

Financial Report

Township of Wainfleet

2014

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	7-20
Consolidated Schedule of Tangible Capital Assets	21-22
Consolidated Schedule of Segment Disclosure	23-24
Consolidated Schedule of Segment Disclosure with Budget Information	25-28
 Trust Funds	
Independent Auditor's Report	29-30
Consolidated Statement of Operations	31
Consolidated Statement of Financial Position	31
Notes to the Consolidated Financial Statements	32



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, 2014, 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, 2014, and the results of its operations, changes in net assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Grant Thornton LLP

Port Colborne, Canada
September 16, 2015

Chartered Accountants
Licensed Public Accountants

Township of Wainfleet

Consolidated Statement of Financial Position

As at December 31

2014

2013

Financial assets

Cash and cash equivalents	\$ 2,961,455	\$ 1,905,429
Portfolio investments (Note 2)	32,928	32,180
Taxes receivable	1,362,612	1,382,999
Tile drain loans receivable	54,382	67,147
Accounts receivable	<u>260,796</u>	<u>365,303</u>
	<u>4,672,173</u>	<u>3,753,058</u>

Liabilities

Accounts payable and accrued liabilities	351,170	683,588
Other liabilities	372,383	308,995
Deferred revenue for development purposes (Note 4)	255,966	209,125
Long term debt (Note 5)	300,922	358,768
Employee benefit obligations (Notes 6 and 14)	<u>123,866</u>	<u>141,059</u>
	<u>1,404,307</u>	<u>1,701,535</u>

Net financial assets

	<u>3,267,866</u>	<u>2,051,523</u>
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Non-financial assets

Tangible capital assets (Pages 21 and 22)	10,997,921	11,193,580
Other assets	<u>177,580</u>	<u>175,672</u>
	<u>11,175,501</u>	<u>11,369,252</u>

Accumulated surplus (Note 7)

	<u>\$ 14,443,367</u>	<u>\$ 13,420,775</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, 2014

	Budget <u>2014</u> (Note 16)	Actual <u>2014</u>	Actual <u>2013</u>
Revenue			
Taxation (Note 9)	\$ 4,724,688	\$ 4,726,173	\$ 4,613,104
User charges (Note 11)	603,989	876,504	924,847
Government transfers (Note 12)	796,541	845,164	791,945
Other (Note 13)	<u>293,700</u>	<u>377,812</u>	<u>391,771</u>
	<u>6,418,918</u>	<u>6,825,653</u>	<u>6,721,667</u>
Expenses			
General government	1,089,274	1,024,360	1,142,527
Protection to persons and property	1,013,647	909,234	854,162
Transportation services	2,244,393	2,258,060	2,106,671
Health services	222,558	205,817	201,910
Social and family services	15,200	14,726	12,210
Recreation and culture services	994,380	933,508	924,325
Planning and development	<u>337,184</u>	<u>457,356</u>	<u>379,232</u>
	<u>5,916,636</u>	<u>5,803,061</u>	<u>5,621,037</u>
Annual surplus	502,282	1,022,592	1,100,630
Accumulated surplus (Note 7)			
Beginning of year	<u>13,420,775</u>	<u>13,420,775</u>	<u>12,320,145</u>
End of year	<u>\$ 13,923,057</u>	<u>\$ 14,443,367</u>	<u>\$ 13,420,775</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, 2014

	Budget 2014 (Note 16)	Actual 2014	Actual 2013
Annual surplus	\$ 502,282	\$ 1,022,592	\$ 1,100,630
Amortization of tangible capital assets	856,050	856,062	836,144
Acquisition of tangible capital assets	(1,003,000)	(694,655)	(995,216)
Proceeds on sale of tangible capital assets	-	28,578	3,267
Loss (gain) on sale of tangible capital assets	-	5,674	(3,267)
	<u>355,332</u>	<u>1,218,251</u>	<u>941,558</u>
(Acquisition) use of inventory	-	(640)	678
Acquisition of prepaid expenses	-	(1,268)	(18,849)
	-	(1,908)	(18,171)
Increase in net financial assets	355,332	1,216,343	923,387
Net financial assets			
Beginning of year	<u>2,051,523</u>	<u>2,051,523</u>	<u>1,128,136</u>
End of year	<u>\$ 2,406,855</u>	<u>\$ 3,267,866</u>	<u>\$ 2,051,523</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

