

Financial Statements of

**THE CORPORATION OF THE
TOWNSHIP OF WILMOT**

Year ended December 31, 2014

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)

	2014	2013	2012	2011	2010	2009
POPULATION at the end of the year	20,828	20,541	20,286	20,035	19,621	19,151
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	60	60	56	54	55	55
NUMBER of households	7,714	7,604	7,500	7,420	7,267	7,093
ASSESSMENT - Taxable assessment upon which the year's rates of taxation were set						
Residential, multi-residential and farm	2,674,206	2,528,385	2,358,972	2,180,301	1,991,036	1,841,855
Commercial - all classes	111,762	107,291	105,698	99,027	93,815	85,959
Industrial - all classes	41,292	40,314	38,149	35,192	33,571	30,309
Pipeline & Managed Forests	11,451	11,014	10,552	9,919	9,449	8,721
Total	<u>2,838,711</u>	<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>
Per capita	\$136,293	\$130,812	\$123,897	\$116,019	\$108,449	\$102,702
Commercial and industrial, as a percentage of taxable assessment	5%	5%	6%	6%	6%	6%
Exempt assessment	\$ 99,241	\$ 93,708	\$ 91,226	\$ 84,746	\$ 78,035	\$63,940
TAX ARREARS -per capita	\$69.90	\$57.40	\$70.20	\$72.60	\$71.80	\$65.10
- percentage of current levy	4.84%	4.16%	5.24%	5.54%	5.54%	5.08%
EXPENDITURE -general municipal purposes	\$ 17,007	\$ 16,102	\$ 15,396	\$ 14,932	\$ 14,236	\$12,235
TRANSFERS TO THE REGION	\$ 16,485	\$ 15,016	\$ 14,584	\$ 13,697	\$ 13,347	\$12,655
TRANSFERS TO THE SCHOOL BOARDS	\$ 7,502	\$ 7,424	\$ 7,352	\$ 7,139	\$ 7,146	\$7,006
REVENUE FOR GENERAL MUNICIPAL SERVICES						
Taxation	\$ 6,950	\$ 6,726	\$ 6,564	\$ 6,217	\$ 5,968	\$5,717
Payment in lieu of taxes	153	157	161	165	166	166
Government grants	2,220	1,706	3,235	6,660	2,537	1,643
Fees and service charges	4,086	3,908	4,026	3,765	2,992	3,099
Equity income from Kitchener Power Corporation	823	642	710	702	484	(584)
Other	1,350	1,690	1,213	1,618	1,062	1,461
Total	<u>\$ 15,582</u>	<u>\$ 14,829</u>	<u>\$ 15,908</u>	<u>\$ 19,127</u>	<u>\$ 13,209</u>	<u>\$11,502</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)

	2014	2013	2012	2011	2010	2009
NET LONG TERM LIABILITIES						
General municipal activities	\$0	\$60	\$739	\$1,005	\$1,266	\$1,524
- per capita	\$0	\$3	\$36	\$50	\$65	\$80
- percentage of taxable assessment	0.00%	0.00%	0.03%	0.05%	0.06%	0.08%
- Municipal enterprises	Nil	Nil	Nil	Nil	Nil	Nil
CHARGES FOR NET LONG TERM LIABILITIES						
General municipal activities	\$60	\$269	\$266	\$261	\$258	\$255
-per capita	\$3	\$13	\$13	\$13	\$13	\$13
-as a tax rate	\$0.021	\$0.100	\$0.106	\$0.112	\$0.121	0.130
ACCUMULATED SURPLUS						
- OPERATING FUND	\$1,175	\$1,515	\$859	\$251	(\$1,090)	\$1,954
- TANGIBLE CAPITAL ASSETS	\$101,630	\$104,288	\$107,228	\$108,252	\$103,126	\$98,711
- RESERVES AND RESERVE FUNDS	\$6,110	\$5,103	\$4,449	\$2,552	\$5,270	\$5,940
- KITCHENER POWER CORPORATION	\$15,963	\$15,398	\$15,041	\$14,614	\$14,168	\$13,683
DEFERRED REVENUES	\$3,320	\$2,806	\$2,037	\$2,051	\$2,334	\$2,360



Management Responsibility for Financial Reporting

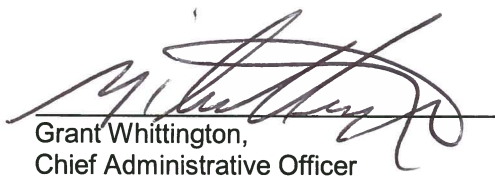
For the Year ended December 31, 2014

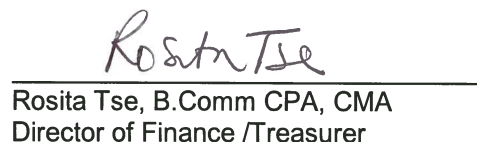
The accompanying Financial Statements and all other information contained in this Annual Report are the responsibility of the management of The Corporation of the Township of Wilmot. The preparation of periodic financial statements involves the use of estimates and approximations because the precise 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 27, 2015 and appears on the following page. Their opinion is based upon an examination conducted in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures as they consider necessary to obtain reasonable assurance that the Financial Statements are free of material misstatements and present fairly the financial position and results of the operations of the Township in accordance with Canadian public sector accounting standards.


