

Financial Statements of

**THE CORPORATION OF THE
TOWNSHIP OF WILMOT**

Year ended December 31, 2015

THE CORPORATION OF THE TOWNSHIP OF WILMOT

INDEX

	Page Number
Six Year Financial Review	1-2
Management Responsibility for Financial Reporting	3
Independent Auditors' Report	4
Financial Position	5
Statement of Operations and Accumulated Surplus	6
Statement of Change in Net Financial Assets	7
Statement of Cash Flows	8
Notes to the Financial Statements	9-21

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)

	2015	2014	2013	2012	2011	2010
POPULATION at the end of the year	20,982	20,828	20,541	20,286	20,035	19,621
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	61	60	60	56	54	55
NUMBER of households	7,771	7,714	7,604	7,500	7,420	7,267
ASSESSMENT - Taxable assessment upon which the year's rates of taxation were set						
Residential, multi-residential and farm	2,819,008	2,674,206	2,528,385	2,358,972	2,180,301	1,991,036
Commercial - all classes	116,868	111,762	107,291	105,698	99,027	93,815
Industrial - all classes	40,371	41,292	40,314	38,149	35,192	33,571
Pipeline & Managed Forests	11,877	11,451	11,014	10,552	9,919	9,449
Total	<u>2,988,124</u>	<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>
Per capita	\$135,293	\$136,293	\$130,812	\$123,897	\$116,019	\$108,449
Commercial and industrial, as a percentage of taxable assessment	5%	5%	5%	6%	6%	6%
Exempt assessment	\$ 110,791	\$ 99,241	\$ 93,708	\$ 91,226	\$ 84,746	\$ 78,035
TAX ARREARS -per capita	\$48.10	\$69.90	\$57.40	\$70.20	\$72.60	\$71.80
- percentage of current levy	3.39%	4.84%	4.16%	5.24%	5.54%	5.54%
EXPENDITURE -general municipal purposes	\$ 17,834	\$ 17,007	\$ 16,102	\$ 15,396	\$ 14,932	\$ 14,236
TRANSFERS TO THE REGION	\$ 15,949	\$ 15,431	\$ 15,016	\$ 14,584	\$ 13,697	\$ 13,347
TRANSFERS TO THE SCHOOL BOARDS	\$ 7,643	\$ 7,502	\$ 7,424	\$ 7,352	\$ 7,139	\$ 7,146
REVENUE FOR GENERAL MUNICIPAL SERVICES						
Taxation	\$ 7,153	\$ 6,950	\$ 6,726	\$ 6,564	\$ 6,217	\$ 5,968
Payment in lieu of taxes	157	153	157	161	165	166
Government grants	1,933	2,220	1,706	3,235	6,660	2,537
Fees and service charges	5,066	4,086	3,908	4,026	3,765	2,992
Equity income from Kitchener Power Corporation	850	823	642	710	702	484
Other	4,359	1,350	1,690	1,213	1,618	1,062
Total	<u>\$ 19,517</u>	<u>\$ 15,582</u>	<u>\$ 14,829</u>	<u>\$ 15,908</u>	<u>\$ 19,127</u>	<u>\$ 13,209</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)

	2015	2014	2013	2012	2011	2010
NET LONG TERM LIABILITIES						
General municipal activities	\$0	\$0	\$60	\$739	\$1,005	\$1,266
- per capita	\$0	\$0	\$3	\$36	\$50	\$65
- percentage of taxable assessment	0.00%	0.00%	0.00%	0.03%	0.05%	0.06%
- Municipal enterprises	Nil	Nil	Nil	Nil	Nil	Nil
CHARGES FOR NET LONG TERM LIABILITIES						
General municipal activities	\$0	\$60	\$269	\$266	\$261	\$258
-per capita	\$0	\$3	\$13	\$13	\$13	\$13
-as a tax rate	\$0.000	\$0.021	\$0.100	\$0.106	\$0.112	\$0.121
ACCUMULATED SURPLUS						
- OPERATING FUND	\$706	\$1,175	\$1,515	\$859	\$251	(\$1,090)
- TANGIBLE CAPITAL ASSETS	\$146,639	\$101,630	\$104,288	\$107,228	\$108,252	\$103,126
- RESERVES AND RESERVE FUNDS	\$7,168	\$6,110	\$5,103	\$4,449	\$2,552	\$5,270
- KITCHENER POWER CORPORATION	\$16,508	\$15,963	\$15,398	\$15,041	\$14,614	\$14,168
DEFERRED REVENUES	\$1,708	\$3,320	\$2,806	\$2,037	\$2,051	\$2,334



