



**TOWNSHIP OF WILMOT
COUNCIL AGENDA
MONDAY, MAY 12, 2014**

**REGULAR COUNCIL MEETING
COUNCIL CHAMBERS
7:00 P.M.**

- 1. MOTION TO CONVENE INTO CLOSED SESSION (IF NECESSARY)**
- 2. MOTION TO RECONVENE IN OPEN SESSION**
- 3. MOMENT OF SILENCE**
- 4. ADDITIONS TO THE AGENDA**
- 5. DISCLOSURE OF PECUNIARY INTEREST UNDER THE MUNICIPAL CONFLICT OF INTEREST ACT**
- 6. MINUTES OF PREVIOUS MEETINGS**
 - 6.1 Council Meeting Minutes April 28, 2014**

Recommendation

THAT the minutes of the following meetings be adopted as presented:

Regular Council Meeting April 28, 2014.

7. PUBLIC MEETINGS

- 7.1 REPORT NO. DS 2014-12
Zone Change Application 03/14
Hillcrest Service Ltd.
Part of Lot 26, Concession South of Bleams Road
1065 Huron Street**

Recommendation

THAT Zone Change Application 03/14 made by Hillcrest Service Ltd., affecting Part of Lot 26, Concession South of Bleams Road be approved to change the zoning of the subject property from Zone 1 (Agricultural) to Zone 8 (Commercial) and to reduce the required front yard setback from 7.6m to 6.6m.

- 7.2 **REPORT NO. DS 2014-13**
 Zone Change Application 04/14
 Kevin Smith
 Lot 5, Plan 58M-276
 55 Reinhart Place, Petersburg

Recommendation

THAT Zone Change Application 04/14 made by Kevin Smith, affecting Lot 5, Plan 58M-276 be approved to:

1. increase the maximum combined floor area of all accessory structures from 69m² to 181m²;
2. to increase the maximum height of one accessory building (the pool house) from 4.5m to 6.0 m; and,
3. to permit habitable space within one accessory building (the pool house) including a kitchen, but not including a dwelling unit.

8. PRESENTATIONS/DELEGATIONS

- 8.1 **Mark Jackson, Chair, Board of Directors**
 Jerry Van Ooteghem, President and CEO
 Kitchener-Wilmot Hydro Inc.
 2013 Annual Report

- 8.2 **John Jung, CEO**
 Canada's Technology Triangle
 Update to Council

9. REPORTS

- 9.1 **CAO – no reports**

9.2 **CLERKS**

- 9.2.1 **REPORT NO. CL 2014-16**
 Levy of Drain Maintenance Costs

Recommendation

THAT report CL 2014-16 be received for information purposes.

9.3 **FINANCE**

- 9.3.1 **REPORT NO. FIN 2014-18**
 Federal Gas Tax Municipal Funding Agreement

Recommendation

THAT Finance Report FIN 2014-18, prepared by the Director of Finance, regarding the Federal Gas Tax Municipal Funding Agreement be received for information purposes;

AND FURTHER, THAT the agreement be executed and returned to the Association of Municipalities of Ontario (AMO).

**9.3.2 REPORT NO. FIN 2014-19
Ice Storm Assistance Program**

Recommendation

THAT report FIN 2014-19, prepared by the Director of Finance, regarding the Ice Storm Assistance Program, be endorsed.

9.4 PUBLIC WORKS

**9.4.1 REPORT NO. PW-2014-09
Surface Treatment – Award of Tender**

Recommendation

THAT the tender submitted by Cornell Construction Limited for the application of surface treatment to Township roads in the amount of \$249,814.31, net of the HST rebate, be accepted.

**9.4.2 REPORT NO. PW-2014-10
Hot Mix Paving – Award of Tender**

Recommendation

THAT the tender submitted by Coco Paving, for the paving of Township roads with hot mix asphalt, in the amount of \$163,955.72, net of the HST rebate, be accepted.

9.5 DEVELOPMENT SERVICES

**9.5.1 REPORT NO. DS 2014-14
Sign By-law Variance
Seasons Grande / PW Concrete
162 Snyder's Rd E, Baden**

Recommendation

THAT variances to the Township Sign By-law 2002-35 be approved for the subject property as follows:

- 1. Reduce the minimum setback from the front property line for the proposed ground sign to approximately 0.6m,**
- 2. Increase the maximum height of the proposed ground sign to approximately 3.8m,**
- 3. Increase the maximum area of a ground sign located in front of the building line to approximately 4.7m²; and,**
- 4. To allow temporary signs to be attached to a fence located along the south property line (Snyder's Road East) and on a fence connecting the aforementioned fence and the existing building up to a maximum of 25% of the area of one side of said fences.**

**9.5.2 REPORT NO. DS 2014-15
April Building Statistics**

Recommendation

THAT the April 2014 Building Statistics be received for information.

9.6 FACILITIES AND RECREATION SERVICES – no reports

9.7 FIRE – no reports

9.8 CASTLE KILBRIDE – no reports

10. CORRESPONDENCE

10.1 Canada Post – Closure on Saturdays and Realignment of the Hours of Operation During the Week Only at the Petersburg Post Office

Recommendation

THAT Correspondence Item 10.1 be received for information.

11. BY-LAWS

- 11.1 By-Law No. 2014-20 – To Provide for the Levy of Drain Maintenance Costs for the Wagner Drain Branch D and Don Myers Drain**
- 11.2 By-Law No. 2014-21 – Authorize the Execution of the Agreement for the Federal Gas Tax**
- 11.3 By-law No. 2014-22 – Zone Change Application 03/14, Hillcrest Service Ltd., Part of Lot 26, Concession South of Bleams Road, 1065 Huron Street**
- 11.4 By-law No. 2014-23 – Zone Change Application 04/14, Kevin Smith, Lot 5, Plan 58M-276, 55 Reinhart Place, Petersburg**
- 11.5 By-law No. 2014-24 – By-law to Appoint Municipal Law Enforcement Officer David Zeinstra**

Recommendation

THAT By-law Nos. 2014-20, 2014-21, 2014-22, 2014-23 and 2014-24 be read a first, second and third time and finally passed in Open Council.

12. NOTICE OF MOTIONS

12.1 Notice of Motion Concerning Speed Limits at Schools and Libraries in Wilmot Township

Recommendation

WHEREAS the Regional Municipality of Waterloo is responsible for establishing speed limits on roads within its jurisdiction;

AND WHEREAS the following elementary, secondary schools and Regional Library branches are located on arterial regional roads;

- **New Dundee Public School, Bridge Street, New Dundee**
- **Sir Adam Beck Public School, Snyder's Road, Baden**
- **Waterloo Oxford District Secondary School, Snyder's Road, Baden**
- **Holy Family Catholic School, Huron Street, New Hamburg**
- **Grandview Public School, Huron Street, New Hamburg**
- **Forest Glen Public School, Waterloo Street, New Hamburg**
- **St. Agatha Catholic School, Notre Dame Drive, St. Agatha**
- **New Dundee Regional Library, Queen Street, New Dundee**
- **Baden Regional Library, Snyder's Rd., Baden**

AND WHEREAS it has been observed that school zones and the roads within the vicinities of libraries across the Township of Wilmot are venues of escalating congestion and activity for students and the public, thereby creating safety concerns;

AND WHEREAS as a community, we all share responsibility to reduce the risk and enhance the safety of our children, youth, crossing guards and the general public;

THEREFORE BE IT RESOLVED that in light of the safety concerns, the Township of Wilmot requests that the Region of Waterloo consider the feasibility of lowering the existing speed limit within the school zones and in the areas of the Regional Library Branches at the above locations from 50 km/hr to 40 km/hr.

13. QUESTIONS/NEW BUSINESS/ANNOUNCEMENTS

14. BUSINESS ARISING FROM CLOSED SESSION

15. CONFIRMATORY BY-LAW

15.1 By-law No. 2014-25

Recommendation

THAT By-law No. 2014-25 to Confirm the Proceedings of Council at its Meeting held on May 12, 2014 be introduced, read a first, second, and third time and finally passed in Open Council.

16. ADJOURNMENT

Recommendation

THAT we do now adjourn to meet again at the call of the Mayor.



**TOWNSHIP OF WILMOT
COUNCIL MINUTES
MONDAY, APRIL 28, 2014**

**REGULAR COUNCIL MEETING
COUNCIL CHAMBERS
7:00 P.M.**

**Members Present: Mayor L. Armstrong, Councillors A. Junker, P. Roe, B. Fisher, J. Gerber,
M. Murray**

**Staff Present: Chief Administrative Officer G. Whittington, Director of Clerk's Services
B. McLeod, Deputy Clerk D. Mittelholtz, Director of Public Works G. Charbonneau,
Director of Facilities and Recreation Services S. Nancekivell, Director of
Development Services H. O'Krafka, Director of Finance R. Tse, Curator/Director of
Castle Kilbride T. Loch, Senior Municipal Law Enforcement Officer D. Wallace**

- 1. MOTION TO CONVENE INTO CLOSED SESSION (IF NECESSARY)**
- 2. MOTION TO RECONVENE IN OPEN SESSION**
- 3. MOMENT OF SILENCE**

During the moment of silence Mayor L. Armstrong asked those present to remember former Councillor Joe Mosburger who passed away on April 23, 2014. Mr. Mosburger served for fifteen years on Wilmot Township Council.

4. ADDITIONS TO THE AGENDA

- 4.1 Correspondence 10.4 – The Beer Store – The Selling of Alcohol at Convenience Stores and Gas Station Chains**

Resolution No. 2014-78

Moved by: P. Roe

Seconded by: A. Junker

THAT Correspondence 10.4 – The Beer Store – The Selling of Alcohol at Convenience Stores and Gas Station Chains be added to the Agenda.

CARRIED.

5. DISCLOSURE OF PECUNIARY INTEREST UNDER THE MUNICIPAL CONFLICT OF INTEREST ACT

None disclosed.

6. MINUTES OF PREVIOUS MEETINGS

6.1 Council Meeting Minutes April 7, 2014

Resolution No. 2014-79

Moved by: B. Fisher

Seconded by: M. Murray

THAT the minutes of the following meetings be adopted as presented:

Regular Council Meeting April 7, 2014.

CARRIED.

7. PUBLIC MEETINGS

8. PRESENTATIONS/DELEGATIONS

8.1 Peter Graham, CPA, CA
Mike Arndt, CPA, CA
Graham Mathew Professional Corporation LLP
Annual Financial Statements

8.1.1 REPORT NO. FIN 2014-16
2013 Annual Financial Report

Resolution No. 2014-80

Moved by: M. Murray

Seconded by: P. Roe

THAT Report FIN 2014-16 regarding the 2013 Annual Financial Report be received for information purposes.

CARRIED.

Mr. Graham introduced himself and Mr. Arndt to Council and provided some highlights from the Annual Financial Report. He stated that the audit went well and that the outcome shows Wilmot continuing to be in an excellent financial situation. He noted that the per capita taxes receivable are the lowest they have been in six years, that the long term debt will be ending this fall and that the reserves, surplus and net financial assets have all increased from 2012. He provided Council with an indicator of the Townships financial position by stating that the assets to liabilities for the Township are 6:1, which is strong. He concluded his presentation by advising Council that the working relationship with Township staff was positive.

In response to Councillor B. Fisher, the Director of Finance advised that the amount of grants received is dependent on what is available and what the Township is awarded.

9. REPORTS

9.1 CAO – no reports

9.2 CLERKS**9.2.1 REPORT NO. CL 2014-13
Willow Creek Bernedoodles
Kennel Application
3532 Erb's Rd. Baden
Township of Wilmot****Resolution No. 2014-81****Moved by: B. Fisher****Seconded by: P. Roe**

THAT the proposed variance to Township By-law 2008-01 to permit the licensing of a kennel for 20 Bernedoodle dogs at 3532 Erb's Rd. Baden be approved, subject to the applicant's (Ron and Janelle Kuepfer) completion of the following requirements prior to occupancy:

- 3) That a double hedgerow of austrees be planted between the kennel and the closest property owner's residential building at 3554 Erb's Rd, to act as a visibility screen and noise barrier;**
- 2) That a fenced outdoor exercise yard for the dogs be located on the south side of the kennel building;**
- 3) That the existing floor drains within the proposed kennel building be removed or sealed as per the direction of the Township's C.B.O.**

CARRIED.

The Director of Clerk's Services highlighted the report.

**9.2.2 REPORT NO. CL 2014-14
By-law Enforcement
Quarterly Activity Report
January to March, 2014****Resolution No. 2014-82****Moved by: A. Junker****Seconded by: B. Fisher**

THAT the Enforcement Activity Report for January 1st to March 31st, 2014 be received for information purposes.

CARRIED.

Councillor J. Gerber inquired as to the number of snow and ice complaints being half of those received in the previous year. The Senior Municipal Law Enforcement Officer (MLEO) advised that staff increased the amount of advertising regarding snow and ice removal and that additional information was added to the notice given to property owners which he feels attributed to the decrease in complaints.

Responding to Councillor J. Gerber, the Senior MLEO noted that the majority of parking tickets issued were for overnight parking which is down from last year. He further commented that warnings were issued on the first night which helped with education.

In response to Councillor P. Roe, the Senior MLEO confirmed that illegal open air burns are generally not an issue in the first quarter of the year as it is a seasonal occurrence. Councillor A. Junker advised the Council and the Senior MLEO that he was informed of certain sidewalks that had not been maintained for snow and ice in the winter but that residents were not aware that enforcement was complaint driven.

**9.2.3 REPORT NO. CL 2014-15
Noise By-law Exemption Request
Kathann Stalkie, Propertyguys.com
23 Snyder's Road East, Baden**

Resolution No. 2014-83

Moved by: M. Murray

Seconded by: B. Fisher

THAT an exemption to the Noise By-law as requested by Kathann Stalkie of Propertyguys.com at 23 Snyder's Road East in Baden for the purpose of their Grand Opening event commencing Saturday, May 3, 2014 at approximately 12:00 noon to 3:00 p.m. be granted.

CARRIED.

The Deputy Clerk highlighted the report.

**9.2.4 REPORT NO. CL 2014-08
Kitchener-Waterloo Humane Society
Pound Facility Services Agreement**

Resolution No. 2014-84

Moved by: A. Junker

Seconded by: J. Gerber

THAT the Mayor and Clerk be authorized to enter into an agreement with Kitchener-Waterloo Humane Society (attached as Schedule "A" to Report CL2014-08) for the provision of pound facility services for the Township of Wilmot, and further;

THAT the term of the contract be for a five (5) year period, effective January 1, 2014 through to December 31, 2018.

CARRIED.

The Director of Clerk's Services highlighted the report and noted that the Kitchener Waterloo Humane Society Operations Manager, Jamie LaFlamme, was in attendance to answer questions.

9.3 FINANCE

**9.3.1 REPORT NO. FIN 2014-17
2014 Final Tax Levy By-Law**

Resolution No. 2014-85

Moved by: M. Murray

Seconded by: P. Roe

THAT report FIN 2014-17, prepared by the Director of Finance, regarding the 2014 Final Tax Levy By-law be received.

CARRIED.**9.4 PUBLIC WORKS****9.4.1 REPORT NO. PW-2014-08
Main Street Reconstruction, New Dundee
Consulting Engineering Services****Resolution No. 2014-86****Moved by: A. Junker****Seconded by: P. Roe**

THAT AECOM Canada Inc. be retained to provide consulting engineering services for the reconstruction of Main Street from Alderview Drive to Bridge Street in New Dundee as per their proposal dated April 10, 2014 for the fee of \$92,212.88, net of the HST rebate.

CARRIED.

The Director of Public Works highlighted the report.

Councillor A. Junker noted his appreciation for this project being undertaken as it has been previously requested by residents.

**9.4.2 REPORT NO. PW 2014-07
Roads Stake Truck****Resolution No. 2014-87****Moved by: M. Murray****Seconded by: A. Junker**

THAT the tender submitted by Expressway Ford for a Ford F450 XL Stake Truck c/w Removable Aluminum Box in the amount of \$53,895.15, net of the HST rebate, be accepted.

CARRIED.**9.4.3 REPORT NO. PW-2014-06
Public Works Activity Report
January - March****Resolution No. 2014-88****Moved by: M. Murray****Seconded by: B. Fisher**

THAT the Public Works Department Activity Reports for the months of January, February and March 2014 be received for information.

CARRIED.

9.5 DEVELOPMENT SERVICES

**9.5.1 REPORT NO. DS 2014-11
March Building Statistics**

Resolution No. 2014-89

Moved by: B. Fisher

Seconded by: M. Murray

THAT the March 2014 Building Statistics be received for information.

CARRIED.

**9.5.2 REPORT NO. DS 2014-10
Annual Bill 124 Fee Report – 2013 Operations**

Resolution No. 2014-90

Moved by: J. Gerber

Seconded by: P. Roe

THAT Report DS 2014-10 be received for information.

CARRIED.

The Director of Development Services highlighted the report.

The Director of Development Services clarified for Councillor J. Gerber that the Bill 124 structure is based on a cycle of highs and lows in the issuance of building permits and that during the low periods there is a draw on the reserve. He noted that when new sewage capacity becomes available, an increase in building permits is expected. He further noted that the Development Services department is continuously looking at efficiencies to become self-sustaining.

9.6 FACILITIES AND RECREATION SERVICES

**9.6.1 REPORT NO. PRD-2014-05
Facilities & Recreation Services Quarterly Activity Reports**

Resolution No. 2014-91

Moved by: M. Murray

Seconded by: A. Junker

THAT the Facilities & Recreation Services Activity Reports for the first quarter of 2014 be received for information.

CARRIED.

9.7 FIRE – no reports

9.8 CASTLE KILBRIDE**9.8.1 REPORT NO. CK 2014-03
Tender 2014-07. Exterior Repairs, Castle Kilbride****Resolution No. 2014-92**

Moved by: P. Roe

Seconded by: B. Fisher

THAT Nith Valley Construction be awarded Tender 2014-07 to repair the front porch and upper east balcony at Castle Kilbride for the bid price of \$72,790.

CARRIED.

The Curator/Director of Castle Kilbride highlighted the report.

10. CORRESPONDENCE

- 10.1 Wilmot Family Resource Centre – Letter of Thanks Regarding 2014 Municipal Grant**
- 10.2 Grand River Conservations Authority – GRCA Current, April 2014**
- 10.3 Association of Municipalities of Ontario – Premier Announces \$29 Billion for Transit and Transportation Infrastructure**
- 10.4 The Beer Store – The Selling of Alcohol at Convenience Stores and Gas Station Chains**

Resolution No. 2014-93

Moved by: M. Murray

Seconded by: J. Gerber

THAT Correspondence Items 10.1 to 10.4 be received for information.

CARRIED.**11. BY-LAWS**

- 11.1 By-law No. 2014-17 – By-law to Establish the 2014 Final Tax Levy, 2014 Rates and Payment of Final Bills by Instalment**
- 11.2 By-law No. 2014-18 – By-law to Authorize the Execution of an Agreement with the Kitchener-Waterloo Humane Society for Pound Facility Services**

Resolution No. 2014-94

Moved by: J. Gerber

Seconded by: M. Murray

THAT By-law Nos. 2014-17 and 2014-18 be read a first, second and third time and finally passed in Open Council.

CARRIED.

12. NOTICE OF MOTIONS

12.1 Councillor A. Junker introduced the following motion to be discussed at the Council Meeting occurring on May 12, 2014.

WHEREAS the Regional Municipality of Waterloo is responsible for establishing speed limits on roads within its jurisdiction;

AND WHEREAS the following elementary, secondary schools and Regional Library branches are located on arterial regional roads;

- New Dundee Public School, Bridge Street, New Dundee
- Sir Adam Beck Public School, Snyder's Road, Baden
- Waterloo Oxford District Secondary School, Snyder's Road, Baden
- Holy Family Catholic School, Huron Street, New Hamburg
- Grandview Public School, Huron Street, New Hamburg
- Forest Glen Public School, Waterloo Street, New Hamburg
- St. Agatha Catholic School, Notre Dame Drive, St. Agatha
- New Dundee Regional Library, Queen Street, New Dundee
- Baden Regional Library, Snyder's Rd., Baden

AND WHEREAS it has been observed that school zones and the roads within the vicinities of libraries across the Township of Wilmot are venues of escalating congestion and activity for students and the public, thereby creating safety concerns;

AND WHEREAS as a community, we all share responsibility to reduce the risk and enhance the safety of our children, youth, crossing guards and the general public;

THEREFORE BE IT RESOLVED that in light of the safety concerns, the Township of Wilmot requests that the Region of Waterloo consider the feasibility of lowering the existing speed limit within the school zones and in the areas of the Regional Library Branches at the above locations from 50 km/hr to 40 km/hr.

13. QUESTIONS/NEW BUSINESS/ANNOUNCEMENTS

13.1 Councillor B. Fisher advised Council that the roller skating portion of the Live Well Festival was very successful but was surprised to find out that there is no local place for roller skating.

Mayor L. Armstrong noted that roller skating had been introduced in the past but at that time it did not generate enough interest.

Councillor J. Gerber commented that the Facilities and Recreation Services Department is looking into roller skating events for the future.

13.2 Mayor L. Armstrong responded to Councillor J. Gerber's inquiry regarding the removal of background check services being removed from the local police station by stating that he is speaking with Staff Sergeant Black to discuss the matter. He added that the service is being removed from the Elmira station as well.

13.3 Councillor A. Junker expressed his sympathy for the family of former Councillor Joe Mosburger. He had previously served with Mr. Mosburger and noted that he was very dedicated to the community.

- 13.4 Councillor A. Junker shared with Council an email received from Tom Cruickshank who recently gave a presentation at Castle Kilbride for the Architectural Conservancy of Ontario. The email praised Township staff and the members of the Castle Kilbride Advisory Committee and the Heritage Wilmot Advisory Committee.
- 13.5 Councillor P. Roe noted inconsistencies with the population signage in the Township depending on whether you are on a Regional versus Provincial road. Mayor L. Armstrong confirmed that the signs are maintained by either the Province or the Region but that staff can inquire further.
- 13.6 Councillor A. Junker advised Council of The Community Players upcoming production of the musical Ragtime.

14. BUSINESS ARISING FROM CLOSED SESSION

15. CONFIRMATORY BY-LAW

15.1 By-law No. 2014-19

Resolution No. 2014-95

Moved by: J. Gerber

Seconded by: B. Fisher

THAT By-law No. 2014-19 to Confirm the Proceedings of Council at its Meeting held on April 28, 2014 be introduced, read a first, second, and third time and finally passed in Open Council.

CARRIED.

16. ADJOURNMENT (7:50 P.M.)

Resolution No. 2014-96

Moved by: A. Junker

Seconded by: P. Roe

THAT we do now adjourn to meet again at the call of the Mayor.

CARRIED.

Mayor

Clerk



Township of Wilmot REPORT

REPORT NO. DS 2014-12

TO: Council

PREPARED BY: Andrew Martin, Planner/EDO

DATE: May 12, 2014

SUBJECT: Zone Change Application 03/14
Hillcrest Service Ltd.
Part of Lot 26, Concession South of Bleams Road
1065 Huron Street

Recommendation:

That Zone Change Application 03/14 made by Hillcrest Service Ltd., affecting Part of Lot 26, Concession South of Bleams Road be approved to change the zoning of the subject property from Zone 1 (Agricultural) to Zone 8 (Commercial) and to reduce the required front yard setback from 7.6m to 6.6m.

Background:

Notice of the Public Meeting was given to property owners within 120 metres of the subject lands on April 8, 2014. The following is a summary of comments received prior to the Public Meeting.

Public: none

Agencies:

GRCA: no objections
WRDSB: no comments

Discussion:

The subject lands are comprised of approximately 0.37ha, are designated Agricultural Resource Area in the Township Official Plan, and are zoned Zone 1 (Agricultural) within the Township Zoning By-law.

The subject property is currently developed with a used car lot and an automobile repair garage attached to a single family dwelling. The present uses of the property have existed since approximately 1932.

The applicant is currently proposing a minor addition to the existing building to reconfigure and expand the existing waiting and reception area and office space. In the future the intent is to remove the existing home and further expand the facility.

Policies within the Regional Official Policies Plan and Township Official Plan allow for minor additions to or intensification of existing industrial, commercial, recreational or institutional uses located outside of a Rural Settlement Area or minor changes in use. In this regard, use of the property for automobile sales, service, and repair is considered an existing use. The proposed amendment would allow continued use of the property as well as facilitate long term plans for the property. The three abutting properties to the west are presently zoned Zone 8 (Commercial); this application would apply consistent zoning to the subject property.

The front yard setback requirement within Zone 8 is 7.6m. The proposed addition would be approximately 6.6m from the front property line. The 1.0m reduction does not interfere with the ability to provide parking and gain access to the property. Future removal of the existing home and expansion of the facility will be subject to Site Plan Control. In a pre-submission meeting, the Region of Waterloo indicated that the Region would require modifications to the frontage of the property, including restricting access widths, as part of any future site plan approval application.

No objections were raised through circulation of the application.

Strategic Plan Conformity:

Holding public meetings to gain input on planning matters promotes an engaged community. Consideration of development applications which encourage intensification of existing land uses reduces the demand for greenfield lands to support new or expanding land uses, which is a strategy in achieving the Township's goal to protect the natural environment.

Financial Considerations:

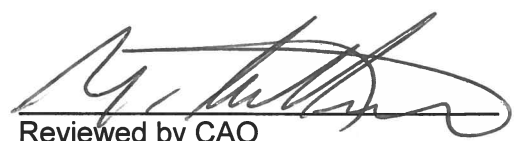
The application fees, established by the Township of Wilmot Fees and Charges By-law, were collected at the time of application.

Conclusion:

This application facilitates the continued use of the property as has existed for more than 80 years and implements zoning consistent with the commercial zoning present on lands immediately to the west of the subject property. The proposed zone change complies with the policies of the Township Official Plan and Regional Official Policies Plan.

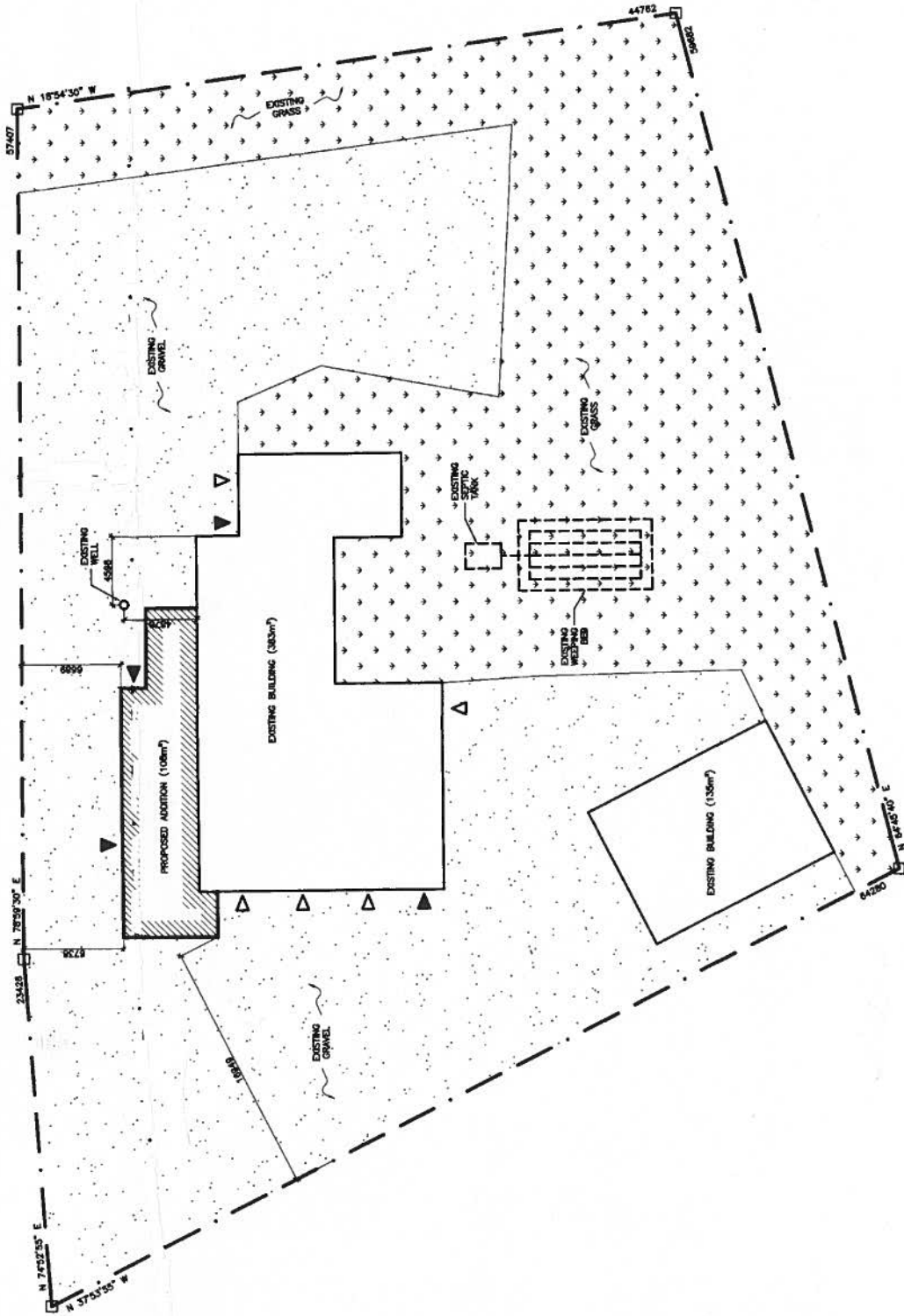


Andrew Martin, MCIP RPP
Planner/EDO



Reviewed by CAO

LEGEND	
—▲—	—MAIN DOOR
—△—	—OVERHEAD DOOR



SITE PLAN 1:200



Township of Wilmot REPORT

REPORT NO. DS 2014-13

TO: Council

PREPARED BY: Andrew Martin, Planner/EDO

DATE: May 12, 2014

SUBJECT: Zone Change Application 04/14
Kevin Smith
Lot 5, Plan 58M-276
55 Reinhart Place, Petersburg

Recommendation:

That Zone Change Application 04/14 made by Kevin Smith, affecting Lot 5, Plan 58M-276 be approved to:

1. increase the maximum combined floor area of all accessory structures from 69m² to 181m²;
2. to increase the maximum height of one accessory building (the pool house) from 4.5m to 6.0m; and,
3. to permit habitable space within one accessory building (the pool house) including a kitchen, but not including a dwelling unit.

Background:

Notice of the Public Meeting was given to property owners within 120 metres of the subject lands on April 17, 2014. The following is a summary of comments received prior to the Public Meeting.

Public: none

Agencies:

GRCA: no objections
WRDSB: no comments

Discussion:

The subject lands are comprised of approximately 0.7ha, are designated Settlement Residential in the Township Official Plan, and are zoned Zone 2 (Residential) within the Township Zoning By-law.

The applicant proposes to construct several accessory structures on the subject property as part of an extensive rear yard landscape plan. The attached site plan illustrates the plan and provides a list of proposed structures and their associated floor areas.

