changes, requiring retroactive re-statement of prior years' audited figures, were identified.

Management noted certain tangible capital assets that previously had not been inventoried by the Township in the initial reporting of them. As a result, the opening accumulated surplus for 2009 has been increased by \$517,831 and the deficit for 2009 has been decreased by \$1,841,960 to reflect the total increase to tangible capital assets amounting to \$2,359,791 as presented below.

The water system long-term debt, previously shown as a Township responsibility, has now been re-categorized as a debt of benefitting landowners. As a result, opening accumulated surplus for 2009 has been increased by \$1,873,514 and principal payments for 2009 and 2010 have been adjusted to increase operating results by \$67,834 and \$71,092 respectively.

	2010	2009
Accumulated surplus, previously reported	\$ 116,182,151	\$ 118,689,246
Tangible capital assets adjustment	2,359,791	517,831
Water system long-term debt adjustment	1,805,680	1,873,514
Accumulated surplus, as restated	\$ 120,347,622	\$ 121,080,591

### 14. Other explanatory notes

#### (a) Expenditures by object

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

	2010	2009
Salaries, wages and employee benefits	\$ 5,506,055	\$ 5,261,322
Net long-term debt interest charges	180,529	183,755
Materials	3,691,888	2,005,410
Amortization	4,710,245	4,644,614
Contracted services	107,184	98,278
External transfers	40,474	41,659
	\$ 14,236,375	\$ 12,235,038

#### (b) Budget Figures

Council has approved operating budgets for 2010 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 Consolidated Financial Statements, continued

Year ended December 31, 2010

### 14. Other explanatory notes - continued

#### (b) Budget Figures – continued

As such, the budgets are not directly comparable with the current year's actual expense amounts as presented in the Consolidated Statement of Operations and Accumulated Surplus and, accordingly, budget amounts have not been included in these financial statements. However, comparative financial information relating to the operating budget is presented below:

	Budget 2010	Actual 2010	Actual 2009
<b>Revenues</b>			
Mayor and Council	\$ 76,500	\$ 84,887	\$ 71,043
Office of the C.A.O.	278,000	306,093	290,081
Financial Services	7,584,350	7,792,623	7,784,509
Program Support	60,610	50,826	68,148
Fire Services	82,540	113,260	91,838
Transportation and public works	3,081,730	3,104,814	2,685,502
Environmental Services	54,800	46,868	48,839
Health Services	1,053,258	1,096,235	1,016,775
Recreation and cultural services	833,336	915,657	816,764
Planning Services			
<b>Total Revenues</b>	<b>13,105,124</b>	<b>13,511,263</b>	<b>12,873,499</b>
<b>Expenses</b>			
Mayor and Council	\$ 112,976	\$ 110,783	\$ 111,144
Office of the C.A.O.	519,571	531,639	489,128
Financial Services	557,558	564,473	521,263
Program Support	2,842,159	3,144,147	2,976,866
Fire Services	809,229	772,581	760,373
Transportation and public works	1,561,668	1,501,543	1,555,001
Environmental Services	3,081,730	3,104,814	2,685,502
Health Services	58,900	50,641	52,551
Recreation and cultural services	2,721,960	2,826,608	2,902,149
Planning Services	839,373	904,034	819,522
<b>Total expenses</b>	<b>13,105,124</b>	<b>13,511,263</b>	<b>12,873,499</b>
<b>Annual surplus for year</b>	<b>\$ nil</b>	<b>\$ nil</b>	<b>\$ nil</b>

# THE CORPORATION OF THE TOWNSHIP OF WILMOT

## Notes to Consolidated Financial Statements, continued

Year ended December 31, 2010

### 14. 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:

	2010	2009
Surplus (Deficit) for year reported under PSAB	\$ 1,127,142	\$ (732,969)
Less:		
Grants and transfers related to capital	1,428,315	500,945
Deferred revenue, net change	31,880	73,416
Contributions from developers	953,004	373,704
Tangible capital assets additions	8,904,753	4,868,980
	11,317,952	5,817,045
Add:		
Amortization	4,710,244	4,644,614
Capital Expenses	759,615	726,893
Loss on disposal of capital assets	297,410	12,811
Disposal of tangible capital assets	2,715,532	
Write downs of tangible capital assets	319,426	
Other	1,388,583	1,165,696
	10,190,810	6,550,014
Budget surplus, Council approved	\$ nil	\$ nil

#### (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 Consolidated Financial Statements, continued

Year ended December 31, 2010

### 15. Accumulated surplus

	2010	2009 (Restated note 13)
<b>Reserve and Reserve Funds</b>		
Baden West noise wall	\$ 64,965	\$ 64,432
Capital Replacement Reserve – Equipment	451,838	575,643
Capital Replacement Reserve – Facilities	547,925	538,149
Capital Replacement Reserve – Roads	322,809	409,441
Cemetery – Capital	(146,854)	(66,411)
Cemetery – Operations	17,722	(6,217)
Elections	3,799	33,598
Hamilton Road noise wall	128,524	127,470
Heritage Lighting	5,226	5,183
Heritage Wilmot	1,128	6,109
Information Technology	2,866	2,843
Street Lighting	45,449	45,076
Wastewater	264,427	55,208
Water	(166,785)	(689,861)
Water Meters	108,956	80,033
Winter Maintenance	83,613	30,312
Wilmot Recreation Complex	1,703,610	2,900,658
Infrastructure Capital	1,452,435	1,452,435
Working Funds	378,663	375,453
<b>Total Reserves and Reserve Funds</b>	<b>\$ 5,270,316</b>	<b>\$ 5,939,554</b>
<b>Surplus</b>		
Invested in tangible capital assets	103,126,463	98,771,364
Operating Fund	13,077,985	15,636,704
<b>Total Surplus</b>	<b>116,204,448</b>	<b>114,408,068</b>
<b>Accumulated Surplus</b>	<b>\$ 121,474,764</b>	<b>\$ 120,347,622</b>