

Financial Statements of

**THE CORPORATION OF THE  
TOWNSHIP OF WILMOT**

Year ended December 31, 2013

# THE CORPORATION OF THE TOWNSHIP OF WILMOT

## INDEX

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	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	9-21

**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)

	2013	2012	2011	2010	2009	2008
<b>POPULATION</b> at the end of the year	20,541	20,286	20,035	19,621	19,151	18,731
<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	60	56	54	55	55	55
<b>NUMBER</b> of households	7,604	7,500	7,420	7,267	7,093	6,937
<b>ASSESSMENT</b> - Taxable assessment upon which the year's rates of taxation were set						
Residential, multi-residential and farm	2,528,385	2,358,972	2,180,301	1,991,036	\$1,841,855	\$1,684,512
Commercial - all classes	107,291	105,698	99,027	93,815	\$85,959	\$81,620
Industrial - all classes	40,314	38,149	35,192	33,571	\$30,309	\$26,516
Pipeline & Managed Forests	11,014	10,552	9,919	9,449	\$8,721	\$8,215
<b>Total</b>	<u>\$2,687,004</u>	<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>
Per capita	\$130,812	\$123,897	\$116,019	\$108,449	\$102,702	\$96,143
Commercial and industrial, as a percentage of taxable assessment	5%	6%	6%	6%	6%	6%
Exempt assessment	\$ 93,708	\$ 91,226	\$ 84,746	\$ 78,035	\$63,940	\$61,505
<b>TAX ARREARS</b> - per capita	\$57.40	\$70.20	\$72.60	\$71.80	\$65.10	\$72.20
- percentage of current levy	4.16%	5.24%	5.54%	5.54%	5.08%	5.85%
<b>EXPENDITURE</b> -general municipal purposes	\$ 11,340	\$ 10,795	\$ 10,336	\$ 9,611	\$9,521	\$8,293
<b>TRANSFERS TO THE REGION</b>	\$ 15,016	\$ 14,584	\$ 13,697	\$ 13,347	\$12,655	\$11,776
<b>TRANSFERS TO THE SCHOOL BOARDS</b>	\$ 7,424	\$ 7,352	\$ 7,139	\$ 7,146	\$ 7,006	\$6,692
<b>REVENUE FOR GENERAL MUNICIPAL SERVICES</b>						
Taxation	\$ 6,726	\$ 6,564	\$ 6,217	\$ 5,968	\$5,717	\$5,447
Payment in lieu of taxes	157	161	165	166	166	166
Government grants	1,706	3,235	6,660	2,537	1,643	1,104
Fees and service charges	3,908	4,026	3,765	2,992	3,099	2,888
Equity income from Kitchener Power Corporation	642	710	702	484	(584)	218
Other	1,690	1,213	1,618	1,062	1,461	1,001
<b>Total</b>	<u>\$ 14,829</u>	<u>\$ 15,908</u>	<u>\$ 19,127</u>	<u>\$ 13,209</u>	<u>\$11,502</u>	<u>\$10,824</u>

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

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

	2013	2012	2011	2010	2009	2008
<b>NET LONG TERM LIABILITIES</b>						
General municipal activities	\$60	\$739	\$1,005	\$1,266	\$1,524	\$1,778
- per capita	\$3	\$36	\$50	\$65	\$80	\$95
- percentage of taxable assessment	0.00%	0.03%	0.05%	0.06%	0.08%	0.10%
- Municipal enterprises	Nil	Nil	Nil	Nil	Nil	Nil
<b>CHARGES FOR NET LONG TERM LIABILITIES</b>						
General municipal activities	\$269	\$266	\$261	\$258	\$255	\$252
-per capita	\$13	\$13	\$13	\$13	\$13	\$13
-as a tax rate	\$0.100	\$0.106	\$0.112	\$0.121	0.130	0.140
<b>ACCUMULATED SURPLUS</b>						
- OPERATING FUND	\$1,515	\$859	\$251	(\$1,090)	\$1,954	n/a
- TANGIBLE CAPITAL ASSETS	\$104,288	\$107,228	\$108,252	\$103,126	\$98,711	\$97,751
- RESERVES AND RESERVE FUNDS	\$5,103	\$4,449	\$2,552	\$5,270	\$5,940	\$8,589
- KITCHENER POWER CORPORATION	\$15,398	\$15,041	\$14,614	\$14,168	\$13,683	\$14,267
<b>DEFERRED REVENUES</b>	\$1,616	\$877	\$869	\$1,137	\$1,068	\$631