2014

2013

Increase (decrease) in cash and cash equivalents

Operating activities		
Annual surplus	\$ 1,022,592	\$ 1,100,630
Non-cash items		
Amortization	856,062	836,144
Decrease (increase) in taxes receivable	20,387	(186,199)
Decrease in tile drain loans receivable	12,765	12,042
Decrease (increase) in accounts receivable	104,507	(118,194)
(Decrease) increase in accounts payable and accrued liabilities	(332,418)	81,476
Increase (decrease) in other liabilities	63,388	(9,476)
Increase in deferred revenue for development purposes	46,841	95,876
Increase in other assets	<u>(1,908)</u>	<u>(18,171)</u>
	<u>1,792,216</u>	<u>1,782,086</u>
Capital activities		
Proceeds on sale of tangible capital assets	28,578	3,267
Loss (gain) on sale of tangible capital assets	5,674	(3,267)
Acquisition of tangible capital assets	<u>(694,655)</u>	<u>(995,216)</u>
	<u>(660,403)</u>	<u>(995,216)</u>
Financing activities		
Decrease in employee benefit obligations	(17,193)	(5,379)
Issue of long term debt	21,639	143,832
Repayment of long term debt	<u>(79,485)</u>	<u>(68,001)</u>
	<u>(75,039)</u>	<u>70,452</u>
Investing activities		
Increase in portfolio investments	<u>(748)</u>	<u>(799)</u>
Net increase in cash and cash equivalents	1,056,026	856,523
Cash and cash equivalents		
Beginning of year	<u>1,905,429</u>	<u>1,048,906</u>
End of year	<u>\$ 2,961,455</u>	<u>\$ 1,905,429</u>

Cash and cash equivalents consist of:

Cash on hand	\$ 1,750	\$ 1,750
Balances with banks	<u>2,959,705</u>	<u>1,903,679</u>
	<u>\$ 2,961,455</u>	<u>\$ 1,905,429</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, 2014

1. Significant accounting policies

Management responsibility

The consolidated financial statements of the Township of Wainfleet ("Municipality") are the responsibility of and prepared by management in accordance with Canadian public sector accounting standards. The preparation of the consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The significant accounting policies used 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.

Township of Wainfleet

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2014

1. Significant accounting policies (continued)

(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.

(e) Tile drain loans receivable

Tile drain loans are issued to landowners at the same terms as the loans the Township receives from the Region of Niagara.

(f) 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.

(g) 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.

(h) 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 Consolidated Statement of Operations as "other revenue".

Township of Wainfleet

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2014

1. Significant accounting policies (continued)

(h) Tangible capital assets (continued)

<u>Classification</u>	<u>Useful Life</u>
Land improvements	10 to 50 years
Buildings	20 to 50 years
Machinery and equipment	4 to 20 years
Infrastructure	5 to 50 years
Vehicles	10 to 20 years

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.

(i) Inventories

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

(j) Reserves for future expenses

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

(k) 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.

Township of Wainfleet

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2014

1. Significant accounting policies (continued)

(k) Revenue recognition (continued)

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.

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.

(l) 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.

(m) 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 \$ 35,754 (2013 - \$ 33,558).

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, 2014, \$ Nil has been drawn on the operating line. The operating line is secured by a borrowing by-law containing a pledge of revenues.

Township of Wainfleet

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2014

4. Deferred revenue for development purposes	<u>2014</u>	<u>2013</u>
Lot levies and subdivider contributions	\$ 36,488	\$ 35,695
Gas tax	5,410	-
Development charges	<u>214,068</u>	<u>173,430</u>
	<u>\$ 255,966</u>	<u>\$ 209,125</u>

The deferred revenue is made up of the following:

Balance, beginning of year	\$ 209,125	\$ 113,249
Contributions from		
Development Charges Act	39,769	92,026
Gas tax grants received		
Federal	5,410	-
Interest earned	1,662	1,350
Other revenue	<u>-</u>	<u>2,500</u>
Balance, end of year	<u>\$ 255,966</u>	<u>\$ 209,125</u>

5. Long term debt	<u>2014</u>	<u>2013</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	\$ 225,704	\$ 284,670
Capital lease obligations	20,836	6,951
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	<u>54,382</u>	<u>67,147</u>
Net long term debt	<u>\$ 300,922</u>	<u>\$ 358,768</u>

Township of Wainfleet

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2014

5. Long term debt (continued)

(b) The net long term debt:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Maturity Dates</u>	<u>2014</u>	<u>2013</u>
Excavator	4.50	2018	\$ 75,059	\$ 91,848
Grader	4.50	2014	-	9,160
Fire Truck	4.50	2020	110,112	125,799
Pickup truck	4.00	2017	10,877	14,228
International Workstar	4.00	2016	29,656	43,635
Leased equipment - photocopiers	Various	2018-2019	20,836	6,951
Tile drains	6.00	2015-2021	<u>54,382</u>	<u>67,147</u>
			<u>\$ 300,922</u>	<u>\$ 358,768</u>

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

2015	\$ 68,656
2016	67,704
2017	75,332
2018	27,563
2019	28,616

(d) Interest paid during the year amounted to \$ 18,691 (2013 - \$ 19,384).

