

Financial Statements of

**THE CORPORATION OF THE
TOWNSHIP OF WILMOT**

Year ended December 31, 2012

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)

	2012	2011	2010	2009	2008	2007
POPULATION at the end of the year	20,286	20,035	19,621	19,151	18,731	18,321
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	56	54	55	55	55	53
NUMBER of households	7,500	7,420	7,267	7,093	6,937	6,786
** ASSESSMENT - Taxable assessment upon which the year's rates of taxation were set						
Residential, multi-residential and farm	2,358,972	2,180,301	1,991,036	\$1,841,855	\$1,684,512	\$1,632,311
Commercial - all classes	105,698	99,027	93,815	\$85,959	\$81,620	78,766
Industrial - all classes	38,149	35,192	33,571	\$30,309	\$26,516	27,924
Pipeline & Managed Forests	10,552	9,919	9,449	\$8,721	\$8,215	8,126
Total	<u>\$2,513,371</u>	<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>
Per capita	\$123,897	\$116,019	\$108,449	\$102,702	\$96,143	\$95,362
Commercial and industrial, as a percentage of taxable assessment	6%	6%	6%	6%	6%	6%
Exempt assessment	\$ 93,708	\$ 84,746	\$ 78,035	\$63,940	\$61,505	\$62,804
TAX ARREARS -per capita	\$70.20	\$72.60	\$71.80	\$65.10	\$72.20	\$63.80
- percentage of current levy	5.24%	5.54%	5.54%	5.08%	5.85%	5.28%
EXPENDITURE -general municipal purposes	\$ 10,795	\$ 10,336	\$ 9,611	\$9,521	\$8,293	\$7,195
TRANSFERS TO THE REGION	\$14,584	\$13,697	\$13,347	\$12,655	\$11,776	\$11,181
TRANSFERS TO THE SCHOOL BOARDS	\$7,352	\$7,139	\$7,146	\$7,006	\$6,692	\$6,619
REVENUE FOR GENERAL MUNICIPAL SERVICES						
Taxation	\$6,564	\$ 6,217	\$ 5,968	\$5,717	\$5,447	\$5,240
Payment in lieu of taxes	161	165	166	166	166	166
Government grants	3,235	6,660	2,537	1,643	1,104	1,022
Fees and service charges	4,026	3,765	2,992	3,099	2,888	2,729
Equity income from Kitchener Power Corporation	710	702	484	(584)	218	(319)
Other	\$1,213	1,618	1,062	1,461	1,001	1,438
Total	<u>\$ 15,908</u>	<u>\$ 19,127</u>	<u>\$ 13,209</u>	<u>\$11,502</u>	<u>\$10,824</u>	<u>\$10,276</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)

	2012	2011	2010	2009	2008	2007
NET LONG TERM LIABILITIES						
General municipal activities	\$739	\$1,005	\$1,266	\$1,524	\$1,778	\$2,032
- per capita	\$36	\$50	\$65	\$80	\$95	\$111
- percentage of taxable assessment	0.03%	0.05%	0.06%	0.08%	0.10%	0.12%
- Municipal enterprises	Nil	Nil	Nil	Nil	Nil	Nil
CHARGES FOR NET LONG TERM LIABILITIES						
General municipal activities	\$266	\$261	\$258	\$255	\$252	\$311
-per capita	\$13	\$13	\$13	\$13	\$13	\$17
-as a tax rate	\$0.106	\$0.112	\$0.121	0.130	0.140	0.178
ACCUMULATED SURPLUS						
- OPERATING FUND (note below)	\$859	\$251	(\$1,090)	\$1,954	n/a	n/a
- TANGIBLE CAPITAL ASSETS (note below)	\$105,780	\$108,252	\$103,126	\$98,711	\$97,751	n/a
- RESERVES AND RESERVE FUNDS	\$4,449	\$2,552	\$5,270	\$5,940	\$8,589	\$9,776
- KITCHENER POWER CORPORATION	\$15,041	\$14,614	\$14,168	\$13,683	\$14,267	\$14,049
DEFERRED REVENUES	\$877	\$869	\$1,137	\$1,068	\$631	\$134

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 2007 and 2008 has not been presented, as these items lack comparability.