Grant Whittington,
Chief Administrative Officer


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, 2014, 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, 2014, 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 27, 2015

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, 2014

	2014	2013
Financial Assets		
Cash	\$ 8,483,394	\$ 8,037,663
Taxes receivable	1,455,110	1,178,701
Accounts receivable	1,567,534	1,416,951
Investment in Kitchener Power Corp. (note 6)	15,962,987	15,398,273
	27,469,025	26,031,588
Liabilities		
Accounts payable and accrued liabilities	1,157,047	1,493,925
Deferred revenue	1,459,521	1,189,719
Deferred revenue - obligatory reserve funds (note 8)	1,860,610	1,616,057
Net long-term liabilities (note 9)		60,206
	4,477,178	4,359,907
Net Financial Assets	\$ 22,991,847	\$ 21,671,681
Non-Financial Assets		
Tangible capital assets (note 7)	101,630,141	104,287,740
Inventories and supplies	135,406	180,498
Prepaid expenses	121,132	163,822
	101,886,679	104,632,060
Accumulated Surplus (note 12)	\$ 124,878,526	\$ 126,303,741

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, 2014

	2014	2013
Revenues		
Taxation	\$ 6,950,046	\$ 6,725,716
Taxation from other governments	152,913	157,066
User fees and charges	4,085,690	3,907,766
Government transfer		
Canada	4,912	23,342
Ontario	1,176,144	1,092,459
Investment income	438,107	449,457
Interest and penalties on taxes	281,318	270,866
Other	25,010	72,246
	13,114,140	12,698,918
Expenses		
General Government	2,314,867	2,406,119
Protection to persons and property	2,001,418	1,884,502
Transportation services	4,830,160	4,698,065
Environmental services	1,755,563	2,068,212
Health services	43,114	42,857
Recreation and cultural services	5,779,279	4,737,880
Planning and development	282,465	264,864
	17,006,866	16,102,499
Net expenses before other income (expense)	(3,892,726)	(3,403,581)
Other income (expense)		
Grants and transfers related to capital		
Deferred revenue earned- capital	464,638	343,972
Grants and transfers - Canada	556,610	524,450
Grants and transfers - Ontario	482,635	65,782
Loss on disposal of tangible capital assets	(31,395)	(5,688)
Change in equity in Kitchener Power Corp.	822,714	641,790
Donations	114,469	104,071
Sinking fund investment income		409,445
Interest earned on reserve funds	57,840	45,989
	2,467,511	2,129,811
Annual Deficit	(1,425,215)	(1,273,770)
Accumulated Surplus, beginning of the year	126,303,741	127,577,511
Accumulated Surplus, end of the year	\$ 124,878,526	\$ 126,303,741

See accompanying notes to financial statements.

THE CORPORATION OF THE TOWNSHIP OF WILMOT

Statement of Change in Net Financial Assets

Year ended December 31, 2014

	2014	2013
Annual Deficit	\$ (1,425,215)	\$ (1,273,770)
Amortization of tangible capital assets	4,723,796	4,762,344
Acquisition of tangible capital assets	(2,097,592)	(1,828,145)
Loss on disposal of tangible capital assets	31,395	5,688
Change in inventories and supplies	45,092	(12,827)
Change in prepaid expenses	42,690	(124,687)
Increase In Net Financial Assets	1,320,166	1,528,603
Net Financial Assets, beginning of year	21,671,681	20,143,078
Net Financial Assets, end of year	\$ 22,991,847	\$ 21,671,681

See accompanying notes to financial statements.

