

Financial Report

Township of Wainfleet

2013

Contents

	Page
Independent Auditor's Report	1-2
Consolidated Statement of Financial Position	3
Consolidated Statement of Operations	4
Consolidated Statement of Changes in Net Financial Assets	5
Consolidated Statement of Cash Flows	6
Notes to the Consolidated Financial Statements	7-19
Consolidated Schedule of Tangible Capital Assets	20-21
Consolidated Schedule of Segment Disclosure	22-23
Schedule of Segment Disclosure with Budget Information	24-27
 Trust Funds	
Independent Auditor's Report	28-29
Consolidated Statement of Operations	30
Consolidated Statement of Financial Position	30
Notes to the Consolidated Financial Statements	31

Independent auditor's report

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To the Members of Council, Inhabitants and Taxpayers of the
Corporation of the Township of Wainfleet

We have audited the accompanying consolidated financial statements of the Corporation of the Township of Wainfleet, which comprise the consolidated statement of financial position as at December 31, 2013, and the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated 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 the auditor's 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, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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 consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation of the Township of Wainfleet as at December 31, 2013, and the results of its operations, changes in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Grant Thornton LLP

Port Colborne, Canada
July 16, 2014

Chartered Accountants
Licensed Public Accountants

Township of Wainfleet Consolidated Statement of Financial Position

As at December 31 2013 2012

Financial assets

Cash and cash equivalents	\$ 1,905,429	\$ 1,048,906
Portfolio investments (Note 2)	32,180	31,381
Taxes receivable	1,382,999	1,196,800
Accounts receivable	<u>365,303</u>	<u>247,109</u>
	<u>3,685,911</u>	<u>2,524,196</u>

Liabilities

Accounts payable and accrued liabilities	683,588	602,112
Other liabilities	308,995	318,471
Deferred revenue for development purposes (Note 4)	209,125	113,249
Long term debt (Note 5)	291,621	215,790
Employee benefit obligations (Notes 6 and 14)	<u>141,059</u>	<u>146,438</u>
	<u>1,634,388</u>	<u>1,396,060</u>

Net financial assets

	<u>2,051,523</u>	<u>1,128,136</u>
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Non-financial assets

Tangible capital assets (Pages 20 and 21)	11,193,580	11,034,508
Other assets	<u>175,672</u>	<u>157,501</u>
	<u>11,369,252</u>	<u>11,192,009</u>

Accumulated surplus (Note 7)

	<u>\$ 13,420,775</u>	<u>\$ 12,320,145</u>
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Contingencies (Note 18)

Approved by

Chief Administrative Officer

Treasurer

See accompanying notes and schedules to the consolidated financial statements

Township of Wainfleet

Consolidated Statement of Operations

For the Year Ended December 31, 2013

	Budget <u>2013</u> (Note 16)	Actual <u>2013</u>	Actual <u>2012</u>
Revenue			
Taxation (Note 9)	\$ 4,566,640	\$ 4,613,104	\$ 4,267,439
User charges (Note 11)	680,859	920,096	596,423
Grants (Note 12)	767,547	791,945	829,637
Other (Note 13)	<u>291,210</u>	<u>391,771</u>	<u>347,300</u>
	<u>6,306,256</u>	<u>6,716,916</u>	<u>6,040,799</u>
Expenses			
General government	1,087,484	1,142,527	1,083,105
Protection to persons and property	1,055,814	854,162	859,201
Transportation services	2,212,514	2,106,671	1,944,287
Health services	201,400	201,910	207,579
Social and family services	12,700	12,210	10,200
Recreation and culture services	1,005,527	924,325	903,398
Planning and development	<u>293,545</u>	<u>374,481</u>	<u>415,497</u>
	<u>5,868,984</u>	<u>5,616,286</u>	<u>5,423,267</u>
Annual surplus	437,272	1,100,630	617,532
Accumulated surplus (Note 7)			
Beginning of year	<u>12,320,145</u>	<u>12,320,145</u>	<u>11,702,613</u>
End of year	<u>\$ 12,757,417</u>	<u>\$ 13,420,775</u>	<u>\$ 12,320,145</u>

See accompanying notes and schedules to the consolidated financial statements

Township of Wainfleet
Consolidated Statement of Changes in Net Financial Assets
For the Year Ended December 31, 2013

	Budget <u>2013</u> (Note 16)	Actual <u>2013</u>	Actual <u>2012</u>
Annual surplus	\$ 437,272	\$ 1,100,630	\$ 617,532
Amortization of tangible capital assets	836,150	836,144	797,869
Acquisition of tangible capital assets	(942,000)	(995,216)	(1,343,245)
Proceeds on sale of tangible capital assets	-	3,267	36,507
Gain on sale of tangible capital assets	-	(3,267)	(1,788)
	<u>331,422</u>	<u>941,558</u>	<u>106,875</u>
Use (acquisition) of inventory	-	678	(897)
Use (acquisition) of prepaid expenses	-	(18,849)	<u>523</u>
	-	(18,171)	(374)
Increase in net financial assets	331,422	923,387	106,501
Net financial assets			
Beginning of year	<u>1,128,136</u>	<u>1,128,136</u>	<u>1,021,635</u>
End of year	<u>\$ 1,459,558</u>	<u>\$ 2,051,523</u>	<u>\$ 1,128,136</u>