Management Responsibility for Financial Reporting

For the Year ended December 31, 2015

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 May 2, 2016 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, 2015, and the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year 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 judgement, including the assessment of 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, 2015, and the results of its operations, change in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Cambridge, Ontario
May 2, 2016

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, 2015

	2015	2014
Financial Assets		
Cash	\$ 9,003,582	\$ 8,483,394
Taxes receivable	1,010,156	1,455,110
Accounts receivable	1,828,116	1,567,534
Investment in Kitchener Power Corp. (note 6)	16,507,759	15,988,083
	28,349,613	27,494,121
Liabilities		
Accounts payable and accrued liabilities	1,636,320	1,157,047
Deferred revenue	1,057,526	1,459,521
Deferred revenue - obligatory reserve funds (note 8)	1,707,760	1,860,610
	4,401,606	4,477,178
Net Financial Assets	\$ 23,948,007	\$ 23,016,943
Non-Financial Assets		
Tangible capital assets (note 7)	146,639,000	101,630,141
Inventories and supplies	330,369	135,406
Prepaid expenses	103,897	121,132
	147,073,266	101,886,679
Accumulated Surplus (note 12)	\$ 171,021,273	\$ 124,903,622

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, 2015

	2015	2014
Revenues		
Taxation	\$ 7,152,688	\$ 6,950,046
Taxation from other governments	156,931	152,913
User fees and charges	4,713,578	4,085,690
Government transfer		
Canada	6,753	4,912
Ontario	1,230,491	1,176,144
Investment income	364,055	438,107
Interest and penalties on taxes	215,611	281,318
Other	136,678	18,970
	13,976,785	13,108,100
Expenses		
General Government	2,184,944	2,314,867
Protection to persons and property	1,979,818	2,001,418
Transportation services	5,719,689	4,830,160
Environmental services	2,308,467	1,755,563
Health services	46,433	43,114
Recreation and cultural services	5,177,417	5,779,279
Planning and development	417,453	282,465
	17,834,221	17,006,866
Net expenses before other income (expense)	(3,857,436)	(3,898,766)
Other income (expense)		
Grants and transfers related to capital		
Deferred revenue earned	566,766	464,638
Grants and transfers - Canada	566,510	556,610
Grants and transfers - Ontario	128,861	482,635
Loss on disposal of tangible capital assets	(77,703)	(31,395)
Change in equity in Kitchener Power Corp.	850,276	802,272
Donations	24,000	114,469
Sale of Publications, Equipment	34,593	6,040
Donated Tangible Capital Assets (Note 7)	3,393,868	
Interest earned on reserve funds	53,528	57,840
	5,540,699	2,453,109
Annual Surplus (Deficit)	1,683,263	(1,445,657)
Accumulated Surplus, beginning of the year	124,903,622	126,349,279
Asset Management Plan Adjustment (Note 13)	44,434,388	
Accumulated Surplus, end of the year	\$ 171,021,273	\$ 124,903,622

See accompanying notes to financial statements.

THE CORPORATION OF THE TOWNSHIP OF WILMOT

Statement of Change in Net Financial Assets

Year ended December 31, 2015

	2015	2014
Annual Surplus (Deficit)	\$ 1,683,263	\$ (1,445,657)
Amortization of tangible capital assets	5,963,300	4,723,796
Acquisition of tangible capital assets	(3,221,606)	(2,097,592)
Contributed tangible capital assets	(3,393,868)	
Loss on disposal of tangible capital assets	77,703	31,395
Change in inventories and supplies	(194,963)	45,092
Change in prepaid expenses	17,235	42,690
Increase In Net Financial Assets	931,064	1,299,724
Net Financial Assets, beginning of year	23,016,943	21,717,219
Net Financial Assets, end of year	\$ 23,948,007	\$ 23,016,943

See accompanying notes to financial statements.