### **Management Responsibility for Financial Reporting**

For the Year ended December 31, 2013

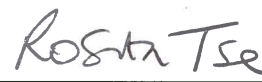
The accompanying Financial Statements and all other information contained in this Annual Report are the responsibility of the management of The Corporation of the Township of Wilmot. The preparation of periodic financial statements involves the use of estimates and approximations because the precise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

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

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

Graham Mathew Professional Corporation, Chartered Accountants, as the Township's appointed external auditors have audited the Financial Statements. The external auditors have full and free access to management and Council. The Independent Auditors' Report is dated April 28, 2014 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 CPA,CMA  
Director of Finance /Treasurer

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of **The Corporation of the Township of Wilmot**, which comprise the statement of financial position as at December 31, 2013, 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, 2013, 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 28, 2014

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

# THE CORPORATION OF THE TOWNSHIP OF WILMOT

## Statement of Financial Position

December 31, 2013

	2013	2012
		(Restated note 11)
<b>Financial Assets</b>		
Cash	\$ 8,037,663	\$ 6,973,909
Taxes receivable	1,178,701	1,424,617
Accounts receivable	1,416,951	1,288,082
Investment in Kitchener Power Corp. (note 6)	15,398,273	15,041,133
	26,031,588	24,727,741
<b>Liabilities</b>		
Accounts payable and accrued liabilities	1,493,925	1,809,025
Deferred revenue	1,189,719	1,159,895
Deferred revenue - obligatory reserve funds (note 8)	1,616,057	876,879
Net long-term liabilities (note 9)	60,206	738,864
	4,359,907	4,584,663
<b>Net Financial Assets</b>	\$ 21,671,681	\$ 20,143,078
<b>Non-Financial Assets</b>		
Tangible capital assets (note 7)	104,287,740	107,227,627
Inventories and supplies	180,498	167,671
Prepaid expenses	163,822	39,135
	104,632,060	107,434,433
<b>Accumulated Surplus</b> (note 12)	\$ 126,303,741	\$ 127,577,511

See accompanying notes to financial statements.

Approved on behalf of Council

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# THE CORPORATION OF THE TOWNSHIP OF WILMOT

## Statement of Operations and Accumulated Surplus

Year ended December 31, 2013

	2013	2012 (Restated note 11)
<b>Revenues</b>		
Taxation	\$ 6,725,716	\$ 6,563,778
Taxation from other governments	157,066	161,154
User fees and charges	3,907,766	4,025,787
Government transfer		
Canada	23,342	8,450
Ontario	1,092,459	1,211,224
Investment income	449,457	407,499
Interest and penalties on taxes	270,866	310,087
Other	72,246	38,440
	<b>12,698,918</b>	<b>12,726,419</b>
<b>Expenses</b>		
General Government	2,406,119	2,225,248
Protection to persons and property	1,884,502	1,707,168
Transportation services	4,698,065	5,000,249
Environmental services	2,068,212	1,556,591
Health services	42,857	53,772
Recreation and cultural services	4,737,880	4,601,870
Planning and development	264,864	250,634
	<b>16,102,499</b>	<b>15,395,532</b>
<b>Net expenses before other income (expense)</b>	<b>(3,403,581)</b>	<b>(2,669,113)</b>
Other income (expense)		
Grants and transfers related to capital		
Deferred revenue earned- capital	343,972	536,208
Grants and transfers - Canada	524,450	1,248,159
Grants and transfers - Ontario	65,782	767,584
Loss on disposal of tangible capital assets	(5,688)	(130,616)
Change in equity in Kitchener Power Corp.	641,790	709,690
Donations	104,071	31,150
Sinking fund investment income	409,445	
Interest earned on reserve funds	45,989	19,905
	<b>2,129,811</b>	<b>3,182,080</b>
<b>Annual Surplus (Deficit)</b>	<b>(1,273,770)</b>	<b>512,967</b>
<b>Accumulated Surplus, beginning of the year (note 11(d))</b>	<b>127,577,511</b>	<b>127,064,544</b>
<b>Accumulated Surplus, end of the year (note 11(d))</b>	<b>\$ 126,303,741</b>	<b>\$ 127,577,511</b>

See accompanying notes to financial statements.