THE CORPORATION OF THE TOWNSHIP OF WILMOT

Statement of Cash Flows

Year ended December 31, 2014

	2014	2013
Operating activities		
Annual Deficit	\$ (1,425,215)	\$ (1,273,770)
Sources (uses)		
Taxes receivable	(276,409)	245,916
Accounts receivable	(150,583)	(128,869)
Accounts payable and accrued liabilities	(336,878)	(315,100)
Deferred revenue	514,355	769,002
Inventories and supplies	45,092	(12,827)
Prepaid expenses	42,690	(124,687)
	(1,586,948)	(840,335)
Non-cash changes to operations		
Amortization	4,723,796	4,762,344
Loss on sale of tangible capital assets	31,395	5,688
	3,168,243	3,927,697
Capital activities		
Acquisition of tangible capital assets	(2,097,592)	(1,828,145)
Investing activities		
Net increase in investments	(564,714)	(357,140)
Financing activities		
Debt repayment	(60,206)	(678,658)
Net increase in cash	445,731	1,063,754
Cash, beginning of year	8,037,663	6,973,909
Cash, end of year	\$ 8,483,394	\$ 8,037,663

See accompanying notes to financial statements.

THE CORPORATION OF THE TOWNSHIP OF WILMOT

Notes to Financial Statements

Year ended December 31, 2014

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, 2014

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, 2014

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, 2014

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	\$ 7,395,602	\$ 16,381,786
Share of payments in lieu of taxes	106,201	103,674
	\$ 7,501,803	\$ 16,485,460
Payment	7,501,803	16,485,460
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 \$481,193 (2013 - \$469,750) 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 2014 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 2014 was \$400,639 (2013 - \$402,105) 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, 2014

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

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

	2014	2013
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	4,319,745	3,962,605
	15,398,273	15,041,133
Share of net income for year	822,714	641,790
Dividends received in year	(258,000)	(284,650)
Cost of investment	\$ 15,962,987	\$ 15,398,273

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.:

	2014	2013
	(in thousands)	(in thousands)
Current assets	\$ 71,350	\$ 77,749
Long-term assets	199,219	188,757
Total assets	\$ 270,569	\$ 266,506
Current liabilities	41,260	43,653
Long-term liabilities	100,297	101,128
Total liabilities	141,557	144,781
Net assets	\$ 129,012	\$ 121,725

	2014	2013
	(in thousands)	(in thousands)
Results of operations:		
Revenues	\$ 236,919	\$ 228,896
Operating expenses	(226,303)	(220,615)
Net income	\$ 10,616	\$ 8,281
Township's share of net income - 7.75%	\$ 823	\$ 642

THE CORPORATION OF THE TOWNSHIP OF WILMOT

Notes to Financial Statements, continued

Year ended December 31, 2014

7. Tangible Capital Assets

	Cost	Accumulated Amortization	Net Book Value 2014	Net Book Value 2013
Land	\$ 10,320,181	\$	\$ 10,320,181	\$ 10,320,181
Land Improvements	3,247,091	1,441,410	1,805,681	1,871,487
Buildings	33,572,250	7,987,166	25,585,084	26,052,340
Machinery & Equipment	2,378,234	1,598,993	779,241	686,246
Vehicles	5,513,432	3,821,456	1,691,976	1,743,305
Infrastructure	116,630,626	55,506,275	61,124,351	62,608,319
	171,661,814	70,355,300	101,306,514	103,281,878
Assets under Construction	323,627		323,627	1,005,862
Total	\$171,985,441	\$ 70,355,300	\$ 101,630,141	\$ 104,287,740

During the year, there was no land contributed to the Township by subdividers (\$nil in 2013). 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 \$4,723,796 (\$4,762,344 in 2013).

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:

	2014	2013
Recreational parkland (The Planning Act)	\$ 1,279,500	\$ 1,247,374
Development charges and sub-dividers contributions	872,365	559,621
Federal Gas Tax	24,067	9,939
Building Department (Bill 124)	(315,322)	(200,877)
	\$ 1,860,610	\$ 1,616,057

THE CORPORATION OF THE TOWNSHIP OF WILMOT

Notes to Financial Statements, continued

Year ended December 31, 2014

8. Deferred revenue - obligatory reserve funds (continued)

(b) Continuity schedule:

	2014	2013
Revenue		
Development charges and user fees	\$ 666,422	\$ 1,061,814
Federal Gas Tax funding	570,621	524,450
Investment income	28,758	21,337
	1,265,801	1,607,601
Deferred revenue recognized	(1,021,248)	(868,423)
Change in deferred revenue	244,553	739,178
Deferred revenue, beginning of year	1,616,057	876,879
Deferred revenue, end of year	\$ 1,860,610	\$ 1,616,057

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:

	2014	2013
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	\$ 1,414,402	\$1,560,371
Of the long-term liabilities shown above, the responsibility for payment of principal and interest charges that has been assumed by individuals amounts to	(1,414,402)	(1,500,165)
Net long-term liabilities at end of year	\$ nil	\$60,206

THE CORPORATION OF THE TOWNSHIP OF WILMOT

Notes to Financial Statements, continued

Year ended December 31, 2014

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:

	2015 to 2019	2020 and thereafter	Total
From benefiting landowners	\$ 494,698	\$ 919,704	\$ 1,414,402

- (c) The Township is contingently liable for the long-term liability with respect to tile drainage loans and the water system indebtedness. The total amount of this contingent liability outstanding at December 31, 2014 is \$1,414,402 (2013 - \$1,500,165).
- (d) Interest charges for 2014 amounted to \$1,113 (2013 - \$169,590) 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 (2013 - \$10,000) for any individual claim and \$10,000 (2013 - \$10,000) for any number of claims arising out of a single occurrence. Outside coverage is in place for claims in excess of these limits.