Management Responsibility for Financial Reporting

For the Year ended December 31, 2012

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 22, 2013 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, 2012, 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, 2012, 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 22, 2013

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, 2012

	2012	2011
Financial Assets		
Cash	\$ 6,973,909	\$ 4,912,261
Taxes receivable	1,424,617	1,454,815
Accounts receivable	1,288,082	1,650,208
Investment in Kitchener Power Corp. (note 6)	15,041,133	14,613,543
	<u>24,727,741</u>	<u>22,630,827</u>
Liabilities		
Accounts payable and accrued liabilities	1,809,025	2,277,133
Deferred revenue	1,159,895	1,181,586
Deferred revenue - obligatory reserve funds (note 8)	876,879	869,368
Net long-term liabilities (note 9)	738,864	1,004,653
	<u>4,584,663</u>	<u>5,332,740</u>
Net Financial Assets	\$ 20,143,078	\$ 17,298,087
Non-Financial Assets		
Tangible capital assets (note 7)	105,779,980	108,251,892
Inventories and supplies	167,671	71,331
Prepaid expenses	39,135	47,433
	<u>105,986,786</u>	<u>108,370,656</u>
Accumulated Surplus (note 14)	\$ 126,129,864	\$ 125,668,743

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, 2012

	2012	2011
Revenues		
Taxation	\$ 6,563,778	\$ 6,216,659
Taxation from other governments	161,154	165,404
User fees and charges	4,025,787	3,764,843
Government transfer		
Canada	8,450	6,390
Ontario	1,211,224	1,254,211
Investment income	407,499	433,812
Interest and penalties on taxes	310,087	279,654
Other	38,440	17,406
	<u>12,726,419</u>	<u>12,138,379</u>
Expenses		
General government	2,225,248	2,163,580
Protection to persons and property	1,707,168	1,763,669
Transportation services	5,052,095	5,253,518
Environmental services	1,556,591	1,699,093
Health services	53,772	47,270
Recreation and cultural services	4,601,870	3,734,168
Planning and development	250,634	270,928
	<u>15,447,378</u>	<u>14,932,226</u>
Net expenses before other income (expense)	<u>(2,720,959)</u>	<u>(2,793,847)</u>
Other income (expense)		
Grants and transfers related to capital		
Deferred revenue earned – capital	536,208	1,055,954
Government transfers – Canada	1,248,159	2,802,652
Government transfers – Ontario	767,583	2,596,597
Sale of tangible capital assets		28,282
Loss on disposal of tangible capital assets	(130,615)	(291,785)
Change in equity in Kitchener Power Corp.	709,690	701,577
Donations	31,150	67,565
Interest earned on reserve funds	19,905	26,984
	<u>3,182,080</u>	<u>6,987,826</u>
Annual Surplus for year	461,121	4,193,979
Accumulated Surplus, beginning of the year	125,668,743	121,474,764
Accumulated Surplus, end of the year	<u>\$ 126,129,864</u>	<u>\$ 125,668,743</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, 2012

	2012	2011
Annual Surplus for year	\$ 461,121	\$ 4,193,979
Amortization of tangible capital assets	4,652,003	4,596,089
Acquisition of tangible capital assets	(2,310,707)	(10,013,303)
Loss on disposal of tangible capital assets	130,616	291,785
Change in inventories and supplies	(96,340)	(4,001)
Change in prepaid expense	8,298	4,842
Increase (Decrease) in Net Financial Assets	2,844,991	(930,609)
Net Financial Assets, beginning of the year	17,298,087	18,228,696
Net Financial Assets, end of the year	\$ 20,143,078	\$ 17,298,087

See accompanying notes to financial statements

THE CORPORATION OF THE TOWNSHIP OF WILMOT

Statement of Cash Flows

Year ended December 31, 2012

	2012	2011
Operating activities		
Surplus for year	\$ 461,121	\$ 4,193,979
Sources (uses)		
Taxes receivable	30,198	(46,147)
Accounts receivable	362,126	62,290
Accounts payable and accrued liabilities	(468,108)	(57,139)
Deferred revenue	(14,180)	(282,839)
Prepaid expenses	8,298	4,842
Inventories and supplies	(96,340)	(4,001)
	283,115	3,870,985
Non-cash charges to operations		
Amortization	4,652,003	4,596,089
Loss on disposal of tangible capital assets	130,616	291,785
Cash provided from operations	5,065,734	8,758,859
Capital activities		
Acquisition of tangible capital assets	(2,310,707)	(10,013,303)
Investing activities		
Net change in investments	(427,590)	(445,827)
Financing activities		
Debt repayment	(265,789)	(261,406)
Net increase (decrease) in cash	2,061,648	(1,961,677)
Cash, beginning of year	4,912,261	6,873,938
Cash, end of year	\$ 6,973,909	\$ 4,912,261

See accompanying notes to financial statements.