In all residential zones the zoning by-law restricts the maximum combined floor area of all accessory structures to 69m². This area does not reflect potential significant variations in lot sizes. Within Zone 2, the minimum size of an unserviced lot is 2000m²; accessory structures having a maximum combined area of 69m² equates to lot coverage of 3.45%. This application proposes a maximum combined area of 181m², which, for the subject property, would equate to lot coverage of 2.6%. In this regard the proposed increase in accessory structure floor area remains minor in relation to size of the subject property.

The zoning by-law stipulates that the maximum height of an accessory structure is 4.5m. The applicant proposes to construct a pool house with a height of up to 6.0m. Due to the topography of the property, portions of the structure will be built into an existing hill, so not all of the structure will exceed the maximum height. As is illustrated on the attached site plan, the pool house is setback significantly from the property line. Neighbouring property owners did not express any concerns with the proposed location, height, or area of the structure.

Within the pool house, the applicant proposes to include amenities associated with human habitation including a lounge area and full kitchen. The zoning by-law prohibits human habitation within an accessory building unless the use is specifically permitted within the zoning of the property on which the building is located. The applicant indicates that the intent of the pool house is not to provide sleeping or living accommodations of any sort, but rather to provide an area close to the pool where meals can be prepared while using the pool and other outdoor amenities. The applicant specifically notes that they do not wish to pursue a dwelling unit as a permitted use within the pool house.

Strategic Plan Conformity:

Holding public meetings to gain input on planning matters promotes an engaged community.

Financial Considerations:

The application fees, established by the Township of Wilmot Fees and Charges By-law, were collected at the time of application.

Conclusion:

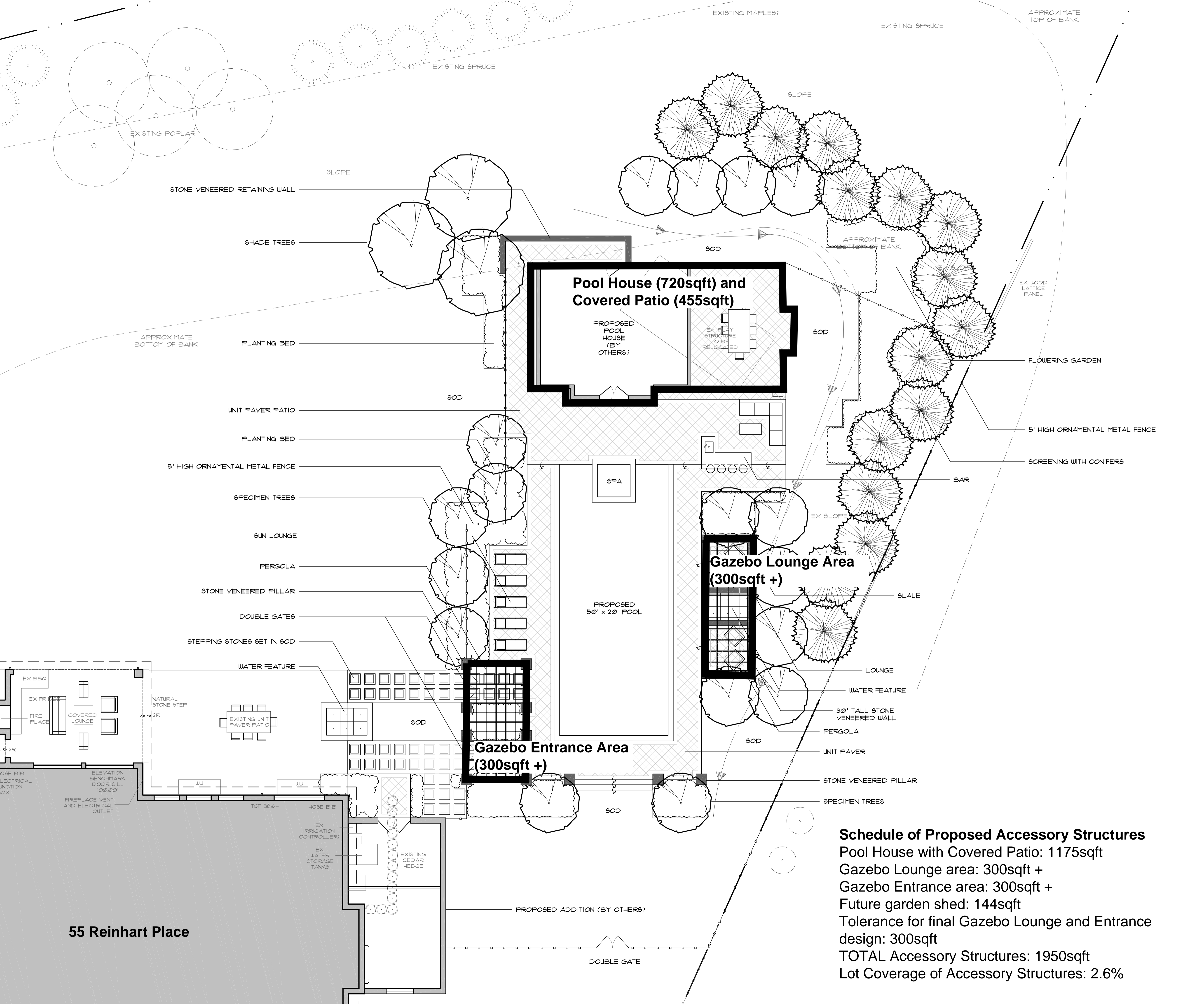
The proposed amendments to the regulations of accessory structures on the subject property remain consistent with the intent of the zoning by-law. The proposed structures will remain accessory to the primary residential use of the property and do not pose any anticipated compatibility issues with neighbouring properties.



Andrew Martin, MCIP RPP
Planner/EDO



Reviewed by CAO



Schedule of Proposed Accessory Structures
 Pool House with Covered Patio: 1175sqft
 Gazebo Lounge area: 300sqft +
 Gazebo Entrance area: 300sqft +
 Future garden shed: 144sqft
 Tolerance for final Gazebo Lounge and Entrance design: 300sqft
TOTAL Accessory Structures: 1950sqft
 Lot Coverage of Accessory Structures: 2.6%

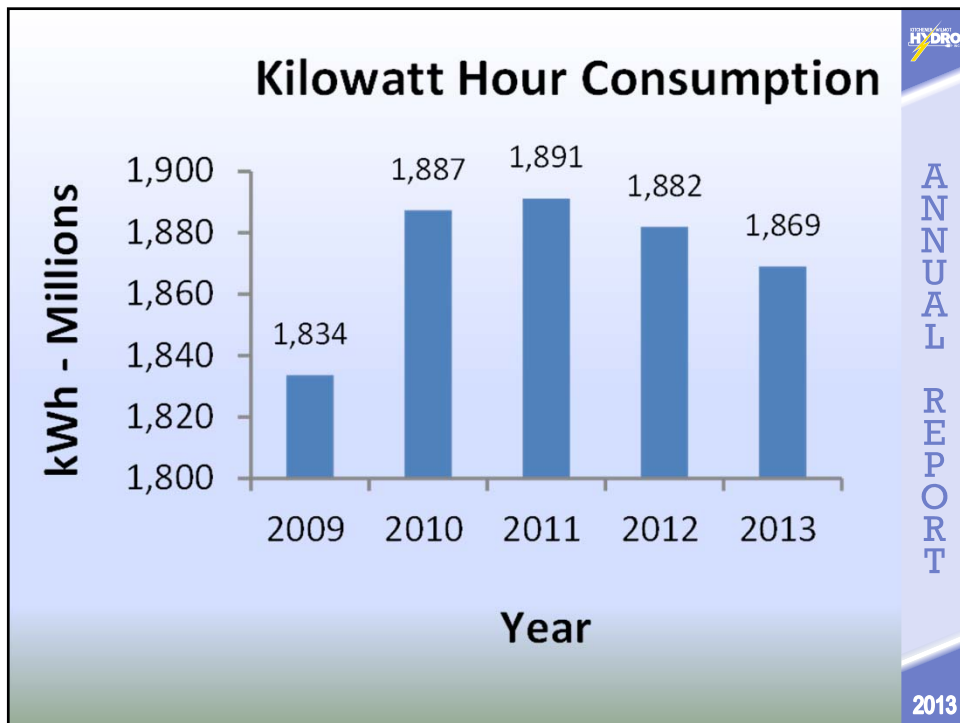
Kitchener-Wilmot Hydro Inc.
Your Local Supplier of Safe, Reliable and Efficient Electricity Distribution Services



HYDRO
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Statistics

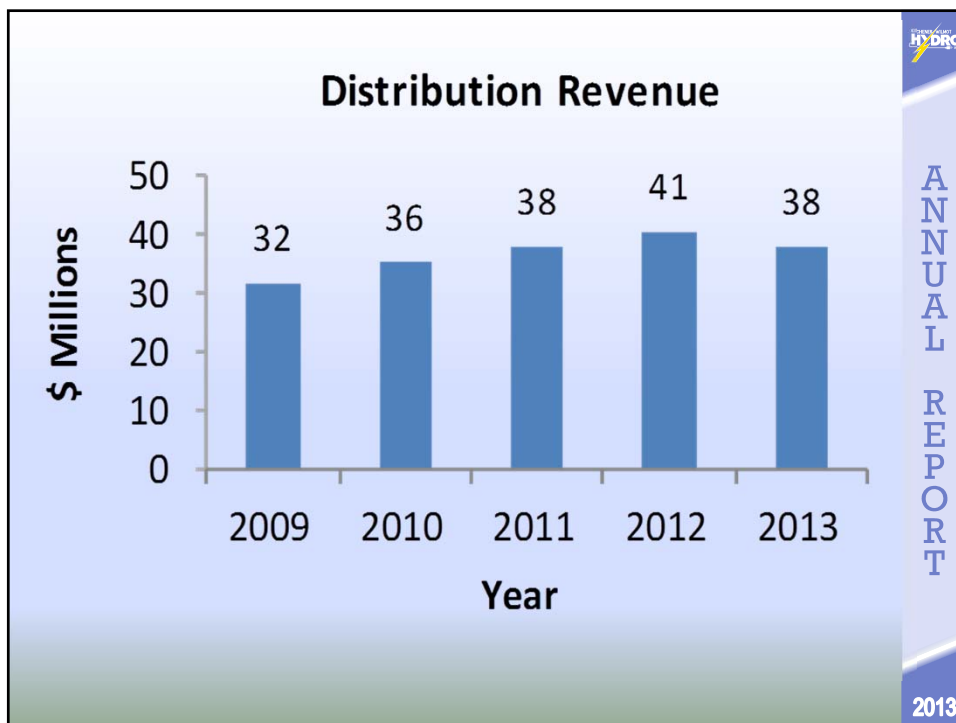
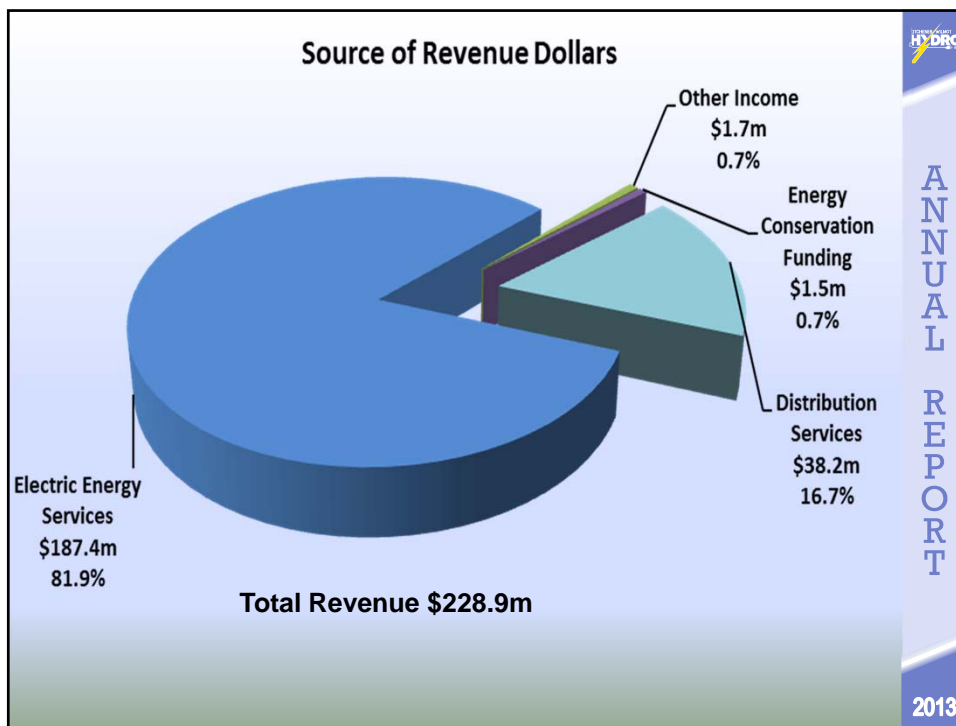
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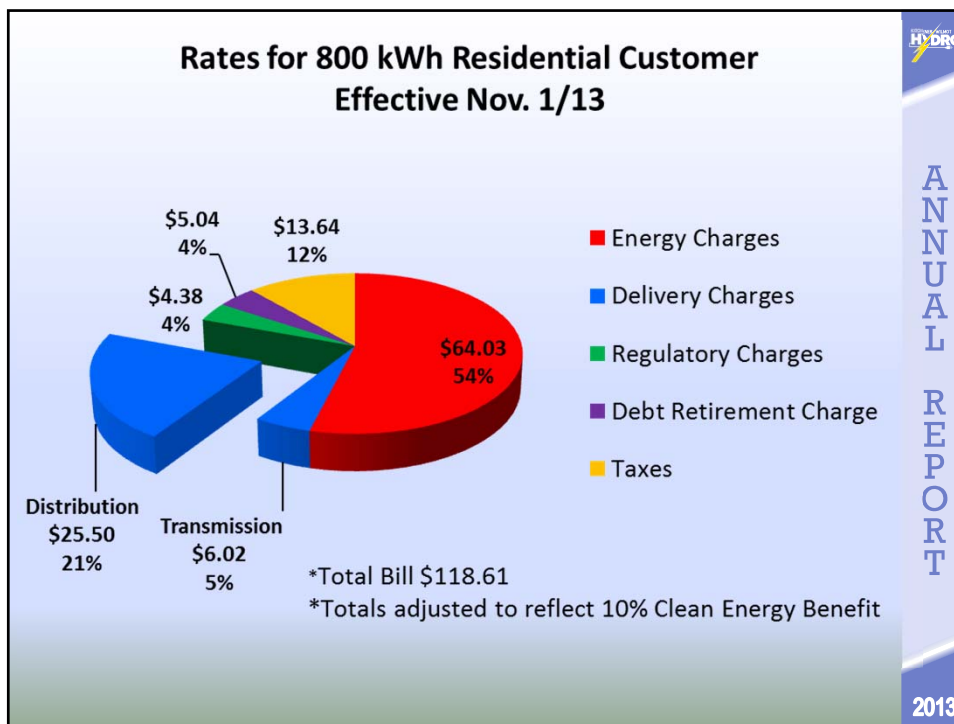


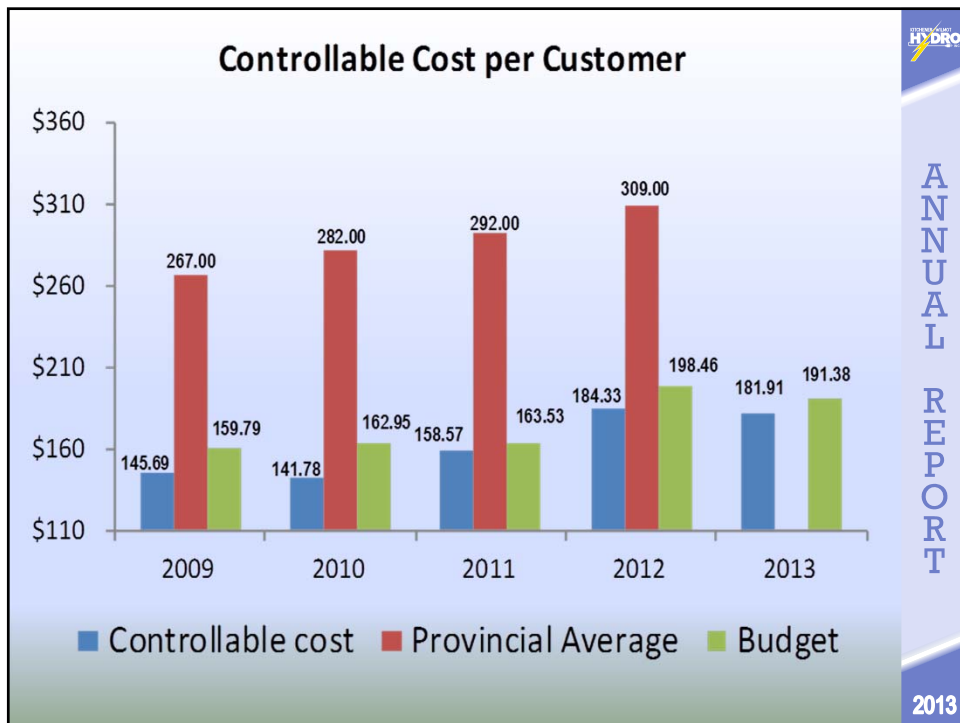
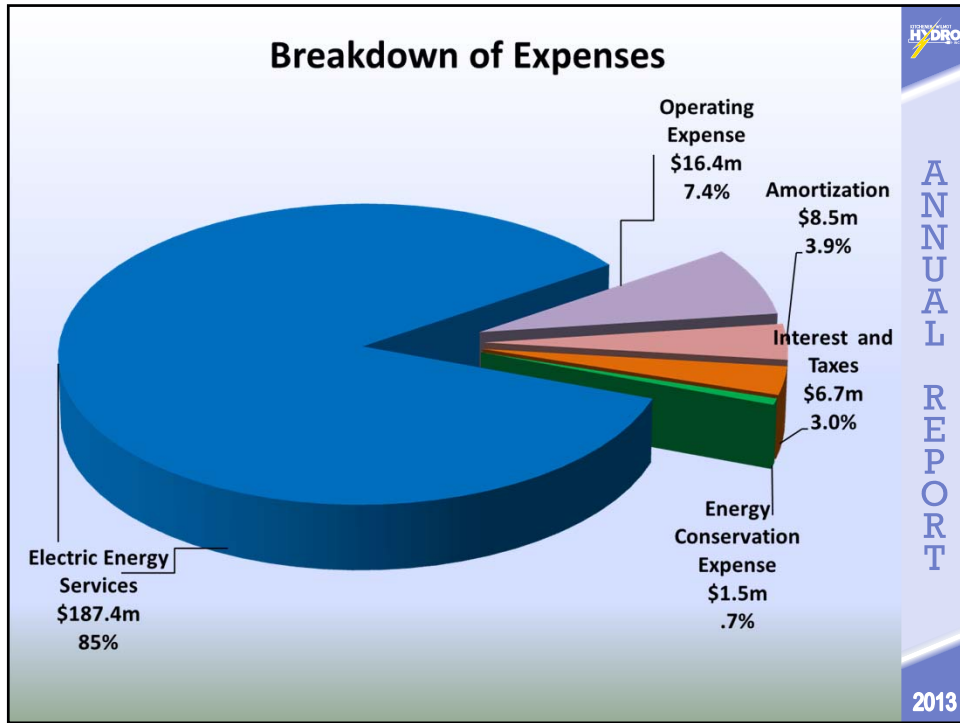


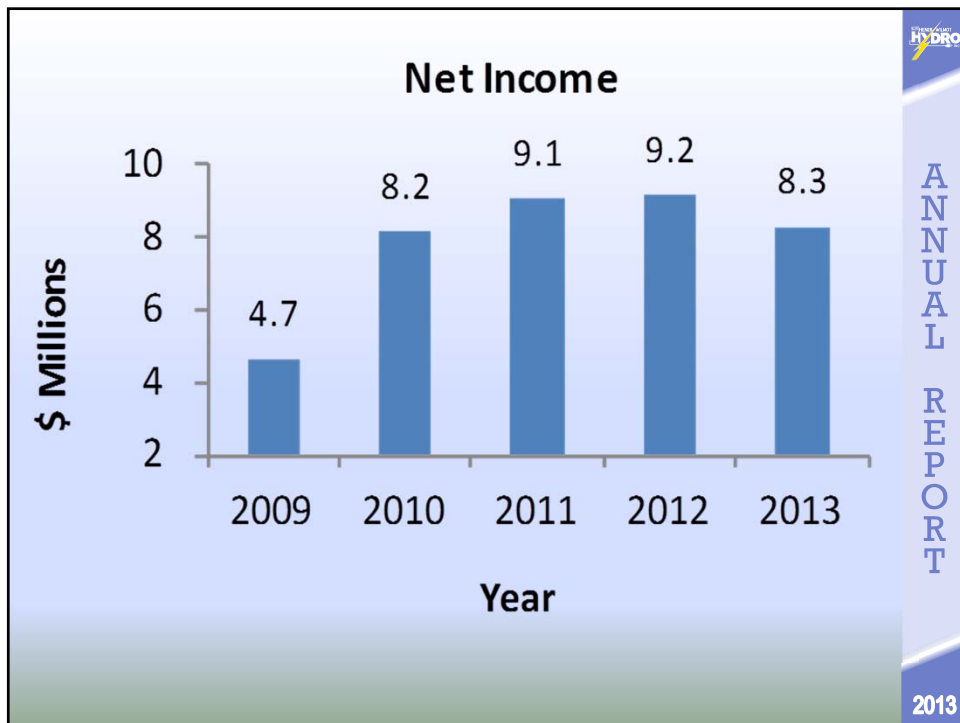
Financial Performance

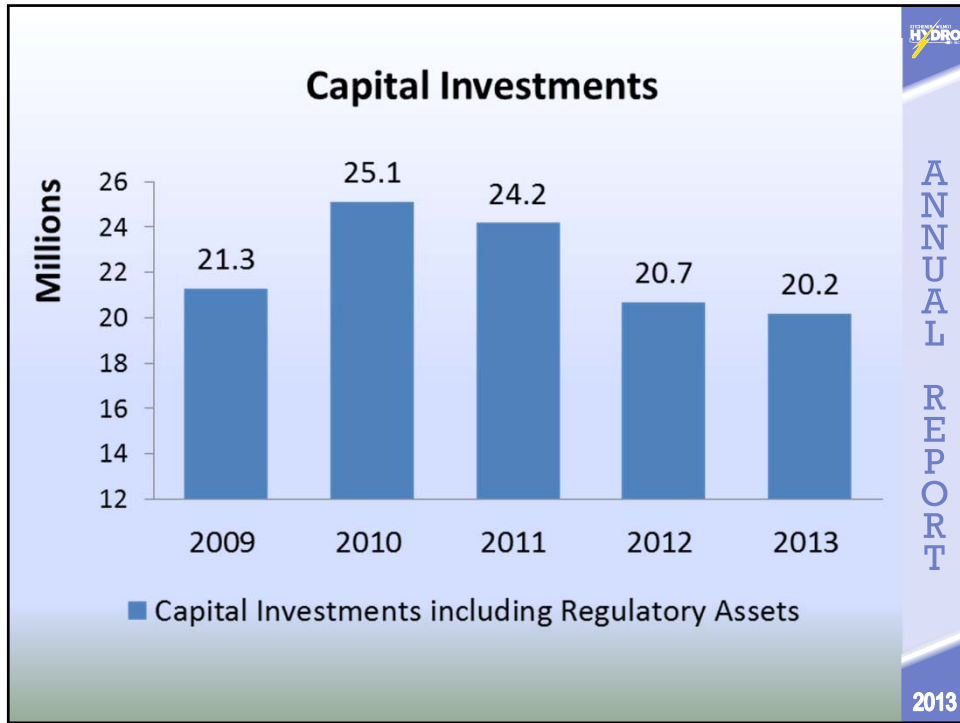
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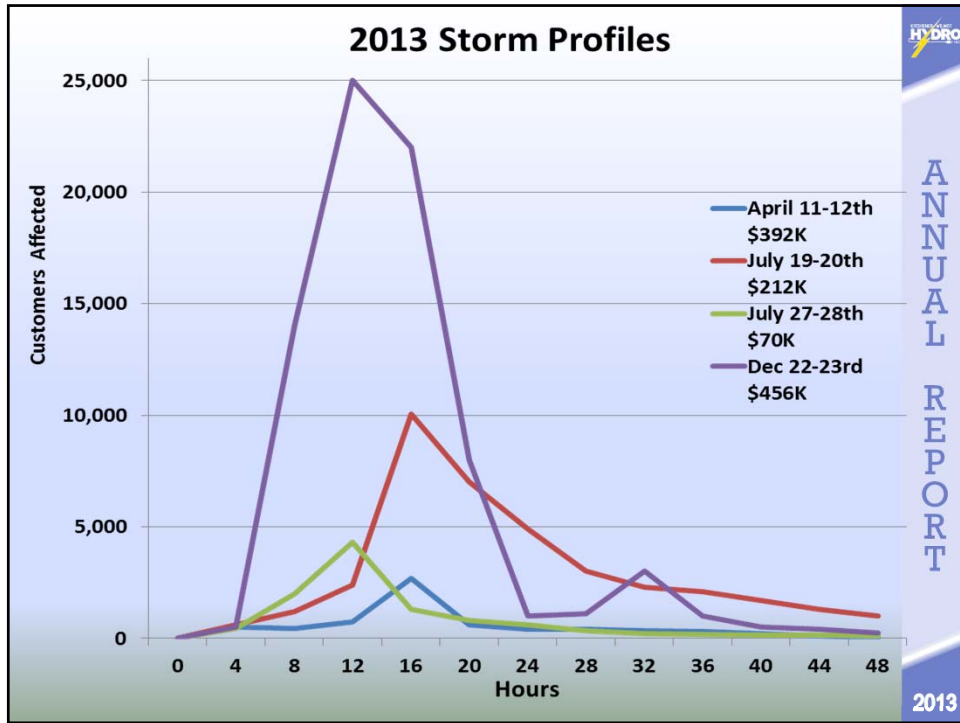






Customer Service Performance

ANNUAL REPORT 2013



Service Reliability Performance

Service Reliability Performance	Measurement	2009	2010	2011	2012	2013
SAIDI	Average length of outage (minutes) for the system	84.8	49.0	59.5	59.0	52.1
SAIFI	Average number of interruptions per customer	1.68	1.15	0.86	1.13	0.69
CAIDI	Average duration of each interruption (minutes) per customer	50.4	42.8	68.6	52.4	75.5

Service Quality Performance					
Customer Service Performance Indicator	Criteria	OEB Min Std	2011	2012	2013
			%	%	%
Telephone accessibility	Within 30 secs	65%	77%	76%	79%
Underground cable locates and appointment scheduling	5 working days	90%	100%	97%	95%
Connection of new LV services	5 working days	90%	94%	91%	96%
Emergency response - urban	Within 60 mins	80%	91%	86%	88%
Emergency response - rural	Within 120 mins	80%	89%	91%	100%

HYDRO

ANNUAL REPORT

2013

Community Initiatives	
➤	Delivered 26 electrical safety presentations to 668 Grade 5 and 6 students at 16 elementary schools and sponsored a Children's Safety Village Local Hero's Award
➤	Sponsored two student awards at Conestoga College in the Energy System Technology and Electrical Engineering Technology programs
➤	Continued our support for the arts and culture community by renewing our Title Sponsorship for Centre In The Square's "Electric Thursdays" musical series for the sixth consecutive year
➤	Provided tree reforestation grants to the City of Kitchener and the Township of Wilmot (\$1.5M since 1990)

HYDRO

ANNUAL REPORT

2013

Conservation and Demand Management

- KWHI delivered 17 Consumer and Business Conservation and Demand Programs during 2013

CDM Framework for 2011-2014

	Assigned Target	% of Target Achieved as of Dec 2013
Peak Demand Savings	21.56 MW	51.2%
Energy Savings	90.29 GWh	93.2%



ANNUAL REPORT

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Summary

- Our Company's financial performance remained strong in 2013.
- Controllable cost per customer continues to be the third lowest amongst LDCs in the province.
- Kitchener-Wilmot Hydro Inc. is ranked 8th overall out of 71 Ontario LDCs for efficiency (Cohort 2) as reported in the OEB's Renewed Regulatory Framework.
- Residential electricity rates continue to be amongst the lowest in the province.
- We continue to invest in our infrastructure to improve reliability and meet our customers needs.
- Customer Service Performance Indicators continue to exceed minimum OEB guidelines.



ANNUAL REPORT

2013



FINANCIAL STATEMENTS
KITCHENER-WILMOT HYDRO INC.
January 1 – December 31, 2013



MANAGEMENT REPORT

December 31, 2013

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of Kitchener-Wilmot Hydro Inc. are the responsibility of management and have been prepared in accordance with accounting principles generally accepted in Canada. The significant accounting policies followed by the Company are described in note 2 of the notes section to the financial statements. The preparation of the financial statements necessarily involves the use of estimates based on management's best judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods. The financial statements have been prepared in light of information available up to February 28, 2014.

Management maintains appropriate systems of internal control and designed to provide reasonable assurance that the Company's assets were safeguarded and that financial records are relevant and reliable. The system includes formal corporate-wide policies and procedures, and an organizational structure that provides for the appropriate delegation of authority and segregation of responsibilities.

These financial statements have been examined by KPMG LLP, a firm of independent external auditors appointed by the Board of Directors. The external auditors' responsibility is to express their opinion on whether the financial statements are fairly presented in accordance with generally accepted accounting principles in Canada. The Auditors' Report, which follows, outlines the scope of their examination and their opinion.

On behalf of management,

A handwritten signature in purple ink, reading 'J. Van Ooteghem', is written above a horizontal line.

Jerry Van Ooteghem, P.Eng.
President & C.E.O.

A handwritten signature in purple ink, reading 'M. Nanninga', is written above a horizontal line.