# THE CORPORATION OF THE TOWNSHIP OF WILMOT

## Statement of Change in Net Financial Assets

Year ended December 31, 2013

	2013	2012
		(Restated note 11)
<b>Annual Surplus (Deficit)</b>	\$ (1,273,770)	\$ 512,967
Amortization of tangible capital assets	4,762,344	4,600,157
Acquisition of tangible capital assets	(1,828,145)	(2,310,707)
Loss on disposal of tangible capital assets	5,688	130,616
Change in inventories and supplies	(12,827)	(96,340)
Change in prepaid expense	(124,687)	8,298
<b>Increase In Net Financial Assets</b>	1,528,603	2,844,991
<b>Net Financial Assets, beginning of year</b>	20,143,078	17,298,087
<b>Net Financial Assets, end of year</b>	\$ 21,671,681	\$ 20,143,078

See accompanying notes to financial statements.

# THE CORPORATION OF THE TOWNSHIP OF WILMOT

## Statement of Cash Flows

Year ended December 31, 2013

	2013	2012
		(Restated note 11)
<b>Operating activities</b>		
Annual Surplus (Deficit)	\$ (1,273,770)	\$ 512,967
Sources (uses)		
Taxes receivable	245,916	30,198
Accounts receivable	(128,869)	362,126
Accounts payable and accrued liabilities	(315,100)	(468,108)
Deferred revenue	769,002	(14,180)
Prepaid expenses	(124,687)	8,298
Inventories and supplies	(12,827)	(96,340)
	(840,335)	334,961
Non-cash changes to operations		
Amortization	4,762,344	4,600,157
Loss on sale of tangible capital assets	5,688	130,616
	3,927,697	5,065,734
<b>Capital activities</b>		
Acquisition of tangible capital assets	(1,828,145)	(2,310,707)
<b>Investing activities</b>		
Net increase in investments	(357,140)	(427,590)
<b>Financing activities</b>		
Debt repayment	(678,658)	(265,789)
<b>Net increase in cash</b>	1,063,754	2,061,648
<b>Cash, beginning of year</b>	6,973,909	4,912,261
<b>Cash, end of year</b>	\$ 8,037,663	\$ 6,973,909

See accompanying notes to financial statements.

# THE CORPORATION OF THE TOWNSHIP OF WILMOT

## Notes to Financial Statements

Year ended December 31, 2013

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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. Summary of Significant Accounting policies:

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

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

(a) Basis of Presentation:

(i) Financial Statements:

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

All interfund transfers have been eliminated.

(ii) Government Business Enterprises:

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

(iii) Accounting for Region and School Board Transactions:

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

(iv) Trust Funds:

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

# THE CORPORATION OF THE TOWNSHIP OF WILMOT

## Notes to Financial Statements, continued

Year ended December 31, 2013

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### 2. Summary of Significant Accounting policies (continued):

#### (b) Non-financial Assets

Non-financial assets are not normally available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess revenues over expenses, provides the change in net financial assets for the year.

#### (i) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost of the tangible capital assets is amortized on a straight-line basis over their estimated useful lives as follows:

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

#### (iii) Interest Capitalization

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

#### (iv) Works of art and cultural and historic assets

These assets are not recorded in these financial statements.