See accompanying notes and schedules to the consolidated financial statements

Township of Wainfleet

Consolidated Statement of Cash Flows

For the Year Ended December 31

2013

2012

Increase (decrease) in cash and cash equivalents

Operating activities		
Annual surplus	\$ 1,100,630	\$ 617,532
Non-cash items		
Amortization	836,144	797,869
Decrease (increase) in taxes receivable	(186,199)	63,301
Decrease (increase) in accounts receivable	(118,194)	88,057
Increase in accounts payable and accrued liabilities	81,476	200,778
Increase (decrease) in other liabilities	(9,476)	82,521
Increase in deferred revenue for development purposes	95,876	36,999
Increase in other assets	<u>(18,171)</u>	<u>(374)</u>
	<u>1,782,086</u>	<u>1,886,683</u>
Capital activities		
Proceeds on sale of tangible capital assets	3,267	36,507
Gain on sale of tangible capital assets	(3,267)	(1,788)
Acquisition of tangible capital assets	<u>(995,216)</u>	<u>(1,343,245)</u>
	<u>(995,216)</u>	<u>(1,308,526)</u>
Financing activities		
Decrease in employee benefit obligations	(5,379)	(17,213)
Issue of long term debt	143,832	17,450
Repayment of long term debt	<u>(68,001)</u>	<u>(46,496)</u>
	<u>70,452</u>	<u>(46,259)</u>
Investing activities		
Decrease (increase) in long term investments	<u>(799)</u>	<u>3,781</u>
Net increase in cash and cash equivalents	856,523	535,679
Cash and cash equivalents		
Beginning of year	<u>1,048,906</u>	<u>513,227</u>
End of year	<u>\$ 1,905,429</u>	<u>\$ 1,048,906</u>

Cash and cash equivalents consist of:

Cash on hand	\$ 1,750	\$ 1,750
Balances with banks	<u>1,903,679</u>	<u>1,047,156</u>
	<u>\$ 1,905,429</u>	<u>\$ 1,048,906</u>

See accompanying notes and schedules to the consolidated financial statements

Township of Wainfleet

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2013

1. Significant accounting policies

The consolidated financial statements of the Corporation of the Township of Wainfleet (“the Municipality”) are prepared by management in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the Municipality are as follows:

(a) Reporting entity

The consolidated financial statements reflect the financial assets, liabilities, non-financial assets, revenues, expenses and changes in accumulated surplus of the reporting entity. The reporting entity is comprised of all organizations and enterprises accountable for the administration of their affairs and resources to the Municipality and which are owned or controlled by the Municipality. In addition to general government tax-supported operations, they include the following:

Wainfleet Public Library Board

Interdepartmental and organizational transactions and balances are eliminated.

The following joint local board is proportionality consolidated:

Niagara Central Airport Commission (Joint Board)

Related party transactions are eliminated (Note 17).

The statements exclude trust assets and activities that are administered for the benefit of external parties (Note 15).

(b) Basis of accounting

Sources of revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting records revenues in the period they are earned and measurable and expenses in the period the goods and services are acquired and a liability is incurred.

(c) Cash and cash equivalents

Cash and cash equivalents are represented by cash on hand, cash on deposit in chartered banks and investments that mature within three months.

(d) Portfolio investments

Portfolio investments are valued at the lower of cost and market value. Interest income is reported as revenue in the period earned.

Township of Wainfleet

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2013

1. Significant accounting policies (continued)

(e) Deferred revenue

Receipts that are restricted by legislation of senior governments or by agreement with external parties are deferred and reported as restricted revenues. When qualifying expenses are incurred, restricted revenues are brought into revenue. Revenues received in advance of expenses that will be incurred in a later period are deferred until they are earned by being matched against those expenses.

(f) Employee future benefits

The present value of the cost of providing employees with future benefit programs is expensed as employees earn these entitlements through service. Vacation entitlements are accrued for as entitlements are earned.

(g) Tangible capital assets

Tangible capital assets are recorded at cost. Cost includes all directly attributable expenses in the acquisition, construction, development and/or betterment of the asset required to install the asset at the location and in the condition necessary for its intended use. Contributed tangible capital assets are capitalized at their estimated fair value upon acquisition.

The Municipality capitalizes interest as part of the costs of its capital assets.

Works of art for display in municipal property are not included as capital assets. The works of art are held for exhibition, educational and historical interest. Such assets are deemed worthy of preservation because of the social rather than financial benefits they provide to the community. The cost of art is not determinable or relevant to their significance. No valuation of the collection has been conducted or disclosed in the consolidated financial statements.

Leases are classified as capital or operating leases. Leases that transfer substantially all benefits incidental to ownership are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

Amortization is calculated on a straight-line basis to write-off the net cost of each asset over its estimated useful life for all classes except land. Land is considered to have an infinite life without amortization. Residual values of assets are assumed to be zero with any net gain or loss arising from the disposal of assets recognized in the statement of operations as "other revenue".

<u>Classification</u>	<u>Useful Life</u>
Land improvements	10 to 50 years
Buildings	20 to 50 years
Machinery and equipment	5 to 20 years
Infrastructure	5 to 50 years
Vehicles	10 to 20 years

Township of Wainfleet

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2013

1. Significant accounting policies (continued)

(g) Tangible capital assets (continued)

Full year amortization is charged in the year of acquisition and no amortization is taken in year of disposal. Assets under construction are not amortized until the asset is available for productive use.

(h) Inventories

Inventories held for consumption are recorded at the lower of cost and net realizable value.

(i) Reserves for future expenses

Certain amounts, as approved by Council, are set aside in reserves and reserve funds for future operating and capital purposes.

(j) Revenue recognition

i) Taxation

Property tax billings are prepared by the Municipality based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC"). Tax rates are established annually by Council, incorporating amounts to be raised for local services and amounts the Municipality is required to collect on behalf of the Region of Niagara and the Province of Ontario in respect of education taxes. Realty taxes are billed based on the assessment rolls provided by MPAC. Taxation revenues are recorded at the time tax billings are issued.