Margaret Nanninga, MBA, CGA
Vice-President Finance

Independent Auditors' Report

We have audited the accompanying financial statements of Kitchener-Wilmot Hydro Inc., which comprise the balance sheet as at December 31, 2013, the statements of operations and comprehensive income, retained earnings and cash flows for the year then ended, and notes, comprising 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 generally accepted accounting principles, 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 Kitchener-Wilmot Hydro Inc. as at December 31, 2013, and its results of operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG
Chartered Accountants, Licensed Public Accountants

March 31, 2014
Waterloo, Canada



BALANCE SHEET

As at December 31st

	<u>2013</u>	<u>2012</u>
<u>ASSETS</u>		
Current assets		
Cash and cash equivalents	\$ 12,249,132	\$ 20,106,794
Accounts receivable (note 4)	46,957,396	37,972,485
Inventories (note 5)	3,134,303	3,162,744
Prepaid expense	897,009	818,210
Payments-in-lieu of corporate income taxes receivable	683,877	1,468,974
Current portion of regulatory assets (note 18)	<u>13,218,174</u>	<u>906,521</u>
Total current assets	<u>77,139,891</u>	<u>64,435,728</u>
Non-current assets		
Capital assets (note 6)	181,051,618	172,564,699
Regulatory assets (note 18)	923,358	13,865,077
Future income tax assets (note 19)	<u>6,678,294</u>	<u>6,634,668</u>
Total non-current assets	<u>188,653,270</u>	<u>193,064,444</u>
Total assets	<u>\$ 265,793,161</u>	<u>\$ 257,500,172</u>

See accompanying notes



BALANCE SHEET (Continued)

As at December 31st

	<u>2013</u>	<u>2012</u>
<u>LIABILITIES and SHAREHOLDERS' EQUITY</u>		
Current liabilities		
Accounts payable and accrued liabilities (note 7)	\$ 26,399,693	\$ 24,767,208
Current portion of long term debt (note 9)	951,481	912,029
Current portion of customers and construction deposits (note 8)	4,225,272	7,164,341
Current portion of regulatory liabilities (note 18)	<u>12,069,893</u>	<u>680,687</u>
Total current liabilities	<u>43,646,339</u>	<u>33,524,265</u>
Long-term liabilities		
Long-term debt (note 9)	82,980,595	83,932,076
Customer deposits (note 8)	3,836,508	3,873,602
Post-employment benefits (note 11)	5,771,482	5,605,316
Regulatory liabilities (note 18)	<u>8,539,337</u>	<u>14,195,249</u>
Total long-term liabilities	<u>101,127,922</u>	<u>107,606,243</u>
Total liabilities	<u>144,774,261</u>	<u>141,130,508</u>
Shareholders' equity		
Share capital – common shares (note 12)	63,689,499	63,689,499
Retained earnings	<u>57,329,401</u>	<u>52,680,165</u>
Total shareholders' equity	<u>121,018,900</u>	<u>116,369,664</u>
Total liabilities and shareholders' equity	<u>\$ 265,793,161</u>	<u>\$ 257,500,172</u>

See accompanying notes

Approved by the Board of Directors

Mark Jackson, Chair

J. Van Ooteghem, President & C.E.O. / Director

Kitchener-Wilmot Hydro Inc.



STATEMENT OF RETAINED EARNINGS

For the year ended December 31st

	<u>2013</u>	<u>2012</u>
Retained earnings, beginning of year	\$ 52,680,165	\$ 47,137,394
Net Income	8,322,336	9,182,770
Dividends paid out (note 23)	<u>(3,673,100)</u>	<u>(3,640,000)</u>
Retained earnings, end of year	<u>\$ 57,329,401</u>	<u>\$ 52,680,165</u>

See accompanying notes



STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME

For the year ended December 31st

	<u>2013</u>	<u>2012</u>
REVENUE		
Sales revenue		
Distribution services revenue	\$ 38,220,116	\$ 40,852,106
Electric energy services (note 13)	<u>187,434,193</u>	<u>170,345,103</u>
	<u>225,654,309</u>	<u>211,197,209</u>
Other revenue		
Investment income	412,468	439,133
Late payment penalties	241,341	255,787
Miscellaneous revenue (note 14)	<u>1,088,063</u>	<u>916,999</u>
	<u>1,741,872</u>	<u>1,611,919</u>
Non-utility operation revenue		
Energy Conservation - OPA Funding (note 15)	<u>1,491,570</u>	<u>914,431</u>
Total revenue	<u>228,887,751</u>	<u>213,723,559</u>
EXPENSE		
Operation expense		
Electric energy services (note 13)	187,434,193	170,345,103
Distribution operations and maintenance	10,450,740	10,048,062
Customer accounts	3,039,398	3,450,896
General administration	2,643,661	2,663,711
Community relations	245,479	251,912
Property and capital taxes	332,999	352,736
Amortization (note 16)	<u>8,502,226</u>	<u>9,159,173</u>
	<u>212,648,696</u>	<u>196,271,593</u>
Non-utility operation expense		
Energy conservation - OPA programs (note 15)	<u>1,537,637</u>	<u>763,301</u>
Total expense	<u>214,186,333</u>	<u>197,034,894</u>
Income before interest and provision for payments-in-lieu of corporate income taxes	14,701,418	16,688,665
Interest expense	<u>5,173,690</u>	<u>5,834,702</u>
Income before provision for payments-in-lieu of corporate income taxes	<u>9,527,728</u>	<u>10,853,963</u>
Provision for payments-in-lieu of corporate income taxes (note 19)	<u>1,205,392</u>	<u>1,671,193</u>
NET INCOME AND COMPREHENSIVE INCOME	<u>\$ 8,322,336</u>	<u>\$ 9,182,770</u>

See accompanying notes



STATEMENT OF CASH FLOWS

For the year ended December 31st

	<u>2013</u>	<u>2012</u>
<u>OPERATING ACTIVITIES</u>		
Net Income	\$ 8,322,336	\$ 9,182,770
Add (deduct) charges to operations not requiring a current cash payment:		
Gain on disposal of capital assets	(82,757)	(86,908)
Amortization (note 16)	9,021,798	9,617,194
Increase in future income tax assets (note 19)	(44,034)	(118,804)
Increase (decrease) in non-current customer deposits (note 8)	(37,095)	75,721
Increase in post-employment benefits obligation (note 11)	166,166	138,895
Net change in non-cash operating working capital (note 17)	<u>(11,462,167)</u>	<u>993,045</u>
Cash provided by operating activities	<u>5,884,247</u>	<u>19,801,913</u>
<u>INVESTING ACTIVITIES</u>		
Additions to capital assets	(20,085,547)	(20,502,405)
Net change in long-term regulatory assets / liabilities (note 18)	5,968,723	(2,172,358)
Proceeds on disposals of capital assets	<u>86,528</u>	<u>89,862</u>
Cash applied to investing activities	<u>(14,030,296)</u>	<u>(22,584,901)</u>
<u>FINANCING ACTIVITIES</u>		
Increase in contributed capital	4,873,516	4,668,973
Decrease in long term debt	(912,029)	(874,213)
Dividends paid out (note 22)	<u>(3,673,100)</u>	<u>(3,640,000)</u>
Cash provided by financing activities	<u>288,387</u>	<u>154,760</u>
Net cash applied during the year	(7,857,662)	(2,628,228)
Cash and cash equivalents, beginning of year	<u>20,106,794</u>	<u>22,735,022</u>
Cash and cash equivalents, end of year	<u>12,249,132</u>	<u>20,106,794</u>
Cash and cash equivalents represented by:		
Cash	12,249,132	17,106,794
Cash equivalents	<u>-</u>	<u>3,000,000</u>
	<u>\$ 12,249,132</u>	<u>\$ 20,106,794</u>
Supplemental cash flow information		
Interest paid	\$ 5,036,431	\$ 5,144,320
Payments-in-lieu of corporate income taxes and capital taxes	\$ 1,189,229	\$ 1,671,193

See accompanying notes



NOTES TO FINANCIAL STATEMENTS

1. INCORPORATION

Kitchener-Wilmot Hydro Inc. [the Company] is a regulated electricity distribution company incorporated under the Business Corporation Act (Ontario) on July 1, 2000. The incorporation was required in accordance with the provincial government's Energy Competition Act (Bill 35). The Company is wholly owned by Kitchener Power Corp. whose shareholders are the City of Kitchener and the Township of Wilmot.

These municipalities both passed by-laws which transferred the net assets of the former Hydro-Electric Commission of Kitchener-Wilmot to the new Company on August 1, 2000. Certain surplus property assets and cash funds were excluded from the transfer and were retained by the City and the Township.

2. SIGNIFICANT ACCOUNTING POLICIES

[I] Adoption of new accounting standards

Publicly accountable enterprises in Canada were required to adopt International Financial Reporting Standards ["IFRS"] in place of Canadian GAAP for annual reporting purposes for fiscal years beginning on or after January 1, 2011. The Accounting Standards Board has granted a series of deferrals for IFRS adoption for entities subject to rate regulation. The Company has elected to take the optional deferral of its adoption of IFRS; therefore, it continues to prepare its consolidated financial statements in accordance with Canadian GAAP accounting standards in Part V of the CICA Handbook.

[II] Basis of accounting

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles ["GAAP"] including accounting principles prescribed by the Ontario Energy Board [the "OEB"] in the Accounting Procedures Handbook [the "AP Handbook"] for Electric Distribution Utilities, and reflect the significant accounting policies as summarized below.

[III] Regulation

The Company is regulated by the OEB under the authority of the *Ontario Energy Board Act, 1998*. The OEB is charged with the responsibility of approving or fixing rates for the transmission and distribution of electricity, providing continued rate protection for rural and remote electricity customers, and for ensuring that the distribution companies fulfill obligations to connect and service customers.

The OEB has the general power to include or exclude costs and revenues in the rates of a specific period, resulting in a change in the timing of accounting recognition from that which would have applied in an unregulated company. The economic impact of rate regulation is reported in these financial statements.

The following regulatory treatments have resulted in accounting treatments that differ from GAAP for enterprises operating in a non-regulated environment:

Regulatory assets represent future increase in revenues associated with costs that have been deferred because it is probable that they will be recovered from customers in future periods through the rate-making process.

Regulatory liabilities represent future reduction in revenues associated with amounts that are expected to be refunded to customers through the rate-making process.



NOTES TO FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

[IV] Other accounting policies

[a] Financial instruments

Financial instruments – recognition and measurement – Section 3855

This Section establishes the standards for the recognition and measurement of financial assets and financial liabilities. At inception, all financial instruments which meet the definition of a financial asset or financial liability are to be recorded at fair value, unless fair value cannot be reliably determined. Depending on the nature of the financial instrument, revenues, expenses, gains and losses would be reported in either net income or other comprehensive income. Subsequent measurement of each financial instrument will depend on the balance sheet classification elected by the Company. The Company has elected the following balance sheet classifications with respect to its financial assets and financial liabilities:

- Cash is classified as “Assets Held-for-Trading” and is measured at fair value.
- Cash equivalents, comprising short-term investments, are classified as “Held-to-Maturity Investments” and are measured at amortized cost, which, upon initial recognition, is considered equivalent to fair value.
- Accounts receivable are classified as “Loans and Receivables” and are measured at amortized cost, which, upon initial recognition, is considered equivalent to fair value. Subsequent measurements are recorded at amortized cost using the effective interest rate method.
- Accounts payable and accrued liabilities and the long-term debt are classified as “Other Financial Liabilities” and are initially measured at their fair value. Subsequent measurements are recorded at amortized cost using the effective interest rate method.

Comprehensive income – Section 1530

This Section describes the recognition and disclosure requirements with respect to comprehensive income. Comprehensive income consists of net income and other comprehensive income. Other comprehensive income represents the changes in the fair value of a financial instrument which have not been included in net income.

The Company had no adjustments to other comprehensive income during the period ending December 31, 2013.

Hedges – Section 3865

This Section establishes standards regarding the use of hedge accounting, in particular, the criteria to be met for the application of hedge accounting and the methods of executing various hedging strategies. The Company has not entered into any hedging transactions as at December 31, 2013.



NOTES TO FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

[IV] Other accounting policies (continued)

[b] Inventories

Inventories consist of parts, supplies and materials held for future capital expansion. The Company valued its inventories according to the provisions of CICA Handbook Section 3031. Under this standard, inventories are valued at the lower of cost and net realizable value, and items considered major spare parts are recorded as capital assets. The standard also contains provisions requiring the reversal of inventory write-downs if the circumstances resulting in the original write-down have reversed.

[c] Spare transformers and meters

Spare transformers and meters are classified as capital assets in accordance with guidance in the CICA Handbook.

[d] Capital assets and amortization

Capital assets are recorded at cost. Costs for assets installed or erected by the Company include material, labour and overhead. Amortization is provided on a straight-line basis for capital assets available for use over their estimated service lives, at the following annual rates:

Buildings	2% - 5%
Transformer station equipment	2% - 6.67%
Distribution station equipment	2% - 6.67%
Distribution system	1.67% - 4%
Meters	4% - 6.67%
SCADA equipment	6.67%
Other capital assets	10% - 33%

Amortization on general equipment directly used in the installation of other capital assets, is capitalized to the new assets based on a pro-ration of the time during the year they are used for such purposes.

Full amortization is recorded in the year of acquisition and none in the year of disposal, except for readily identified assets, which are amortized on a monthly basis.

For readily identifiable assets retired or disposed of, the asset and related accumulated amortization are removed from the records. Differences between the proceeds, if any, and the unamortized asset amount plus removal costs are recorded as a gain or loss in the year of disposal.

For grouped assets, the assets and accumulated amortization are removed from the records at the end of their estimated average service life, regardless of actual service life.

[e] Construction in progress

Capital assets under construction at year-end are referred to as construction in progress and disclosed as a component of capital assets. Construction in progress is recognized as a capital asset and amortized when the asset is either put into service or construction is substantially completed.



NOTES TO FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

[IV] Other accounting policies (continued)

[f] **Contributed capital**

Contributed capital contributions are required contributions received from outside sources, used to finance additions to capital assets. Contributed capital contributions received are treated as a "credit" contra account included in the determination of capital assets. The amount is subsequently amortized by a charge to accumulated amortization and a credit to amortization expense, at an equivalent rate to that used for the amortization of the related capital assets.

[g] **Customer deposits**

Customer deposits are cash collections from customers to guarantee the payment of energy bills. Deposits expected to be refunded to customers within the next fiscal year are classified as a current liability.

[h] **Payments-in-lieu of corporate income taxes and capital taxes**

The current tax-exempt status of the Company under the Income Tax Act (Canada) and the Corporations Tax Act (Ontario) reflects the fact that the Company is wholly owned by municipalities. This tax-exempt status might be lost in a number of circumstances, including if the municipality ceases to own 90% or more of the shares or capital of the Company, or if a non-government entity has rights immediately or in the future, either absolutely or contingently, to acquire more than 10% of the shares of the Company.

Commencing October 1, 2001, the Company is required, under the Electricity Act 1998, to make payments-in-lieu of corporate income taxes ["PILs"] to the Ontario Electricity Financial Corporation, which will be used to repay the stranded debt incurred by the former Ontario Hydro. These payments are calculated in accordance with the rules for computing income and taxable capital and other relevant amounts contained in the Income Tax Act (Canada) and the Corporations Tax Act (Ontario) as modified by the Electricity Act 1998 and related regulations.

As a result of becoming subject to payments-in-lieu of corporate income taxes ["PILs"], the Company's taxation year was deemed to have ended immediately beforehand and a new taxation year was deemed to have commenced immediately thereafter. The Company was therefore deemed to have disposed of each of its assets at their then fair market value and to have reacquired such assets at that same amount for purposes of computing its future income subject to PILs. For purposes of certain provisions, the Company was deemed to be a new company and, as a result, tax credits or tax losses not previously utilized by the Company would not be available to it after the change in tax status. Essentially, the Company was taxed as though it had a "fresh start" at the time of its change in tax status.



NOTES TO FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

[IV] Other accounting policies (continued)

[i] Post-employment benefits

Employee future benefits provided by the Company include medical and life insurance benefits. These plans provide benefits to certain employees when they are no longer providing active service. Employee future benefit expense is recognized in the period in which the employees render the services.

Employee future benefit expense is recorded on an accrual basis. The accrued benefit obligations and current service cost are calculated using the projected benefits method prorated on service and based on assumptions that reflect management's best estimate. The current service cost for a period is equal to the actuarial present value of benefits attributed to employees' services rendered in the period. Past service costs from plan amendments are amortized on a straight-line basis over the average remaining service period of employees active at the date of amendment.

An actuarial valuation of the plan obligation was completed as at January 1, 2011 resulting in an unamortized net actuarial loss of \$570,483. The Company has adopted the corridor method of accounting for the actuarially determined experience gains (losses). The excess of the net accumulated actuarial gains (losses) over 10% of the accrued benefit obligation is amortized into expense over the average remaining service period of active employees.

[j] Pension plan

The Company provides a pension plan for its employees through the Ontario Municipal Employees Retirement System ["OMERS"]. OMERS is a multi-employer pension plan, which operates as the Ontario Municipal Employees Retirement Fund [the "Fund"] and provides pensions for employees of Ontario municipalities, local boards, public utilities, and school boards. The Fund is a contributory defined benefit pension plan, which is financed by equal contributions from participating employers and employees, and by the investment earnings of the Fund. The Company recognizes the expense related to this plan as contributions are made.

[k] Revenue recognition and cost of electrical energy

The Company records revenue from the sale of energy on the basis of regular meter readings and estimates of customer usage since the last meter reading to the end of the year. The cost of power is recognized when the energy is consumed.

[l] Use of estimates

The preparation of financial statements, in conformance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense for the year. Actual results could differ from those estimates including changes as a result of future decisions made by the OEB, Minister of Energy, or the Minister of Finance.



NOTES TO FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

[V] Change in estimates:

Effective January 1, 2012, the Company revised its estimates of useful lives of certain items of property, plant and equipment and as a result changed its amortization rates. A comparative table of amortization rates is provided in Note 2[IV] [d]. The impact of the change in 2013 was a reduction of amortization expense of approximately \$2,925,915 (2012 - \$2,265,213). Further, in accordance with OEB accounting requirements, an offsetting reduction of \$2,925,915 (2012 - \$2,265,213) has been recorded against distribution revenue and an increase to regulatory liabilities. As a result, the impact on net income before PILs is nil.

3. CREDIT RISK AND FINANCIAL INSTRUMENTS

[i] Credit risk

For distribution retail customers, credit losses are generally low across the sector. The Company provides for an allowance for doubtful accounts to absorb credit losses.

At December 31, 2013, there are no significant concentrations of credit risk with respect to any class of financial assets.

[ii] Interest rate risk

Cash balances not required to meet day-to-day obligations of the Company are invested in Canadian money market instruments, with terms not more than 1-year or 365 days, exposing the Company to fluctuations in short-term interest rates. These fluctuations could affect the level of interest income earned by the Company.

4. ACCOUNTS RECEIVABLE

	<u>2013</u>	<u>2012</u>
Electric energy	\$14,226,942	\$12,163,221
Miscellaneous	2,829,379	2,811,194
	17,056,321	14,974,415
Less: Allowance for doubtful accounts	(250,000)	(250,000)
	16,806,321	14,724,415
Unbilled revenue receivable	30,024,407	22,473,800
Interest receivable	37,474	62,106
Related parties receivable:		
City of Kitchener	88,867	709,885
Township of Wilmot	327	2,279
	89,194	712,164
	\$46,957,396	\$37,972,485



NOTES TO FINANCIAL STATEMENTS

4. ACCOUNTS RECEIVABLE (Continued)

Related Party Transactions

The Company conducted the following transactions with related parties during the year ended December 31, 2013. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

	<u>2013</u>	<u>2012</u>
City of Kitchener – capital and maintenance of street lights	\$ 1,520,138	\$ 1,775,765
Township of Wilmot – capital and maintenance of street lights	<u>12,054</u>	<u>113,865</u>
	<u>\$ 1,532,192</u>	<u>\$ 1,889,630</u>

5. INVENTORIES

	<u>2013</u>	<u>2012</u>
Stores	\$2,282,489	\$2,660,732
Transformers	657,588	487,762
Conservation programs inventory	<u>194,226</u>	<u>14,250</u>
	<u>\$3,134,303</u>	<u>\$3,162,744</u>

NOTES TO FINANCIAL STATEMENTS

6. CAPITAL ASSETS – NET OF ACCUMULATED AMORTIZATION

2013	Cost	Accumulated Amortization	Net Book Value
Land	\$ 3,735,257	\$ -	\$ 3,735,257
Land Rights	265,449	257,873	7,576
Buildings	26,368,763	6,852,373	19,516,390
Transformer Station Equipment	62,560,429	20,336,071	42,224,358
Distribution Station Equipment	2,930,969	2,005,202	925,767
Distribution System - Conductors and devices	185,445,409	79,895,043	105,550,366
Distribution System - Line and network transformers	55,053,765	26,688,890	28,364,875
Meters	14,711,639	3,780,444	10,931,195
SCADA - System Supervisory Equipment	1,566,480	1,551,390	15,090
Other Capital Assets	20,246,460	13,637,078	6,609,382
Construction in Progress	3,766,910	-	3,766,910
	<u>376,651,530</u>	<u>155,004,364</u>	<u>221,647,166</u>
Less: Contributed Capital	<u>(54,079,649)</u>	<u>(13,484,101)</u>	<u>(40,595,548)</u>
Total	<u>\$ 322,571,881</u>	<u>\$ 141,520,263</u>	<u>\$ 181,051,618</u>
2012	Cost	Accumulated Amortization	Net Book Value
Land	\$ 3,735,257	\$ -	\$ 3,735,257
Land Rights	265,449	255,220	10,228
Buildings	19,537,746	6,066,646	13,471,099
Transformer Station Equipment	59,888,291	18,888,136	41,000,155
Distribution Station Equipment	2,837,259	2,005,924	831,335
Distribution System - Conductors and devices	173,732,394	76,885,457	96,846,937
Distribution System - Line and network transformers	53,089,650	25,854,433	27,235,217
Meters	14,312,474	3,017,595	11,294,879
SCADA - System Supervisory Equipment	1,566,480	1,547,331	19,149
Other Capital Assets	20,341,485	14,304,788	6,036,697
Other Utility Plant	270,820	-	270,820
Construction in Progress	8,679,865	-	8,679,865
	<u>358,257,168</u>	<u>148,825,530</u>	<u>209,431,637</u>
Less: Contributed Capital	<u>(49,206,133)</u>	<u>(12,339,194)</u>	<u>(36,866,938)</u>
Total	<u>\$ 309,051,035</u>	<u>\$ 136,486,336</u>	<u>\$ 172,564,699</u>



NOTES TO FINANCIAL STATEMENTS

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2013</u>	<u>2012</u>
Independent Electricity System Operator	\$ 17,779,519	\$ 14,607,622
Ontario Electricity Financial Corporation (DRC)	909,183	915,425
Energy rebates payable (OCEB)	1,245,361	1,047,878
CDM/OPA programs payable	1,564,784	1,967,544
Others	4,900,846	6,228,739
	<u>\$ 26,399,693</u>	<u>\$ 24,767,208</u>

8. CUSTOMER AND CONSTRUCTION DEPOSITS

	<u>2013</u>	<u>2012</u>
Construction deposits	\$ 1,591,272	\$ 4,470,541
Customer deposits – current portion	<u>2,634,000</u>	<u>2,693,800</u>
	<u>\$ 4,225,272</u>	<u>\$ 7,164,341</u>
Customer deposits – non current portion	<u>\$ 3,836,508</u>	<u>\$ 3,873,602</u>

9. LONG-TERM DEBT

- [i] Effective August 1, 2000, the Company incurred unsecured promissory notes payable to the City of Kitchener and to the Township of Wilmot.

During 2010, the Company incurred a ten year senior unsecured debenture payable to Ontario Infrastructure Projects Corporation. The initial payable of \$7,000,000 was received by the Company on February 1, 2010 followed by a second payment of \$3,000,000 on May 17, 2010. The amounts due at the end of the year are:

	<u>2013</u>	<u>2012</u>
City of Kitchener	\$ 70,997,576	\$ 70,997,576
Township of Wilmot	5,964,566	5,964,566
Ontario Infrastructure Projects Corporation	<u>6,969,934</u>	<u>7,881,963</u>
	<u>83,932,076</u>	<u>84,844,105</u>
Less: Ontario Infrastructure Projects Corporation - Current Portion	<u>951,481</u>	<u>912,029</u>
	<u>\$ 82,980,595</u>	<u>\$ 83,932,076</u>



NOTES TO FINANCIAL STATEMENTS

9. LONG-TERM DEBT (Continued)

[ii] For Shareholder Debt, interest is paid quarterly at an annual effective rate established by the OEB. The annual effective rate for January 1, 2013 to December 31, 2013 was 5.87%. Repayment of all or part of the outstanding principal may be made upon eighteen months written notice.

For Ontario Infrastructure Project Corporation debt, the annual effective interest rate is 4.28%. Payments, which include both principal and interest, are made semi-annually in May and November.

The Company paid the following interest:

	<u>2013</u>	<u>2012</u>
City of Kitchener	\$ 4,167,558	\$ 4,167,558
Township of Wilmot	350,120	350,120
Ontario Infrastructure Projects Corporation	<u>323,901</u>	<u>360,896</u>
	<u>\$ 4,841,579</u>	<u>\$ 4,878,574</u>

10. PENSION PLAN

The cash pension costs for the year ended December 31, 2013 in the amount \$1,384,654 (2012 – \$1,208,406) have been expensed during the period in which they were incurred.

11. POST-EMPLOYMENT BENEFITS

The Company pays certain health, dental and life insurance benefits on behalf of its retired employees.

The significant actuarial assumptions adopted in measuring the accrued benefit obligations are as follows:

	<u>2013</u>	<u>2012</u>
Discount Rate - Jan 1	4.50%	4.50%
Discount Rate - Dec 31	4.50%	4.50%
Future general salary and wage levels increase	3.30%	3.30%
Future general inflation increase	2.00%	2.00%
Dental costs increase	5.00%	5.00%
Medical costs increase	7.63%	7.63%



NOTES TO FINANCIAL STATEMENTS

11. POST-EMPLOYMENT BENEFITS (Continued)

Information about the Company's defined benefits plans is as follows:

	<u>2013</u>	<u>2012</u>
Accrued Benefit Obligation		
Balance, beginning of year	\$ 5,122,729	\$ 4,983,834
Current service cost	152,363	145,802
Interest cost	232,112	225,602
Benefits paid	<u>(218,309)</u>	<u>(232,509)</u>
	5,288,895	5,122,729
Unamortized actuarial gains		
Balance, beginning of the year	<u>482,587</u>	<u>482,587</u>
Accrued benefit liability at December 31 as determined by actuarial valuation	<u>\$ 5,771,482</u>	<u>\$ 5,605,316</u>

12. SHARE CAPITAL

	<u>2013</u>	<u>2012</u>
Authorized		
Unlimited common shares		
Issued		
10,000 common shares	<u>\$ 63,689,499</u>	<u>\$ 63,689,499</u>

13. ELECTRIC ENERGY SERVICES

	<u>2013</u>	<u>2012</u>
Revenue		
Electricity revenue	\$ 161,062,781	\$ 145,488,399
Wholesale market services	9,615,261	9,518,031
Transmission services	16,139,521	15,275,418
Smart Meter Entity Charge	565,602	-
Retailer services	<u>51,028</u>	<u>63,255</u>
	<u>\$ 187,434,193</u>	<u>\$ 170,345,103</u>
Costs		
Electricity	\$ 161,062,781	\$ 145,488,399
Wholesale market services	9,615,261	9,518,031
Transmission services	16,139,521	15,275,418
Smart Meter Entity Charge	565,602	-
Retailer services	<u>51,028</u>	<u>63,255</u>
	<u>\$ 187,434,193</u>	<u>\$ 170,345,103</u>



NOTES TO FINANCIAL STATEMENTS

14. MISCELLANEOUS REVENUE

	<u>2013</u>	<u>2012</u>
Pole attachment rentals, buildings and other rentals	\$ 514,690	\$ 531,738
Change of occupancy charges	150,770	154,990
Scrap sales	152,197	149,409
Loss on Disposition of Obsolete Inventory	-	(173,158)
Net gain on disposal of capital assets	62,757	86,908
Unsealing / reconnection charges	64,515	56,953
Accounts payable discounts taken	33,624	32,451
Return cheque charges	19,904	20,190
Sundry	89,606	57,518
	<u>\$1,088,063</u>	<u>\$ 916,999</u>

15. NON-UTILITY OPERATIONS

In 2007, the Company entered into an agreement with the Ontario Power Authority ["OPA"] to deliver OPA funded energy conservation and demand management ["CDM"] programs. The OEB classifies the revenue funding and related expense to deliver the OPA CDM programs as non-utility operations.

16. AMORTIZATION

	<u>2013</u>	<u>2012</u>
Amortization	\$ 8,502,226	\$ 9,159,173
Various expense accounts	519,572	458,021
	<u>\$ 9,021,798</u>	<u>\$ 9,617,194</u>

17. NET CHANGE IN NON-CASH OPERATING WORKING CAPITAL

	<u>2013</u>	<u>2012</u>
(Increase) in accounts receivable	\$ (8,984,911)	\$ (362,138)
Decrease in inventories	(954,523)	186,385
(Increase) in prepaid expense	(78,799)	(121,926)
Decrease (increase) in payment-in-lieu of corporate income taxes	785,097	(1,015,434)
(Increase) decrease in current portion of regulatory assets	(12,311,653)	1,890,168
Increase in accounts payable and accrued liabilities	1,632,485	2,999,437
(Decrease) in current portion of customer and construction deposits	(2,939,069)	(484,704)
Increase (decrease) in current portion of regulatory liabilities	11,389,206	(2,098,743)
	<u>\$(11,462,167)</u>	<u>\$ 993,045</u>



NOTES TO FINANCIAL STATEMENTS

18. REGULATORY ASSETS AND LIABILITIES

The "Electricity Pricing, Conservation and Supply Act, 2002" [Bill 210] deems certain costs and variance account balances to be accounted for as regulatory assets.