THE CORPORATION OF THE TOWNSHIP OF WILMOT

Notes to Financial Statements

Year ended December 31, 2012

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 Township 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 Township 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, 2012

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 Township 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. 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
Bridges and 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, 2012

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	\$ 7,212,523	\$ 14,462,082
Share of payments in lieu of taxes	139,747	121,985
	7,352,270	14,584,067
Requisitions paid	7,352,270	14,584,067
Overlevies (underlevies), end of year	\$ nil	\$ nil

THE CORPORATION OF THE TOWNSHIP OF WILMOT

Notes to Financial Statements, continued

Year ended December 31, 2012

4. Trust Funds:

Further to note 2(a)(iv), trust fund assets administered by the Township amounting to \$416,540 (2011 - \$417,844) 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 2012 was \$345,940 (2011 - \$293,257) 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:

	2012	2011
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	3,535,015	3,089,188
	14,613,543	14,167,716
Share of net income for year	709,690	701,577
Dividends received in year	(282,100)	(255,750)
Cost of investment	\$ 15,041,133	\$ 14,613,543

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, 2012

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

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

	2012	2011
	(in thousands)	(in thousands)
Current assets	\$ 65,084	\$ 68,435
Long-term assets	193,168	187,719
Total assets	258,252	256,154
Current liabilities	33,529	33,108
Long-term liabilities	107,606	111,447
Total liabilities	141,135	144,555
Net assets	\$ 117,117	\$ 111,599

	2012	2011
	(in thousands)	(in thousands)
Results of operations:		
Revenues	\$ 213,732	\$ 203,946
Operating expenses	(204,575)	(194,893)
Net income	\$ 9,157	\$ 9,053
Township's share of net income - 7.75%	\$ 710	\$ 702

7. Tangible Capital Assets

	Cost	Accumulated Amortization	Net Book Value 2012	Net Book Value 2011
Land	\$ 10,320,181	\$	\$ 10,320,181	\$ 10,320,181
Land Improvements	2,876,317	1,144,969	1,731,348	1,608,662
Buildings	33,226,756	6,358,476	26,868,280	15,695,788
Machinery & Equipment	2,237,678	1,419,670	818,008	862,689
Vehicles	5,145,324	3,323,583	1,821,741	2,114,566
Infrastructure	126,057,915	62,213,141	63,844,774	65,312,876
	179,864,171	74,459,839	105,404,332	95,914,762
Assets under Construction	375,648		375,648	12,337,130
Total	\$180,239,819	\$ 74,459,839	\$ 105,779,980	\$108,251,892

THE CORPORATION OF THE TOWNSHIP OF WILMOT

Notes to Financial Statements, continued

Year ended December 31, 2012

7. Tangible capital assets (continued)

During the year, there was no land contributed to the Township by subdividers (\$nil in 2011). Donated land is 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 \$4,652,003 (\$4,596,089 in 2011)

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:

	2012	2011
Recreational parkland (The Planning Act)	\$ 1,225,867	\$ 1,201,581
Development charges and sub-dividers contributions	(274,749)	(441,741)
Federal Gas Tax	9,882	9,841
Building Department (Bill 124)	(84,121)	99,687
	\$ 876,879	\$ 869,368

(b) Continuity schedule:

	2012	2011
Revenue		
Development charges and use fees	\$ 554,800	\$ 798,734
Gas Tax funding	524,450	524,450
Investment Income	11,418	13,398
	1,090,668	1,336,582
Deferred revenue recognized	(1,083,157)	(1,604,357)
Change in deferred revenue	7,511	(267,775)
Deferred revenue, beginning of year	869,368	1,137,143
Deferred revenue, end of year	\$ 876,879	\$ 869,368

THE CORPORATION OF THE TOWNSHIP OF WILMOT

Notes to Financial Statements, continued

Year ended December 31, 2012

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:

	2012	2011
The Township 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	\$ 3,743,963	\$3,927,382
Of the long-term liabilities shown above, the responsibility for payment of principal and interest charges that has been assumed by individuals amounts to	(1,581,999)	(1,660,082)
Value of sinking fund investments	(1,423,100)	(1,262,647)
Net long-term liabilities at end of year	\$ 738,864	\$1,004,653

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

	2013 to 2017	2018 and thereafter	Sinking fund	Total
From general municipal revenues	\$ 329,419	\$	\$ 1,832,545	\$ 2,161,964
From benefiting landowners	450,400	1,131,599		1,581,999
	\$ 779,819	\$ 1,131,599	\$ 1,832,545	\$ 3,743,963

- (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 2013 and 2014 amounts to \$738,864.
- (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, 2012 is \$1,581,999 (2011 - \$1,660,082).
- (e) Interest charges for 2012 amounted to \$173,457 (2011 - \$177,092) and the long-term debt rates of interest range from 2.46% to 5.20% per annum.
- (f) Annual sinking fund payments amounting to \$160,455 are required under provisions of the sinking fund indenture for 2013 and 2014 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, 2012

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 2012 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 (2011 - \$10,000) for any individual claim and \$10,000 (2011 - \$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 \$35,137 (2011 - \$71,450) were settled and insurance premiums of \$230,937 (2011 - \$211,026) 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.