A normal part of the assessment process is the issue of supplementary assessment rolls which provide updated information with respect to changes in property assessment. Once a supplementary roll is received, the Municipality determines the taxes applicable and renders supplementary tax billings. Assessments of the related property taxes are subject to appeal. Any supplementary billing adjustments made necessary by the determination of such changes will be recognized in the fiscal year they are determined and the effect shared with the Region of Niagara and school boards, as appropriate.

ii) User charges

User charges are recognized when the services are performed or goods are delivered and there is reasonable assurance of collection.

iii) Government transfers

Government transfers are recognized in the consolidated financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be made.

iv) Other

Other revenue is recorded when it is earned and collection is reasonably assured.

Township of Wainfleet

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2013

1. Significant accounting policies (continued)

(j) Revenue recognition (continued)

v) Investment income

Investment income earned on operating surplus funds and reserves and reserve funds (other than obligatory reserve funds) are recorded as revenue in the period earned. Investment income earned on obligatory reserve funds are recorded directly to each respective fund balance and forms part of the deferred revenue – obligatory reserve funds balance.

(k) Region and school board transactions

The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards and the Region of Niagara are not reflected in the accumulated surplus of these consolidated financial statements.

(l) Use of estimates and measurement uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Portfolio investments

Portfolio investments consist of Municipal Government Bonds and Canadian Government Bonds. Portfolio investments reported on the Consolidated Statement of Financial Position have a market value of \$ 33,558 (2012 - \$ 31,869).

3. Credit facilities

The Municipality has an authorized operating line of credit due on demand of \$ 1,550,000 bearing interest at prime less 0.375% to assist with regular ongoing working capital requirements. As at December 31, 2013, \$ Nil has been drawn on the operating line. The operating line is secured by a borrowing by-law containing a pledge of revenues.

4. Deferred revenue for development purposes

	<u>2013</u>	<u>2012</u>
Lot levies and subdivider contributions	\$ 35,695	\$ 32,381
Development charges	<u>173,430</u>	<u>80,868</u>
	<u>\$ 209,125</u>	<u>\$ 113,249</u>

Township of Wainfleet

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2013

5. Long term debt	<u>2013</u>	<u>2012</u>
(a) The balance of net long term debt reported on the Consolidated Statement of Financial Position is made up of the following:		
Long term debt incurred by the Municipality	\$ 284,670	\$ 205,401
Capital lease obligation	6,951	10,389
Long term debt issued by the Region of Niagara which the Municipality has assumed responsibility for the payment of principal and interest. The Municipality is contingently liable for these long term debts related to tile drainage and shoreline property assistance loans	67,147	79,189
Of the long term debt shown above, the responsibility for payment of principal and interest charges for tile drainage and shoreline property assistance loans has been assumed by individuals	<u>(67,147)</u>	<u>(79,189)</u>
Net long term debt	<u>\$ 291,621</u>	<u>\$ 215,790</u>

(b) The net long term debt:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Maturity Dates</u>	<u>2013</u>	<u>2012</u>
Excavator	4.50	2018	\$ 91,848	\$ 107,914
Grader	4.50	2014	9,160	17,925
Fire Truck	4.50	2020	125,799	-
Pickup truck	4.00	2017	14,228	17,450
Zamboni	5.00	2013	-	5,036
International Workstar	4.00	2016	43,635	57,076
Leased equipment - photocopiers	Various	2013-2016	<u>6,951</u>	<u>10,389</u>
			<u>\$ 291,621</u>	<u>\$ 215,790</u>

(c) Principal repayments in each of the next five years are due as follows:

2014	\$ 61,804
2015	54,523
2016	55,003
2017	61,262
2018	19,049
2019+	39,980

(d) Interest paid during the year amounted to \$ 14,707 (2012 - \$ 10,964).

Township of Wainfleet

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2013

6. Employee benefit obligations	<u>2013</u>	<u>2012</u>
Post-employment benefits	<u>\$ 141,059</u>	<u>\$ 146,438</u>

Employees eligible to retire under the OMERS retirement provisions are eligible to receive medical and life insurance benefits to the age of sixty-five. The Municipality pays the total premiums for such benefits.

The post-employment benefits obligation is calculated using the average age and average service life of the applicable employees. The obligation is calculated using an extrapolation of current medical and life insurance premiums and estimated benefits to be paid to current retirees.

The Municipality's obligation under the post-employment provision of employment agreements will be funded out of future revenue.

7. Accumulated surplus	<u>2013</u>	<u>2012</u>
Consists of:		
Surpluses (deficits)		
Township	\$ (353,372)	\$ (645,520)
Library	-	-
Niagara Central Airport Commission (Note 17)	<u>3,761</u>	<u>5,201</u>
	<u>(349,611)</u>	<u>(640,319)</u>
Investment in tangible capital assets	<u>11,193,580</u>	<u>11,034,508</u>
Unfunded:		
Long term debt	(291,621)	(215,790)
Employee benefit obligations	<u>(141,059)</u>	<u>(146,438)</u>
	<u>(432,680)</u>	<u>(362,228)</u>
Reserves and reserve funds (Note 8)	<u>3,009,486</u>	<u>2,288,184</u>
	<u>\$ 13,420,775</u>	<u>\$ 12,320,145</u>