[i] Regulatory assets consist of the following:

	<u>2013</u>	<u>2012</u>
Current portion regulatory assets		
IFRS transition costs	\$ 197,646	\$ -
Lost WIP	765,071	-
Smart meter funding and cost recovery	2,830,541	-
Retailer service cost variances	40,052	-
Retail settlement variances	8,858,101	894,777
Other deferred costs	526,763	11,744
	<u>13,218,174</u>	<u>906,521</u>
Long-term portion regulatory assets		
IFRS transition costs	-	194,834
Lost WIP	21,145	-
Retailer service cost variances	16,504	39,491
Retail settlement variances	698,898	8,732,137
Smart meter funding and cost recovery	-	4,148,033
Recovery of Regulatory Assets	99,081	577,175
Other deferred credits	87,730	173,406
	<u>923,358</u>	<u>13,865,077</u>
Total regulatory assets	<u>\$ 14,141,532</u>	<u>\$ 14,771,598</u>

[ii] Regulatory liabilities consist of the following:

	<u>2013</u>	<u>2012</u>
Current portion of regulatory liabilities:		
Retailer service cost variances	\$ 71,407	\$ -
Retail settlement variances	6,807,358	420,386
Smart Meter OM&A	-	89,498
IFRS PP&E Adjustments	5,191,128	-
Deferred PILS	-	170,803
	<u>12,069,893</u>	<u>680,687</u>
Long-term portion of regulatory liabilities:		
Future tax asset	5,148,851	5,149,259
Other deferred debits	116,071	70,421
Retailer service cost variances	-	6,710,356
Retail settlement variances	3,274,415	-
IFRS PP&E Adjustments	-	2,265,213
	<u>8,539,337</u>	<u>14,195,249</u>
Total regulatory liabilities	<u>\$ 20,609,230</u>	<u>\$ 14,875,936</u>



NOTES TO FINANCIAL STATEMENTS

18. REGULATORY ASSETS AND LIABILITIES (Continued)

[iii] The following table illustrates the pro-forma effect on income before provision for payments-in-lieu of corporate income taxes, of the recognition of regulatory assets and liabilities:

	<u>2013</u>	<u>2012</u>
Income before provision for payments-in-lieu of corporate income tax	\$ 9,527,728	\$ 10,853,963
Energy related variances:		
Retail settlement services	2,570,463	(1,600,301)
Smart Meter Entity Charge	(52,296)	-
Interest on energy related variances	<u>(24,462)</u>	<u>(30,176)</u>
	<u>2,493,705</u>	<u>(1,630,477)</u>
Non-energy related variances:		
IFRS transition costs	-	2,737
Lost WIP	(765,071)	-
Retailer services	(16,394)	(13,323)
Renewable Connection OM&A	(34,450)	(16,321)
Smart meter funding and cost recovery	1,227,994	(155,235)
Smart grid capital	20,000	(10,000)
IFRS Transition - PP&E Adjustments	2,925,915	2,265,213
Regulatory asset recovery	-	(244,165)
Interest on non-energy related variances	<u>(27,222)</u>	<u>664,825</u>
	<u>3,330,772</u>	<u>2,493,731</u>
Incremental effect on income	<u>5,824,477</u>	<u>863,254</u>
Income before provision for payments-in-lieu of corporate income taxes without recognition of regulatory assets and liabilities	<u>\$ 15,352,205</u>	<u>\$ 11,717,217</u>



NOTES TO FINANCIAL STATEMENTS

19. CORPORATE INCOME AND CAPITAL TAXES

The provision for PILs differs from the amount that would have been recorded using the combined Canadian Federal and Ontario statutory income tax rate. Reconciliation between the statutory and effective tax rates is provided as follows:

[i] Statement of Operations

	<u>2013</u>	<u>2012</u>
Rate reconciliation:		
Income from continuing operations before income tax	\$ 9,527,728	\$ 10,853,963
Statutory Canadian Federal and Provincial income tax rate	26.50%	26.50%
Expected taxes on income	2,524,848	2,876,300
Other permanent differences	(73,180)	6,603
Increase (decrease) in income taxes resulting from:		
Change in tax rates on future tax assets	-	(81,996)
Other current year timing differences not benefited	(1,156,730)	(940,200)
Other adjustments	(186,476)	(292,710)
Increased tax on investment income	96,930	103,196
Income tax expense	<u>\$ 1,205,392</u>	<u>\$ 1,671,193</u>
Effective tax rate	12.65%	15.40%
Components of income tax expense:		
Current tax expense	1,249,426	1,789,997
Future tax (recovery) arising from temporary differences	(44,034)	(118,804)
	<u>\$ 1,205,392</u>	<u>\$ 1,671,193</u>

[ii] Balance Sheet

Future income taxes relating to the regulated business have not been recorded in the accounts as they are expected to be recovered through future revenues. Significant components of the Company's future tax assets as at December 31, 2013 are as follows:

	<u>2013</u>	<u>2012</u>
Capital assets - differences in net book value and undepreciated capital cost	\$ 3,784,405	\$ 3,784,725
Regulatory adjustments	1,364,446	1,364,534
Post-employment benefits	1,529,443	1,485,409
	<u>\$ 6,678,294</u>	<u>\$ 6,634,668</u>



NOTES TO FINANCIAL STATEMENTS

20. PRUDENTIAL SUPPORT OBLIGATION

The Company purchases power from the Independent Electricity System Operator [IESO] on behalf of its customers and retailers. The IESO is responsible for ensuring that prudential support is posted by all market participants to mitigate the impact of an event of default by a market participant on the rest of the market. In this regard, at December 31, 2013, the Company has posted an irrevocable standby letter of credit as security in the amount of \$35,000,000 (2012 - \$35,000,000) underwritten by the Company's principal bank. The Company has entered into a credit facility agreement with its bank in which contains certain financial covenants.

21. GENERAL LIABILITY INSURANCE

The Company is a member of the Municipal Electric Association Reciprocal Insurance Exchange [MEARIE], which is a pooling of general liability insurance risks. Members of MEARIE would be assessed on a pro-rata basis should losses be experienced by MEARIE, for the years in which the Company was a member. To December 31, 2013, the Company has not been made aware of any additional assessments.

22. DIVIDENDS

Dividends in the amount of \$3,673,100 (2012 – \$3,640,000) were declared and paid to Kitchener Power Corp. in 2013. The Company is in compliance with its covenants contained in the Company's credit facility agreement with its bank pertaining to the payment of dividends.

23. COMMITMENTS

In support of the Province of Ontario's decision to install smart meters throughout Ontario by 2010 and pursuant to Ontario Regulation 427/06, the Company launched its smart meter initiative in 2008. The Company committed to install 86,000 smart meters and supporting infrastructure by the end of 2010 at an estimated capital cost of \$13,500,000. As of December 31, 2012, 100% deployment was completed.

In December 2009, the Company signed a financing agreement with Ontario Infrastructure Projects Corporation ["OIPC"] to make financing available up to a maximum amount of \$10,000,000 for its investment in smart metering infrastructure assets. This funding was received by the Company in 2010. The current balance of the loan is \$6,969,934 (2012 - \$ 7,881,963).

The OEB adopted the policy that specific funding for the capital cost of smart meters should be included in distribution rates by all Ontario electric distribution companies. The Board decided that "seed" funding equivalent to \$0.27 per metered customer per month be included in the Company's distribution rates commencing May 1, 2006. This funding was increased to \$1.00 per metered customer per month effective May 1, 2009 pursuant to OEB decision and Order of March 10, 2009. This rate rider was again increased to \$2.00 per metered customer per month effective May 1, 2011 following an OEB decision in March 2011. Revenue was reduced by the amount funded in rates, and has been deferred and netted against smart metering capital costs incurred in accordance with the AP Handbook. Unfunded costs including financing expenses, are expected to be recovered through future distribution rates once the project is completed, pursuant to the OEB's guidelines.

In 2012, following completion of the Smart Meter Initiative, the Company applied to the OEB for smart meter cost recovery (EB-2012-0228). The OEB's decision allowed the Company to transfer \$13.4 million of smart meter assets to its Balance Sheet and to implement rate riders effective November 1, 2012 and May 1, 2013 to recover \$1,344,805 in deferred capital and \$2,047,366 in OM&A costs respectively from its Residential and GS<50kW Customers over a one-year period.



NOTES TO FINANCIAL STATEMENTS

24. EMERGING ACCOUNTING CHANGES

International Financial Reporting Standards ["IFRS"]:

On February 13, 2008, the Accounting Standards Board of Canada ["AcSB"] announced that publicly accountable enterprises will be required to change over to IFRS effective January 1, 2011.

In February 2013, the AcSB extended the deferral of mandatory transition to IFRS for rate-regulated entities to January 1, 2015. This is the fourth such deferral granted by the AcSB.

The International Accounting Standards Board ("IASB") has approved IFRS 14 *Regulatory Deferral Accounts* in January 2014. This standard provides specific guidance on accounting for the effects of rate regulation and permits first-time adopters of IFRS to continue using previous GAAP to account for regulatory deferral account balances while the IASB completes its comprehensive project in this area. Adoption of this standard is optional for entities eligible to use it. Deferral account balances and movements in the balances will be required to be presented as separate line items on the face of the financial statements distinguished from assets, liabilities, income and expenses that are recognized in accordance with other IFRSs. Extensive disclosures will be required to enable users of the financial statements to understand the features and nature of and risks associated with rate regulation and the effect of rate regulation on the entity's financial position, performance and cash flows.

Some of the converged standards will be implemented in Canada during the transition period with the remaining standards adopted at the change over date. The Company has launched an internal initiative to govern the conversion process and is currently in the process of evaluating the potential impact of the conversion to IFRS on its financial statements.

25. COMPARATIVE FIGURES

Certain prior year comparative figures may have been restated to conform to the current year's presentation.



SUPPLEMENTARY FINANCIAL STATEMENTS

KITCHENER-WILMOT HYDRO INC.

January 1 – December 31, 2013



YEAR IN BRIEF

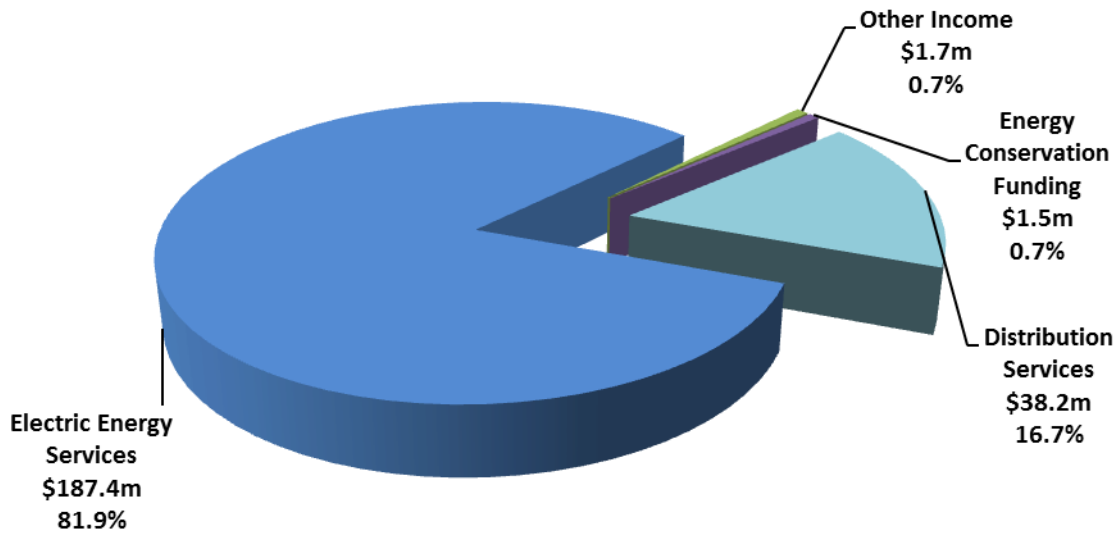
	<u>2013</u>	<u>2012</u>
Financial Highlights		
Total revenue	\$228,887,751	\$213,723,559
Total expense	\$220,565,415	\$204,540,789
Net income	\$ 8,322,336	\$ 9,182,770
Capital expenditures	\$ 20,085,547	\$ 20,502,405
Net capital assets	\$181,051,618	\$172,564,699
Long-term debt	\$ 83,932,076	\$ 84,844,105
Shareholders' equity	\$121,018,900	\$116,369,664
Rate of return on actual rate base	6.30%	7.10%
Debt to equity ratio	69.35%	72.91%
Current ratio	1.77	1.92
Customer Data		
Number of customers	90,043	89,049
Number of employees	177	177
Kilowatt hour sales	1,868,923,610	1,881,789,766
Kilowatts purchased	3,674,103	3,616,926
Kilowatt peak demand	375,697	378,977
Performance Indicators		
Controllable expense per customer	\$ 181.91	\$ 184.33
Average monthly system load factor	69.10%	70.60%
	Annual % met within Minimum Standard	Annual % met within Minimum Standard
	OEB Standard	Standard
	%	%
Connection of new services – low voltage	90	91
Connection of new services – high voltage	90	100
Telephone accessibility	65	79
Telephone call abandon rate	10	3
Written responses to inquiries	80	100
Emergency response – urban areas	80	88
Emergency response – rural areas	80	100
Service Reliability Indices		
SAIDI - System average interruption duration index (minutes)	52.08	59.00
SAIFI - System average interruption frequency index (average number of interruptions per customer)	0.69	1.13
CAIDI - Customer average interruption duration index (minutes)	75.47	52.40



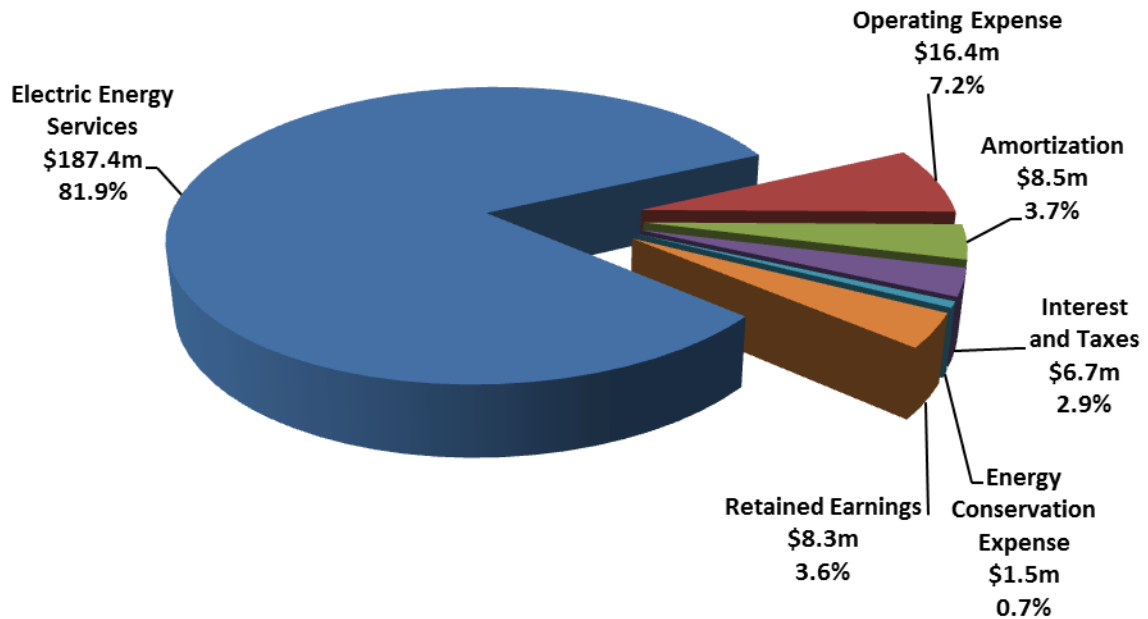
SOURCE & APPLICATION OF REVENUE DOLLARS

For the year ended December 31st

Source of Revenue Dollars



Application of Revenue Dollars





OPERATING STATISTICS

For the year ended December 31st

	<u>2013</u>	<u>2012</u>
<u>Kilowatt Hours Sold</u>		
Residential	660,835,428	665,090,254
General Service	1,102,619,055	1,130,521,854
Large User	88,974,728	69,723,965
Street Lighting	<u>16,494,399</u>	<u>16,453,693</u>
	<u>1,868,923,610</u>	<u>1,881,789,766</u>
 <u>Number of Customers</u>		
Residential	81,351	80,415
General Service	8,689	8,632
Large User	<u>3</u>	<u>2</u>
	<u>90,043</u>	<u>89,049</u>
 Average Monthly Peak kilowatts		
	<u>306,175</u>	<u>301,410</u>

STATEMENT OF CAPITAL ASSETS

For the year ended December 31st

	<u>2013</u>	
Land	\$	3,735,257
Land Rights		265,449
Buildings		
Distribution and transformer stations (as per list)	9,823,770	
Operations centre – Victoria Street South	16,145,538	
Vehicle maintenance garage building	<u>399,455</u>	26,368,763
Equipment		
Distribution and transformer station equipment (as per list)	63,959,958	
Station metering equipment	207,779	
Spare power transformer	1,110,671	
Portable mobile transformer substation	79,664	
Portable mobile generator	<u>133,327</u>	65,491,399
Distribution system – overhead conductors and devices	74,879,245	
Distribution system – underground conductors and devices	<u>110,566,165</u>	185,445,410
Distribution system – line transformers	53,744,946	
Distribution system – network transformers	<u>1,308,819</u>	55,053,765
Meters		14,711,639
SCADA – system supervisory equipment		1,566,480
General office equipment	1,263,381	
Computer hardware	2,534,428	
Computer software	3,795,945	
Vehicles & equipment	8,954,354	
Stores warehouse equipment	64,072	
Major tools, instruments & radios	3,525,269	
Safety equipment	<u>109,010</u>	20,246,459
Construction in progress		3,766,910
Contributed capital		<u>(54,079,649)</u>
		<u>\$ 322,571,881</u>



STATEMENT OF TRANSFORMER STATION BUILDINGS AND EQUIPMENT

For the year ended December 31st, 2013

		<u>Buildings</u>	<u>Equipment</u>
Distribution station # 1	New Hamburg	\$ 108,005	\$ 408,129
Distribution station # 2	New Hamburg	30,688	268,422
Distribution station # 3	New Dundee	120,157	336,648
Distribution station # 5	Josephsburg	50,227	245,758
Distribution station # 6	Baden	107,472	577,838
Distribution station # 7	New Hamburg	141,164	338,639
Distribution station # 8	Philipsburg	156,149	542,543
Transformer station # 1	West Avenue	709,637	4,879,787
Transformer station # 2	Bleams Road	459,932	1,287,993
Transformer station # 3	Bleams Road	821,380	10,104,585
Transformer station # 4	West Avenue	525,269	7,709,062
Transformer station # 5	Graber Place	979,301	4,087,940
Transformer station # 6	Ottawa Street South	591,548	6,464,358
Transformer station # 7	Fairway Road	653,535	4,533,380
Transformer station # 8	Huron Road	1,328,177	5,762,705
Transformer station # 9	Township of Wilmot	3,041,129	16,412,169
		<u>\$ 9,823,770</u>	<u>\$ 63,959,958</u>



INVESTMENTS IN CAPITAL INFRASTRUCTURE

For the year ended December 31st

2013

Buildings

Transformer stations	\$ 76,484	
Operations Centre	<u>1,812,036</u>	1,888,520

Transformer Station Equipment 2,393,344

Distribution system - conductors and devices

Overhead	4,886,276	
Underground	<u>6,469,334</u>	11,355,610

Distribution system - line and network transformers 2,121,706

Meters 557,803

Office Equipment 80,139

Computer Hardware 243,679

Computer Software 186,899

Vehicles and equipment 1,170,093

Tools, instruments and radio equipment 87,755

\$ 20,085,548



CHANGES IN WORKING CAPITAL COMPONENTS

For the year ended December 31st

	<u>2013</u>		
Current Assets	\$ 77,139,891		
Current Liabilities	(43,646,339)		
Working Capital	<u>\$ 33,493,552</u>		

	<u>2013</u>	<u>2012</u>	<u>Change</u>
Cash and cash equivalents	\$ 12,249,132	\$ 20,106,794	\$ (7,857,662)
Accounts receivable	46,957,396	37,972,485	8,984,911
Inventories	3,134,303	3,162,744	(28,441)
Prepaid expense	897,009	818,210	78,799
Payments-in-lieu of corporate income tax	683,877	1,468,974	(785,097)
Current portion of regulatory assets	13,218,174	906,521	12,311,653
Accounts payable and accrued liabilities	(26,399,693)	(24,767,208)	(1,632,485)
Current portion of customers and construction deposits	(4,225,272)	(7,164,341)	2,939,069
Current portion of long-term debt	(951,481)	(912,029)	(39,452)
Current portion of regulatory liabilities	<u>(12,069,893)</u>	<u>(680,687)</u>	<u>(11,389,206)</u>
Working Capital	<u>\$ 33,493,552</u>	<u>\$ 30,911,463</u>	<u>\$ 2,582,089</u>

**CONSOLIDATED
FINANCIAL STATEMENTS
KITCHENER POWER CORP.
January 1 – December 31, 2013**

KITCHENER POWER CORP.

MANAGEMENT REPORT

December 31, 2013

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Kitchener Power Corp. are the responsibility of management and have been prepared in accordance with accounting principles generally accepted in Canada. The significant accounting policies followed by the Company are described in note 2 of the notes section to the consolidated financial statements. The preparation of the consolidated financial statements necessarily involves the use of estimates based on management's best judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods. The consolidated financial statements have been prepared in light of information available up to February 28, 2014.

Management maintains appropriate systems of internal control designed to provide reasonable assurance that the Company's assets were safeguarded and financial records are relevant and reliable. The system includes formal corporate-wide policies and procedures, and an organizational structure that provides for the appropriate delegation of authority and segregation of responsibilities.

On behalf of management,



Jerry Van Ooteghem, P.Eng.
President & C.E.O.



Margaret Nanninga, MBA, CGA
Vice-President Finance

Independent Auditors' Report

To the Shareholders of Kitchener Power Corp.

We have audited the accompanying financial statements of Kitchener Power Corp., which comprise the balance sheet as at December 31, 2013, the statements of operations and comprehensive income, retained earnings and cash flows for the year then ended, and notes, comprising 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 generally accepted accounting principles, 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.

Page 2

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Kitchener Power Corp. as at December 31, 2013, and its results of operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG
Chartered Accountants, Licensed Public Accountants

March 30, 2014
Waterloo, Canada

Kitchener Power Corp.

CONSOLIDATED BALANCE SHEET

As at December 31st

	<u>2013</u>	<u>2012</u>
<u>ASSETS</u>		
Current assets		
Cash and cash equivalents	\$ 12,858,553	\$ 20,755,014
Accounts receivable (note 4)	46,957,396	37,972,485
Inventories (note 5)	3,134,303	3,162,744
Prepaid expense	897,009	818,210
Payment-in-lieu of corporate income taxes receivable	683,877	1,468,974
Current portion of regulatory assets (note 18)	<u>13,218,174</u>	<u>906,521</u>
Total current assets	<u>77,749,312</u>	<u>65,083,948</u>
Non-current assets		
Capital assets – net of accumulated amortization (note 6)	181,051,618	172,564,699
Regulatory assets (note 18)	923,358	13,865,077
Future income tax assets (note 19)	<u>6,782,009</u>	<u>6,737,762</u>
Total non-current assets	<u>188,756,985</u>	<u>193,167,538</u>
Total assets	<u>\$ 266,506,297</u>	<u>\$ 258,251,486</u>

See accompanying notes

Kitchener Power Corp.

CONSOLIDATED BALANCE SHEET (Continued)

As at December 31st


	<u>2013</u>	<u>2012</u>
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>		
Current liabilities		
Accounts payable and accrued liabilities (note 7)	\$ 26,406,688	\$ 24,771,203
Current portion of long term debt	951,481	912,029
Current portion of customers and construction deposits (note 8)	4,225,272	7,164,341
Current portion of regulatory liabilities (note 18)	<u>12,069,893</u>	<u>680,687</u>
Total current liabilities	<u>43,653,334</u>	<u>33,528,260</u>
Long-term liabilities		
Long-term debt (note 9)	82,980,595	83,932,076
Customer deposits (note 8)	3,836,508	3,873,602
Post-employment benefits (note 11)	5,771,482	5,605,316
Regulatory liabilities (note 18)	<u>8,539,337</u>	<u>14,195,249</u>
Total long-term liabilities	<u>101,127,922</u>	<u>107,606,243</u>
Total liabilities	<u>144,781,256</u>	<u>141,134,503</u>
Shareholders' equity		
Share capital – common shares (note 12)	66,389,385	66,389,385
Retained earnings	<u>55,335,656</u>	<u>50,727,598</u>
Total shareholders' equity	<u>121,725,041</u>	<u>117,116,983</u>
Total liabilities and shareholders' equity	<u>\$ 266,506,297</u>	<u>\$ 258,251,486</u>

See accompanying notes

Approved by the Board of Directors



Mark Jackson, Chair



J. Van Ooteghem, President & C.E.O. / Director

Kitchener Power Corp.

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

As at December 31st

	<u>2013</u>	<u>2012</u>
Retained earnings, beginning of year	\$ 50,727,598	\$ 45,210,313
Net Income	8,281,158	9,157,285
Dividends paid out (note 23)	<u>(3,673,100)</u>	<u>(3,640,000)</u>
Retained earnings, end of year	<u>\$ 55,335,656</u>	<u>\$ 50,727,598</u>

See accompanying notes

Kitchener Power Corp.

CONSOLIDATED STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME

For the year ended December 31st

	<u>2013</u>	<u>2012</u>
REVENUE		
Sales revenue		
Distribution services revenue	\$ 38,220,116	\$ 40,852,106
Electric energy services (note 13)	<u>187,434,193</u>	<u>170,345,103</u>
	<u>225,654,309</u>	<u>211,197,209</u>
Other revenue		
Other investment income	420,551	447,628
Late payment penalties	241,341	255,787
Miscellaneous revenue (note 14)	<u>1,088,063</u>	<u>916,999</u>
	<u>1,749,955</u>	<u>1,620,414</u>
Non-utility operations revenue		
Energy Conservation - OPA Funding (note 15)	<u>1,491,570</u>	<u>914,431</u>
Total revenue	<u>228,895,834</u>	<u>213,732,054</u>
EXPENSE		
Operation expense		
Electric energy services (note 13)	187,434,193	170,345,103
Distribution operations and maintenance	10,450,740	10,048,062
Customer accounts	3,039,398	3,450,896
General administration	2,693,543	2,711,806
Community relations	245,479	251,912
Property and capital taxes	332,999	352,736
Amortization (note 16)	<u>8,502,226</u>	<u>9,159,173</u>
	<u>212,698,578</u>	<u>196,319,688</u>
Non-utility operation expense		
Energy conservation - OPA programs (note 15)	<u>1,537,637</u>	<u>763,301</u>
Total expense	<u>214,236,215</u>	<u>197,082,989</u>
Income before interest and provision for payments-in-lieu of corporate income taxes	14,659,619	16,649,065
Interest expense	<u>5,173,690</u>	<u>5,834,702</u>
Income before provision for payments-in-lieu of corporate income taxes	9,485,929	10,814,363
Provision for payments-in-lieu of corporate income taxes (note 19)	<u>1,204,771</u>	<u>1,657,079</u>
NET INCOME	<u><u>\$ 8,281,158</u></u>	<u><u>\$ 9,157,284</u></u>

See accompanying notes

Kitchener Power Corp.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31st

	<u>2013</u>	<u>2012</u>
<u>OPERATING ACTIVITIES</u>		
Net Income	\$ 8,281,158	\$ 9,157,284
Add (deduct) charges to operations not requiring a current cash payment:		
Gain on disposal of capital assets	(82,757)	(86,908)
Amortization (note 16)	9,021,798	9,617,194
(Increase) in future income taxes (note 19)	(44,655)	(132,918)
Increase (decrease) in non-current customer deposits (note 8)	(37,095)	75,721
Increase in post-employment benefits obligation (note 11)	166,166	138,895
Net change in non-cash operating working capital (note 17)	<u>(11,459,167)</u>	<u>959,558</u>
Cash provided by operating activities	<u>5,845,448</u>	<u>19,728,826</u>
<u>INVESTING ACTIVITIES</u>		
Additions to capital assets	(20,085,547)	(20,502,405)
Decrease (increase) in long-term regulatory assets / liabilities (note 18)	5,968,723	(2,172,358)
Proceeds on disposals of capital assets	<u>86,528</u>	<u>89,862</u>
Cash applied to investing activities	<u>(14,030,296)</u>	<u>(22,584,901)</u>
<u>FINANCING ACTIVITIES</u>		
Increase in contributed capital	4,873,516	4,668,973
(Decrease) in long term debt	(912,029)	(874,213)
Dividends paid out (note 22)	<u>(3,673,100)</u>	<u>(3,640,000)</u>
Cash provided by financing activities	<u>288,387</u>	<u>154,760</u>
Net cash applied during the year	<u>(7,896,461)</u>	<u>(2,701,315)</u>
Cash and cash equivalents, beginning of year	<u>20,755,014</u>	<u>23,456,329</u>
Cash and cash equivalents, end of year	<u>\$ 12,858,553</u>	<u>\$ 20,755,014</u>
Cash and cash equivalents represented by:		
Cash	12,858,553	17,755,014
Cash equivalents	<u>-</u>	<u>3,000,000</u>
	<u>\$ 12,858,553</u>	<u>\$ 20,755,014</u>
Supplemental cash flow information		
Interest paid	\$ 5,036,431	\$ 5,144,320

See accompanying notes

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

1. INCORPORATION

On July 1, 2000, Kitchener Power Corp. [the Company] was incorporated under the Business Corporation Act (Ontario) along with its affiliate companies, Kitchener-Wilmot Hydro Inc., Kitchener Energy Services Inc. and FibreTech (Kitchener) Inc. The incorporation was required in accordance with the provincial government's Electricity Competition Act (Bill 35). The City of Kitchener and the Township of Wilmot both passed by-laws, which transferred the net assets of the former Hydro-Electric Commission of Kitchener-Wilmot to the new Company on August 1, 2000. Certain surplus property assets and cash funds were excluded from the transfer and were retained by the City and the Township. The net assets of FibreTech (Kitchener) Inc. were subsequently transferred to Fibretech Telecommunications Inc. on November 1, 2000 as a result of a statutory amalgamation with Fibretech Telecommunications (Cambridge) Inc and Fibretech Waterloo Inc. On September 1, 2005, Fibretech Telecommunications Inc. merged with Guelph FibreWired to create a new telecommunications company, Atria Networks Inc. ("Atria"). Atria was subsequently sold to a third party on November 7, 2006 and was dissolved on October 15, 2009 pursuant to Section 237(b) of the Business Corporation Act (Ontario).

Kitchener Power Corp., the holding company for the affiliate companies, oversees the operations of Kitchener-Wilmot Hydro Inc. ['KWHI'], a regulated distribution company, and Kitchener Energy Services Inc. ['KESI'], an unregulated retail services company.

Outstanding share capital includes 18,450 common shares held by the City of Kitchener and 1,550 common shares held by the Township of Wilmot. These municipalities are the sole shareholders of Kitchener Power Corp.

2. SIGNIFICANT ACCOUNTING POLICIES

[I] Adoption of new accounting standards

Publicly accountable enterprises in Canada were required to adopt International Financial Reporting Standards ["IFRS"] in place of Canadian GAAP for annual reporting purposes for fiscal years beginning on or after January 1, 2011. The Accounting Standards Board has granted a series of deferrals for IFRS adoption for entities subject to rate regulation. The Company has elected to take the optional deferral of its adoption of IFRS; therefore, it continues to prepare its consolidated financial statements in accordance with Canadian GAAP accounting standards in Part V of the CICA Handbook.

[II] Basis of accounting

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles ["GAAP"] including accounting principles prescribed by the Ontario Energy Board [the "OEB"] in the Accounting Procedures Handbook [the "AP Handbook"] for Electric Distribution Utilities, and reflect the significant accounting policies as summarized below.

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

[III] Regulation

KWHI is regulated by the OEB under the authority of the *Ontario Energy Board Act, 1998*. The OEB is charged with the responsibility of approving or fixing rates for the transmission and distribution of electricity, providing continued rate protection for rural and remote electricity customers, and for ensuring that the distribution companies fulfill obligations to connect and service customers.

The OEB has the general power to include or exclude costs and revenues in the rates of a specific period, resulting in a change in the timing of accounting recognition from that which would have applied in an unregulated company. The economic impact of rate regulation is reported in these financial statements.

The following regulatory treatments have resulted in accounting treatments that differ from GAAP for enterprises operating in a non-regulated environment:

Regulatory assets represent future increase in revenues associated with costs that have been deferred because it is probable that they will be recovered from customers in future periods through the rate-making process.

Regulatory liabilities represent future reduction in revenues associated with amounts that are expected to be refunded to customers through the rate-making process.

