

Financial Statements of

**THE CORPORATION OF THE  
TOWNSHIP OF WILMOT**

Year ended December 31, 2011

# THE CORPORATION OF THE TOWNSHIP OF WILMOT

## INDEX

---

	Page Number
Six Year Financial Review	1-2
Management Responsibility for Financial Reporting	3
Independent Auditors' Report	4
Financial Position	5
Statement of Operations and Accumulated Surplus	6
Statement of Change in Net Financial Assets	7
Statement of Cash Flows	8
Notes to the Financial Statements	9-20

**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)

	2011	2010	2009	2008	2007	2006
<b>POPULATION</b> at the end of the year	20,035	19,621	19,151	18,731	18,321	17,850
<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	54	55	55	55	53	51
<b>NUMBER</b> of households	7,700	7,267	7,093	6,937	6,786	6,623
<b>** ASSESSMENT</b> - Taxable assessment upon which the year's rates of taxation were set						
Residential, multi-residential and farm	2,180,301	1,991,036	\$1,841,855	\$1,684,512	\$1,632,311	\$1,548,232
Commercial - all classes	99,027	93,815	\$85,959	\$81,620	78,766	73,816
Industrial - all classes	35,192	33,571	\$30,309	\$26,516	27,924	28,685
Pipeline & Managed Forests	9,919	9,449	\$8,721	\$8,215	8,126	7,618
<b>Total</b>	<u>\$2,324,439</u>	<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>
Per capita	\$116,019	\$108,449	\$102,702	\$96,143	\$95,362	\$92,905
Commercial and industrial, as a percentage of taxable assessment	6%	6%	6%	6%	6%	6%
Exempt assessment	\$ 84,746	\$ 78,035	\$63,940	\$61,505	\$62,804	\$63,004
<b>TAX ARREARS</b> -per capita	\$72.60	\$71.80	\$65.10	\$72.20	\$63.80	\$57.00
- percentage of current levy	5.54%	5.54%	5.08%	5.85%	5.28%	4.69%
<b>EXPENDITURE</b> -general municipal purposes	\$ 10,336	\$ 9,611	\$9,521	\$8,293	\$7,195	\$6,626
<b>TRANSFERS TO THE REGION</b>	\$13,697	\$13,347	\$12,655	\$11,776	\$11,181	\$10,399
<b>TRANSFERS TO THE SCHOOL BOARDS</b>	\$7,139	\$7,146	\$7,006	\$6,692	\$6,619	\$6,240
<b>REVENUE FOR GENERAL MUNICIPAL SERVICES</b>						
Taxation	\$ 6,217	\$ 5,968	\$5,717	\$5,447	\$5,240	\$4,965
Payment in lieu of taxes	165	166	166	166	166	82
Government grants	6,660	2,537	1,643	1,104	1,022	920
Fees and service charges	3,765	2,992	3,099	2,888	2,729	2,218
Equity income from Kitchener Power Corporation	702	484	(584)	218	(319)	738
Other	1,618	1,062	1,461	1,001	1,438	844
<b>Total</b>	<u>\$ 19,127</u>	<u>\$ 13,209</u>	<u>\$11,502</u>	<u>\$10,824</u>	<u>\$10,276</u>	<u>\$9,767</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)

	2011	2010	2009	2008	2007	2006
<b>NET LONG TERM LIABILITIES</b>						
General municipal activities	\$1,005	\$1,266	\$1,524	\$1,778	\$2,032	\$2,280
- per capita	\$50	\$65	\$80	\$95	\$111	\$128
- percentage of taxable assessment	0.05%	0.06%	0.08%	0.10%	0.12%	0.14%
- Municipal enterprises	Nil	Nil	Nil	Nil	Nil	Nil
<b>CHARGES FOR NET LONG TERM LIABILITIES</b>						
General municipal activities	\$261	\$258	\$255	\$252	\$311	\$247
-per capita	\$13	\$13	\$13	\$13	\$17	\$14
-as a tax rate	\$0.112	\$0.121	0.130	0.140	0.178	0.149
<b>ACCUMULATED SURPLUS</b>						
- OPERATING FUND (note below)	\$251	(\$1,090)	\$1,954	n/a	n/a	n/a
- TANGIBLE CAPITAL ASSETS (note below)	\$108,252	\$103,126	\$98,711	\$97,751	n/a	n/a
- RESERVES AND RESERVE FUNDS	\$2,552	\$5,270	\$5,940	\$8,589	\$9,776	\$7,337
- KITCHENER POWER CORPORATION	\$14,614	\$14,168	\$13,683	\$14,267	\$14,049	\$13,303
<b>DEFERRED REVENUES</b>	\$869	\$1,137	\$1,068	\$631	\$134	\$1,275

**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 2006 through 2008 has not been presented, as these items lack comparability.