Township of Wainfleet

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2013

8. Reserves and reserve funds balances	<u>2013</u>	<u>2012</u>
Reserves set aside for specific purposes by Council		
Working capital	\$ 753,293	\$ 700,000
Building permits	51,109	29,927
Insurance	142,055	50,468
Winter control	150,000	100,000
Elections	37,500	25,000
Capital expenses	<u>1,875,247</u>	<u>1,382,523</u>
	3,009,204	2,287,918
Reserve funds		
Library donations	<u>282</u>	<u>266</u>
	\$ 3,009,486	\$ 2,288,184

9. Taxation	Budget <u>2013</u>	Actual <u>2013</u>	Actual <u>2012</u>
Real property	\$ 11,516,115	\$ 11,764,108	\$ 11,310,372
From other governments			
Payments in lieu of taxes	<u>9,000</u>	<u>25,047</u>	<u>22,037</u>
	<u>11,525,115</u>	<u>11,789,155</u>	<u>11,332,409</u>
Less: taxation collected on behalf of			
Region of Niagara (Note 10)	5,139,337	5,262,979	5,117,393
School boards (Note 10)	<u>1,819,138</u>	<u>1,913,072</u>	<u>1,947,577</u>
	<u>6,958,475</u>	<u>7,176,051</u>	<u>7,064,970</u>
Net taxes available for municipal purposes	<u>\$ 4,566,640</u>	<u>\$ 4,613,104</u>	<u>\$ 4,267,439</u>
Residential and farm	\$ 4,292,643	\$ 4,334,615	\$ 4,009,049
Commercial	210,029	214,521	199,338
Industrial	<u>63,968</u>	<u>63,968</u>	<u>59,052</u>
Net taxes available for municipal purposes	<u>\$ 4,566,640</u>	<u>\$ 4,613,104</u>	<u>\$ 4,267,439</u>

Township of Wainfleet

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2013

10. Collections for the Region of Niagara and school boards

Total taxation, user charges and development charges received or receivable on behalf of the Region of Niagara and the school boards were as follows:

	<u>2013</u>	<u>2012</u>
Region of Niagara	\$ 5,262,979	\$ 5,117,393
School boards	<u>1,913,072</u>	<u>1,947,577</u>
	<u>\$ 7,176,051</u>	<u>\$ 7,064,970</u>

The Municipality is required to levy and collect taxes on behalf of the Region of Niagara and the school boards. These taxes are recorded as revenue at the amounts levied. The taxes levied under the amounts requisitioned are recorded as accounts receivable.

11. User charges	Budget <u>2013</u>	Actual <u>2013</u>	Actual <u>2012</u>
Operating			
Fees and service charges	\$ 347,259	\$ 416,137	\$ 403,493
Licences and permits	<u>333,600</u>	<u>267,237</u>	<u>182,932</u>
	<u>680,859</u>	<u>683,374</u>	<u>586,425</u>
Capital			
Contributions from developers	-	-	9,998
Special charges	<u>-</u>	<u>236,722</u>	<u>-</u>
	<u>-</u>	<u>236,722</u>	<u>9,998</u>
	<u>\$ 680,859</u>	<u>\$ 920,096</u>	<u>\$ 596,423</u>

Township of Wainfleet

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2013

12. Grants	Budget <u>2013</u>	Actual <u>2013</u>	Actual <u>2012</u>
Operating			
Government of Canada	\$ -	\$ 1,232	\$ -
Province of Ontario	506,321	509,541	537,988
Other municipalities	<u>58,740</u>	<u>49,375</u>	<u>55,041</u>
	<u>565,061</u>	<u>560,148</u>	<u>593,029</u>
Capital			
Government of Canada	202,486	202,486	202,486
Province of Ontario	-	29,311	34,122
Other municipalities	<u>-</u>	<u>-</u>	<u>-</u>
	<u>202,486</u>	<u>231,797</u>	<u>236,608</u>
	<u>\$ 767,547</u>	<u>\$ 791,945</u>	<u>\$ 829,637</u>
13. Other revenue			
	Budget <u>2013</u>	Actual <u>2013</u>	Actual <u>2012</u>
Operating			
Penalties and interest on taxes	\$ 180,000	\$ 197,494	\$ 177,188
Fines	35,500	26,769	42,464
Rents and leases	3,880	10,216	9,784
Interest income	17,500	29,022	22,308
Interest income – reserves and reserve funds	-	16	10
Donations	3,000	9,501	4,816
Donations – reserves and reserve funds	-	125	260
Other	<u>51,330</u>	<u>79,361</u>	<u>68,682</u>
	<u>291,210</u>	<u>352,504</u>	<u>325,512</u>
Capital			
Contributed tangible capital assets	-	36,000	20,000
Gain on disposal of tangible capital assets	<u>-</u>	<u>3,267</u>	<u>1,788</u>
	<u>-</u>	<u>39,267</u>	<u>21,788</u>
	<u>\$ 291,210</u>	<u>\$ 391,771</u>	<u>\$ 347,300</u>

Township of Wainfleet

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2013

14. Pension agreements

The Municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of staff. The plan is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

Contributions to OMERS are made at rates ranging from 9% to 15.9% depending on the proposed retirement age and the level of earnings. As a result \$ 366,174 (2012 - \$ 346,354) was contributed to OMERS for current service, of which \$ 183,087 (2012 - \$ 173,177) represents the employees' portion.

15. Corporation of the Township of Wainfleet - Trust funds

Trust funds administered by the Municipality amounting to \$ 747,509 (2012 - \$ 603,251) have not been included in the Consolidated Statement of Financial Position nor have these operations been included in the Consolidated Statement of Operations.