[IV] Other accounting policies

[a] Financial instruments

Financial instruments – recognition and measurement – Section 3855

This Section establishes the standards for the recognition and measurement of financial assets and financial liabilities. At inception, all financial instruments which meet the definition of a financial asset or financial liability are to be recorded at fair value, unless fair value cannot be reliably determined. Depending on the nature of the financial instrument, revenues, expenses, gains and losses would be reported in either net income or other comprehensive income. Subsequent measurement of each financial instrument will depend on the balance sheet classification elected by the Company. The Company has elected the following balance sheet classifications with respect to its financial assets and financial liabilities:

- Cash is classified as “Assets Held-for-Trading” and is measured at fair value.
- Cash equivalents, comprising short-term investments, are classified as “Held-to-Maturity Investments” and are measured at amortized cost, which, upon initial recognition, is considered equivalent to fair value.
- Accounts receivable are classified as “Loans and Receivables” and are measured at amortized cost, which, upon initial recognition, is considered equivalent to fair value. Subsequent measurements are recorded at amortized cost using the effective interest rate method.
- Accounts payable and accrued liabilities and the long-term debt are classified as “Other Financial Liabilities” and are initially measured at their fair value. Subsequent measurements are recorded at amortized cost using the effective interest rate method.

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Comprehensive income – Section 1530

This Section describes the recognition and disclosure requirements with respect to comprehensive income. Comprehensive income consists of net income and other comprehensive income. Other comprehensive income represents the changes in the fair value of a financial instrument which have not been included in net income.

The Company had no adjustments to other comprehensive income during the period ending December 31, 2013.

Hedges – Section 3865

This Section establishes standards regarding the use of hedge accounting, in particular, the criteria to be met for the application of hedge accounting and the methods of executing various hedging strategies. The Company has not entered into any hedging transactions as at December 31, 2013.

[b] Inventories

Inventories consist of parts, supplies and materials held for future capital expansion. The Company valued its inventories according to the provisions of CICA Handbook Section 3031. Under this standard, inventories are valued at the lower of cost and net realizable value, and items considered major spare parts are recorded as capital assets. The standard also contains provisions requiring the reversal of inventory write-downs if the circumstances resulting in the original write-down have reversed.

[c] Spare transformers and meters

Spare transformers and meters are classified as capital assets in accordance with guidance in the CICA Handbook.

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

[IV] Other accounting policies (continued)

[d] Capital assets and amortization

Capital assets are recorded at cost. Costs for assets installed or erected by the Company include material, labour and overhead.

Amortization is provided on a straight-line basis for capital assets available for use over their estimated service lives, at the following annual rates:

Buildings	2% - 5%
Transformer station equipment	2% - 6.67%
Distribution station equipment	2% - 6.67%
Distribution system	1.67% - 4%
Meters	4% - 6.67%
SCADA equipment	6.67%
Other capital assets	10% - 33%

Amortization on general equipment directly used in the installation of other capital assets, is capitalized to the new assets based on a pro-ration of the time during the year they are used for such purposes.

Full amortization is recorded in the year of acquisition and none in the year of disposal, except for readily identified assets, which are amortized on a monthly basis.

For readily identifiable assets retired or disposed of, the asset and related accumulated amortization are removed from the records. Differences between the proceeds, if any and the unamortized asset amount plus removal costs are recorded as a gain or loss in the year of disposal.

For grouped assets, the assets and accumulated amortization are removed from the records at the end of their estimated average service life, regardless of actual service life.

[e] Construction in progress

Capital assets under construction at year-end are referred to as construction in progress and disclosed as a component of capital assets. Construction in progress is recognized as a capital asset and amortized when the asset is either put into service or construction is substantially completed.

[f] Contributed capital

Contributed capital contributions are required contributions received from outside sources, used to finance additions to capital assets. Contributed capital contributions received are treated as a "credit" contra account included in the determination of capital assets. The amount is subsequently amortized by a charge to accumulated amortization and a credit to amortization expense, at an equivalent rate to that used for the amortization of the related capital assets.

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

[IV] Other accounting policies (continued)

[g] Customer deposits

Customer deposits are cash collections from customers to guarantee the payment of energy bills. Deposits expected to be refunded to customers within the next fiscal year are classified as a current liability.

[h] Payments-in-lieu of corporate income taxes and capital taxes

The current tax-exempt status of the Company under the Income Tax Act (Canada) and the Corporations Tax Act (Ontario) reflects the fact that the Company is wholly owned by municipalities. This tax-exempt status might be lost in a number of circumstances, including if the municipality ceases to own 90% or more of the shares or capital of the Company or if a non-government entity has rights immediately or in the future, either absolutely or contingently, to acquire more than 10% of the shares of the Company.

Commencing October 1, 2001, the Company is required, under the Electricity Act 1998, to make payments-in-lieu of corporate income taxes ["PILs"] to the Ontario Electricity Financial Corporation, which will be used to repay the stranded debt incurred by the former Ontario Hydro. These payments are calculated in accordance with the rules for computing income and taxable capital and other relevant amounts contained in the Income Tax Act (Canada) and the Corporations Tax Act (Ontario) as modified by the Electricity Act 1998 and related regulations.

As a result of becoming subject to PILs, the Company's taxation year was deemed to have ended immediately beforehand and a new taxation year was deemed to have commenced immediately thereafter. The Company was therefore deemed to have disposed of each of its assets at their then fair market value and to have reacquired such assets at that same amount for purposes of computing its future income subject to PILs. For purposes of certain provisions, the Company was deemed to be a new company and, as a result, tax credits or tax losses not previously utilized by the Company would not be available to it after the change in tax status. Essentially, the Company was taxed as though it had a "fresh start" at the time of its change in tax status.

[i] Post-employment benefits

Employee future benefits provided by KWHI include medical and life insurance benefits. These plans provide benefits to certain employees when they are no longer providing active service. Employee future benefit expense is recognized in the period in which the employees render the services.

Employee future benefits are recorded on an accrual basis. The accrued benefit obligations and current service cost are calculated using the projected benefits method pro-rated on service and based on assumptions that reflect management's best estimate. The current service cost for a period is equal to the actuarial present value of benefits attributed to employees' services rendered in the period. Past service costs from plan amendments are amortized on a straight-line basis over the average remaining service period of employees active at the date of amendment.

An actuarial valuation of the plan obligation was completed as at January 1, 2011 resulting in an unamortized net actuarial loss of \$570,483. The Company has adopted the corridor method of accounting for the actuarially determined experience gains (losses). The excess of the net accumulated actuarial gains (losses) over 10% of the accrued benefit obligation is amortized into expense over the average remaining service period of active employees.

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

[IV] Other accounting policies (continued)

[j] Pension plan

KWHI provides a pension plan for its employees through the Ontario Municipal Employees Retirement System ["OMERS"]. OMERS is a multi-employer pension plan, which operates as the Ontario Municipal Employees Retirement Fund [the "Fund"] and provides pensions for employees of Ontario municipalities, local boards, public utilities, and school boards. The Fund is a contributory defined benefit pension plan, which is financed by equal contributions from participating employers and employees, and by the investment earnings of the Fund. The Company recognizes the expense related to this plan as contributions are made.

[k] Revenue recognition and cost of electrical energy

KWHI records revenue from the sale of energy on the basis of regular meter readings and estimates of customer usage since the last meter reading to the end of the year. The cost of power is recognized when the energy is consumed.

[l] Use of estimates

The preparation of the consolidated financial statements, in conformance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense for the year. Actual results could differ from those estimates including changes as a result of future decisions made by the OEB, Minister of Energy, or the Minister of Finance.

[V] Change in estimates:

Effective January 1, 2012, the Company revised its estimates of useful lives of certain items of property, plant and equipment and as a result changed its amortization rates. A comparative table of amortization rates is provided in Note 2[IV] [d]. The impact of the change in 2013 was a reduction of amortization expense of approximately \$2,925,915 (2012 - \$2,265,213). Further, in accordance with OEB accounting requirements, an offsetting reduction of \$2,925,915 (2012 - \$2,265,213) has been recorded against distribution revenue and an increase to regulatory liabilities. As a result, the impact on net income before PILs is nil.

3. CREDIT RISK AND FINANCIAL INSTRUMENTS

[i] Credit risk

For distribution retail customers, credit losses are generally low across the sector. The Company provides for an allowance for doubtful accounts to absorb credit losses.

At December 31, 2013, there are no significant concentrations of credit risk with respect to any class of financial assets.

[ii] Interest rate risk

Cash balances not required to meet day-to-day obligations of the Company are invested in Canadian money market instruments, with terms of one day to 364 days, exposing the Company to fluctuations in short-term interest rates. These fluctuations could impact the level of interest income earned by the Company.

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

4. ACCOUNTS RECEIVABLE

	<u>2013</u>	<u>2012</u>
Electric energy	\$ 14,226,942	\$ 12,163,221
Miscellaneous	2,829,379	2,811,194
	17,056,321	14,974,415
Less: Allowance for doubtful accounts	(250,000)	(250,000)
	16,806,321	14,724,415
Unbilled revenue receivable	30,024,407	22,473,800
Interest receivable	37,474	62,106
Related parties receivable:		
City of Kitchener	88,867	709,885
Township of Wilmot	327	2,279
	89,194	712,164
	\$ 46,957,396	\$ 37,972,485

Related Party Transactions

The Company conducted the following transactions with related parties during the year ended December 31, 2013. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

	<u>2013</u>	<u>2012</u>
City of Kitchener – capital and maintenance of street lights	\$ 1,520,138	\$ 1,775,765
Township of Wilmot – capital and maintenance of street lights	12,054	113,865
	\$ 1,532,192	\$ 1,889,630

5. INVENTORIES

Inventories consist of:

	<u>2013</u>	<u>2012</u>
Stores	\$2,282,489	\$2,660,732
Transformers	657,588	487,762
Conservation programs inventory	194,226	14,250
	\$3,134,303	\$3,162,744

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

6. CAPITAL ASSETS – NET OF ACCUMULATED AMORTIZATION

2013	Cost	Accumulated Amortization	Net Book Value
Land	\$ 3,735,257	\$ -	\$ 3,735,257
Land Rights	265,449	257,873	7,576
Buildings	26,368,763	6,852,373	19,516,390
Transformer Station Equipment	62,560,429	20,336,071	42,224,358
Distribution Station Equipment	2,930,969	2,005,202	925,767
Distribution System - Conductors and devices	185,445,409	79,895,043	105,550,366
Distribution System - Line and network transformers	55,053,765	26,688,890	28,364,875
Meters	14,711,639	3,780,444	10,931,195
SCADA - System Supervisory Equipment	1,566,480	1,551,390	15,090
Other Capital Assets	20,246,460	13,637,078	6,609,382
Construction in Progress	3,766,910	-	3,766,910
	<u>376,651,530</u>	<u>155,004,364</u>	<u>221,647,166</u>
Less: Contributed Capital	<u>(54,079,649)</u>	<u>(13,484,101)</u>	<u>(40,595,548)</u>
Total	<u>\$ 322,571,881</u>	<u>\$ 141,520,263</u>	<u>\$ 181,051,618</u>
2012	Cost	Accumulated Amortization	Net Book Value
Land	\$ 3,735,257	\$ -	\$ 3,735,257
Land Rights	265,449	255,220	10,228
Buildings	19,537,746	6,066,646	13,471,099
Transformer Station Equipment	59,888,291	18,888,136	41,000,155
Distribution Station Equipment	2,837,259	2,005,924	831,335
Distribution System - Conductors and devices	173,732,394	76,885,457	96,846,937
Distribution System - Line and network transformers	53,089,650	25,854,433	27,235,217
Meters	14,312,474	3,017,595	11,294,879
SCADA - System Supervisory Equipment	1,566,480	1,547,331	19,149
Other Capital Assets	20,341,485	14,304,788	6,036,697
Other Utility Plant	270,820	-	270,820
Construction in Progress	8,679,865	-	8,679,865
	<u>358,257,168</u>	<u>148,825,530</u>	<u>209,431,637</u>
Less: Contributed Capital	<u>(49,206,133)</u>	<u>(12,339,194)</u>	<u>(36,866,938)</u>
Total	<u>\$ 309,051,035</u>	<u>\$ 136,486,336</u>	<u>\$ 172,564,699</u>

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2013</u>	<u>2012</u>
Independent Electricity System Operator	\$ 17,779,519	\$ 14,607,622
Ontario Electricity Financial Corporation (DRC)	909,183	915,425
Energy rebates payable (OCEB)	1,245,361	1,047,878
CDMOPA programs payable	1,564,784	1,967,544
Others	4,907,840	6,232,734
	<u>\$ 26,406,688</u>	<u>\$ 24,771,203</u>

8. CUSTOMER AND CONSTRUCTION DEPOSITS

	<u>2013</u>	<u>2012</u>
Construction deposits	\$ 1,591,272	\$ 4,470,541
Customer deposits – current portion	<u>2,634,000</u>	<u>2,693,800</u>
	<u>\$ 4,225,272</u>	<u>\$ 7,164,341</u>
Customer deposits – non current portion	<u>\$ 3,836,508</u>	<u>\$ 3,873,602</u>

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

9. LONG-TERM DEBT

- [i] Effective August 1, 2000, KWHL incurred unsecured promissory notes payable to the City of Kitchener and to the Township of Wilmot.

During 2010, KWHL incurred a ten year senior unsecured debenture payable to Ontario Infrastructure Projects Corporation. The initial payable of \$7,000,000 was received by the Corporation on February 1, 2010 followed by a second payment of \$3,000,000 on May 17, 2010. The amounts due at the end of the year are:

	<u>2013</u>	<u>2012</u>
City of Kitchener	\$ 70,997,576	\$ 70,997,576
Township of Wilmot	5,964,566	5,964,566
Ontario Infrastructure Projects Corporation	<u>6,969,934</u>	<u>7,881,963</u>
	<u>83,932,076</u>	<u>84,844,105</u>
Less: Ontario Infrastructure Projects Corporation - Current Portion	<u>951,481</u>	<u>912,029</u>
	<u>\$ 82,980,595</u>	<u>\$ 83,932,076</u>

- [ii] For Shareholder Debt, interest is paid quarterly at an annual effective rate established by the OEB. The annual effective rate for January 1, 2013 to December 31, 2013 was 5.87%. Repayment of all or part of the outstanding principal may be made upon eighteen months written notice.

For Ontario Infrastructure Project Corporation debt, the annual effective interest rate is 4.28%. Payments, which include both principal and interest, are made semi-annually in May and November.

The Company paid the following interest:

	<u>2013</u>	<u>2012</u>
City of Kitchener	\$ 4,167,558	\$ 4,167,558
Township of Wilmot	350,120	350,120
Ontario Infrastructure Projects Corporation	<u>323,901</u>	<u>360,896</u>
	<u>\$ 4,841,579</u>	<u>\$ 4,878,574</u>

10. PENSION PLAN

The cash pension costs for the year ended December 31, 2013 in the amount \$1,384,654 (2012 – \$1,208,406) have been expensed during the period in which they were incurred.

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

11. POST-EMPLOYMENT BENEFITS

KWHI pays certain health, dental and life insurance benefits on behalf of its retired employees.

The significant actuarial assumptions adopted in measuring the accrued benefit obligations are as follows:

	<u>2013</u>	<u>2012</u>
Discount Rate - Jan 1	4.50%	4.50%
Discount Rate - Dec 31	4.50%	4.50%
Future general salary and wage levels increase	3.30%	3.30%
Future general inflation increase	2.00%	2.00%
Dental costs increase	5.00%	5.00%
Medical costs increase	7.63%	7.63%

Information about KWHI's defined benefits plans is as follows:

	<u>2013</u>	<u>2012</u>
Accrued Benefit Obligation		
Balance, beginning of year	\$ 5,122,729	\$ 4,983,834
Current service cost	152,363	145,802
Interest cost	232,112	225,602
Benefits paid	<u>(218,309)</u>	<u>(232,509)</u>
	5,288,895	5,122,729
Unamortized actuarial gains		
Balance, beginning of the year	<u>482,587</u>	<u>482,587</u>
Accrued benefit liability at December 31 as determined by actuarial valuation	<u>\$ 5,771,482</u>	<u>\$ 5,605,316</u>

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

12. SHARE CAPITAL

	<u>2013</u>	<u>2012</u>
Authorized		
Unlimited common shares		
Issued		
20,000 common shares	<u>\$ 66,389,385</u>	<u>\$ 66,389,385</u>

13. ELECTRIC ENERGY SERVICES

	<u>2013</u>	<u>2012</u>
Revenue		
Electricity revenue	\$ 161,062,781	\$ 145,488,399
Wholesale market services	9,615,261	9,518,031
Transmission services	16,139,521	15,275,418
Smart Meter Entity Charge	565,602	-
Retailer services	<u>51,028</u>	<u>63,255</u>
	<u>\$ 187,434,193</u>	<u>\$ 170,345,103</u>
Costs		
Electricity	\$ 161,062,781	\$ 145,488,399
Wholesale market services	9,615,261	9,518,031
Transmission services	16,139,521	15,275,418
Smart Meter Entity Charge	565,602	-
Retailer services	<u>51,028</u>	<u>63,255</u>
	<u>\$ 187,434,193</u>	<u>\$ 170,345,103</u>

14. MISCELLANEOUS REVENUE

	<u>2013</u>	<u>2012</u>
Pole attachment rentals, buildings and other rentals	514,690	531,738
Change of occupancy charges	150,770	154,990
Scrap sales	152,197	149,409
Loss on Disposition of Obsolete Inventory	-	(173,158)
Net gain on disposal of capital assets	62,757	86,908
Unsealing / reconnection charges	64,515	56,953
Accounts payable discounts taken	33,624	32,451
Return cheque charges	19,904	20,190
Sundry	<u>89,606</u>	<u>57,518</u>
	<u>\$1,088,063</u>	<u>\$ 916,999</u>

15. NON-UTILITY OPERATIONS

In 2007, KWHI entered into an agreement with the Ontario Power Authority ["OPA"] to deliver OPA funded energy conservation and demand management ["CDM"] programs. The OEB classifies the revenue funding and related expense to deliver the OPA CDM programs as non-utility operations.

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

16. AMORTIZATION

	<u>2013</u>	<u>2012</u>
Amortization	\$ 8,502,226	\$ 9,159,173
Various expense accounts	<u>519,572</u>	<u>458,021</u>
	<u>\$ 9,021,798</u>	<u>\$ 9,617,194</u>

17. NET CHANGE IN NON-CASH OPERATING WORKING CAPITAL

	<u>2013</u>	<u>2012</u>
(Increase) in accounts receivable	\$ (8,984,911)	\$ (362,138)
Decrease in inventories	(954,523)	186,385
(Increase) in prepaid expense	(78,799)	(121,926)
Decrease (increase) in payment-in-lieu of corporate income taxes	785,097	(1,015,434)
(Increase) decrease in current portion of regulated liabilities	(12,311,653)	1,890,168
Increase in accounts payable and accrued liabilities	1,635,485	2,965,950
(Decease) in current portion of customer and construction deposits	(2,939,069)	(484,704)
Increase (decrease) in current portion of regulatory liabilities	<u>11,389,206</u>	<u>(2,098,743)</u>
	<u>\$ (11,459,167)</u>	<u>\$ 959,558</u>

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

18. REGULATORY ASSETS AND LIABILITIES

The "Electricity Pricing, Conservation and Supply Act, 2002" [Bill 210] deems certain costs and variance account balances to be accounted for as regulatory assets [note 2(III)].

[i] Regulatory assets consist of the following:

	<u>2013</u>	<u>2012</u>
Current portion regulatory assets		
IFRS transition costs	\$ 197,646	\$ -
Lost WIP	765,071	-
Smart meter funding and cost recovery	2,830,541	-
Retailer service cost variances	40,052	-
Retail settlement variances	8,858,101	894,777
Other deferred costs	526,763	11,744
	<u>13,218,174</u>	<u>906,521</u>
Long-term portion regulatory assets		
IFRS transition costs	-	194,834
Lost WIP	21,145	-
Retailer service cost variances	16,504	39,491
Retail settlement variances	698,898	8,732,137
Smart meter funding and cost recovery	-	4,148,033
Recovery of Regulatory Assets	99,081	577,175
Other deferred credits	87,730	173,406
	<u>923,358</u>	<u>13,865,077</u>
Total regulatory assets	<u>\$ 14,141,532</u>	<u>\$ 14,771,598</u>

[ii] Regulatory liabilities consist of the following:

	<u>2013</u>	<u>2012</u>
Current portion of regulatory liabilities:		
Retailer service cost variances	\$ 71,407	\$ -
Retail settlement variances	6,807,358	420,386
Smart Meter OM&A	-	89,498
IFRS PP&E Adjustments	5,191,128	-
Deferred PILS	-	170,803
	<u>12,069,893</u>	<u>680,687</u>
Long-term portion of regulatory liabilities:		
Future tax asset	5,148,851	5,149,259
Other deferred debits	116,071	70,421
Retailer service cost variances	-	6,710,356
Retail settlement variances	3,274,415	-
IFRS PP&E Adjustments	-	2,265,213
	<u>8,539,337</u>	<u>14,195,249</u>
Total regulatory liabilities	<u>\$ 20,609,230</u>	<u>\$ 14,875,936</u>

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

18. REGULATORY ASSETS AND LIABILITIES (Continued)

[iii] The following table illustrates the pro-forma effect on income before provision for payments-in-lieu of corporate income taxes, of the recognition of regulatory assets and liabilities:

	<u>2013</u>	<u>2012</u>
Income before provision for payments-in-lieu of corporate income tax	\$ 9,527,728	\$ 10,853,963
Energy related variances:		
Retail settlement services	2,570,463	(1,600,301)
Smart Meter Entity Charge	(52,296)	-
Interest on energy related variances	(24,462)	(30,176)
	<u>2,493,705</u>	<u>(1,630,477)</u>
Non-energy related variances:		
IFRS transition costs	-	2,737
Lost WIP	(765,071)	-
Retailer services	(16,394)	(13,323)
Renewable Connection OM&A	(34,450)	(16,321)
Smart meter funding and cost recovery	1,227,994	(155,235)
Smart grid capital	20,000	(10,000)
IFRS Transition - PP&E Adjustments	2,925,915	2,265,213
Regulatory asset recovery	-	(244,165)
Interest on non-energy related variances	(27,222)	664,825
	<u>3,330,772</u>	<u>2,493,731</u>
Incremental effect on income	<u>5,824,477</u>	<u>863,254</u>
Income before provision for payments-in-lieu of corporate income taxes without recognition of regulatory assets and liabilities	<u>\$ 15,352,205</u>	<u>\$ 11,717,217</u>

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

19. CORPORATE INCOME AND CAPITAL TAXES

The provision for PILs differs from the amount that would have been recorded using the combined Canadian Federal and Ontario statutory income tax rate. Reconciliation between the statutory and effective tax rates is provided as follows:

[i] Statement of Operations

	<u>2013</u>	<u>2012</u>
Rate reconciliation:		
Income from continuing operations before income taxes	\$ 9,485,929	\$ 10,814,363
Statutory Canadian Federal and Provincial income tax rate	26.50%	26.50%
Expected taxes on income	2,513,771	2,865,806
Other permanent differences	(73,180)	6,603
Increase (decrease) in income taxes resulting from:		
Change in tax rates on future tax assets	-	(81,996)
Other current year timing differences not benefited	(1,156,730)	(940,200)
Other adjustments	(176,020)	(296,330)
Increased tax on investment income	96,930	103,196
Income tax expense	<u>\$ 1,204,771</u>	<u>\$ 1,657,079</u>
Effective tax rate	12.70%	15.32%
Components of income tax expense:		
Current tax expense	\$ 1,249,426	\$ 1,789,997
Future tax (recovery) arising from temporary differences	(44,655)	(132,918)
	<u>\$ 1,204,771</u>	<u>\$ 1,657,079</u>

[ii] Balance Sheet

Future income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's future income tax assets as at December 31, 2013 are as follows:

	<u>2013</u>	<u>2012</u>
Capital assets - differences in net book value and undepreciated capital cost	\$ 3,784,405	\$ 3,784,725
Regulatory adjustments	1,364,446	1,364,534
Post-employment benefits	1,529,443	1,485,409
Loss carry-forwards	103,715	103,094
	<u>\$ 6,782,009</u>	<u>\$ 6,737,762</u>

The Company has capital losses of \$82,340 (2012 – \$82,340) and net loss carry forwards of approximately \$364,131 (2012 – \$389,034) as at December 31, 2013.

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

20. PRUDENTIAL SUPPORT OBLIGATION

KWHI purchases power from the Independent Electricity System Operator [IESO] on behalf of its customers and retailers. The IESO is responsible for ensuring that prudential support is posted by all market participants to mitigate the impact of an event of default by a market participant on the rest of the market. In this regard, at December 31, 2013, KWHI has posted an irrevocable standby letter of credit as security in the amount of \$35,000,000 (2012 - \$35,000,000) underwritten by KWHI's principal bank. The Company has entered into a credit facility agreement with its bank in which contains certain financial covenants.

21. GENERAL LIABILITY INSURANCE

The Company is a member of the Municipal Electric Association Reciprocal Insurance Exchange [MEARIE], which is a pooling of general liability insurance risks. Members of MEARIE would be assessed on a pro-rata basis should losses be experienced by MEARIE, for the years in which the Company was a member. To December 31, 2013, the Company has not been made aware of any additional assessments.

22. DIVIDENDS

Dividends in the amount of \$3,673,100 were received in 2013 from KWHI, a subsidiary of Kitchener Power Corp (2012 – \$3,640,000)

Dividends paid out to shareholders are as follows:

	<u>2013</u>	<u>2012</u>
City of Kitchener	\$ 3,388,450	\$ 3,357,900
Township of Wilmot	<u>284,650</u>	<u>282,100</u>
	<u>\$ 3,673,100</u>	<u>\$ 3,640,000</u>

23. COMMITMENTS

In support of the Province of Ontario's decision to install smart meters throughout Ontario by 2010 and pursuant to Ontario Regulation 427/06, KWHI launched its smart meter initiative in 2008. KWHI has committed to install 86,000 smart meters and supporting infrastructure by the end of 2010 at an estimated capital cost of \$13,500,000. As of December 31, 2012, 100% deployment was completed.

In December 2009, KWHI signed a financing agreement with Ontario Infrastructure Projects Corporation ["OIPC"] to make financing available up to a maximum amount of \$10,000,000 for its investment in smart metering infrastructure assets. This funding was received by KWHI in 2010. The outstanding amount owing at the end of 2012 is \$7,881,963 (2011 - \$8,756,176).

The OEB adopted the policy that specific funding for the capital cost of smart meters should be included in distribution rates by all Ontario electric distribution companies. The Board decided that "seed" funding equivalent to \$0.27 per metered customer per month be included in KWHI's distribution rates commencing May 1, 2006. This funding was increased to \$1.00 per metered customer per month effective May 1, 2009 pursuant to OEB Decision and Order of March 10, 2009. This rate rider was again increased to \$2.00 per metered customer per month effective May 1, 2011 following an OEB decision in March 2011. Revenue was reduced by the amount funded in rates, and has been deferred and netted against smart metering capital costs incurred in accordance with the AP Handbook. Unfunded costs including financing expenses, are expected to be recovered through future distribution rates once the project is completed, pursuant to the OEB's guidelines.

In 2012, following completion of the Smart Meter Initiative, the Company applied to the OEB for smart meter cost recovery (EB-2012-0228). The OEB's decision allowed the Company to transfer \$13.4 million of smart meter assets to its Balance Sheet and to implement rate riders effective November 1, 2012 and May 1, 2013 to recover \$1,344,805 in deferred capital and \$2,047,366 in OM&A costs respectively from its Residential and GS<50kW Customers over a one-year period.

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

24. EMERGING ACCOUNTING CHANGES

International Financial Reporting Standards ["IFRS"]:

On February 13, 2008, the Accounting Standards Board of Canada ["AcSB"] announced that publicly accountable enterprises will be required to change over to IFRS effective January 1, 2011.

In February 2013, the Canadian Accounting Standards Board extended the deferral of mandatory transition to IFRS for rate-regulated entities to January 1, 2015. This is the fourth such deferral granted by the AcSB.

The International Accounting Standards Board ("IASB") has approved IFRS 14 *Regulatory Deferral Accounts* in January 2014. This standard provides specific guidance on accounting for the effects of rate regulation and permits first-time adopters of IFRS to continue using previous GAAP to account for regulatory deferral account balances while the IASB completes its comprehensive project in this area. Adoption of this standard is optional for entities eligible to use it. Deferral account balances and movements in the balances will be required to be presented as separate line items on the face of the financial statements distinguished from assets, liabilities, income and expenses that are recognized in accordance with other IFRSs. Extensive disclosures will be required to enable users of the financial statements to understand the features and nature of and risks associated with rate regulation and the effect of rate regulation on the entity's financial position, performance and cash flows.

Some of the converged standards will be implemented in Canada during the transition period with the remaining standards adopted at the change over date. KWHI has launched an internal initiative to govern the conversion process and is currently in the process of evaluating the potential impact of the conversion to IFRS on its financial statements.

25. COMPARATIVE FIGURES

Certain prior year comparative figures may have been restated to conform to the current year's presentation.

CTT 2014 Update Presentation Wilmot Municipal Council



Update 2014



*CTT Inc. pursues its
Action Plan for 2014
guided by the goals and
objectives from the 5
Year Business Plan and
builds on the work of the
previous year.*

Theme: “Focus; Follow-up; and Targeting”

1. **Lead Generation Focus**
2. **CTT’s International Program** Follow-up
3. **Team Waterloo Region** Targeted branding and collaboration
4. **Pan-regional Collaboration** including working with the Ontario Tech Corridor, Food Corridor, Automotive, and Clean Tech Alliances
5. **Relationships at the Local Level:** Municipal Advisory Committee / Economic Development Strategy
6. **Promotional Toolkit:** Waterloo Region Investor Portfolio including “Soft Landing Pads”/Land availability/ Studies & Strategies Research/Web/Collateral Materials/ Videos/ New Content
7. **Private Sector Funding /Matching Funding** for federal government grants: Invest Canada-Community Initiatives (ICCI)

Key 2013 Program and Accomplishments:

5 Year Business Plan Implementation

Goal 1- OUTREACH: Reach out to attract and expand investment as well as work with partners to bring capital and talent to the region.

Missions and related external Outreach and Promotion:

- 3 Mayors Mission to Germany and the Netherlands
- Aftercare Program in Germany
- Eindhoven-Waterloo Program
- Chinese Overseas Investment Federation MOU
- Speaking Engagements
- Export-oriented Out-reach with Waterloo Region Firms and Orgs
- Pan-regional efforts
- Collateral Material
- New, Enhanced (award winning) Website
- Studies and Lead Generation Strategies

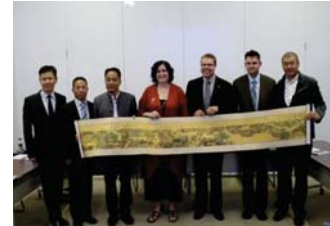


5 Year Business Plan Implementation

Goal 1- OUTREACH: Reach out to attract and expand investment as well as work with partners to bring capital and talent to the region.

International Delegations:

- 58 international business & government delegations
- 29 potential prospects at Passport to Success
- 19 representatives from Foreign Posts attended our annual Familiarization Tour (to RIMOWA, CIGI, PI, Communitech Hub)
- International Dinner with Keynote Speaker Perimeter Institute's Neil Turok.