During the year, claims amounting to \$64,005 (2013 - \$86,470) were settled and insurance premiums of \$230,955 (2013 - \$255,735) 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, 2014

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:

	2014	2013
Salaries, wages and employee benefits	\$ 6,908,109	\$ 6,531,814
Net long-term debt interest charges	1,113	169,590
Materials	5,141,213	4,500,769
Amortization	4,723,796	4,762,344
Contracted services	186,496	93,893
External transfers	46,139	44,089
	<u>\$ 17,006,866</u>	<u>16,102,499</u>

(b) Budget Figures

Council has approved operating budgets for 2014 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, 2014

11. Other explanatory notes (continued)

	Budget 2014	Actual 2014	Actual 2013
Revenues			
Mayor and Council	\$ -	\$ -	\$ -
Office of the CAO	91,700	86,555	89,299
Financial Services	334,755	322,373	318,118
Program Support	8,647,510	8,660,663	8,424,467
Fire Services	54,200	33,601	40,024
Transportation and Public Works	89,300	92,782	78,904
Environmental Services	4,207,920	4,033,212	3,949,781
Health Services	64,575	69,745	63,827
Recreation and Cultural Services	1,532,820	1,513,629	1,496,653
Planning Services	578,750	545,498	543,345
Total revenues	\$ 15,601,530	\$ 15,358,058	\$ 15,004,418
Expenses			
Mayor and Council	\$ 140,225	\$ 138,454	\$ 133,437
Office of the CAO	389,285	401,578	422,156
Financial Services	631,980	615,903	613,169
Program Support	2,764,465	2,460,098	2,721,007
Fire Services	1,003,315	1,160,782	964,147
Transportation and Public Works	1,735,190	1,828,727	1,736,298
Environmental Services	4,207,920	4,033,211	3,949,780
Health Services	64,575	69,745	63,827
Recreation and Cultural Services	3,992,790	4,029,920	3,759,708
Planning Services	671,785	619,640	640,889
Total expenses	\$ 15,601,530	\$ 15,358,058	\$ 15,004,418
Annual Surplus	\$ -	\$ -	\$ -

THE CORPORATION OF THE TOWNSHIP OF WILMOT

Notes to Financial Statements, continued

Year ended December 31, 2014

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:

	2014	2013
Annual Deficit under PSAB	\$ (1,425,215)	\$ (1,273,770)
Less:		
Grants and transfer related to capital	1,039,245	953,868
Deferred revenue, net change	244,553	227,650
Contribution from developers	68,940	45,987
Tangible capital assets additions	2,097,592	1,828,145
Increase in Government Business Enterprises	564,714	741,127
Debt principal repayment	60,206	678,658
	4,075,250	4,475,435
Add:		
Amortization	4,723,796	4,762,344
Capital expenses	745,274	981,173
Loss on disposal of capital assets	31,395	5,688
	5,500,465	5,749,205
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, 2014

12. Accumulated surplus

	2014	2013
Reserve and Reserve Funds		
Baden West noise wall	68,042	67,242
Capital Replacement Reserve - Equipment	1,096,012	896,843
Capital Equipment Reserve - Facilities	1,252,484	1,081,110
Capital Replacement Reserve - Roads	1,040,032	897,722
Cemetery Reserve Fund	(46,741)	(79,467)
Elections	(579)	37,792
Hamilton Road noise wall	134,611	133,031
Heritage lighting	5,473	5,409
Heritage Wilmot	1,179	1,165
Information Technology	19	3,972
Self-Insurance	18,239	236
Street Lighting	47,601	47,043
Wastewater	856,542	675,872
Water	1,120,386	812,283
Water Meters	132,567	138,679
Winter Maintenance	722	714
Working Funds	383,388	383,388
Total Reserves and Reserve Funds	6,109,979	5,103,034
Surplus		
Invested in tangible capital assets	101,630,141	104,287,740
Operating Fund	17,138,406	16,912,967
Total Surplus	118,768,547	121,200,707
Accumulated Surplus	\$ 124,878,526	\$ 126,303,741