16. Budget

The budget by-law adopted by Council on May 14, 2013 was not prepared on a basis consistent with that used to report actual results in accordance with Canadian public sector accounting standards. The budget was prepared on a modified accrual basis while Canadian public sector accounting standards require a full accrual basis. As a result, the budget figures presented in the Consolidated Statement of Operations and Consolidated Statement of Changes in Net Financial Assets represent the budget adopted by Council with the following adjustments:

Budgeted annual surplus (deficit)	\$	Nil
Add:		
Acquisition of tangible capital assets		942,000
Transfers to reserves		443,004
Repayment of long term debt		62,006
Less:		
Transfers from reserves		(173,588)
Amortization of tangible capital assets		<u>(836,150)</u>
Budgeted surplus per Consolidated Statement of Operations	\$	<u>437,272</u>

Township of Wainfleet

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2013

17. Niagara Central Airport Commission

Niagara Central Airport Commission operates a two runway airport offering a year round fixed base operation. The Commission is funded by the four nearby municipalities, City of Welland, City of Port Colborne, Town of Pelham and the Township of Wainfleet. The Township of Wainfleet has a non-controlling interest in the airport of 7%.

The following table provides condensed supplementary financial information for the Niagara Central Airport Commission:

	<u>2013</u>	<u>2012</u>
Financial assets		
Cash and temporary investments	\$ 62,900	\$ 62,860
Receivables	<u>8,192</u>	<u>9,897</u>
	<u>71,092</u>	<u>72,757</u>
Liabilities		
Accounts payable and accrued liabilities	<u>27,056</u>	<u>5,302</u>
Net financial assets	<u>44,036</u>	<u>67,455</u>
Non-financial assets		
Prepaid expenses	1,354	1,378
Fuel inventory	24,491	21,630
Tangible capital assets	<u>1,152,797</u>	<u>1,168,219</u>
	<u>1,178,642</u>	<u>1,191,227</u>
Accumulated surplus	<u>\$ 1,222,678</u>	<u>\$ 1,258,682</u>
Revenues		
Grants	\$ 78,530	\$ 75,810
Fuel and rentals	68,330	55,919
Property tax refund	39,746	
Interest	506	432
Expenses	<u>(223,116)</u>	<u>(137,534)</u>
Annual deficit	<u>\$ (36,004)</u>	<u>\$ (5,373)</u>

The financial position information is as reported by the Niagara Central Airport Commission as at December 31, 2013 and the results of operations are as reported for the year ended December 31, 2013. The comparative financial position and results of operations figures are as reported by the Niagara Central Airport Commission at December 31, 2012.

The Municipality has recorded in the financial statements its 7% share of the Niagara Central Airport Commissions' assets, liabilities, accumulated surplus, revenues, expenses, and annual surplus.

Township of Wainfleet

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2013

17. Niagara Central Airport Commission (continued)

The following summarizes the Municipality's related party transactions with the Niagara Central Airport Commission for the year. All transactions are in the normal course of operations, and are recorded at the exchange value based on normal commercial rates, or as agreed to by the parties.

	<u>2013</u>	<u>2012</u>
Grants	<u>\$ 7,394</u>	<u>\$ 5,306</u>

18. Contingencies

The Municipality is involved from time to time in litigation, which arises in the normal course of business. In respect of any outstanding claims, the Municipality believes that insurance coverage is adequate and that no material exposure exists on the eventual settlement of such litigation, therefore no provision has been made in the accompanying financial statements.

19. Financial instruments

The Municipality's financial instruments consist of cash, accounts receivable, temporary and long term investments, accounts payable, and long term debt. It is management's opinion that the Municipality is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values.

20. Segmented information

The Municipality provides a wide range of services to its citizens. Municipal services are provided by departments and their activities are reported in the Consolidated Statement of Operations. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

General government

General government is comprised of Council, administrative department and clerks department.

Protection to persons and property

Protection to persons and property is comprised of fire department, building department, by-law enforcement department and animal control.

Township of Wainfleet

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2013

20. Segmented information (continued)

Transportation services

Transportation services department is responsible for the delivery of public works services related to maintenance of roadway systems, maintenance of parks and open spaces, winter control, street lighting, air transportation and maintenance of municipal buildings.

Health services

Health services department is responsible for cemetery operations.

Social and family services

Social and family services department is responsible for providing grants to external agencies.

Recreation and culture services

Recreation and culture services department is responsible for the delivery and upkeep of all recreation programs and facilities including arena, recreation complex, parks and library.

Planning and development

Planning and development is responsible for providing planning and zoning advice to the residents of the Municipality and construction and maintenance of municipal drains.

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Taxation revenue is allocated to segments based on budgeted amounts with any supplementary tax revenue being allocated to the general government segment.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1. The consolidated schedules of segment disclosure and the schedules of segment disclosure with budget information follow the notes.