2013 Metrics

Annual Trends

- Hosts 50+ delegations from 20 countries
- Over 1000 Contacts
- Approx. 150 Intl. Enquiries
- Approx. 100 Leads
- Approx. 50+ Qualified Prospects
- 8-10 Wins
- 200+ initial Jobs
- 20,000+ initial Sq. ft
- Amers Study: \$300M direct, indirect and induced economic impact annually

2013

In 2013, Canada's Technology Triangle Inc. successfully marketed Waterloo Region to the world, bringing global investment to the community. Some Key Performance Indicators from the year include:

11 International Speaking Events



56 Hosted Government & Business Delegations



85 Qualified International Leads



1,257+



Contacts Made

142 International Inquiries



8 Business Investment Wins Brought to the Region



16 PRESS RELEASES



7,116 "The Triangle" Newsletter Subscribers



2,682 Twitter Followers



45 Qualified International Prospects



285 Existing (2012 and Before) Leads & Prospects Followed Up With



271 LinkedIn followers



20 Delegate Countries Hosted



2014 Action Plan to meet this Goal:

5 Year Business Plan Implementation

Goal 1- OUTREACH: Reach out to attract and expand investment as well as work with partners to bring capital and talent to the region.

Focus:

- CTT's International Program
 - Focus on Europe (The Netherland and Germany)
 - USA (California, New York, Great Lakes).



Target:

- Develop lead generation, aftercare and follow-up initiatives in our key industry sectors in the ICT and Advanced Manufacturing clusters;

Follow-up:

- Follow-up on all international investment attraction opportunities (Germany, Netherlands, USA, Brazil, India and China).
- Pursue pan-regional sector-focused leads
- Team Waterloo Region



2014 Action Plan Metrics:

5 Year Business Plan Implementation

Goal 1- OUTREACH: Reach out to attract and expand investment as well as work with partners to bring capital and talent to the region.

- **Continue to increase market awareness**
 - 5 external conferences or trade shows.
 - 3 Pre-qualified Meeting Programs.
 - Speak at 2 Conferences externally, raising awareness of CTT.
- **A lead generation program, supported by ICCI will form a core component of these initiatives to identify and generate:**
 - 1000 contacts
 - Respond to 100 new inquiries
 - Qualify 100 leads
 - Pursue and service 50 prospects
 - 8 - 10 FDI wins
 - Assist in 2 outward export-related projects



Goal 2- FACILITATIVE LEADERSHIP: Strengthen its facilitative leadership role in ways that add value to the region.

2013 Regional Collaboration Accomplishments:

- 3 Mayors Mission
- Waterloo Regional Collaboration Research Group
- Municipal Advisory Committee
- Passport to Success coordination with local EDO partners
- Team Waterloo Region initiatives
- Regional Committees, Boards and Task Forces
- Chairman's Breakfasts
- International Dinner
- International Delegations participation
- Reinforced and expanded existing CTT Committees and CTT Task Forces



2014 Action Plan to meet this Goal

Goal 2- FACILITATIVE LEADERSHIP: Strengthen its facilitative leadership role in ways that add value to the region.

Action Plan Elements:

1. Coordinate International initiatives with Kitchener, Cambridge & Waterloo and sector organizations: Communitech, Canada'sTechForFood (CTFF), Accelerator, etc.
2. Involve Local Institutions in Missions and local Committees and initiatives: UW, WLU, Conestoga College
3. Involve Local Business and Chambers in Delegations, Missions and local Committees and Initiatives
4. Reinforce CTT Committees and Task Forces such as Ambassador Committee
5. CTT's CEO on Waterloo Region Steering Committee (WREDS)

2014 Action Plan to meet this Goal

Objective 1- BUILD AWARENESS: Built awareness (locally and regionally) to raise the profile of the Waterloo Region and CTT Inc.

Objective 2- RESEARCH: Strengthen research and the knowledge base within the organization and among partners.

- **Development of Digital, Print, and Video Collateral Material**
- **Enhanced Website**
- **Marketing and FDI-related Business Analysis**
- **Research and Studies, supported by Federal Govt ICCI funding including:**
 - **MRO (Maintenance, Repair, Overhaul) Study with Waterloo Region Airport**
 - **Site Selectors Strategy**
 - **German Program**
 - **California Program**
 - **China Program**



2014 Action Plan to meet this Goal

Objective 3 - SUSTAINABILITY: secure long-term fiscal stability.

2014 Action Plan to meet this Objective:

- CTT Resources & Sustainability Committee plan to increase private sector funding by \$100,000.
- Sponsorships for CTT local events
- Explore government funding sources: SWODF/ FEDDEV, etc.
- Work with the WREDS to develop a long term strategy for funding to meet the needs of Regional Economic Development over the long term

Pan Regional Group	Event Name	Date	Location	CTT Priority for 2014
ONTARIO FOOD CORRIDOR	SIAL Brazil	June 25-28, 2014	Sao Paulo, Brazil	
OFC	Food Anuga	October 10-14, 2014	Cologne, Germany	X
	US mid-west	TBD	TBD	
ONT. CLEAN TECH ALLIANCE	Distributech	January 28-30, 2014	San Antonio, Texas	
OCTA	Hanover Industrial Show	April 7-11, 2014	Hanover, Germany	X
	Pollutec	December 2-5, 2014	Lyon, France	
	WindPower	May 5-8, 2014	Las Vegas, Nevada	
ONT. Automotive Communities Alliance	Hanover Industrial Show	April 7-11, 2014	Hanover, Germany	X
OACA	OACA Mission 2	TBD	TBD	
	OACA Mission 3	TBD	TBD	
Ontario Tech Corridor	World Mobile Congress	February 24-27, 2014	Barcelona, Spain	
OTC	Game Developers Conference	March 17-21, 2014	San Francisco, California	X
	Gamescom	August 13-17, 2014	Cologne, Germany	
	Futurecom	October 13-16, 2014	Sao Paulo, Brazil	
	CTT & Ottawa OTC Mission	Date TBD	China	
Consider Canada's City Alliance	CCCA Mission 1	February 22 - March 4, 2014	Japan/Taiwan/ China	X
CCCA	CCCA Mission 2	Date TBD	Location TBD	
CTT- ICCI Funded Projects	California Program 1: CleanTech Future Conference II	November 4-5, 2014	San Francisco, California	TBD
CTT- ICCI Funded Projects	California Program 2: Digital Media Electronic Entertainment Expo (E3)	June 10-12, 2014	Los Angeles, California	TBD
CTT- ICCI Funded Projects	California Program 3: BIO International Convention	June 23-26, 2014	San Diego, California	TBD
CTT- ICCI Funded Projects	California Program 4: SIGGRAPH (Mayor's Mission 1)	August 10-14, 2014	Vancouver, British Columbia	X
CTT- ICCI Funded Projects	China Program (Mayor's Mission 2)	April 15-25, 2014	China	X
CTT- ICCI Funded Projects	German Program	May 18-24	Holland/Germany	X
ICF	ICF Program	June 2-6, 2014	New York, New York	X

CTT Missions and International Opportunities with Pan-Regional and Canada-wide Partners

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Thank you!



Township of Wilmot **REPORT**

REPORT NO. CL 2014-16
TO: Council
PREPARED BY: Barbara McLeod, Director of Clerk's Services
DATE: May 12, 2014
SUBJECT: Levy of Drain Maintenance Costs

Recommendation:

That report CL 2014-16 be received for information purposes.

Background:

Under Section 74 of the Drainage Act RSO 1990 Chapter D.17, The Township of Wilmot is responsible for the maintenance of drains constructed under Township By-laws passed under the Drainage Act. The cost of drain maintenance is to be levied to lands and roads upstream of the point of maintenance in accordance with the current By-law applicable to the drain.

Discussion:

In 2013 and 2014, drain maintenance works were completed on the following municipal drains:

- Don Myers Drain
- Wagner Drain Branch 'D'

A levy by-law has been prepared to levy the associated costs to the assessed lands and roads of the drains, in accordance with the provisions of the applicable Engineer's Report and By-Law 2011-05 which adopted the Report. The by-law has been prepared and is attached for Council's approval.

Strategic Plan Conformity:

This report is aligned with the Strategic Plan action of maintaining our infrastructure, as well as protecting farmland and green space.

Financial Considerations:

The application for 1/3 grant funding from OMAFRA, totaling \$10,539.88 was submitted in late April. The drain maintenance levy assessments are outlined in Appendix B of the by-law. As per

this schedule, the Township of Wilmot will be responsible for \$1,037.98 of the Don Myers Drain maintenance. These funds will be sourced from the 2014 municipal drains operating budget.

Conclusion:

Upon Council's approval of the by-law, staff will commence billing of the maintenance and repair assessments to the property owners, as outlined in Schedule B.



Barbara McLeod, Director of Clerk's Services



Reviewed by CAO



Township of Wilmot **REPORT**

REPORT NO. **FIN 2014-18**

TO: **Council**

PREPARED BY: **Rosita Tse, Director of Finance**

DATE: **May 12, 2014**

SUBJECT: **Federal Gas Tax Municipal Funding Agreement**

Recommendation:

That Finance Report FIN 2014-18, prepared by the Director of Finance, regarding the Federal Gas Tax Municipal Funding Agreement be received for information purposes;

And further, that the agreement be executed and returned to the Association of Municipalities of Ontario (AMO).

Background:

In April 2014, the Association of the Municipalities (AMO) released the new municipal federal Gas Tax Fund (GTF) agreement. As part of the process, municipalities are required to enter into a Municipal Funding Agreement (MFA) with AMO. A by-law for this amendment is required to be executed by Council. Upon execution and return of the signed agreement, the first payment in the amount of \$274,308.96 will be forwarded to the Township in July 2014, followed by a second payment of the same amount in November 2014. .

Discussion:

Some of the highlights of the GTF include expanding the five year agreement to ten years (2014-2023). The eligible categories are increased from seven (local roads and bridges, public transit, water, wastewater, solid waste, community energy systems and capacity building) to seventeen (local roads and bridges (including active transportation), short-sea shipping, short-line rail, regional and local airports, broadband connectivity, public transit, drinking water, wastewater, solid waste, community energy systems, Brownfield development, sport, recreation, culture, tourism, disaster mitigation and capacity building).

Allocations for the 2014-2016 are based on population data from 2011 Census. Allocations for 2019-2023 will be based on the 2016 Census.

Under the new agreement, municipalities have up to five years after the money is received to spend the funds on eligible municipal infrastructure projects. Municipalities have the option to invest any unused funds within the five year through the One-Investment Program. The One

Investment Program is jointly operated by LAS and CHUMS Financing Corporation, wholly owned subsidiaries of The Association of Municipalities of Ontario and The Municipal Finance Officers' Association of Ontario respectively.

Strategic Plan Conformity:

This report is aligned with the Strategic Plan goal of having a prosperous economy through allocation of funds towards maintaining and enhancing our infrastructure.

Financial Considerations:


Funding from the Federal Gas Tax has been incorporated in the 10-year capital forecast. The allocation of this funding towards specific projects is reviewed annually through the budget process..

Conclusion:

Upon approval of Council, staff will submit the execution agreement to AMO.



Rosita Tse, Director of Finance



Reviewed by CAO

**MUNICIPAL FUNDING AGREEMENT
FOR THE TRANSFER OF FEDERAL GAS TAX FUNDS**

This Agreement made in duplicate as of 1st day of April, 2014.

BETWEEN:

THE ASSOCIATION OF MUNICIPALITIES OF ONTARIO

(referred to herein as “AMO”)

AND:

THE TOWNSHIP OF WILMOT

(a municipal corporation pursuant to the *Municipal Act, 2001*, referred to herein as the “Recipient”)

WHEREAS the Government of Canada makes up to \$2 billion per year available for allocation by the Government of Canada for the purpose of municipal, regional and First Nations infrastructure starting in the fiscal year beginning on April 1, 2014 under Section 161 of *Keeping Canada’s Economy and Jobs Growing Act*, S.C. 2011, c. 24;

WHEREAS Canada, the Province of Ontario, Ontario municipalities as represented by AMO and Toronto are signatories to the administrative agreement on The Federal Gas Tax Fund on April 1, 2014 (the “Canada-Ontario-AMO-Toronto Agreement”), whereby AMO agreed to administer federal gas tax funds made available to Ontario municipalities, excluding Toronto, pursuant to the Canada-Ontario-AMO-Toronto Agreement on behalf of Canada;

WHEREAS the Canada-Ontario-AMO-Toronto Agreement contains a framework for the transfer of federal gas tax funds to Ontario municipalities represented by AMO and Toronto to provide stable, reliable and predictable funding for municipal infrastructure purposes;

WHEREAS the Recipient wishes to enter into this Agreement in order to participate in the federal Gas Tax Fund;

WHEREAS AMO is carrying out the fund administration and coordinating role in accordance with its obligations set out in the Canada-Ontario-AMO-Toronto Agreement and it will accordingly undertake certain activities and require Recipients to undertake activities as set out in this Agreement.

THEREFORE the Parties agree as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 **Definitions.** When used in this Agreement (including the cover and execution pages and all of the schedules), the following terms shall have the meanings

ascribed to them below unless the subject matter or context is inconsistent therewith:

“Agreement” means this Agreement, including the cover and execution pages and all of the schedules hereto, and all amendments made hereto in accordance with the provisions hereof.

“Annual Report” means the duly completed report to be prepared and delivered to AMO as described in Section 7.1 and Section 1 of Schedule D.

“Asset Management Plan” means a strategic document that states how a group of assets are to be managed over a period of time. The plan describes the characteristics and condition of infrastructure assets, the levels of service expected from them, planned actions to ensure the assets are providing the expected level of service, and financing strategies to implement the planned actions. The plan may use any appropriate format, as long as it includes the information and analysis required to be in a plan as described in Ontario’s Building Together: Guide for Asset Management Plans.

“Association of Municipalities of Ontario (AMO)” means a legally incorporated entity under the *Corporations Act, 1990* R.S.O. 1990, Chapter c.38.

“Base Amount” means an amount reflecting total municipally-funded capital spending on Infrastructure between January 1, 2000 and December 31, 2004 less: (i) monies raised (during that period) under the *Development Charges Act, 1997* S.O, 1997, c.27; and (ii) monies received (during that period) by Municipalities under federal and provincial infrastructure programs against which investments of Funds will be measured to ensure that investments of Funds are incremental.

“Canada” means Her Majesty in Right of Canada, as represented by the President of the Queen’s Privy Council for Canada, Minister of Infrastructure, Communities and Intergovernmental Affairs.

“Contract” means an agreement between the Recipient and a Third Party whereby the latter agrees to supply a product or service to an Eligible Project in return for financial consideration.

“Eligible Expenditures” means those expenditures described as eligible in Schedule C.

“Eligible Projects” means projects as described in Schedule B.

“Eligible Recipient” means:

- (a) a Municipality or its agent (including its wholly owned corporation); and
- (b) a non-municipal entity, including for profit, non-governmental and not-for profit organizations, on the condition that the Municipality(ies) has (have) indicated support for the project through a formal by-law passed by its (their) council(s)

“Event of Default” has the meaning given to it in Section 12.1 of this Agreement.

“First Agreement” means the Municipal Funding Agreement for the transfer of federal gas tax revenues under the New Deal for Communities entered into by AMO and the TOWNSHIP OF WILMOT, with an expiry date of March 31, 2015.

“Funds” mean the Funds made available to the Recipient through the Gas Tax Fund, a program established by the Government of Canada under Section 161 of the *Keeping Canada’s Economy and Jobs Growing Act*, S.C. 2011, c. 24 as amended by Section 233 of the *Economic Action Plan 2013 Act*, No. 1, S.C. 2013, C. 33 or any other source of funding as determined by Canada. Funds are made available pursuant to this Agreement and includes any interest earned on the said Funds. For greater certainty: (i) Funds transferred to another Municipality in accordance with Section 6.2 of this Agreement, other than as set out in Sections 7.1(a), (c) and (f), are to be treated as Funds by the Municipality to which the Funds are transferred and are not to be treated as Funds by the Recipient; and (ii) any Funds transferred to a non-municipal entity in accordance with Section 6.3 of this Agreement shall remain as Funds under this Agreement for all purposes and the Recipient shall continue to be bound by all provisions of this Agreement with respect to such transferred Funds.

“Ineligible Expenditures” means those expenditures described as ineligible in Schedule C.

“Infrastructure” means municipal or regional, publicly or privately owned, tangible capital assets primarily for public use or benefit in Ontario.

“Lower Tier Municipality” means a municipality that forms part of an upper-tier Municipality for municipal purposes, as defined under the *Municipal Act, 2001* S.O. 2001 c.25.

“Municipal Fiscal Year” means the period beginning January 1st of a year and ending December 31st of the same year.

“Municipality” and “Municipalities” means every municipality as defined under the *Municipal Act, 2001* S.O. 2001 c.25.

“One Investment Program” means the co-investment program operated jointly by Local Authority Services, an incorporated subsidiary of AMO and CHUMS Financing Corporation, an incorporated wholly-owned subsidiary of the Municipal Finance Officers’ Association of Ontario.

“Outcomes Report” means the report prepared and delivered to AMO by the Recipient by March 31, 2017 and again by March 31, 2022 which reports on how Funds are supporting progress towards achieving the program benefits, more specifically described in Schedule D.

“Oversight Committee” means the committee established to monitor the overall implementation of the Canada-Ontario-AMO-Toronto Agreement.

“**Parties**” means AMO and the Recipient.

“**Recipient**” has the meaning given to it on the first page of this Agreement.

“**Third Party**” means any person or legal entity, other than the Parties to this Agreement who participates in the implementation of an Eligible Project by means of a Contract.

“**Transfer By-law**” means a by-law passed by Council of the Recipient pursuant to Section 6.2 and delivered to AMO in accordance with that section.

“**Unspent Funds**” means the amount reported as unspent by the Recipient as of December 31, 2013 as submitted in the Recipient’s 2013 Annual Expenditure Report (as defined under the First Agreement).

“**Upper Tier Municipality**” means a Municipality of which two or more lower-tier municipalities form part for municipal purposes, as defined under the *Municipal Act, 2001* S.O. 2001 c.25.

1.2 Interpretations:

Herein, etc. The words “herein”, “hereof” and “hereunder” and other words of similar import refer to this Agreement as a whole and not any particular schedule, article, section, paragraph or other subdivision of this Agreement.

Currency. Any reference to currency is to Canadian currency and any amount advanced, paid or calculated is to be advanced, paid or calculated in Canadian currency.

Statutes. Any reference to a federal or provincial statute is to such statute and to the regulations made pursuant to such statute as such statute and regulations may at any time be amended or modified and in effect and to any statute or regulations that may be passed that have the effect of supplementing or superseding such statute or regulations.

Gender, singular, etc. Words importing the masculine gender include the feminine or neuter gender and words in the singular include the plural, and vice versa.

2. TERM OF AGREEMENT

2.1 **Term.** Subject to any extension or termination of this Agreement or the survival of any of the provisions of this Agreement pursuant to the provisions contained herein, this Agreement shall be in effect from the date set out on the first page of this Agreement, up to and including March 31, 2024.

2.2 **Review.** This Agreement will be reviewed by AMO by December 31, 2018.

2.3 **Amendment.** This Agreement may be amended at any time in writing as agreed to by AMO and the Recipient.

- 2.4 **Notice.** Any of the Parties may terminate this Agreement on two (2) years written notice.
- 2.5 The Parties agree that the First Agreement, including section 15.4 thereof, is hereby terminated. Notwithstanding the termination of the First Agreement, including section 15.4, the reporting and indemnity obligations of the Recipient thereunder with respect to expended Funds governed by the First Agreement as set forth in sections 5, 7, 10.4, 10.5 and 10.6 of the First Agreement shall survive the said termination.

3. RECIPIENT REQUIREMENTS

- 3.1 **Communications.** The Recipient will comply with all requirements outlined in Schedule E, including:
- (a) Providing upfront project information on an annual basis for communications purposes;
 - (b) Including Canada in local project communications; and
 - (c) Installing federal project signs.
- 3.2 **Incrementality.** Any Funds that the Recipient may receive from Canada are not intended to replace or displace existing sources of funding for the Recipient's tangible capital assets. The Recipient will ensure that its total annual expenditures on tangible capital assets over the life of the Agreement, on average, will not be less than the Base Amount.
- 3.3 **Contracts.** The Recipient will award and manage all Contracts in accordance with its relevant policies and procedures and, if applicable, in accordance with the Agreement on Internal Trade and applicable international trade agreements, and all other applicable laws.
- (a) The Recipient will ensure any of its Contracts for the supply of services or materials to implement its responsibilities under this Agreement will be awarded in a way that is transparent, competitive, consistent with value for money principles and pursuant to its adopted procurement policy.

4. ELIGIBLE PROJECTS

- 4.1 **Eligible Project Categories.** Eligible Projects include investments in Infrastructure for its construction, renewal or material enhancement in the categories of public transit, local roads and bridges, wastewater, water, solid waste, community energy systems, capacity building, local and regional airports, short-line rail, short-sea shipping, disaster mitigation, broadband connectivity, brownfield redevelopment, cultural, tourism, sport and recreational infrastructure, as more specifically described in Schedule B and Schedule C.
- 4.2 **Recipient Fully Responsible.** The Recipient is fully responsible for the completion of each Eligible Project in accordance with Schedule B and Schedule C.

5. ELIGIBLE EXPENDITURES

- 5.1 **Eligible Expenditures.** Schedule C sets out specific requirements for Eligible and Ineligible Expenditures.
- 5.2 **Discretion of Canada.** Subject to Section 5.1, the eligibility of any items not listed in Schedule B and/or Schedule C to this Agreement is solely at the discretion of Canada.
- 5.3 **Unspent Funds.** Any Unspent Funds, and any interest earned thereon, will be subject to the terms and conditions of this Agreement, and will no longer be governed by the terms and conditions of the First Agreement.
- 5.4 **Reasonable Access.** The Recipient shall allow AMO and Canada reasonable and timely access to all documentation, records and accounts and those of their respective agents or Third Parties related to the receipt, deposit and use of Funds and Unspent Funds, and any interest earned thereon, and all other relevant information and documentation requested by AMO or Canada or their respective designated representatives for the purposes of audit, evaluation, and ensuring compliance with this Agreement.
- 5.5 **Retention of Receipts.** The Recipient will keep proper and accurate accounts and records of all Eligible Projects including invoices and receipts for Eligible Expenditures in accordance with the Recipient's municipal records retention by-law and, upon reasonable notice, make them available to AMO and Canada.

6. FUNDS

- 6.1 **Allocation of Funds.** AMO will allocate and transfer Funds that Canada may make available for Ontario Municipalities to Recipients on a *per capita* basis with allocations made on a 50:50 basis to upper-tier and lower-tier Municipalities, where they exist.
- 6.2 **Transfer of Funds to a Municipality.** Where a Recipient decides to allocate and transfer Funds to another Municipality (the "Transferee Municipality"):
 - (a) The allocation and transfer shall be authorized by by-law (a "**Transfer By-law**"). The Transfer By-law shall be passed by the Recipient's council and submitted to AMO as soon thereafter as practicable. The Transfer By-law shall identify the Transferee Municipality and the amount of Funds the Transferee Municipality is to receive for the Municipal Fiscal Year specified in the Transfer By-law.
 - (b) The Recipient is still required to submit an Annual Report in accordance with Sections 7.1 (a), (c) and (f) hereof with respect to the Funds transferred.
 - (c) No transfer of Funds pursuant to this Section 6.2 shall be effected unless and until the Transferee Municipality has either (i) entered into an agreement with AMO on substantially the same terms as this Agreement, or (ii) has executed and delivered to AMO a written undertaking to assume all of the Recipient's obligations under this Agreement with respect to the Funds transferred; in a form satisfactory to AMO.

- 6.3 **Transfer of Funds to a non-municipal entity.** Where a Recipient decides to support an Eligible Project undertaken by an Eligible Recipient that is not a Municipality:
- (a) The provision of such support shall be authorized by a by-law (a “Non-municipal Transfer By-law”). The Non-municipal Transfer By-law shall be passed by the Recipient’s council and submitted to AMO as soon as practicable thereafter. The Non-municipal Transfer By-law shall identify the Eligible Recipient, and the amount of Funds the Eligible Recipient is to receive for that Eligible Project.
 - (b) The Recipient shall continue to be bound by all of the provisions of this Agreement notwithstanding any such transfer.
 - (c) No transfer of Funds pursuant to this Section 6.3 shall be effected unless and until the non-municipal entity receiving the Funds has executed and delivered to AMO a written undertaking to assume all of the Recipient’s obligations under this Agreement with respect to the Funds transferred, in a form satisfactory to AMO.
- 6.4 **Use of Funds.** The Recipient acknowledges and agrees the Funds are intended for and shall be used only for Eligible Expenditures in respect of Eligible Projects.
- 6.5 **Schedule of payout of Funds.** The Recipient agrees that all Funds are to be transferred by AMO to the Recipient as set out in Schedule A. Subject to Section 6.14, AMO will transfer Funds twice yearly, on or before the dates agreed upon by Canada and AMO, and, more specifically on the basis set out in Schedule A.
- 6.6 **Use of Funds.** The Recipient will deposit the Funds in a dedicated reserve fund or other separate distinct interest bearing account or invest the Funds through the One Investment Program or any other eligible investment permitted by the Ontario *Municipal Act, 2001* and shall retain the Funds in such reserve fund, account or investment until the Funds are expended or transferred in accordance with this Agreement. The Recipient shall ensure that:
- (a) any investment of unexpended Funds will be in accordance with Ontario law and the Recipient’s investment policy; and,
 - (b) any interest earned on Funds will only be applied to Eligible Expenditures for Eligible Projects, more specifically on the basis set out in Schedule B and Schedule C.
- 6.7 **Funds advanced.** Funds transferred by AMO to the Recipient shall be expended by the Recipient in respect of Eligible Expenditures within five (5) years after the end of the year in which Funds were received. Unexpended Funds shall not be retained beyond such five (5) year period. AMO reserves the right to declare that Unexpended Funds after five (5) years become a debt to Canada which the Recipient will reimburse forthwith on demand to AMO for transmission to Canada.
- 6.8 **Expenditure of Funds.** The Recipient shall expend all Funds by December 31, 2028.

- 6.9 **GST & HST.** The use of Funds is based on the net amount of goods and services tax or harmonized sales tax to be paid by the Recipient net of any applicable tax rebates.
- 6.10 **Limit on Canada's Financial Commitments.** The Recipient may use Funds to pay up to one hundred percent (100%) of Eligible Expenditures of an Eligible Project.
- 6.11 **Federal Funds.** The Recipient agrees that any Funds received will be treated as federal funds for the purpose of other federal infrastructure programs.
- 6.12 **Stacking.** If the Recipient is receiving federal funds under other federal infrastructure programs in respect of an Eligible Project to which the Recipient wishes to apply Funds, the maximum federal contribution limitation set out in any other federal infrastructure program agreement made in respect of that Eligible Project shall continue to apply.
- 6.13 **Withholding Payment.** AMO may withhold payment of Funds where the Recipient is in default of compliance with any provisions of this Agreement.
- 6.14 **Insufficient funds provided by Canada.** Notwithstanding Section 2.4, if Canada does not provide sufficient funds to continue the Funds for any Municipal Fiscal Year during which this Agreement is in effect, AMO may terminate this Agreement.

7. REPORTING REQUIREMENTS

- 7.1 **Annual Report.** The Recipient shall report in the form in Schedule D due by March 31st following each Municipal Fiscal Year on:
- (a) the amounts received from AMO under this Agreement in respect of the previous Municipal Fiscal Year;
 - (b) the amounts received from another Municipality;
 - (c) the amounts transferred to another Municipality;
 - (d) amounts paid by the Recipient in aggregate for Eligible Projects;
 - (e) amounts held at year end by the Recipient in aggregate, including interest, to pay for Eligible Projects;
 - (f) indicate in a narrative the progress that the Recipient has made in meeting its commitments and contributions; and,
 - (g) a listing of all Eligible Projects that have been funded, indicating the location, investment category, project description, amount of Funds and total project cost.
- 7.2 **Outcomes Report.** The Recipient shall account in writing for outcomes achieved as a result of the Funds through an Outcomes Report to be submitted to AMO. Specifically the Outcomes Report shall describe, in a manner to be

provided by AMO, the degree to which investments in each Eligible Project are supporting progress towards achieving:

- (a) beneficial impacts on communities of completed Eligible Projects; and
- (b) enhanced impact of Funds as a predictable source of funding.

8. ASSET MANAGEMENT

- 8.1 **Asset Management Plan.** The Recipient will develop and implement an Asset Management Plan prior to December 31, 2016.
- 8.2 **Outcomes.** On a date and in a manner to be determined by AMO, the Recipient will provide a report to AMO demonstrating that Asset Management Plans are being used to guide infrastructure planning and investment decisions and how Funds are being used to address priority projects.

9. RECORDS AND AUDIT

- 9.1 **Accounting Principles.** All accounting terms not otherwise defined herein have the meanings assigned to them; all calculations will be made and all financial data to be submitted will be prepared in accordance with generally accepted accounting principles (GAAP) in effect in Ontario. GAAP will include, without limitation, those principles approved or recommended for local governments from time to time by the Public Sector Accounting Board or the Canadian Institute of Chartered Accountants or any successor institute, applied on a consistent basis.
- 9.2 **Separate Records.** The Recipient shall maintain separate records and documentation for the Funds and keep all records including invoices, statements, receipts and vouchers in respect of Funds expended on Eligible Projects in accordance with the Recipient's municipal records retention by-law. Upon reasonable notice, the Recipient shall submit all records and documentation relating to the Funds to AMO and Canada for inspection or audit.
- 9.3 **External Auditor.** AMO and/or Canada may request, upon written notification, an audit of Eligible Project or an Annual Report. AMO shall retain an external auditor to carry out an audit of the material referred to in Sections 5.4 and 5.5 of this Agreement. AMO shall ensure that any auditor who conducts an audit pursuant to this Section of this Agreement or otherwise, provides a copy of the audit report to the Recipient and Canada at the same time that the audit report is given to AMO.

10. INSURANCE AND INDEMNITY

- 10.1 **Insurance.** The Recipient shall put in effect and maintain in full force and effect or cause to be put into effect and maintained for the term of this Agreement all the necessary insurance with respect to each Eligible Project, including any Eligible Projects with respect to which the Recipient has transferred Funds pursuant to Section 6 of this Agreement, that would be considered appropriate for a prudent Municipality undertaking Eligible Projects, including, where appropriate and without limitation, property, construction and liability insurance,

which insurance coverage shall identify Canada and AMO as additional insureds for the purposes of the Eligible Projects.