THE CORPORATION OF THE TOWNSHIP OF WILMOT

Statement of Cash Flows

Year ended December 31, 2015

	2015	2014
Operating activities		
Annual Surplus (Deficit)	\$ 1,683,263	\$ (1,445,657)
Sources (uses)		
Taxes receivable	444,954	(276,409)
Accounts receivable	(260,582)	(150,583)
Accounts payable and accrued liabilities	479,273	(336,878)
Deferred revenue	(554,845)	514,355
Inventories and supplies	(194,963)	45,092
Prepaid expenses	17,235	42,690
	1,614,335	(1,607,390)
Non-cash charges to operations		
Amortization	5,963,300	4,723,796
Loss on sale of tangible capital assets	77,703	31,395
	7,655,338	3,147,801
Capital activities		
Acquisition of tangible capital assets	(3,221,606)	(2,097,592)
Contributed tangible capital assets	(3,393,868)	
	(6,615,474)	(2,097,592)
Investing activities		
Net increase in investments	(519,676)	(544,272)
Financing activities		
Debt repayment		(60,206)
Net increase in cash	520,188	445,731
Cash, beginning of year	8,483,394	8,037,663
Cash, end of year	\$ 9,003,582	\$ 8,483,394

See accompanying notes to financial statements.

THE CORPORATION OF THE TOWNSHIP OF WILMOT

Notes to Financial Statements

Year ended December 31, 2015

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, 2015

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, 2015

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 judgement and may differ significantly from future actual results.

THE CORPORATION OF THE TOWNSHIP OF WILMOT

Notes to Financial Statements, continued

Year ended December 31, 2015

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	\$ 7,534,913	\$ 15,842,136
Share of payments in lieu of taxes	108,418	107,196
	\$ 7,643,331	\$ 15,949,332
Payment	7,643,331	15,949,332
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 \$550,774 (2014 - \$481,193) 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 2015 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 2015 was \$407,925 (2014 - \$400,639) 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 2015.

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, 2015

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

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

	2015	2014
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	4,909,555	4,365,283
	15,988,083	15,443,811
Share of net income for year	850,276	802,272
Dividends received in year	(330,600)	(258,000)
Cost of investment	\$ 16,507,759	\$ 15,988,083

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.:

	2015	2014
	(in thousands)	(in thousands)
Current assets	\$ 74,721	\$ 68,496
Long-term assets	213,840	205,042
Total assets	\$ 288,561	\$ 273,538
Current liabilities	38,904	37,216
Long-term liabilities	106,708	97,206
Total liabilities	145,612	134,422
Net assets	\$ 142,949	\$ 139,116

	2015	2014
	(in thousands)	(in thousands)
Results of operations:		
Revenues	\$ 250,525	\$ 237,980
Operating expenses	(239,554)	(227,628)
Net income	\$ 10,971	\$ 10,352
Township's share of net income - 7.75%	\$ 850	\$ 802

THE CORPORATION OF THE TOWNSHIP OF WILMOT

Notes to Financial Statements, continued

Year ended December 31, 2015

7. Tangible Capital Assets

	Cost	Accumulated Amortization	Net Book Value 2015	Net Book Value 2014
Land	\$ 10,320,181	\$	\$ 10,320,181	\$ 10,320,181
Land Improvements	3,680,877	1,561,273	2,119,604	1,805,681
Buildings	33,933,000	9,019,649	24,913,351	25,585,084
Machinery & Equipment	2,628,615	1,840,074	788,541	779,241
Vehicles	5,611,612	3,875,689	1,735,923	1,691,976
Infrastructure (Note 13)	169,742,190	64,563,646	105,178,544	61,124,351
	225,916,475	80,860,331	145,056,144	101,306,514
Assets under Construction	1,582,856		1,582,856	323,627
Total	227,499,331	80,860,331	146,639,000	101,630,141

Pursuant to an agreement dated June 22, 2015, water and wastewater infrastructure assets amounting to \$3,393,868 were transferred to the Township by the City of Kitchener. There were no tangible capital assets contributed to the Township in 2014. Donated land and other tangible capital assets are capitalized at their fair market value at the time of receipt and included in income as "donated tangible capital assets".