Township of Wainfleet Consolidated Schedule of Tangible Capital Assets

For the Year Ended December 31, 2013

	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings</u>	<u>Machinery and Equipment</u>	<u>Infrastructure</u>	<u>Vehicles</u>	<u>Construction in Process</u>	<u>2013</u>
Cost								
Beginning of year	\$ 611,948	\$ 819,532	\$ 2,393,780	\$ 2,340,017	\$ 11,968,670	\$ 1,874,291	\$ 100,018	\$ 20,108,256
Add additions	4,405	113,667	113,260	146,102	641,661	58,251	17,888	1,095,234
Less construction in process capitalized	-	-	-	-	-	-	(100,018)	(100,018)
Less disposals during the year	-	(23,673)	-	(77,634)	(281,645)	(34,306)	-	(417,258)
End of year	<u>616,353</u>	<u>909,526</u>	<u>2,507,040</u>	<u>2,408,485</u>	<u>12,328,686</u>	<u>1,898,236</u>	<u>17,888</u>	<u>20,686,214</u>
Accumulated amortization								
Beginning of year	-	465,762	1,251,118	1,047,075	5,439,775	870,018	-	9,073,748
Add amortization during the year	-	30,363	78,107	219,432	388,943	119,299	-	836,144
Less amortization on disposals	-	(23,673)	-	(77,634)	(281,645)	(34,306)	-	(417,258)
End of year	-	<u>472,452</u>	<u>1,329,225</u>	<u>1,188,873</u>	<u>5,547,073</u>	<u>955,011</u>	-	<u>9,492,634</u>
Net book value	<u>\$ 616,353</u>	<u>\$ 437,074</u>	<u>\$ 1,177,815</u>	<u>\$ 1,219,612</u>	<u>\$ 6,781,613</u>	<u>\$ 943,225</u>	<u>\$ 17,888</u>	<u>\$ 11,193,580</u>

The net book value of equipment under capital leases is \$ 3,453.

Township of Wainfleet Consolidated Schedule of Tangible Capital Assets

For the Year Ended December 31, 2012

	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings</u>	<u>Machinery and Equipment</u>	<u>Infrastructure</u>	<u>Vehicles</u>	<u>Construction in Process</u>	<u>2012</u>
Cost								
Beginning of year	\$ 611,769	\$ 789,488	\$ 2,281,684	\$ 2,217,867	\$ 11,513,350	\$ 1,971,134	\$ 8,227	\$ 19,393,519
Add additions	179	30,044	112,096	283,357	625,922	199,856	91,791	1,343,245
Less disposals during the year	-	-	-	(161,207)	(170,602)	(296,699)	-	(628,508)
End of year	<u>611,948</u>	<u>819,532</u>	<u>2,393,780</u>	<u>2,340,017</u>	<u>11,968,670</u>	<u>1,874,291</u>	<u>100,018</u>	<u>20,108,256</u>
Accumulated amortization								
Beginning of year	-	435,296	1,178,549	972,510	5,230,072	1,053,241	-	8,869,668
Add amortization during the year	-	30,466	72,569	207,744	373,614	113,476	-	797,869
Less amortization on disposals	-	-	-	(133,179)	(163,911)	(296,699)	-	(593,789)
End of year	-	<u>465,762</u>	<u>1,251,118</u>	<u>1,047,075</u>	<u>5,439,775</u>	<u>870,018</u>	-	<u>9,073,748</u>
Net book value	<u>\$ 611,948</u>	<u>\$ 353,770</u>	<u>\$ 1,142,662</u>	<u>\$ 1,292,942</u>	<u>\$ 6,528,895</u>	<u>\$ 1,004,273</u>	<u>\$ 100,018</u>	<u>\$ 11,034,508</u>

The net book value of equipment under capital leases is \$ 5,166.

Township of Wainfleet

Consolidated Schedule of Segment Disclosure

For the year ended December 31, 2013

	General Government	Protection to Persons and Property	Transportation Services	Health Services	Social and Family Services	Recreation and Culture Services	Planning and Development	Eliminations	Consolidated
Revenues									
Taxation	\$ 466,301	\$ 645,075	\$ 2,415,348	\$ 165,972	\$ 12,829	\$ 707,862	\$ 199,717	\$ -	\$ 4,613,104
User charges	-	267,752	42,175	116,261	-	188,063	305,845	-	920,096
Grants	478,364	-	202,486	-	-	24,183	86,912	-	791,945
Other	261,399	30,250	473,254	21,680	-	36,137	1,600	(432,549)	391,771
	1,206,064	943,077	3,133,263	303,913	12,829	956,245	594,074	(432,549)	6,716,916
Expenses									
Salaries and benefits	637,927	440,661	771,417	159,945	-	573,092	207,069	-	2,790,111
Operating materials and supplies	407,410	274,766	1,186,032	25,888	-	249,020	163,181	(432,549)	1,873,748
Contracted services	22,891	-	8,004	-	-	-	-	-	30,895
Rent and financial expenses	6,733	-	-	-	-	-	-	-	6,733
External transfers to others	-	43,812	-	-	12,210	8,000	-	-	64,022
Amortization	67,566	89,078	565,745	16,077	-	93,447	4,231	-	836,144
Debt service	-	5,845	8,022	-	-	766	-	-	14,633
	1,142,527	854,162	2,539,220	201,910	12,210	924,325	374,481	(432,549)	5,616,286
Annual surplus	\$ 63,537	\$ 88,915	\$ 594,043	\$ 102,003	\$ 619	\$ 31,920	\$ 219,593	\$ -	\$ 1,100,630