- 10.2 **Certificates of Insurance.** Throughout the term of this Agreement, the Recipient shall provide AMO with a valid certificate of insurance that confirms compliance with the requirements of Section 10.1. No Funds shall be expended or transferred pursuant to this Agreement until such certificate has been delivered to AMO.
- 10.3 **AMO not liable.** In no event shall Canada or AMO be liable for:
- (a) any bodily injury, death or property damages to the Recipient, its employees, agents or consultants or for any claim, demand or action by any Third Party against the Recipient, its employees, agents or consultants, arising out of or in any way related to this Agreement; or
 - (b) any incidental, indirect, special or consequential damages, or any loss of use, revenue or profit to the Recipient, its employees, agents or consultants arising out of any or in any way related to this Agreement.
- 10.4 **Recipient to Compensate Canada.** The Recipient will ensure that it will not, at any time, hold Canada, its officers, servants, employees or agents responsible for any claims or losses of any kind that the Recipient, Third Parties or any other person or entity may suffer in relation to any matter related to the Funds or an Eligible Project and that the Recipient will, at all times, compensate Canada, its officers, servants, employees and agents for any claims or losses of any kind that any of them may suffer in relation to any matter related to the Funds or an Eligible Project. The Recipient's obligation to compensate as set out in this section does not apply to the extent to which such claims or losses relate to the negligence of an officer, servant, employee, or agent of Canada in the performance of his or her duties.
- 10.5 **Recipient to Indemnify AMO.** The Recipient hereby agrees to indemnify and hold harmless AMO, its officers, servants, employees or agents (each of which is called an "**Indemnatee**"), from and against all claims, losses, damages, liabilities and related expenses including the fees, charges and disbursements of any counsel for any Indemnatee incurred by any Indemnatee or asserted against any Indemnatee by whomsoever brought or prosecuted in any manner based upon, or occasioned by, any injury to persons, damage to or loss or destruction of property, economic loss or infringement of rights caused by or arising directly or indirectly from:
- (a) the Funds;
 - (b) the Recipient's Eligible Projects, including the design, construction, operation, maintenance and repair of any part or all of the Eligible Projects;
 - (c) the performance of this Agreement or the breach of any term or condition of this Agreement by the Recipient, its officers, servants, employees and agents, or by a Third Party, its officers, servants, employees, or agents; and

- (d) any omission or other wilful or negligent act of the Recipient or Third Party and their respective officers, servants, employees or agents.

11. TRANSFER AND OPERATION OF MUNICIPAL INFRASTRUCTURE

- 11.1 **Reinvestment.** The Recipient will invest into Eligible Projects, any revenue that is generated from the sale, lease, encumbrance or other disposal of an asset resulting from an Eligible Project where such disposal takes place within five (5) years of the date of completion of the Eligible Project.
- 11.2 **Notice.** The Recipient shall notify AMO in writing 120 days in advance and at any time during the five (5) years following the date of completion of an Eligible Project if it is sold, leased, encumbered or otherwise disposed of.
- 11.3 **Public Use.** The Recipient will ensure that Infrastructure resulting from any Eligible Project that is not sold, leased, encumbered or otherwise disposed of, remains primarily for public use or benefit.

12. DEFAULT AND TERMINATION

- 12.1 **Event of Default.** AMO may declare in writing that an event of default has occurred when the Recipient has not complied with any condition, undertaking or term in this Agreement. AMO will not declare in writing that an event of default has occurred unless it has first consulted with the Recipient. Each and every one of the following events is an “Event of Default”:
 - (a) failure by the Recipient to deliver in a timely manner an Annual Report or Outcomes Report.
 - (b) delivery of an Annual Report that discloses non-compliance with any condition, undertaking or material term in this Agreement.
 - (c) failure by the Recipient to co-operate in an external audit undertaken by AMO or its agents.
 - (d) delivery of an external audit report that discloses non-compliance with any condition, undertaking or term in this Agreement.
 - (e) failure by the Recipient to expend Funds in accordance with Section 6.7.
- 12.2 **Waiver.** AMO may withdraw its notice of an Event of Default if the Recipient, within thirty (30) calendar days of receipt of the notice, either corrects the default or demonstrates, to the satisfaction of AMO in its sole discretion that it has taken such steps as are necessary to correct the default.
- 12.3 **Remedies on default.** If AMO declares that an Event of Default has occurred under Section 12.1, after thirty (30) calendar days from the Recipient’s receipt of the notice of an Event of Default, it may immediately terminate or suspend its obligation to pay the Funds. If AMO suspends payment, it may pay suspended Funds if AMO is satisfied that the default has been cured.

- 12.4 **Repayment of Funds.** If AMO declares that an Event of Default has not been cured to its satisfaction, AMO reserves the right to declare that prior payments of Funds become a debt to Canada which the Recipient will reimburse forthwith on demand to AMO for transmission to Canada.

13. CONFLICT OF INTEREST

- 13.1 **No conflict of interest.** The Recipient will ensure that no current member of the AMO Board of Directors and no current or former public servant or office holder to whom any post-employment, ethics and conflict of interest legislation, guidelines, codes or policies of Canada applies will derive direct benefit from the Funds, the Unspent Funds, and interest earned thereon, unless the provision of receipt of such benefits is in compliance with such legislation, guidelines, policies or codes.

14. NOTICE

- 14.1 **Notice.** Any notice, information or document provided for under this Agreement will be effectively given if in writing and if delivered by hand, or overnight courier, mailed, postage or other charges prepaid, or sent by facsimile or email to the addresses, the facsimile numbers or email addresses set out in Section 14.3. Any notice that is sent by hand or overnight courier service shall be deemed to have been given when received; any notice mailed shall be deemed to have been received on the eighth (8) calendar day following the day on which it was mailed; any notice sent by facsimile shall be deemed to have been given when sent; any notice sent by email shall be deemed to have been received on the sender's receipt of an acknowledgment from the intended recipient (such as by the "return receipt requested" function, as available, return email or other written acknowledgment), provided that in the case of a notice sent by facsimile or email, if it is not given on a business day before 4:30 p.m. Eastern Standard Time, it shall be deemed to have been given at 8:30 a.m. on the next business day for the recipient.
- 14.2 **Representatives.** The individuals identified in Section 14.3 of this Agreement, in the first instance, act as AMO's or the Recipient's, as the case may be, representative for the purpose of implementing this Agreement.
- 14.3 **Addresses for Notice.** Further to Section 14.1 of this Agreement, notice can be given at the following addresses:

- (a) If to AMO:

Executive Director
Federal Gas Tax Fund Agreement
Association of Municipalities of Ontario
200 University Avenue, Suite 801
Toronto, ON M5H 3C6

Telephone: 416-971-9856
Facsimile: 416-971-6191

Email: gastax@amo.on.ca

(b) If to the Recipient:

Rosita Tse
Director of Finance / Treasurer
Township of Wilmot
60 Snyder's Road West,
Baden, ON N3A 1A1
Telephone: (519) 634-8444 x229
Facsimile: (519) 634-5522
Email: rosita.tse@wilmot.ca

15. MISCELLANEOUS

- 15.1 **Counterpart Signature.** This Agreement may be signed in counterpart, and the signed copies will, when attached, constitute an original Agreement.
- 15.2 **Severability.** If for any reason a provision of this Agreement that is not a fundamental term is found to be or becomes invalid or unenforceable, in whole or in part, it will be deemed to be severable and will be deleted from this Agreement, but all the other terms and conditions of this Agreement will continue to be valid and enforceable.
- 15.3 **Waiver.** AMO may waive any right in this Agreement only in writing, and any tolerance or indulgence demonstrated by AMO will not constitute waiver of rights in this Agreement. Unless a waiver is executed in writing, AMO will be entitled to seek any remedy that it may have under this Agreement or under the law.
- 15.4 **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable in Ontario.
- 15.5 **Survival.** The Recipient agrees that the following sections and provisions of this Agreement shall extend for seven (7) years beyond the expiration or termination of this Agreement: Sections 5, 6.7, 6.8, 7, 10.4, 10.5, 11, 12.4 and 15.8.
- 15.6 **AMO, Canada and Recipient independent.** The Recipient will ensure its actions do not establish or will not be deemed to establish a partnership, joint venture, principal-agent relationship or employer-employee relationship in any way or for any purpose whatsoever between Canada and the Recipient, between AMO and the Recipient, between Canada and a Third Party or between AMO and a Third Party.
- 15.7 **No Authority to Represent.** The Recipient will ensure that it does not represent itself, including in any agreement with a Third Party, as a partner, employee or agent of Canada or AMO.

- 15.8 **Debts Due to AMO.** Any amount owed under this Agreement will constitute a debt due to AMO, which the Recipient will reimburse forthwith, on demand, to AMO.
- 15.9 **Priority.** In the event of a conflict, the part of this Agreement that precedes the signature of the Parties will take precedence over the Schedules.

16. SCHEDULES

16.1 This Agreement, including:

- Schedule A Schedule of Fund Payments
- Schedule B Eligible Project Categories
- Schedule C Eligible and Ineligible Expenditures
- Schedule D Reporting
- Schedule E Communications

constitute the entire agreement between the Parties with respect to the subject matter contained in this Agreement and supersedes all prior oral or written representations and agreements.

17. SIGNATURES

IN WITNESS WHEREOF, AMO and the Recipient have respectively executed, sealed and delivered this Agreement on the date set out on the front page.

RECIPIENT'S NAME:

TOWNSHIP OF WILMOT

By:

 Name: Les Armstrong
 Title: Mayor

 Date: May 12, 2014

Affix
 Corporate
 Seal

 Name: Barbara McLeod
 Title: Director of Clerk's
 Services

 Date: May 12, 2014

THE ASSOCIATION OF MUNICIPALITIES OF ONTARIO

Affix
Corporate
Seal

By:

Title: Executive Director

Date

In the presence of:

Witness:
Title:

Date

SCHEDULE A

SCHEDULE OF FUND PAYMENTS

RECIPIENT'S NAME: TOWNSHIP OF WILMOT

The following represents an estimate of the Funds and schedule of payments for the first five (5) years of the Agreement.

Year	Schedule of Fund Payments	
	Payment #1	Payment #2
2014	\$278,304.96	\$278,304.96
2015	\$278,304.96	\$278,304.96
2016	\$292,220.21	\$292,220.20
2017	\$292,220.21	\$292,220.20
2018	\$306,135.46	\$306,135.45

An estimate of the Funds and schedule of payments for the latter five (5) years of the Agreement (2019-2023) will be provided following the review and amendment procedures specified in Section 2.2 and 2.3.

SCHEDULE B

ELIGIBLE PROJECT CATEGORIES

Eligible Projects include investments in Infrastructure for its construction, renewal or material enhancement in each of the following categories:

1. Local roads and bridges – i.e. roads, bridges, tunnels, highways and active transportation infrastructure (active transportation refers to investments that support active methods of travel. This can include: cycling lanes and paths, sidewalks, hiking and walking trails).
2. Public transit – i.e. a shared passenger transport system which is available for public use.
3. Drinking Water – i.e. drinking water conservation, collection, treatment and distribution systems.
4. Wastewater – i.e. wastewater and storm water collection, treatment and management systems.
5. Solid waste – i.e. solid waste management systems including the collection, diversion and disposal of recyclables, compostable materials and garbage.
6. Community energy systems – i.e. infrastructure that generates or increases the efficient usage of energy.
7. Capacity building - i.e. investments related to strengthening the ability of Municipalities to develop long-term planning practices.
8. Short-sea shipping – i.e. infrastructure related to the movement of cargo and passengers around the coast and on inland waterways, without directly crossing an ocean.
9. Short-line rail – i.e. railway related infrastructure for carriage of passengers or freight.
10. Regional and local airports – i.e. airport-related infrastructure (excludes the National Airport System).
11. Broadband connectivity – i.e. infrastructure that provides internet access to residents, businesses, and/or institutions in Canadian communities.
12. Brownfield Redevelopment i.e. remediation or decontamination and redevelopment of a brownfield site within municipal boundaries, where the redevelopment includes:
 - (a) the construction of public infrastructure as identified in the context of any other eligible category referred to in this Schedule, and/or;
 - (b) the construction of municipal use public parks and publicly-owned social housing.

13. Sport Infrastructure – i.e. amateur sport infrastructure (excludes facilities, including arenas, which would be used as the home of professional sports teams or major junior hockey teams (e.g. Junior A)).
14. Recreational Infrastructure - i.e. recreational facilities or networks.
15. Cultural Infrastructure – i.e. infrastructure that supports arts, humanities, and heritage.
16. Tourism Infrastructure – i.e. infrastructure that attracts travelers for recreation, leisure, business or other purposes.
17. Disaster mitigation – i.e. infrastructure that reduces or eliminates long-term impacts and risks associated with natural disasters.

Note: Investments in health infrastructure (hospitals, convalescent and senior centres) are not eligible.

SCHEDULE C

ELIGIBLE AND INELIGIBLE EXPENDITURES

1. Eligible Expenditures

1.1 Eligible Expenditures of Recipients will be limited to the following:

- (a) the expenditures associated with acquiring, planning, designing, constructing or renovating a tangible capital asset, as defined by Generally Accepted Accounting Principles (GAAP), and any related debt financing charges specifically identified with that asset;
- (b) for capacity building category only, the expenditures related to strengthening the ability of Municipalities to improve local and regional planning including capital investment plans, integrated community sustainability plans, life-cycle cost assessments, and Asset Management Plans. The expenditures could include developing and implementing:
 - (i) studies, strategies, or systems related to asset management, which may include software acquisition and implementation;
 - (ii) training directly related to asset management planning; and,
 - (iii) long-term infrastructure plans.
- (c) the expenditures directly associated with joint federal communication activities and with federal project signage.

1.2 **Employee and Equipment Costs:** The incremental costs of the Recipient's employees or leasing of equipment may be included as Eligible Expenditures under the following conditions:

- (a) the Recipient is able to demonstrate that it is not economically feasible to tender a contract;
- (b) the employee or equipment is engaged directly in respect of the work that would have been the subject of the contract; and
- (c) the arrangement is approved in advance and in writing by the Oversight Committee.

1.3 **AMO as Agreement Administrator:** Up to 0.5% of the total funds will be used by AMO to undertake the administrative responsibilities to implement the Agreement and to undertake related capacity building and program delivery including expenditures associated with communication activities such as public project announcements and signage. Canada will review and accept AMO's detailed business case submitted in accordance with the Canada-Ontario-AMO-Toronto Agreement prior to undertaking the administrative and related activities.

2. Ineligible Expenditures

The following are deemed Ineligible Expenditures:

- (a) project expenditures incurred before April 1, 2005;
- (b) project expenditures incurred before April 1, 2014 for the following Eligible Project categories:
 - (i) regional and local airports;
 - (ii) short-line rail;
 - (iii) short-sea shipping;
 - (iv) disaster mitigation;
 - (v) broadband connectivity;
 - (vi) brownfield redevelopment;
 - (vii) cultural infrastructure;
 - (viii) tourism infrastructure;
 - (ix) sport infrastructure; and
 - (x) recreational infrastructure.
- (c) the cost of leasing of equipment by the Recipient, any overhead costs, including salaries and other employment benefits of any employees of the Recipient, its direct or indirect operating or administrative costs of Recipients, and more specifically its costs related to planning, engineering, architecture, supervision, management and other activities normally carried out by its staff, except in accordance with Eligible Expenditures above;
- (d) taxes for which the Recipient is eligible for a tax rebate and all other costs eligible for rebates;
- (e) purchase of land or any interest therein, and related costs;
- (f) legal fees; and
- (g) routine repair and maintenance costs.

SCHEDULE D
REPORTING

1. Annual Report

By March 31st of each year, the Recipient will provide to AMO an Annual Report in an electronic format deemed acceptable to AMO, consisting of the following:

- (a) Financial Reporting Table: The financial report table will be submitted in accordance with the following template:

Annual Report Financial Table	Annual	Cumulative
	20xx	2014 - 20xx
Opening Balance ¹	\$xxx	
Received from AMO	\$xxx	\$xxx
Interest Earned	\$xxx	\$xxx
Received from a Municipality	\$xxx	\$xxx
Transferred to a Municipality	(\$xxx)	(\$xxx)
Spent on Eligible Projects (for each Eligible Project category)	(\$xxx)	(\$xxx)
Closing Balance of unspent funds	\$xxx	

- (b) Project List: The Recipient will provide to AMO a project list submitted in accordance with the following template:

Recipient	Project Title	Project Description	Eligible Project category	Total Project Cost	Funds (GTF) Spent	Completed
						(Yes/No/Ongoing)
						(Yes/No/Ongoing)
						(Yes/No/Ongoing)
						(Yes/No/Ongoing)

¹For the 2014 *Annual Report* this means the amount reported as unspent by the *Recipient* at December 31, 2013 as reported in the 2013 *Annual Expenditure Report* (as defined under the First Agreement).

2. Project Outcomes.

The Outcomes Report shall outline, in a manner to be provided by AMO, the degree to which investments in each project are supporting progress towards achieving:

- (a) Beneficial impacts on communities of completed Eligible Projects; and
- (b) Enhanced impact of Funds as a predictable source of funding.

3. Asset Management Outcomes.

On a date and in a manner to be determined by AMO, the Recipient will provide a report to AMO demonstrating that Asset Management Plans are being used to guide infrastructure planning and investment decisions and how Funds are being used to address priority projects.

SCHEDULE E

COMMUNICATIONS PROTOCOL

1. **Purpose.** The provisions of this Communications Protocol apply to all communications activities related to any Funds and Eligible Projects. Communications activities may include, but are not limited to, public or media events, news releases, reports, web articles, blogs, project signs, digital signs, publications, success stories and vignettes, photo compilations, videos, advertising campaigns, awareness campaigns, editorials, award programs, and multi-media products.
2. **Information Sharing.** The Recipient agrees to provide AMO with upfront information on planned Eligible Projects and Eligible Projects in progress on an annual basis, in an electronic format deemed acceptable by AMO, by March 31. Information will include, at a minimum: Eligible Project name, Eligible Category, Eligible Project description, total budgeted federal contribution (gas tax) and anticipated start date.
3. **Project Signage**
 - 3.1 The Recipient may have a sign recognizing its contribution to Eligible Projects.
 - 3.2 At Canada's request, the Recipient will install a federal sign to recognize federal funding at Eligible Project site(s). Federal sign design, content and installation guidelines will be provided by Canada.
 - 3.3 Where the Recipient decides to install a permanent plaque or other suitable marker with respect to an Eligible Project, it must recognize the federal contribution to the Eligible Project and be approved by Canada.
 - 3.4 The Recipient is responsible for the production and installation of Eligible Project signage, or as otherwise agreed upon.
 - 3.5 The Recipient agrees to inform AMO of signage installations, in a manner determined by AMO.
4. **Media Events and Announcements for Eligible Projects**
 - 4.1 The Recipient agrees to have regular announcements of Eligible Projects that are benefitting from the Funds that may be provided by Canada. Key milestones may be marked by public events, news releases and/or other mechanisms.
 - 4.2 Media events and announcements include, but are not limited to, news conferences, public announcements, official events or ceremonies, and news releases.
 - 4.3 Canada, AMO or the Recipient, may request a media event or announcement.
 - 4.4 Media events and announcements related to Eligible Projects will not occur without the prior knowledge and agreement of AMO, Canada and the Recipient. AMO as administrator will ensure prior knowledge and agreement of other signatories to the Canada-Ontario-AMO-Toronto Agreement.

- 4.5 Canada, AMO or the Recipient in requesting a media event or an announcement will provide at least 21 working days' notice to the Parties of their intention to undertake such an event. The event will take place at a date and location that is mutually agreed to by the Recipient, AMO and Canada. The AMO, Canada and the Recipient will have the opportunity to participate in such events through a designated representative. Each participant will choose its designated representative.
 - 4.6 The conduct of all joint media events, announcements and products will follow the Table of Precedence for Canada as outlined at the current Government of Canada website.
 - 4.7 All joint communications material related to media events and announcements must be approved by Canada and recognize the funding of all contributors.
 - 4.8 All joint communications material must reflect Canada's policy on official languages and the federal identity program.
5. **Program Communications**
- 5.1 The Recipient may include messaging in its own communications products and activities with regards to the use of Funds.
 - 5.2 When undertaking such activities, the Recipient will provide the opportunity for AMO and Canada to participate and will recognize the funding of all contributors.
 - 5.3 Canada and AMO agree that they will not unreasonably restrict the Recipient from: (i) using, for its own purposes, public communications products related to the Funds prepared by Canada or AMO ("**Communication Products**") or, (ii) linking to web-based Communication Products.
 - 5.4 Notwithstanding Section 4 of Schedule E, Canada retains the right to meet its obligations to communicate information to Canadians about the use of Funds through communications products and activities.
6. **Operational Communications**
- 6.1 The Recipient is solely responsible for operational communications with respect to the Eligible Projects, including but not limited to, calls for tender, construction and public safety notices. Operational communications as described above are not subject to the federal official languages policy.
 - 6.2 The Recipient will share information promptly with Canada and AMO should significant emerging media or stakeholder issues relating to an Eligible Project arise. AMO will advise Recipients, when appropriate, about media inquiries received by it concerning an Eligible Project and, when appropriate, other signatories to the Canada-Ontario-AMO-Toronto Agreement will advise the Recipient about media inquiries, concerning an Eligible Project.
7. **Communicating Success Stories.** The Recipient agrees to communicate with Canada and AMO for the purposes of collaborating on communications activities and produces

including but not limited to Eligible Project success stories, Eligible Project vignettes, and Eligible Project start-to-finish features.

8. **Advertising Campaigns.** Recognizing that advertising can be an effective means of communication with the public, the Recipient may, at its own cost, organize an advertising or public information campaign related to the use of the Funds or the Eligible Projects. However such a campaign must respect the provisions of this Agreement. In the event of such a campaign, the Recipient agrees to inform Canada and AMO of its intention, and to inform them no less than 21 working days prior to the campaign launch.



Township of Wilmot **REPORT**

REPORT NO. **FIN 2014-19**

TO: **Council**

PREPARED BY: **Rosita Tse, Director of Finance**

DATE: **May 12, 2014**

SUBJECT: **Ice Storm Assistance Program**

Recommendation:

That report FIN 2014-19, prepared by the Director of Finance, regarding Ice Storm Assistance Program, be endorsed.

Background:

On February 26, 2014, Ontario Municipal Affairs and Housing Minister Linda Jeffrey announced special one-time ice storm fund to compensate municipalities and conservation authorities with damages as a result of the December 2013 ice storm. .

Discussion:

The Ice Storm Assistance Program covers incremental, ice-damage related costs for emergency response and recovery, including debris clean-up to protect public health and safety.

Currently, the Ministry is developing the guidelines, information and forms; all of these are anticipated to be released in May 2014. The application will include two stages: an Expression of Interest and a Claim submission. The Expression of Interest is due on June 16, 2014. The Ministry will review all expressions of interest to determine whether the applicant was impacted by ice and is eligible to submit a claim. The deadline for claim submission is August 31, 2014.

The Ministry did not specify an amount made available to each municipality or conservation authority; however, staff are compiling financial data related to the ice storm and will be prepared to submit the expression of interest once the program is launched by the Ministry.

Strategic Plan Conformity:

This report is aligned with the Strategic Plan goal of enjoying our quality of life by ensuring people's safety and protection.

Financial Considerations:


Any amount received from the Ministry would alleviate the incremental costs that were incurred by the Township, and would be reflected in the quarterly financial statements..

Conclusion:

Upon Council's approval, staff will prepare an Expression of Interest to the Ministry of Municipal Affairs and Housing for the Ice Storm Assistance Program when it becomes available.



Rosita Tse, Director of Finance



Reviewed by CAO



Township of Wilmot *REPORT*

REPORT NO.: PW-2014-09

TO: Council

PREPARED BY: Gary Charbonneau, Director of Public Works

DATE: May 12, 2014

SUBJECT: Surface Treatment – Award of Tender

Recommendation:

That the tender submitted by Cornell Construction Limited for the application of surface treatment to Township roads in the amount of \$249,814.31, net of the HST rebate, be accepted.

Background:

The application of surface treatment to Township roads continues the program of upgrading the surface levels of roads through hard surfacing. Surface treatment will be applied to the following road sections:

Single Layer: Berlett's Road from Wilmot Line to Sandhills Road

Triple Layer: Bean Road from Walker Road to Tye Road

Discussion:

We received tenders for the application of surface treatment to Township roads and the tender results, net of the HST rebate, are as follows:

Cornell Construction Limited, Brantford	\$249,814.31
Duncor Enterprises Inc., Barrie	\$322,325.36
Norjohn Contracting and Paving Ltd., Niagara Falls	\$359,181.76

Strategic Plan Conformity:

Maintaining our infrastructure ensures a prosperous economy for our municipality.

Financial Considerations:

The approved 2014 Capital Budget includes \$264,550 for the Surface Treatment Program with funding provided by the Federal Gas Tax.

Conclusion:

That the low tender submitted by Cornell Construction Limited be approved by Council.



Director of Public Works



Reviewed by CAO



Township of Wilmot *REPORT*

REPORT NO.: PW-2014-10

TO: Council

PREPARED BY: Gary Charbonneau, Director of Public Works

DATE: May 12, 2014

SUBJECT: Hot Mix Paving – Award of Tender

Recommendation:

That the tender submitted by Coco Paving, for the paving of Township roads with hot mix asphalt, in the amount of \$163,955.72, net of the HST rebate, be accepted.

Background:

Work will be completed on the following road sections:

<u>Street</u>	<u>From</u>	<u>To</u>
Beverley Street	Main Street	End
Kathreen Street	Main Street	End
Beechim Drive	Beverley Street	Kathreen Street
Sandhills Road	Carmel-Koch Road	Wilby Road

Discussion:

We received tenders for the paving of Township roads with hot mix asphalt and the results, net of the HST rebate, are as follows:

Coco Paving Inc., Petersburg	\$163,955.72
Brantco Construction, Cambridge	\$165,795.07
E & E Seggmiller Ltd., Kitchener	\$176,248.33
Cox Construction Limited, Guelph	\$183,759.66
Steed and Evans Limited, St. Clements	\$186,192.00
Capital Paving Inc., Guelph	\$204,728.83

Strategic Plan Conformity:

Maintaining our infrastructure ensures a prosperous economy for our municipality.

Financial Considerations:

The approved 2014 Capital Budget includes \$205,500 for the Hot Mix Paving Program with funding provided by the Federal Gas Tax and the General Levy.

Conclusion:

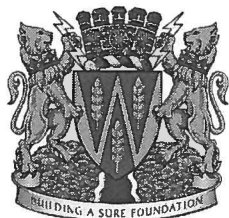
That the low tender submitted by Coco Paving Inc. be approved by Council.



Director of Public Works



Reviewed by CAO



Township of Wilmot **REPORT**

REPORT NO. DS 2014-14
TO: Council
PREPARED BY: Andrew Martin, Planner/EDO
DATE: May 12, 2014
SUBJECT: Sign By-law Variance
Seasons Grande / PW Concrete
162 Snyder's Rd E, Baden

Recommendation:

That variances to the Township Sign By-law 2002-35 be approved for the subject property as follows:

1. Reduce the minimum setback from the front property line for the proposed ground sign to approximately 0.6m
2. Increase the maximum height of the proposed ground sign to approximately 3.8m
3. Increase the maximum area of a ground sign located in front of the building line to approximately 4.7m²; and,
4. To allow temporary signs to be attached to a fence located along the south property line (Snyder's Road East) and on a fence connecting the aforementioned fence and the existing building up to a maximum of 25% of the area of one side of said fences.

Background:

The applicants established a landscape depot and garden centre operation on their property at 162 Snyder's Road East for a trial season in 2013 and are looking to make the use more permanent this year. To identify the business and advertise products for sale on the property, the applicants are proposing a ground sign as well as the use of messages attached to a fence. The proposed signage does not comply with the regulations of the Township's Sign By-law, 2002-35.

Section 24 of the Township's Sign Bylaw sets out the ability for Council to authorize minor variances from the provisions of the by-law provided that in the opinion of Council the general intent of and purpose of the by-law is maintained. In this regard, the applicants seek several variances to the Sign By-law

Discussion:

The attached site plan illustrates the layout of the landscape depot, existing perimeter fencing, and the location of the proposed sign. The following table summarizes the current regulations and proposed variances.

Ground Signs	
<i>By-law Requirement</i>	<i>Proposed Regulation</i>
Minimum 3.0m from a property line	0.6m from the front property line
Maximum height of 2.4m when ahead of building line	3.8m
Maximum area of 4.0m ² when ahead of building line	4.7m ²
General Regulations	
<i>By-law Requirement</i>	<i>Proposed Regulation</i>
Signs shall not be attached or painted onto a fence	Material advertising attached to fence

Setback

The proposed sign will be located behind the existing chain-link perimeter fence and approximately 2.1m from the sidewalk. Given the setback from the sidewalk, staff would support that there are not anticipated issues with corner visibility or sight lines along Snyder's Road East.

Height and Area

The proposed sign combines a sign face advertising the businesses operating from the property as well as a changeable text area. The inclusion of a changeable text component of the sign causes the sign area to be exceeded, but is beneficial by reducing the need to install temporary portable signs for advertising.

The increased height is proposed in order that the business names and street address remain above the existing chain-link fence. The sign remains well under the maximum height of a pylon sign (7.5m) which could otherwise be constructed on this property.

Fence Signs

The applicants propose to attach advertising on the chain-link fence for materials being sold from the property. Typically these signs would include product labels, such as "mulch" or "top-soil" etc. In order to ensure that the entire fence is not covered with what could be a visually distracting collage of signs, staff propose that fence signage be limited to 25% of the area of one side of the fence.

Strategic Plan Conformity:

Regulating signs within the Township of Wilmot contributes to the quality of life of Wilmot residents by ensuring signs are safely installed and are visually unobtrusive.

Reviewing these regulations on a site specific basis promotes a prosperous economy by allowing businesses opportunities to install appropriate signage and advertising.

Financial Considerations:


The application fees, established by the Township of Wilmot Fees and Charges By-law, were collected at the time of application.