## Management Responsibility for Financial Reporting

For the Year ended December 31, 2011

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 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 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 Financial Statements. The external auditors have full and free access to management and Council. The Auditors' Report is dated April 23, 2012 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 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 financial statements of **The Corporation of the Township of Wilmot**, which comprise the statement of financial position as at December 31, 2011, 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 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 financial statements present fairly, in all material respects, the financial position of **The Corporation of the Township of Wilmot** as at December 31, 2011, 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 23, 2012

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

# THE CORPORATION OF THE TOWNSHIP OF WILMOT

## Statement of Financial Position

December 31, 2011

	2011	2010
<b>Financial Assets</b>		
Cash	\$ 4,912,261	\$ 6,873,938
Taxes receivable	1,454,815	1,408,668
Accounts receivable	1,650,208	1,712,498
Investment in Kitchener Power Corp. (note 6)	14,613,543	14,167,716
	<u>22,630,827</u>	<u>24,162,820</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	2,277,133	2,334,272
Deferred revenue	1,181,586	1,196,650
Deferred revenue - obligatory reserve funds (note 8)	869,368	1,137,143
Net long-term liabilities (note 9)	1,004,653	1,266,059
	<u>5,332,740</u>	<u>5,934,124</u>
<b>Net Financial Assets</b>	<b>\$ 17,298,087</b>	<b>\$ 18,228,696</b>
<b>Non-Financial Assets</b>		
Tangible Capital Assets (note 7)	108,251,892	103,126,463
Inventories and Supplies	71,331	67,330
Prepaid Expenses	47,433	52,275
	<u>108,370,656</u>	<u>103,246,068</u>
<b>Accumulated Surplus</b> (note 14)	<b>\$ 125,668,743</b>	<b>\$ 121,474,764</b>

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, 2011

	2011	2010
<b>Revenues</b>		
Taxation	\$ 6,216,659	\$ 5,967,801
Taxation from other governments	165,404	165,734
User fees and charges	3,764,843	3,842,229
Government transfer		
Canada	6,390	5,904
Ontario	1,254,211	1,161,044
Investment income	433,812	432,327
Interest and penalties on taxes	279,654	264,103
Other	17,406	24,813
	<u>12,138,379</u>	<u>11,863,955</u>
<b>Expenses</b>		
General government	2,163,580	2,200,455
Protection to persons and property	1,763,669	1,687,795
Transportation services	5,253,518	4,977,606
Environmental services	1,699,093	1,603,931
Health services	47,270	63,699
Recreation and cultural services	3,734,168	3,450,374
Planning and development	270,928	252,515
	<u>14,932,226</u>	<u>14,236,375</u>
<b>Net expenses before other income (expense)</b>	<u>(2,793,847)</u>	<u>(2,372,420)</u>
Other income (expense)		
Grants and transfers related to capital		
Deferred revenue earned –capital	1,055,954	984,884
Government transfers –Canada	2,802,652	926,268
Government transfers – Ontario	2,596,597	443,431
Sale of tangible capital assets	28,282	39,207
Donated tangible capital assets		458,000
Loss on disposal of tangible capital assets	(291,785)	(297,410)
Change in equity in Kitchener Power Corp.	701,577	631,930
Donations	67,565	290,380
Interest earned on reserve funds	26,984	22,872
	<u>6,987,826</u>	<u>3,499,562</u>
<b>Annual Surplus for year</b>	4,193,979	1,127,142
<b>Accumulated Surplus, beginning of the year</b>	121,474,764	120,347,622
<b>Accumulated Surplus, end of the year</b>	<u>\$ 125,668,743</u>	<u>\$ 121,474,764</u>

See accompanying notes to financial statements.