Amortization expense for the year amounts to \$5,963,300 (\$4,723,796 in 2014).

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:

	2015	2014
Recreational parkland (The Planning Act)	\$ 1,319,072	\$ 1,279,500
Development charges and sub-dividers contributions	884,058	872,365
Federal Gas Tax	14,283	24,067
Building Department (Bill 124)	(509,653)	(315,322)
	\$ 1,707,760	\$ 1,860,610

THE CORPORATION OF THE TOWNSHIP OF WILMOT

Notes to Financial Statements, continued

Year ended December 31, 2015

8. Deferred revenue - obligatory reserve funds (continued)

(b) Continuity schedule:

	2015	2014
Revenue		
Development charges and user fees	\$ 402,893	\$ 666,422
Federal Gas Tax funding	556,610	570,621
Investment income	20,923	28,758
	980,426	1,265,801
Deferred revenue recognized	(1,133,276)	(1,021,248)
Change in deferred revenue	(152,850)	244,553
Deferred revenue, beginning of year	1,860,610	1,616,057
Deferred revenue, end of year	\$ 1,707,760	\$ 1,860,610

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:

	2015	2014
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	\$ 1,324,520	\$1,414,402
Of the long-term liabilities shown above, the responsibility for payment of principal and interest charges that has been assumed by individuals amounts to	(1,324,520)	(1,414,402)
Net long-term liabilities at end of year	\$ nil	\$ nil

THE CORPORATION OF THE TOWNSHIP OF WILMOT

Notes to Financial Statements, continued

Year ended December 31, 2015

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:

	2016 to 2020	2021 and thereafter	Total
From benefiting landowners	\$ 518,455	\$ 806,065	\$ 1,324,520

- (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, 2015 is \$1,324,520 (2014 - \$1,414,402).

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 (2014 - \$10,000) for any individual claim and \$10,000 (2014 - \$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 \$25,203 (2014 - \$64,005) were settled and insurance premiums of \$249,750 (2014 - \$230,955) 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, 2015

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:

	2015	2014
Salaries, wages and employee benefits	\$ 6,966,309	\$ 6,908,109
Net long-term debt interest charges		1,113
Materials	4,609,168	5,141,213
Amortization	5,963,300	4,723,796
Contracted services	168,177	186,496
External transfers	127,267	46,139
	<hr/>	<hr/>
	\$ 17,834,221	17,006,866

(b) Budget Figures

Council has approved operating budgets for 2015 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, 2015

11. Other explanatory notes (continued)

	Budget 2015	Actual 2015	Actual 2014
Revenues			
Mayor and Council	\$ -	\$ -	\$ -
Office of the CAO	88,500	80,278	86,555
Financial Services	333,210	332,767	322,373
Program Support	9,014,930	9,024,674	8,660,663
Fire Services	42,580	40,587	33,601
Transportation and Public Works	122,380	134,699	92,782
Environmental Services	4,323,920	4,531,547	4,033,212
Health Services	66,200	74,929	69,745
Recreation and Cultural Services	1,564,530	1,562,555	1,513,629
Planning Services	648,000	498,401	545,498
Total revenues	\$ 16,204,250	\$ 16,280,437	\$ 15,358,058
Expenses			
Mayor and Council	\$ 134,770	\$ 138,560	\$ 138,454
Office of the CAO	485,590	500,350	401,578
Financial Services	580,590	571,708	615,903
Program Support	2,844,860	2,798,479	2,460,098
Fire Services	1,094,990	1,133,482	1,160,782
Transportation and Public Works	1,809,030	1,854,884	1,828,727
Environmental Services	4,323,920	4,531,548	4,033,211
Health Services	66,200	74,928	69,745
Recreation and Cultural Services	4,112,680	4,093,118	4,029,920
Planning Services	751,620	583,380	619,640
Total expenses	\$ 16,204,250	\$ 16,280,437	\$ 15,358,058
Annual Surplus	\$ -	\$ -	\$ -