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, 2012

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:

	2012	2011
Salaries, wages and employee benefits	\$ 6,234,320	\$ 5,819,781
Net long-term debt interest charges	173,457	177,092
Materials	4,271,981	4,209,727
Amortization	4,652,003	4,596,089
Contracted services	67,245	87,191
External transfers	48,373	42,346
	<u>\$ 15,447,379</u>	<u>\$ 14,932,226</u>

(b) Budget Figures

Council has approved operating budgets for 2012 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, 2012

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 2012	Actual 2012	Actual 2011
Revenues			
Mayor and Council	\$ -	\$ -	\$ -
Office of the C.A.O.	90,500	87,817	83,065
Financial Services	320,000	359,104	319,916
Program Support	8,289,795	8,483,388	7,931,584
Fire Services	58,955	66,410	56,794
Transportation and public works	108,850	96,487	164,205
Environmental Services	3,778,891	3,839,222	3,547,449
Health Services	52,650	62,748	48,081
Recreation and cultural services	1,218,308	1,397,833	1,161,384
Planning Services	764,125	551,477	767,657
Total Revenues	14,682,074	14,944,486	14,080,135
Expenses			
Mayor and Council	\$ 139,013	\$ 137,806	\$ 135,266
Office of the C.A.O.	369,495	415,239	367,062
Financial Services	626,702	608,675	603,243
Program Support	2,877,213	3,263,961	3,099,112
Fire Services	859,989	870,905	832,898
Transportation and public works	1,614,969	1,626,487	1,530,044
Environmental Services	3,778,891	3,839,222	3,547,449
Health Services	52,650	62,748	48,081
Recreation and cultural services	3,595,510	3,539,227	3,088,118
Planning Services	767,642	580,216	828,862
Total expenses	14,682,074	14,944,486	14,080,135
Annual surplus for year	\$ nil	\$ nil	\$ nil

THE CORPORATION OF THE TOWNSHIP OF WILMOT

Notes to Financial Statements, continued

Year ended December 31, 2012

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:

	2012	2011
Surplus for year reported under PSAB	\$ 461,121	\$ 4,193,979
Less:		
Grants and transfers related to capital	2,015,742	5,399,249
Deferred revenue, net change	184,790	53,248
Contributions from developers	351,418	1,002,706
Tangible capital assets additions	2,310,707	10,013,303
Increase in Government Business Enterprise	427,590	445,827
Capital financing	1,154,881	1,422,927
Debt principal repayment	265,789	261,405
Other adjustments	139,767	
	6,850,684	18,598,261
Add:		
Amortization	4,652,003	4,596,089
Capital Expenses	878,120	8,667,548
Loss on disposal of capital assets	130,616	291,785
Disposal of tangible capital assets	263,389	395,706
Write downs of tangible capital assets	465,435	371,094
Other		82,060
	6,389,563	14,404,282
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, 2012

14. Accumulated surplus

	2012	2011
Reserve and Reserve Funds		
Baden West noise wall	\$ 66,487	\$ 65,845
Capital Replacement Reserve – Equipment	862,078	608,351
Capital Replacement Reserve – Facilities	963,890	537,341
Capital Replacement Reserve – Roads	783,274	426,621
Cemetery Reserve Funds	(106,340)	(123,374)
Elections	26,383	15,154
Hamilton Road noise wall	131,536	130,266
Heritage Lighting	5,348	5,297
Heritage Wilmot	1,155	1,144
Information Technology	5,905	2,905
Self-Insurance	20,009	
Street Lighting	46,514	46,065
Wastewater	580,894	231,837
Water	429,478	6,789
Water Meters	145,853	133,923
Winter Maintenance	103,538	86,181
Wilmot Recreation Complex	-	(5,979)
Working Funds	383,388	383,388
Total Reserves and Reserve Funds	\$ 4,449,390	\$ 2,551,754
Surplus		
Invested in tangible capital assets	105,779,980	108,251,892
Operating Fund	15,900,494	14,865,097
Total Surplus	121,680,474	123,116,989
Accumulated Surplus	\$ 126,129,864	\$ 125,668,743