# THE CORPORATION OF THE TOWNSHIP OF WILMOT

## Statement of Change in Net Financial Assets

Year ended December 31, 2011

	2011	2010
<b>Annual Surplus for year</b>	<b>\$ 4,193,979</b>	<b>\$ 1,127,142</b>
Amortization of tangible capital assets	4,596,089	4,710,244
Acquisition of tangible capital assets	(10,013,303)	(8,904,753)
Donated tangible capital assets		(458,000)
Loss on sale of tangible capital assets	291,785	297,410
Change in inventories and supplies	(4,001)	(21,079)
Change in prepaid expense	4,842	698
<b>Decrease in Net Financial Assets</b>	<b>(930,609)</b>	<b>(3,248,338)</b>
<b>Net Financial Assets, beginning of the year</b>	<b>18,228,696</b>	<b>21,477,034</b>
<b>Net Financial Assets, end of the year</b>	<b>\$ 17,298,087</b>	<b>\$ 18,228,696</b>

See accompanying notes to financial statements

# THE CORPORATION OF THE TOWNSHIP OF WILMOT

## Statement of Cash Flows

Year ended December 31, 2011

	2011	2010
<b>Operating activities</b>		
Surplus for year	\$ 4,193,979	\$ 1,127,142
Sources (uses)		
Taxes receivable	(46,147)	(162,756)
Accounts receivable	62,290	(693,993)
Accounts payable and accrued liabilities	(57,139)	813,012
Deferred revenue	(282,839)	(26,649)
Prepaid expenses	4,842	698
Inventories of supplies	(4,001)	(21,079)
	3,870,985	1,036,375
Non-cash charges to operations		
Amortization	4,596,089	4,710,244
Donated tangible capital assets		(458,000)
Loss on sale of tangible capital assets	291,785	297,410
Cash provided from operations	8,758,859	5,586,029
<b>Capital activities</b>		
Acquisition of tangible capital assets	(10,013,303)	(8,904,753)
<b>Investing activities</b>		
Net change in investments	(445,827)	(484,680)
<b>Financing activities</b>		
Debt repayment	(261,406)	(258,054)
<b>Net decrease in cash</b>	<b>(1,961,677)</b>	<b>(4,061,458)</b>
<b>Cash, beginning of year</b>	<b>6,873,938</b>	<b>10,935,396</b>
<b>Cash, end of year</b>	<b>\$ 4,912,261</b>	<b>\$ 6,873,938</b>

See accompanying notes to financial statements.

# THE CORPORATION OF THE TOWNSHIP OF WILMOT

## Notes to Financial Statements

Year ended December 31, 2011

---

### 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 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 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.

# THE CORPORATION OF THE TOWNSHIP OF WILMOT

## Notes to Financial Statements, continued

Year ended December 31, 2011

---

### 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 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).

(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 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 Financial Statements, continued

Year ended December 31, 2011

### 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	\$ 6,993,619	\$ 13,576,980
Share of payments in lieu of taxes	144,963	119,869
	7,138,582	13,696,849
Requisitions paid	7,138,582	13,696,849
<u>Overlevies (underlevies), end of year</u>	<u>\$ nil</u>	<u>\$ nil</u>

# THE CORPORATION OF THE TOWNSHIP OF WILMOT

## Notes to Financial Statements, continued

Year ended December 31, 2011

### 4. Trust Funds:

Further to note 2(a)(iv), trust fund assets administered by the Township amounting to \$417,844 (2010 - \$378,350) 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 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 2011 was \$293,257 (2010 - \$251,177) for current service.

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

### 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:

	2011	2010
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	3,089,188	2,604,508
	14,167,716	13,683,036
Share of net income for year	701,577	631,930
Dividends received in year	(255,750)	(147,250)
Cost of investment	\$ 14,613,543	\$ 14,167,716

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, 2011

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

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

	2011	2010
	(in thousands)	(in thousands)
Current assets	\$ 68,435	\$ 75,024
Long-term assets	187,719	177,089
<b>Total assets</b>	<b>256,154</b>	<b>252,113</b>
Current liabilities	33,108	34,677
Long-term liabilities	111,447	111,589
<b>Total liabilities</b>	<b>144,555</b>	<b>146,266</b>
<b>Net assets</b>	<b>\$ 111,599</b>	<b>\$ 105,847</b>

  