THE CORPORATION OF THE TOWNSHIP OF WILMOT

Notes to Financial Statements, continued

Year ended December 31, 2015

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:

	2015	2014
Annual Surplus (Deficit) under PSAB	\$ 1,683,263	\$ (1,445,657)
Less:		
Grants and transfer related to capital	1,547,988	1,018,803
Deferred revenue, net change	(152,850)	244,553
Contribution from developers	375,055	68,940
Tangible capital assets additions	3,221,606	2,097,592
Contributed tangible capital assets	3,393,868	
Increase in Government Business Enterprises	519,676	564,714
Debt principal repayment		60,206
	8,905,343	4,054,808
Add:		
Amortization	5,963,300	4,723,796
Capital expenses	1,181,077	745,274
Loss on disposal of capital assets	77,703	31,395
	7,222,080	5,500,465
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, 2015

12. Accumulated surplus

	2015	2014
Reserve and Reserve Funds		
Baden West Noise Wall	68,741	68,042
Cemetery - Operations	(28,164)	(46,741)
Elections	13,228	(579)
Hamilton Road Noise Wall	135,996	134,611
Heritage Lighting	5,530	5,473
Heritage Wilmot	1,191	1,179
Information Technology Reserve Fund	4,658	19
Infrastructure Reserve - Equipment	927,122	1,096,012
Infrastructure Reserve - Facilities	1,086,519	1,252,484
Infrastructure Reserve - Roads	1,313,316	1,040,032
Self-Insurance Reserve Fund	20,000	18,239
Street Lighting	48,091	47,601
Wastewater	1,312,195	856,541
Water	1,523,382	1,120,386
Water Meter Replacement	247,356	132,567
Winter Maintenance	105,713	722
Working Funds	383,388	383,388
Total Reserves and Reserve Funds	7,168,264	6,109,979
Surplus		
Invested in tangible capital assets	146,639,000	101,630,141
Operating Fund	17,214,009	17,163,502
Total Surplus	163,853,009	118,793,643
Accumulated Surplus	\$ 171,021,273	\$ 124,903,622

THE CORPORATION OF THE TOWNSHIP OF WILMOT

Notes to Financial Statements, continued

Year ended December 31, 2015

13. Asset Management Plan Adjustment

In accordance with the Ministry of Infrastructure "Building Together" guide, the Township completed an Asset Management Plan (AMP) which was a first step in establishing an overall infrastructure strategy.

In 2015, as a result of this study, certain infrastructure tangible capital assets were revalued to match AMP data resulting in an increase in tangible capital assets as follows:

Cost	\$ 49,140,378
Accumulated amortization	<u>4,705,990</u>
Net Book Value	<u>\$ 44,434,388</u>

The impact of this adjustment in 2015 was an increase in accumulated surplus of \$44,434,388.

Amortization for 2015 and future years will increase as a result of this restatement of the net book value of the infrastructure tangible capital assets. The impact for 2015 was an increase in amortization amounting to approximately \$1,135,000.

14. Kitchener Power Corporation

The financial statements of Kitchener Power Corporation for 2015, of which the Township of Wilmot owns 7.75% are its first financial statements prepared in accordance with International Financial Reporting Standards (IFRS), with a transition date of January 1, 2014. In preparing its opening IFRS Statement of Financial Position, adjustments were made to the amounts reported previously in the 2014 financial statements which were prepared in accordance with Canadian general accepted accounting principles. This resulted in a net increase to the Township's equity retained in Kitchener Power Corporation in the amount of \$45,538 as at January 1, 2014. Additionally, it resulted in the Township's share of net income from Kitchener Power Corporation being reduced by \$20,442 for the fiscal year 2014.