#### (v) Inventories and Prepaid Expenses

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

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

# THE CORPORATION OF THE TOWNSHIP OF WILMOT

## Notes to Financial Statements, continued

Year ended December 31, 2013

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### 2. Summary of Significant Accounting policies (continued):

#### (c) 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.

#### (d) Revenue Recognition

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

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

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

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

#### (e) Use of estimates

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

# THE CORPORATION OF THE TOWNSHIP OF WILMOT

## Notes to Financial Statements, continued

Year ended December 31, 2013

### 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	\$ 7,313,937	\$ 14,910,524
Share of payments in lieu of taxes	109,713	105,030
Payment	\$ 7,423,650	\$ 15,015,554
Overlevies (underlevies) end of year	\$ nil	\$ nil

### 4. Trust Funds:

Further to note 2(a)(iv), trust fund assets administered by the Township amounting to \$469,570 (2012 - \$416,540) 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.

Employee contributions in 2013 were at rates ranging from 9.0% to 14.6% based on member earnings and were matched by the Township on a dollar for dollar basis. The amount contributed to OMERS by the Township for 2013 was \$402,105 (2012 - \$345,940) for current service and is included as an expense on the statement of operations and accumulated surplus. Deficits, if any, in the plan will be financed by increases in future employee and employer contributions. There were no changes to contribution rates or benefits for 2014.

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 CORPORATION OF THE TOWNSHIP OF WILMOT

## Notes to Financial Statements, continued

Year ended December 31, 2013

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

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

	2013	2012
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	3,962,605	3,535,015
	15,041,133	14,613,543
Share of net income for year	641,790	709,690
Dividends received in year	(284,650)	(282,100)
Cost of investment	\$ 15,398,273	\$ 15,041,133

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

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

	2013	2012
	(in thousands)	(in thousands)
Current assets	\$ 77,749	\$ 65,084
Long-term assets	188,757	193,168
Total assets	\$ 266,506	\$ 258,252
Current liabilities	43,653	33,529
Long-term liabilities	101,128	107,606
Total liabilities	144,781	141,135
Net assets	\$ 121,725	\$ 117,117

	2013	2012
	(in thousands)	(in thousands)
Results of operations:		
Revenues	\$ 228,896	\$ 213,732
Operating expenses	(220,615)	(204,575)
Net income	\$ 8,281	\$ 9,157
<b>Township's share of net income - 7.75%</b>	<b>\$ 642</b>	<b>\$ 710</b>

# THE CORPORATION OF THE TOWNSHIP OF WILMOT

## Notes to Financial Statements, continued

Year ended December 31, 2013

### 7. Tangible Capital Assets

	Cost	Accumulated Amortization	Net Book Value 2013	Net Book Value 2012 (Restated Note 11)
Land	\$ 10,320,181	\$	\$ 10,320,181	\$ 10,320,181
Land Improvements	3,141,780	1,270,293	1,871,487	1,731,348
Buildings	33,226,756	7,174,416	26,052,340	26,868,280
Machinery & Equipment	2,244,566	1,558,320	686,246	818,008
Vehicles	5,283,635	3,540,330	1,743,305	1,821,741
Infrastructure	114,985,013	52,376,694	62,608,319	65,292,421
	169,201,931	65,920,053	103,281,878	106,851,979
Assets under Construction	1,005,862		1,005,862	375,648
<b>Total</b>	<b>\$170,207,793</b>	<b>\$ 65,920,053</b>	<b>\$ 104,287,740</b>	<b>\$ 107,227,627</b>

During the year, there was no land contributed to the Township by subdividers (\$nil in 2012). 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 \$4,762,344 (\$4,600,157 in 2012).

### 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:

	2013	2012
Recreational parkland (The Planning Act)	\$ 1,247,374	\$ 1,225,867
Development charges and sub-dividers contributions	559,621	(274,749)
Federal Gas Tax	9,939	9,882
Building Department (Bill 124)	(200,877)	(84,121)
	<b>\$ 1,616,057</b>	<b>\$ 876,879</b>



# THE CORPORATION OF THE TOWNSHIP OF WILMOT

## Notes to Financial Statements, continued

Year ended December 31, 2013

### 8. Deferred revenue - obligatory reserve funds (continued)

(b) Continuity schedule:

	2013	2012
Revenue		
Development charges and user fees	\$ 1,061,814	\$ 554,800
Federal Gas Tax funding	524,450	524,450
Investment income	21,337	11,418
	1,607,601	1,090,668
Deferred revenue recognized	(868,423)	(1,083,157)
Change in deferred revenue	739,178	7,511
Deferred revenue, beginning of year	876,879	869,368
Deferred revenue, end of year	\$ 1,616,057	\$ 876,879

### 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:

	2013	2012
The municipality has assumed responsibility for the payment of principal and interest charges on certain long-term liabilities issued by the Region of Waterloo. At the end of the year, the outstanding principal amount of this liability is	\$ 1,560,371	\$3,743,963
Of the long-term liabilities shown above, the responsibility for payment of principal and interest charges that has been assumed by individuals amounts to	(1,500,165)	(1,581,999)
Value of sinking fund investments		(1,423,100)
Net long-term liabilities at end of year	\$ 60,206	\$738,864

During the year, the debenture debt incurred in 1993 relating to the construction of the Administration Complex, matured. The value of the sinking fund investments which the Township accumulated over a ten year period was redeemed and applied to retire the outstanding principal of the debenture debt. Interest earned on the sinking fund investments amounting to \$409,445 is included in the statement of operations and accumulated surplus.

# THE CORPORATION OF THE TOWNSHIP OF WILMOT

## Notes to Financial Statements, continued

Year ended December 31, 2013

### 9. Net long-term liabilities (continued):

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

	2014 to 2018	2019 and thereafter	Total
From general municipal revenues	\$ 60,206		\$ 60,206
From benefiting landowners	472,030	1,028,135	1,500,165
	\$ 532,236	\$ 1,028,135	\$ 1,560,371

- (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 2014 amounts to \$60,206.
- (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, 2013 is \$1,500,165 (2012 - \$1,581,999).
- (e) Interest charges for 2013 amounted to \$169,590 (2012 - \$173,457) and the long-term debt rate of interest is 3.80% per annum.

### 10. Self Insurance Coverage:

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

The Township is self insured for public liability claims up to \$10,000 (2012 - \$10,000) for any individual claim and \$10,000 (2012 - \$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 \$86,470 (2012 - \$35,137) were settled and insurance premiums of \$255,735 (2012 - \$230,937) were paid. Both amounts are reported as an expenditure on the Statement of Operations and Accumulated Surplus.

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

# THE CORPORATION OF THE TOWNSHIP OF WILMOT

## Notes to Financial Statements, continued

Year ended December 31, 2013

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### 11. Other explanatory notes

(a) Expenditures by object

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

	2013	2012
		(Restated note 11)
Salaries, wages and employee benefits	\$ 6,531,814	6,234,320
Net long-term debt interest charges	169,590	173,457
Materials	4,500,769	4,271,981
Amortization	4,762,344	4,600,157
Contracted services	93,893	67,245
Extended transfers	44,089	48,372
	<u>\$ 16,102,499</u>	<u>15,395,532</u>

(b) Budget Figures

Council has approved operating budgets for 2013 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, 2013

### 11. Other explanatory notes (continued)

	Budget 2013	Actual 2013	Actual 2012
<b>Revenues</b>			
Mayor and Council	\$ -	\$ -	\$ -
Office of the CAO	91,000	89,299	87,817
Financial Services	350,590	318,118	359,104
Program Support	8,358,356	8,424,467	8,483,388
Fire Services	60,770	40,024	66,410
Transportation and Public Works	107,450	78,904	96,487
Environmental Services	4,075,846	3,949,781	3,839,222
Health Services	65,150	63,827	62,748
Recreation and Cultural Services	1,449,136	1,496,653	1,397,833
Planning Services	595,250	543,345	551,477
<b>Total revenues</b>	<b>\$ 15,153,548</b>	<b>\$ 15,004,418</b>	<b>\$ 14,944,486</b>
<b>Expenses</b>			
Mayor and Council	\$ 139,904	\$ 133,437	\$ 137,806
Office of the CAO	385,047	422,156	415,239
Financial Services	615,104	613,169	608,675
Program Support	2,788,506	2,721,007	3,263,961
Fire Services	961,704	964,147	870,905
Transportation and Public Works	1,664,631	1,736,298	1,626,487
Environmental Services	4,075,846	3,949,780	3,839,222
Health Services	65,150	63,827	62,748
Recreation and Cultural Services	3,823,441	3,759,708	3,539,227
Planning Services	634,215	640,889	580,216
<b>Total expenses</b>	<b>\$ 15,153,548</b>	<b>\$ 15,004,418</b>	<b>\$ 14,944,486</b>
<b>Annual Surplus</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