Township of Wainfleet

Consolidated Schedule of Segment Disclosure

For the year ended December 31, 2012

	General Government	Protection to Persons and Property	Transportation Services	Health Services	Social and Family Services	Recreation and Culture Services	Planning and Development	Eliminations	Consolidated
Revenues									
Taxation	\$ 333,998	\$ 599,951	\$ 2,307,077	\$ 110,090	\$ 10,251	\$ 696,859	\$ 209,213	\$ -	\$ 4,267,439
User charges	-	183,321	38,170	94,274	-	202,360	78,298	-	596,423
Grants	493,200	100	202,486	2,240	-	26,506	105,105	-	829,637
Other	241,891	22,045	405,362	20,672	-	53,596	1,720	(397,986)	347,300
	1,069,089	805,417	2,953,095	227,276	10,251	979,321	394,336	(397,986)	6,040,799
Expenses									
Salaries and benefits	622,908	504,749	735,258	165,404	-	576,195	229,177	-	2,833,691
Operating materials and supplies	376,313	217,144	1,023,053	31,743	-	223,254	182,358	(397,986)	1,655,879
Contracted services	19,602	-	8,007	-	-	-	-	-	27,609
Rent and financial expenses	3,489	-	-	-	-	-	-	-	3,489
External transfers to others	-	51,033	24,893	-	10,200	8,000	-	-	94,126
Amortization	60,587	86,275	541,470	10,432	-	94,782	3,962	-	797,508
Debt service	206	-	9,592	-	-	1,167	-	-	10,965
	1,083,105	859,201	2,342,273	207,579	10,200	903,398	415,497	(397,986)	5,423,267
Annual surplus (deficit)	\$ (14,016)	\$ (53,784)	\$ 610,822	\$ 19,697	\$ 51	\$ 75,923	\$ (21,161)	\$ -	\$ 617,532

Township of Wainfleet

Schedule of Segment Disclosure with Budget Information

For the Year Ended December 31, 2013

	Budget <u>2013</u>	Actual <u>2013</u>	Actual <u>2012</u>
General government			
Revenue			
Taxation	\$ 461,604	\$ 466,301	\$ 333,998
Grants	477,280	478,364	493,200
Other	<u>226,500</u>	<u>261,399</u>	<u>241,891</u>
	<u>1,165,384</u>	<u>1,206,064</u>	<u>1,069,089</u>
Expenses			
Salaries and benefits	659,690	637,927	622,908
Operating materials and supplies	333,194	407,410	376,313
Contracted services	20,500	22,891	19,602
Rent and financial expenses	6,500	6,733	3,489
Amortization	67,600	67,566	60,587
Debt service	<u>-</u>	<u>-</u>	<u>206</u>
	<u>1,087,484</u>	<u>1,142,527</u>	<u>1,083,105</u>
Annual surplus (deficit)	<u>\$ 77,900</u>	<u>\$ 63,537</u>	<u>\$ (14,016)</u>
<hr/>			
Protection to persons and property			
Revenue			
Taxation	\$ 638,578	\$ 645,075	\$ 599,951
User charges	334,100	267,752	183,321
Grants	-	-	100
Other	<u>17,250</u>	<u>30,250</u>	<u>22,045</u>
	<u>989,928</u>	<u>943,077</u>	<u>805,417</u>
Expenses			
Salaries and benefits	528,920	440,661	504,749
Operating materials and supplies	383,696	274,766	217,144
External transfers to others	46,650	43,812	51,033
Amortization	89,100	89,078	86,275
Debt service	<u>7,448</u>	<u>5,845</u>	<u>-</u>
	<u>1,055,814</u>	<u>854,162</u>	<u>859,201</u>
Annual surplus (deficit)	<u>\$ (65,886)</u>	<u>\$ 88,915</u>	<u>\$ (53,784)</u>

Township of Wainfleet

Schedule of Segment Disclosure with Budget Information

For the Year Ended December 31, 2013

	Budget <u>2013</u>	Actual <u>2013</u>	Actual <u>2012</u>
Transportation services			
Revenue			
Taxation	\$ 2,391,021	\$ 2,415,348	\$ 2,307,077
User charges	31,529	42,175	38,170
Grants	202,486	202,486	202,486
Other	<u>372,650</u>	<u>473,254</u>	<u>405,362</u>
	<u>2,997,686</u>	<u>3,133,263</u>	<u>2,953,095</u>
Expenses			
Salaries and benefits	750,155	771,417	735,258
Operating materials and supplies	1,248,646	1,186,032	1,023,053
Contracted services	8,250	8,004	8,007
External transfers to others	-	-	24,893
Amortization	569,150	565,745	541,470
Debt service	<u>8,463</u>	<u>8,022</u>	<u>9,592</u>
	<u>2,584,664</u>	<u>2,539,220</u>	<u>2,342,273</u>
Annual surplus	<u>\$ 413,022</u>	<u>\$ 594,043</u>	<u>\$ 610,822</u>
<hr/>			
Health services			
Revenue			
Taxation	\$ 164,300	\$ 165,972	\$ 110,090
User charges	92,000	116,261	94,274
Grants	-	-	2,240
Other	<u>19,000</u>	<u>21,680</u>	<u>20,672</u>
	<u>275,300</u>	<u>303,913</u>	<u>227,276</u>
Expenses			
Salaries and benefits	149,600	159,945	165,404
Operating materials and supplies	35,700	25,888	31,743
Amortization	<u>16,100</u>	<u>16,077</u>	<u>10,432</u>
	<u>201,400</u>	<u>201,910</u>	<u>207,579</u>
Annual surplus	<u>\$ 73,900</u>	<u>\$ 102,003</u>	<u>\$ 19,697</u>

Township of Wainfleet

Schedule of Segment Disclosure with Budget Information

For the Year Ended December 31, 2013

	Budget <u>2013</u>	Actual <u>2013</u>	Actual <u>2012</u>
Social and family services			
Revenue			
Taxation	\$ 12,700	\$ 12,829	\$ 10,251
Expenses			
External transfers to others	<u>12,700</u>	<u>12,210</u>	<u>10,200</u>
Annual surplus	<u>\$ -</u>	<u>\$ 619</u>	<u>\$ 51</u>
<hr/>			
Recreation and culture services			
Revenue			
Taxation	\$ 700,732	\$ 707,862	\$ 696,859
User charges	183,430	188,063	202,360
Grants	13,541	24,183	26,506
Other	<u>26,960</u>	<u>36,137</u>	<u>53,596</u>
	<u>924,663</u>	<u>956,245</u>	<u>979,321</u>
Expenses			
Salaries and benefits	568,230	573,092	576,195
Operating materials and supplies	335,645	249,020	223,254
External transfers to others	8,000	8,000	8,000
Amortization	93,400	93,447	94,782
Debt service	<u>252</u>	<u>766</u>	<u>1,167</u>
	<u>1,005,527</u>	<u>924,325</u>	<u>903,398</u>
Annual surplus (deficit)	<u>\$ (80,864)</u>	<u>\$ 31,920</u>	<u>\$ 75,923</u>