	2011	2010
	(in thousands)	(in thousands)
Results of operations:		
Revenues	\$ 203,946	\$ 195,771
Operating expenses	(194,893)	(187,617)
<b>Net income</b>	<b>\$ 9,053</b>	<b>\$ 8,154</b>
<b>Township's share of net income - 7.75%</b>	<b>\$ 702</b>	<b>\$ 632</b>

### 7. Tangible Capital Assets

	Cost	Accumulated Amortization	Net Book Value 2011	Net Book Value 2010
Land	\$ 10,320,181	\$	\$ 10,320,181	\$ 10,320,181
Land Improvements	2,670,281	1,061,619	1,608,662	943,503
Buildings	21,504,392	5,808,604	15,695,788	16,219,758
Machinery & Equipment	2,113,843	1,251,154	862,689	900,408
Vehicles	5,087,413	2,972,847	2,114,566	2,338,354
Infrastructure	124,624,698	59,311,822	65,312,876	67,130,491
	166,320,808	70,406,046	95,914,762	97,852,695
Assets under Construction	12,337,130		12,337,130	5,273,768
<b>Total</b>	<b>\$178,657,938</b>	<b>\$ 70,406,046</b>	<b>\$ 108,251,892</b>	<b>\$103,126,463</b>

# THE CORPORATION OF THE TOWNSHIP OF WILMOT

## Notes to Financial Statements, continued

Year ended December 31, 2011

### 7. Tangible capital assets (continued)

During the year, land contributed to the Township by subdividers totaling \$ nil (\$458,000 in 2010) was capitalized at its fair market value at the time of receipt and included in income as “donated tangible capital assets”.

Amortization expense for the year amounts to \$4,596,089 (\$4,710,244 in 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:

	2011	2010
Recreational parkland (The Planning Act)	\$ 1,201,581	\$ 1,175,586
Development charges and sub-dividers contributions	(441,741)	(171,927)
Federal Gas Tax	9,841	11,228
Building Department (Bill 124)	99,687	122,256
	\$ 869,368	\$ 1,137,143

(b) Continuity schedule:

	2011	2010
Revenue		
Development charges and use fees	\$ 798,734	\$ 1,131,535
Gas Tax funding	524,450	526,000
Investment Income	13,398	7,295
	1,336,582	1,644,830
Deferred revenue recognized	(1,604,357)	(1,595,719)
Change in deferred revenue	(267,775)	69,111
Deferred revenue, beginning of year	1,137,143	1,068,032
Deferred revenue, end of year	\$ 869,368	\$ 1,137,143



# THE CORPORATION OF THE TOWNSHIP OF WILMOT

## Notes to Financial Statements, continued

Year ended December 31, 2011

### 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:

	2011	2010
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	\$ 3,927,382	\$ 4,123,182
Of the long-term liabilities shown above, the responsibility for payment of principal and interest charges that has been assumed by individuals amounts to	(1,660,082)	(1,754,932)
Value of sinking fund investments	(1,262,647)	(1,102,191)
<b>Net long-term liabilities at end of year</b>	<b>\$ 1,004,653</b>	<b>\$ 1,266,059</b>

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

	2012 to 2016	2017 and thereafter	Sinking fund	Total
From general municipal revenues	\$ 595,210	\$	\$ 1,672,090	\$ 2,267,300
From benefiting landowners	429,762	1,230,320		1,660,082
	<b>\$ 1,024,972</b>	<b>\$ 1,230,320</b>	<b>\$ 1,672,090</b>	<b>\$ 3,927,382</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. Net long-term debt maturing in 2012, 2013 and 2014 amounts to \$1,004,653.
- (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, 2011 is \$1,660,082 (2010 - \$1,754,932).
- (e) Interest charges for 2011 amounted to \$177,092 (\$180,529 in 2010) 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 2012 and 2013 at which time the debt retirement provisions are satisfied.