# THE CORPORATION OF THE TOWNSHIP OF WILMOT

## Notes to Financial Statements, continued

Year ended December 31, 2013

### 11. Other explanatory notes (continued)

#### (b) Budget Figures (continued)

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

	2013	2012
		(Restated note 11)
Annual Surplus (Deficit) under PSAB	\$ (1,273,770)	\$ 512,967
Less:		
Grants and transfer related to capital	953,868	2,721,934
Deferred revenue, net change	227,650	351,418
Contribution from developers	45,987	184,790
Tangible capital assets additions	1,828,145	2,310,707
Increase in Government Business Enterprises	741,127	427,590
Debt principal repayment	678,658	265,789
	4,475,435	6,262,228
Add:		
Amortization	4,762,344	4,600,157
Capital expenses	981,173	1,018,488
Loss on disposal of capital assets	5,688	130,616
	5,749,205	5,749,261
Budget surplus, Council approved	\$ -	\$ -

#### (c) Comparative figures

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

# THE CORPORATION OF THE TOWNSHIP OF WILMOT

## Notes to Financial Statements, continued

Year ended December 31, 2013

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### 11. Other explanatory notes (continued)

(d) Restatement of prior years

During 2013 the following changes, requiring retroactive re-statement of prior years' audited figures, were identified.

Management noted certain tangible capital assets previously inventoried by the Township were undervalued in the initial reporting of them. In addition, the useful life of these same assets was revised from 40 years to 60 years. The error was corrected retroactively, and as a result, the opening accumulated surplus for 2012 has been increased by \$1,395,801 and the surplus for 2012 has been increased by \$51,846 to reflect the total increase to the net book value of tangible capital assets amounting to \$1,447,647 as presented below.

Accumulated surplus, January 1, 2012

Previously reported	\$ 125,668,743
Tangible capital asset adjustment	<u>1,395,801</u>
As restated	<u>\$ 127,064,544</u>

Annual surplus for year, 2012

Previously reported	\$ 461,121
Reduction in amortization of tangible capital assets	<u>51,846</u>
As restated	<u>\$ 512,967</u>

# THE CORPORATION OF THE TOWNSHIP OF WILMOT

## Notes to Financial Statements, continued

Year ended December 31, 2013

### 12. Accumulated surplus

	2013	2012
		(Restated note 11)
<b>Reserve and Reserve Funds</b>		
Baden West noise wall	67,242	66,487
Capital Replacement Reserve - Equipment	896,843	862,078
Capital Equipment Reserve - Facilities	1,081,110	963,890
Capital Replacement Reserve - Roads	897,722	783,274
Cemetery Reserve Fund	(79,467)	(106,340)
Elections	37,792	26,383
Hamilton Road noise wall	133,031	131,536
Heritage lighting	5,409	5,348
Heritage Wilmot	1,165	1,155
Information Technology	3,972	5,905
Self-Insurance	236	20,009
Street Lighting	47,043	46,514
Wastewater	675,872	580,894
Water	812,283	429,478
Water Meters	138,679	145,853
Winter Maintenance	714	103,538
Working Funds	383,388	383,388
<b>Total Reserves and Reserve Funds</b>	<b>5,103,034</b>	<b>4,449,390</b>
<b>Surplus</b>		
Invested in tangible capital assets	104,287,740	107,227,627
Operating Fund	16,912,967	15,900,494
<b>Total Surplus</b>	<b>121,200,707</b>	<b>123,128,121</b>
Accumulated Surplus	\$ 126,303,741	\$ 127,577,511