Conclusion:

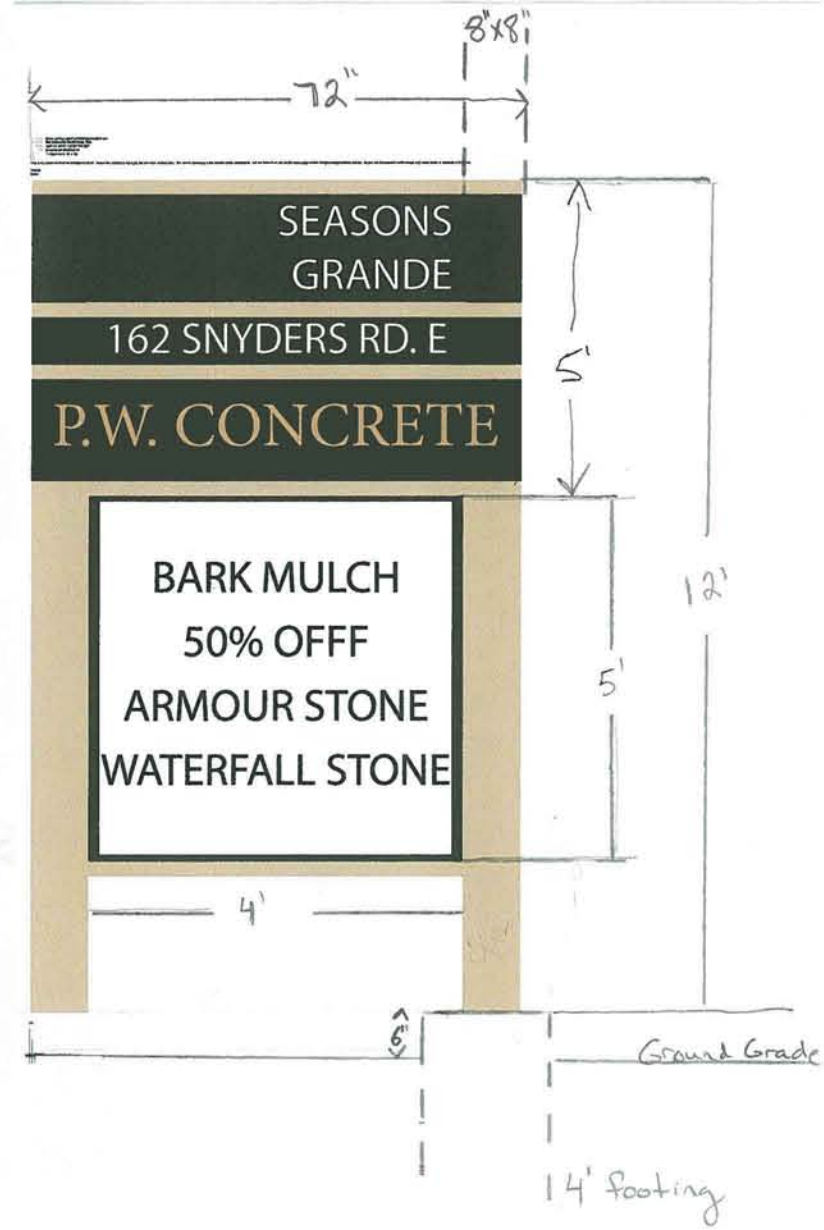
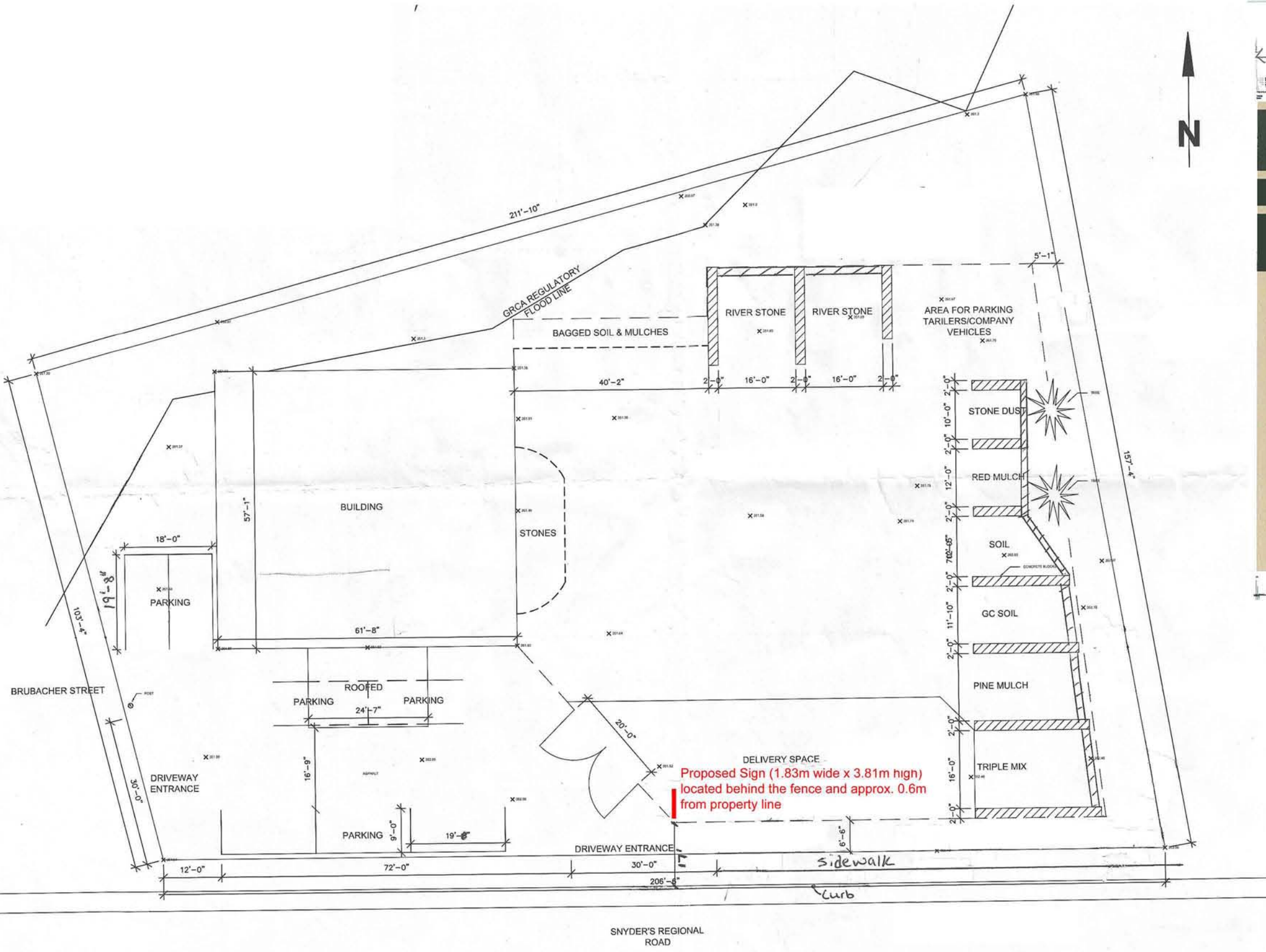
The proposed variances to the sign by-law to permit a ground sign and limited fence signs, maintain the intent of the Township's Sign By-law and as such staff recommend their approval.

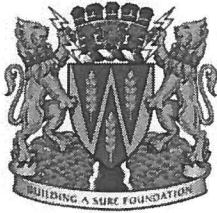


Andrew Martin, MCIP RPP
Planner/EDO



Reviewed by CAO





Township of Wilmot **REPORT**

REPORT NO. DS 2014-15
TO: Council
PREPARED BY: Harold O’Krafka, Director of Development Services
DATE: May 12, 2014
SUBJECT: April Building Statistics

Recommendation:

That the April 2014 Building Statistics be received for information.

Background:

Building Statistics are provided to Council on a monthly basis for information purposes.

Month end reporting to is also provided to the public via the Township website in addition to statistical reports provided monthly to the Region of Waterloo, Statistics Canada and Municipal Property Assessment Corporation.

Discussion:

The total number of permits issued in April 2014 was lower than April 2013 and the 10yr average. The number of new home starts was slightly higher than April 2013 and slightly lower than the 10 yr average.

Year to date, building activity remains on par with budget projections for 2014 and comparable with 2013 activity levels.

Strategic Plan Conformity:

Tracking of building activity provides a statistical basis for decision making related to land use planning in the community which contributes to the quality of life of Wilmot residents.

Reporting statistics on a monthly basis contributes to enhanced community engagement.

Financial Considerations:

Building Permit fees remain in line with budget estimates. In the event that year end permit fees exceed operating costs of the Building Division, these funds are placed into a dedicated Building Reserve Fund as per Bill 124 legislative requirements..

Conclusion:

In conclusion, Building Activity rates remain steady and in line with budget estimates.



Harold O'Krafka, MCIP RPP
Director of Development



Reviewed by CAO

BUILDING STATISTICS

Source: Township of Wilmot
Development Services

MONTH OF APRIL	10 Year Average	2013	2014
Number of Permits Issued	39	38	29
Dwelling Units Constructed	15	7	11
Dwelling Units Demolished	1	0	0
Residential - New Dwelling Units	\$ 3,453,400	\$ 2,125,000	\$ 2,045,000
Residential - Addition/Alteration	\$ 272,000	\$ 150,000	\$ 480,000
Residential - Accessory	\$ 205,900	\$ 460,000	\$ 235,000
Agricultural - New	\$ 122,500	\$ 465,000	\$ 185,000
Agricultural - Addition/Alteration	\$ 21,500	\$ 60,000	\$ 130,000
Commercial - New	\$ 13,500	\$ -	\$ -
Commercial - Addition/Alteration	\$ 173,000	\$ 600,000	\$ -
Industrial - New	\$ -	\$ -	\$ -
Industrial - Addition/Alteration	\$ 19,000	\$ -	\$ -
Institutional - New	\$ 1,000	\$ 10,000	\$ -
Institutional - Addition/Alteration	\$ -	\$ -	\$ -
Miscellaneous	\$ 10,500	\$ -	\$ 5,000
Total Construction Value	\$ 4,292,300	\$ 3,870,000	\$ 3,080,000
YEAR TO DATE	10 Year Average	2013	2014
Number of Permits Issued	98	88	81
Number of Dwelling Units	41	24	22
Total Construction Value	\$ 12,420,200	\$ 10,775,000	\$ 9,960,000

April 2014		
Residential - New		Agricultural - New
BADEN		4053 Huron Road
22 Bettschen Lane	202-208 Brewery Street	3127 Sandhills Road
194-200 Brewery Street	40 Hunsberger Drive	3087 Sandhills Road
NEW HAMBURG		Agricultural - Alt.
230 Hostetler Road		5341 Wilmot- Easthope Road
Residential - Alteration		
48 North Street	148 Laschinger Boulevard	
55 Reinhart Place	10 Ritz Crescent	
57 Erhardt Wagner Place	260 Theodore Schuler Boulevard	
204 Schneller Drive	4106 Sandhills Road	
6-214 Snyder's Road E	2719 Wilby Road	
380 Joseph Street	1684 Berlett's Road	
Residential - Accessory		
93 Brenneman Drive	11 Milne Drive	
82 Elizabeth Street	78 Park Place	
70 Erhardt Wagner Place	8 Theodore Schuler Boulevard	
87 Stiefelmeyer Crescent	55 Reinhart Place	



10.1

CANADA POST
20 - 81 CRESCENT ST
GRAND BEND ON N0M 1T0

POSTES CANADA
20 - 81 RUE CRESCENT
GRAND BEND ON N0M 1T0

April 30, 2014

3832 8997 6151 7450

MAYOR LES ARMSTRONG
TOWNSHIP OF WILMOT
60 SNYDER'S RD W
BADEN ON N3A 1A1

Re: Closure on Saturdays and realignment of the hours of operation during the week only at the Petersberg Post Office

Dear Mayor Armstrong,

Canada Post has conducted a review of customer traffic patterns at the Petersberg Post Office at 1249 Notre Dame Dr.

As a result of this review, we will be realigning the hours of operation during the week and will no longer offer Saturday retail service as of June 1, 2014. We will continue to offer full access to postal services on weekdays.

Our weekday hours at this post office will be:

Monday, Tuesday, Thursday and Friday:
10 a.m. to 1:15 p.m. and 3 p.m. to 5:30 p.m.
Wednesday:
10 a.m. to 1:15 p.m. and 3 p.m. to 6 p.m.

Postal box customers will have full access to their mail during the above hours of operation.

Customers will continue to enjoy access to a full range of postal services and products at this post office. There will be no change to the range of services we offer. As well, customers can purchase stamps, pay for and print shipping labels and access other postal services online at canadapost.ca.

While I recognize this is a change for your community, I want to reassure you that we remain committed to providing postal services in urban and rural communities across the country. Our operations are funded by the sale of our products and services, not taxpayer dollars. Changes are necessary as part of our response to the decline of Lettermail volumes and being able to offer affordable services to all Canadians.

Thank you for your understanding. Please do not hesitate to contact me at the above address or at (519) 272-4372, if you require further information or assistance.

Yours truly,


D. Greg Hunter
Local Area Manager

**THE CORPORATION OF THE TOWNSHIP OF WILMOT
BY-LAW NO 2014-20**

**A BY-LAW TO PROVIDE FOR THE LEVY OF DRAIN
MAINTENANCE COSTS ON VARIOUS DRAINAGE
WORKS IN THE TOWNSHIP OF WILMOT IN THE
REGIONAL MUNICIPALITY OF WATERLOO**

WHEREAS under Section 74 of the Drainage Act RSO 1990 Chapter D.17, The Township of Wilmot is responsible for the maintenance of drains constructed under Township By-laws passed under the Drainage Act;

AND WHEREAS the cost of drain maintenance is to be levied to lands and roads upstream of the point of maintenance in accordance with the current By-law applicable to the drain;

AND WHEREAS in 2013 and 2014 the Township Drainage Superintendent undertook drain maintenance on the drains as listed in Schedule A attached;

NOW THEREFORE the Council of The Corporation of the Township of Wilmot enacts as follows:

1. That the maintenance costs of the drains listed in Schedule A shall be levied to the assessed lands and roads in accordance with the provisions of the applicable Engineer's report and the By-law which adopted the report as listed in Schedule A;
2. That for eligible lands the final cost levied shall be reduced by the amount of grants received from OMAFRA under Section 85 of the Act;
3. That the maintenance costs to be levied for the various drains listed in Schedule A shall be as outlined in Schedule B attached and the amounts shown in Schedule B shall be due within 30 days of the date of the invoice for the amount owing, after which time the amount due will be added to the Township Tax Roll;
4. That assessments in Schedule B less than \$15 shall be paid from general funds of the Township of Wilmot.

This by-law comes into force on the passing thereof and may be cited as the "2014 Drain Maintenance Cost Levy on Various Drains" Bylaw.

READ a first and second time this 12th day of May, 2014.

READ a third time and finally passed in open Council this 12th day of May, 2014.

Clerk

Mayor

SCHEDULE A to Bylaw No. 2014-20

Wilmot Township Drain repairs for 2013/2014			
Drain	Bylaw	Cost	Work done
Wagner Drain Branch D	1326	\$ 502.44	Tile Repair – Lot 9, Con SSR
Don Myers Drain	96-8	\$ 34,571.69	Tile Repair – S pt Lot 2, Con 2 BLK A

SCHEDULE B to Bylaw No. 2014-20

Wagner Drain Branch D

Con	Lot	Roll No. (030-005)	(Owner 1969) Owner	Maintenance Assessment	Repair Assessment	1/3 Grant	NET
F	NSR	9	-104 T. & B. Pavlovic	55	76.76	25.59	51.17
F	NSR	9	-105 C.,C. & J. Venhuizen	91	127.01	42.33	84.68
Total Assessments on Lands:				146	203.77	67.92	135.85
Snyder's Road Region of Waterloo				214	298.67		298.67
TOTAL ASSESSMENTS				360	502.44	67.92	434.52

Notes:

1. In accordance with OMAFRA ADIP Policy both parcels qualify for the 1/3 grant
2. Maintenance assessment is from Wagner Drain report dated September 18, 1969, Wilmot Township Bylaw 1326

Don Myers Drain

Con Blk A	Lot	Roll No. (010-001)	Owner	Maintenance Assessment	Repair Assessment	1/3 Grant	NET
F	2	26	-093 D. Myers	640	957.21	319.07	638.14
F	2	26	-108 Myersview Farm Inc	4,207	6,292.15	2097.38	4,194.77
	2	26	-0108-10 M Townshend	109	163.02		163.02
F	2	25	-110 Myersview Farm Inc Century Oak Holdings Inc	4,956	7,412.39	2470.80	4,941.59
F	2	25	-111	6,627	9,911.60	3303.87	6,607.73
F	2	24	-112 M. & L. Sararus	14	20.94	6.98	13.96
F	2	24	-113 Three Star Turkeys Inc	463	692.48	230.83	461.65
F	2	24	-114 Three Star Turkeys Inc	286	427.75	142.58	285.17
F	2	24	-116 Birch Villa Farms Ltd	885	1,323.64	441.21	882.43
F	1	25	-176 K. Bean	2,178	3,257.50	1085.83	2,171.67
F	1	26	-177 T. & K. Wagler	749	1,120.23	373.41	746.82
Total Assessments on Lands:				21,114	31,578.91	10,471.96	21,106.95
Huron Road (Region Rd 2) Waterloo Region				41	61.32		61.32
Walker Road (Region Rd 3) Waterloo Region				1,266	1,893.48		1,893.48
Huron Road Wilmot Township				694	1,037.98		1,037.98
Total Assessments on Roads:				2,001	2,992.78	0.00	2,992.78
TOTAL ASSESSMENTS				23,115	34,571.69	10,471.96	24,099.73

Notes:

1. Schedule of assessment for maintenance is in Don Myers Drain report dated November 27, 1995, Bylaw 96-8
Maintenance assessment is from Schedule B Main Drain column titled "409 to 415=000 to 430 (Cressmeadow)", revised by CoR March 18, 1996
2. Parcels noted with an "F" are eligible for the 1/3 grant under the OMAFRA ADIP policy

**THE CORPORATION OF THE TOWNSHIP OF WILMOT
BY-LAW NO. 2014-21**

**BY-LAW TO AUTHORIZE THE EXECUTION OF AN
AGREEMENT AS MORE PARTICULARLY SET FORTH
IN SCHEDULE "A" ATTACHED**

WHEREAS the Municipal Council of the Corporation of the Township of Wilmot is desirous of entering into an Agreement, a copy of which is attached as Schedule "A" to this By-law.

**THEREFORE THE MUNICIPAL COUNCIL OF THE CORPORATION OF
THE TOWNSHIP OF WILMOT ENACTS AS FOLLOWS:**

1. That the Agreement attached as Schedule "A" to this By-law be and the same is hereby accepted as approved.

2. That the Mayor and The Clerk are hereby authorized to execute under seal the said Agreement and all other documents and papers relating to this transaction.

READ a first and second time this 12th day of May, 2014.

READ a third time and finally passed in Open Council this 12th day of May, 2014.

Mayor

Clerk

TOWNSHIP OF WILMOT

BY-LAW NO. 2014-22

BY-LAW TO FURTHER AMEND BY-LAW NO. 83-38 OF THE TOWNSHIP OF WILMOT BEING A ZONING BY-LAW FOR THE SAID TOWNSHIP OF WILMOT.

WHEREAS The Corporation of the Township of Wilmot deems it desirable to further amend By-law No. 83-38, being a Zoning By-law for the said Township of Wilmot.

NOW THEREFORE THE MUNICIPAL COUNCIL OF THE CORPORATION OF THE TOWNSHIP OF WILMOT ENACTS AS FOLLOWS:

1. That the lands described on Schedule "A" and illustrated on Schedule "B" attached to and forming part of this by-law, are hereby removed from Zone 1 (Agricultural) and placed within Zone 8 (Commercial).
2. Notwithstanding the provisions of By-law 83-3, as amended, the following regulations shall apply to the lands described on Schedule "A" and illustrated on Schedule "B" attached to and forming part of this By-law:
 - a) the minimum front yard setback shall be 6.6m.
3. Except as amended by the preceding regulations, the lands described on Schedule "A" attached to and forming part of this by-law and shown on Schedule "B" attached to and forming part of this by-law, shall be subject to all other applicable regulations as set down in By-law No. 83-38, as amended.
4. This by-law shall come into effect on the final passing thereof by the Council of The Corporation of the Township of Wilmot subject to compliance with the provisions of The Planning Act, R.S.O., 1990 and amendments thereto.

READ a first and second time on the 12th day of May, 2014.

READ a third time and finally passed in Open Council on the 12th day of May, 2014.

MAYOR

CLERK

SCHEDULE "A"

ALL AND SINGULAR that certain parcel or tract of land and premises situate, lying and being in the Township of Wilmot, in the Regional Municipality of Waterloo and Province of Ontario being composed of Part of Lot 26, Concession South of Bleams Road in the said Township of Wilmot.

This is Schedule "A" to By-law No. 2014-22.

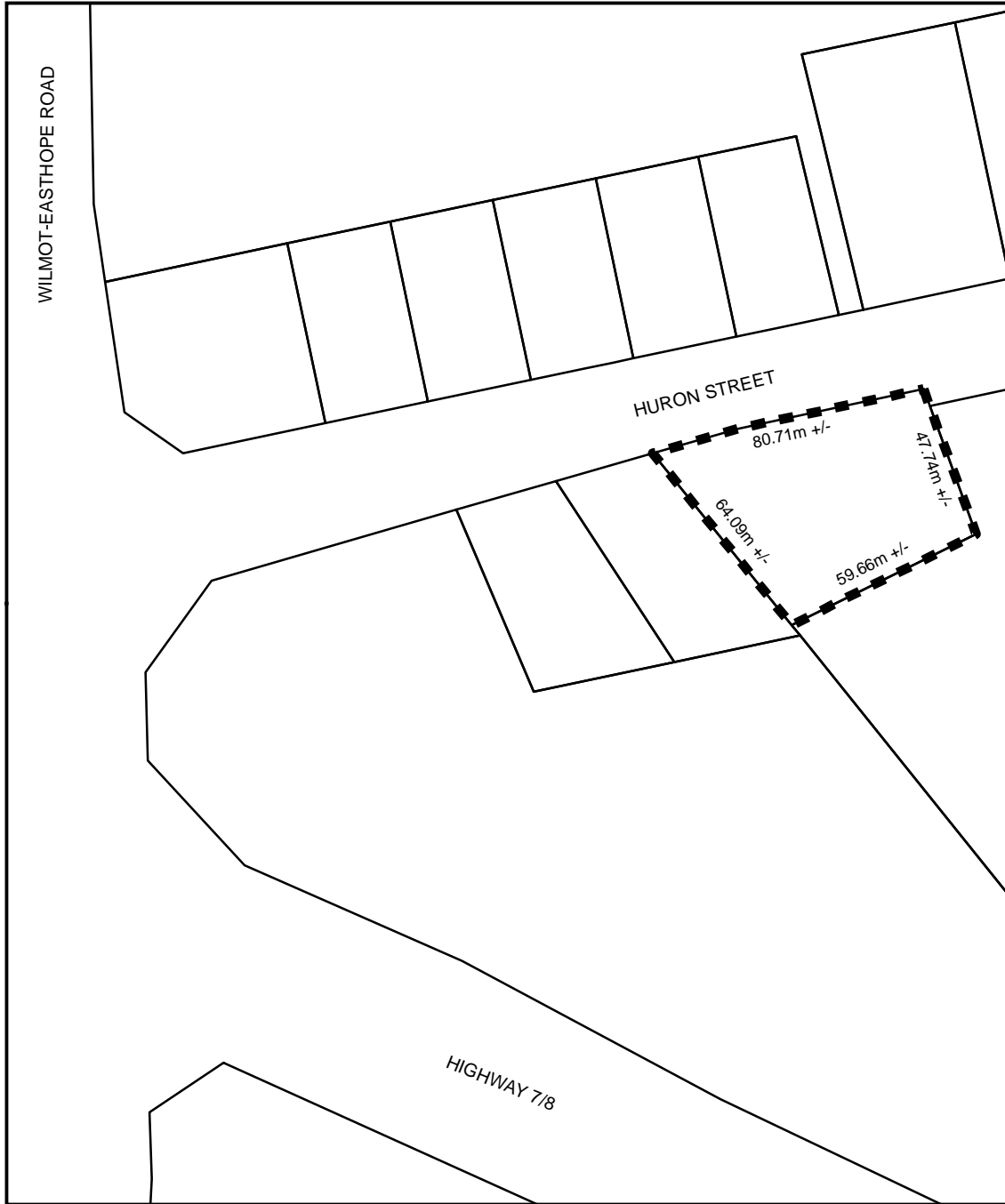
PASSED this 12th day of May, 2014.

MAYOR

CLERK

SCHEDULE "B"
PART OF LOT 26
CONCESSION SOUTH OF BLEAMS ROAD
TOWNSHIP OF WILMOT

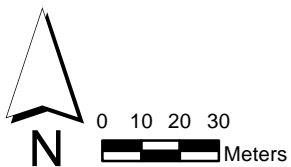
SUBJECT LANDS OUTLINED THUS: - - - - -



THIS IS SCHEDULE "B" TO BY-LAW NO. 2014-22
PASSED THIS 12TH DAY OF MAY, 2014.

MAYOR

CLERK



TOWNSHIP OF WILMOT

BY-LAW NO. 2014-23

BY-LAW TO FURTHER AMEND BY-LAW NO. 83-38 OF THE TOWNSHIP OF WILMOT BEING A ZONING BY-LAW FOR THE SAID TOWNSHIP OF WILMOT.

WHEREAS The Corporation of the Township of Wilmot deems it desirable to further amend By-law No. 83-38, being a Zoning By-law for the said Township of Wilmot.

NOW THEREFORE THE MUNICIPAL COUNCIL OF THE CORPORATION OF THE TOWNSHIP OF WILMOT ENACTS AS FOLLOWS:

1. That on the lands described on Schedule "A" and illustrated on Schedule "B" attached to and forming part of this by-law, one accessory building may be used for human habitation, but this shall not include a dwelling unit.
2. Notwithstanding the provisions of By-law 83-3, as amended, the following regulations shall apply to the lands described on Schedule "A" and illustrated on Schedule "B" attached to and forming part of this By-law:
 - a) the maximum lot coverage of all accessory buildings shall be 181m²; and,
 - b) the maximum height of one accessory building shall be 6.0m.
3. Except as amended by the preceding regulations, the lands described on Schedule "A" attached to and forming part of this by-law and shown on Schedule "B" attached to and forming part of this by-law, shall be subject to all other applicable regulations as set down in By-law No. 83-38, as amended.
4. This by-law shall come into effect on the final passing thereof by the Council of The Corporation of the Township of Wilmot subject to compliance with the provisions of The Planning Act, R.S.O., 1990 and amendments thereto.

READ a first and second time on the 12th day of May, 2014.

READ a third time and finally passed in Open Council on the 12th day of May, 2014.

MAYOR

CLERK

SCHEDULE "A"

ALL AND SINGULAR that certain parcel or tract of land and premises situate, lying and being in the Township of Wilmot, in the Regional Municipality of Waterloo and Province of Ontario being composed of Lot 5, Plan 58M-276 in the said Township of Wilmot.

This is Schedule "A" to By-law No. 2014-23.

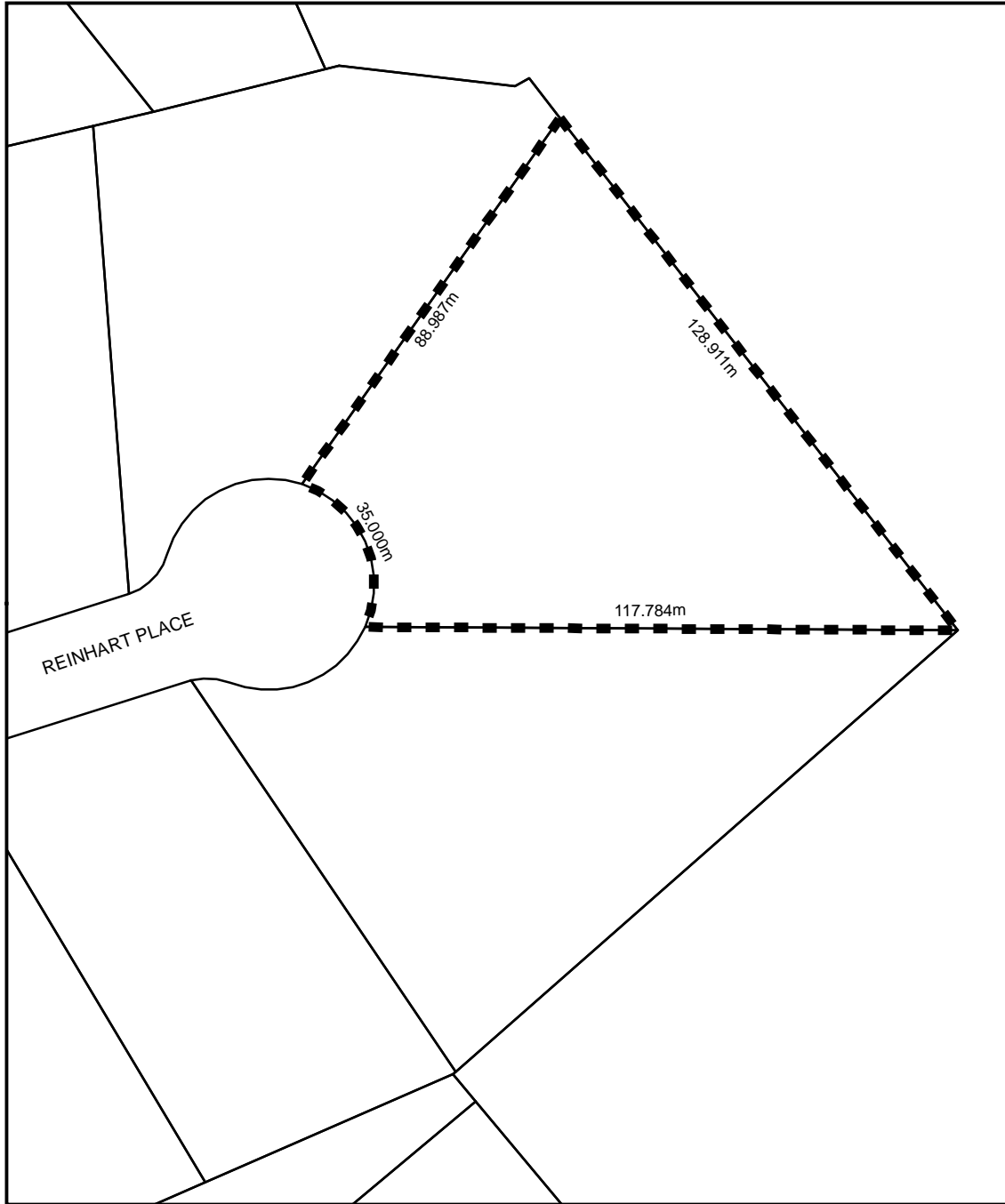
PASSED this 12th day of May, 2014.

MAYOR

CLERK

SCHEDULE "B"
LOT 5, PLAN 58M-276
TOWNSHIP OF WILMOT

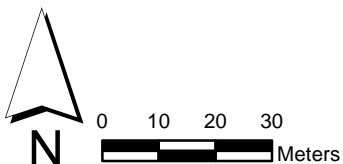
SUBJECT LANDS OUTLINED THUS: - - - - -



THIS IS SCHEDULE "B" TO BY-LAW NO. 2014-23
PASSED THIS 12TH DAY OF MAY, 2014.

MAYOR

CLERK



THE CORPORATION OF THE TOWNSHIP OF WILMOT

BY-LAW NO. 2014-24

**BY-LAW TO APPOINT
MUNICIPAL LAW ENFORCEMENT OFFICERS
FOR THE TOWNSHIP OF WILMOT**

WHEREAS Section 227, (c) of the Municipal Act, S.O. 2001, c. 25, as amended, allows for the appointment of Municipal Officers and Employees as may be necessary to carry out duties required under the Municipal Act or any Act and duties assigned by the municipality;

AND WHEREAS Section 12. 2. of the Dog Owners Liability Act, R.S.O. 1990, Chapter D.16, allows for the appointment of Peace Officers;

AND WHEREAS it is considered necessary and expedient to provide for the appointment of Municipal By-Law Enforcement Officers and Peace Officers in the Township of Wilmot;

NOW THEREFORE THE COUNCIL OF THE CORPORATION OF THE TOWNSHIP OF WILMOT ENACTS AS FOLLOWS:

1. That David Zeinstra be appointed as a Municipal Law Enforcement Officer for the Township of Wilmot, commencing June 2 until August 25, 2014.
2. That David Zeinstra be appointed as a Peace Officer under the Dog Owners Liability Act, R.S.O. 1990, Chapter D.16, Section 12. 2, commencing June 2 until August 25, 2014.
3. This By-law shall come into force and effect upon passage.

READ a first and second time this 12th day of May, 2014.

READ a third time and finally passed this 12th day of May, 2014.

Mayor

Clerk