# THE CORPORATION OF THE TOWNSHIP OF WILMOT

## Notes to Financial Statements, continued

Year ended December 31, 2011

---

### **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 2011 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 (2010 - \$10,000) for any individual claim and \$10,000 (2010 - \$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 \$71,450 (2010 - \$64,539) were settled and insurance premiums of \$211,026 (2010 - \$188,268) were paid. Both amounts are reported as an expenditure on the 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 Financial Statements, continued

Year ended December 31, 2011

---

### 13. 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:

	2011	2010
Salaries, wages and employee benefits	\$ 5,819,781	\$ 5,506,055
Net long-term debt interest charges	177,092	180,529
Materials	4,209,727	3,691,888
Amortization	4,596,089	4,710,245
Contracted services	87,191	107,184
External transfers	42,346	40,474
	<u>\$ 14,932,226</u>	<u>\$ 14,236,375</u>

(b) Budget Figures

Council has approved operating budgets for 2011 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, 2011

### 13. 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 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 2011	Actual 2011	Actual 2010
<b>Revenues</b>			
Mayor and Council	\$ -	\$ -	\$ -
Office of the C.A.O.	84,500	83,065	84,887
Financial Services	292,000	319,916	306,093
Program Support	7,788,799	7,931,584	7,632,169
Fire Services	53,654	56,794	50,826
Transportation and public works	94,590	164,205	113,260
Environmental Services	3,437,650	3,547,449	3,104,814
Health Services	67,100	48,081	46,868
Recreation and cultural services	1,127,919	1,161,384	1,096,235
Planning Services	847,850	767,657	915,657
<b>Total Revenues</b>	<b>13,794,062</b>	<b>14,080,135</b>	<b>13,350,809</b>
<b>Expenses</b>			
Mayor and Council	\$ 130,450	\$ 135,266	\$ 110,783
Office of the C.A.O.	356,050	367,062	531,639
Financial Services	599,807	603,243	564,473
Program Support	2,793,787	3,099,112	2,983,693
Fire Services	840,119	832,898	772,581
Transportation and public works	1,581,666	1,530,044	1,501,543
Environmental Services	3,437,650	3,547,449	3,104,814
Health Services	67,100	48,081	50,641
Recreation and cultural services	3,132,083	3,088,118	2,826,608
Planning Services	855,350	828,862	904,034
<b>Total expenses</b>	<b>13,794,062</b>	<b>14,080,135</b>	<b>13,350,809</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 Financial Statements, continued

Year ended December 31, 2011

### 13. 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:

	2011	2010
Surplus for year reported under PSAB	\$ 4,193,979	\$ 1,127,142
Less:		
Grants and transfers related to capital	5,399,249	1,428,315
Deferred revenue, net change	53,248	31,880
Contributions from developers	1,002,706	953,004
Tangible capital assets additions	10,013,303	8,904,753
	16,468,506	11,317,952
Add:		
Amortization	4,596,089	4,710,244
Capital Expenses	2,949,941	759,615
Loss on disposal of capital assets	291,785	297,410
Disposal of tangible capital assets	395,706	2,715,532
Write downs of tangible capital assets	371,094	319,426
Other	3,669,912	1,388,583
	12,274,527	10,190,810
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 Financial Statements, continued

Year ended December 31, 2011

### 14. Accumulated surplus

	2011	2010
<b>Reserve and Reserve Funds</b>		
Baden West noise wall	\$ 65,845	\$ 64,965
Capital Replacement Reserve – Equipment	608,351	451,838
Capital Replacement Reserve – Facilities	537,341	547,925
Capital Replacement Reserve – Roads	426,621	322,809
Cemetery Reserve Funds	(123,374)	(129,132)
Elections	15,154	3,799
Hamilton Road noise wall	130,266	128,524
Heritage Lighting	5,297	5,226
Heritage Wilmot	1,144	1,128
Information Technology	2,905	2,866
Street Lighting	46,065	45,449
Wastewater	231,837	264,427
Water	6,789	(166,785)
Water Meters	133,923	109,956
Winter Maintenance	86,181	83,613
Wilmot Recreation Complex	(5,979)	1,703,610
Infrastructure Capital		1,452,435
Working Funds	383,388	378,663
<b>Total Reserves and Reserve Funds</b>	<b>\$ 2,551,754</b>	<b>\$ 5,270,316</b>
<b>Surplus</b>		
Invested in tangible capital assets	108,251,892	103,126,463
Operating Fund	14,865,097	13,077,985
<b>Total Surplus</b>	<b>123,116,989</b>	<b>116,204,448</b>
<b>Accumulated Surplus</b>	<b>\$ 125,668,743</b>	<b>\$ 121,474,764</b>