Township of Wainfleet
Schedule of Segment Disclosure with Budget Information

For the Year Ended December 31, 2013

	Budget <u>2013</u>	Actual <u>2013</u>	Actual <u>2012</u>
Planning and development			
Revenue			
Taxation	\$ 197,705	\$ 199,717	\$ 209,213
User charges	39,800	305,845	78,298
Grants	74,240	86,912	105,105
Other	<u>1,000</u>	<u>1,600</u>	<u>1,720</u>
	<u>312,745</u>	<u>594,074</u>	<u>394,336</u>
Expenses			
Salaries and benefits	193,400	207,069	229,177
Operating materials and supplies	99,345	163,181	182,358
Amortization	<u>800</u>	<u>4,231</u>	<u>3,962</u>
	<u>293,545</u>	<u>374,481</u>	<u>415,497</u>
Annual surplus (deficit)	<u>\$ 19,200</u>	<u>\$ 219,593</u>	<u>\$ (21,161)</u>

Independent auditor's report

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To the Members of Council, Inhabitants and Taxpayers of the
Corporation of the Township of Wainfleet

We have audited the accompanying consolidated financial statements of the trust funds of the Corporation of the Township of Wainfleet, which comprise the consolidated statement of financial position as at December 31, 2013, and the consolidated statement of operations for the year then ended, and a summary of significant accounting policies and other explanatory information. The consolidated financial statements have been prepared by management based on the financial reporting provisions prescribed for Ontario municipalities by the Ministry of Municipal Affairs and Housing.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated 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 the auditor's 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, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of the trust funds of the Corporation of the Township of Wainfleet as at December 31, 2013, and the results of its operations for the year then ended in accordance with the financial reporting provisions of the Ministry of Municipal Affairs and Housing.

Basis of accounting and restriction on use

Without modifying our opinion, we draw attention to Note 1 to the consolidated financial statements, which describes the basis of accounting. The consolidated financial statements are prepared to assist the trust funds of the Corporation of the Township of Wainfleet to comply with the reporting provisions of the Ministry of Municipal Affairs and Housing. As a result, the consolidated financial statements may not be suitable for another purpose. Our report is intended solely for the Township of Wainfleet and should not be used by parties other than the Township.

Grant Thornton LLP

Port Colborne, Canada
July 16, 2014

Chartered Accountants
Licensed Public Accountants

Township of Wainfleet Trust Funds

Consolidated Statement of Operations

For the year ended December 31, 2013

	<u>Total</u>	<u>Cemetery Perpetual Care Fund</u>	<u>Cemetery Care and Mtc. Fund</u>
Revenue			
Perpetual care collections	\$ 22,211	\$ 17,610	\$ 4,601
Interest earned	21,680	19,193	2,487
Maple Lawn Cemetery dissolution	<u>122,047</u>	<u>98,531</u>	<u>23,516</u>
	165,938	135,334	30,604
Expenses			
Transfer to revenue	<u>(21,680)</u>	<u>(19,193)</u>	<u>(2,487)</u>
Annual surplus	144,258	116,141	28,117
Accumulated surplus			
Beginning of year	<u>603,251</u>	<u>507,850</u>	<u>95,401</u>
End of year	<u>\$ 747,509</u>	<u>\$ 623,991</u>	<u>\$ 123,518</u>

Consolidated Statement of Financial Position

As at December 31, 2013

	<u>Total</u>	<u>Cemetery Perpetual Care Fund</u>	<u>Cemetery Care and Mtc. Fund</u>
Assets			
Cash	\$ 227,576	\$ 196,591	\$ 30,985
Investments, at cost			
Municipal - own	284,669	284,669	
- other	<u>256,944</u>	<u>161,924</u>	<u>95,020</u>
	<u>\$ 769,189</u>	<u>\$ 643,184</u>	<u>\$ 126,005</u>
Liabilities			
Due to Municipality	\$ 21,680	\$ 19,193	\$ 2,487
Fund balance	<u>747,509</u>	<u>623,991</u>	<u>123,518</u>
	<u>\$ 769,189</u>	<u>\$ 643,184</u>	<u>\$ 126,005</u>

See accompanying notes to the consolidated financial statements

Township of Wainfleet

Trust Funds

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2013

1. Accounting policies

The consolidated financial statements of the Trust Funds of the Corporation of the Township of Wainfleet are prepared by management in accordance with accounting policies prescribed for Ontario municipalities by the Ministry of Municipal Affairs. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgements.

Basis of accounting

Income and capital receipts are reported on the cash basis.

Expenses are reported on the cash basis of accounting with the exception of administrative expenses which are reported on the accrual basis of accounting, which recognizes expenses as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

2. Investments

The investments of \$ 541,613 (2012 - \$ 566,105) reported on the Consolidated Statement of Financial Position are recorded at cost and have a market value of \$ 544,320 (2012 - \$ 565,899) at the end of the year. Included in investments are debentures issued by the Township of Wainfleet totaling \$ 284,669 (2012 - \$ 205,401).