6. Employee benefit obligations	<u>2014</u>	<u>2013</u>
Post-employment benefits	<u>\$ 123,866</u>	<u>\$ 141,059</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.

Township of Wainfleet

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2014

7. Accumulated surplus	<u>2014</u>	<u>2013</u>
Consists of:		
Surpluses (deficits)		
Township	\$ (178,643)	\$ (286,225)
Library	-	-
Niagara Central Airport Commission (Note 17)	<u>6,425</u>	<u>3,761</u>
	<u>(172,218)</u>	<u>(282,464)</u>
 Investment in tangible capital assets	 <u>10,997,921</u>	 <u>11,193,580</u>
 Unfunded:		
Long term debt	(300,922)	(358,768)
Employee benefit obligations	<u>(123,866)</u>	<u>(141,059)</u>
	<u>(424,788)</u>	<u>(499,827)</u>
 Reserves and reserve funds (Note 8)	 <u>4,042,452</u>	 <u>3,009,486</u>
	<u>\$ 14,443,367</u>	<u>\$ 13,420,775</u>

8. Reserves and reserve funds balances	<u>2014</u>	<u>2013</u>
Reserves set aside for specific purposes by Council		
Working capital	\$ 800,000	\$ 753,293
Building permits	34,290	51,109
Insurance	150,000	142,055
Winter control	150,000	150,000
Elections	37,500	37,500
Capital expenses	<u>2,870,353</u>	<u>1,875,247</u>
	<u>4,042,143</u>	<u>3,009,204</u>
 Reserve funds		
Library donations	<u>309</u>	<u>282</u>
	<u>\$ 4,042,452</u>	<u>\$ 3,009,486</u>

Township of Wainfleet

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2014

9. Taxation	Budget <u>2014</u>	Actual <u>2014</u>	Actual <u>2013</u>
Real property	\$ 11,777,174	\$ 11,912,640	\$ 11,764,108
From other governments			
Payments in lieu of taxes	<u>11,000</u>	<u>27,692</u>	<u>25,047</u>
	<u>11,788,174</u>	<u>11,940,332</u>	<u>11,789,155</u>
Less: taxation collected on behalf of			
Region of Niagara (Note 10)	5,258,088	5,332,162	5,262,979
School boards (Note 10)	<u>1,805,398</u>	<u>1,881,997</u>	<u>1,913,072</u>
	<u>7,063,486</u>	<u>7,214,159</u>	<u>7,176,051</u>
Net taxes available for municipal purposes	<u>\$ 4,724,688</u>	<u>\$ 4,726,173</u>	<u>\$ 4,613,104</u>
Residential and farm	\$ 4,435,883	\$ 4,433,922	\$ 4,334,615
Commercial	221,143	222,306	214,521
Industrial	<u>67,662</u>	<u>69,945</u>	<u>63,968</u>
Net taxes available for municipal purposes	<u>\$ 4,724,688</u>	<u>\$ 4,726,173</u>	<u>\$ 4,613,104</u>

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>2014</u>	<u>2013</u>
Region of Niagara	\$ 5,332,162	\$ 5,262,979
School boards	<u>1,881,997</u>	<u>1,913,072</u>
	<u>\$ 7,214,159</u>	<u>\$ 7,176,051</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.

Township of Wainfleet

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2014

11. User charges	Budget <u>2014</u>	Actual <u>2014</u>	Actual <u>2013</u>
Operating			
Fees and service charges	\$ 402,189	\$ 422,350	\$ 420,888
Licences and permits	<u>201,800</u>	<u>222,679</u>	<u>267,237</u>
	<u>603,989</u>	<u>645,029</u>	<u>688,125</u>
Capital			
Special charges	<u>-</u>	<u>231,475</u>	<u>236,722</u>
	<u>\$ 603,989</u>	<u>\$ 876,504</u>	<u>\$ 924,847</u>
<hr/>			
12. Government transfers	Budget <u>2014</u>	Actual <u>2014</u>	Actual <u>2013</u>
Operating			
Government of Canada	\$ -	\$ 1,320	\$ 1,232
Province of Ontario	559,801	567,340	509,541
Other municipalities	<u>52,700</u>	<u>65,569</u>	<u>49,375</u>
	<u>612,501</u>	<u>634,229</u>	<u>560,148</u>
Capital			
Government of Canada	184,040	184,040	202,486
Province of Ontario	<u>-</u>	<u>26,895</u>	<u>29,311</u>
	<u>184,040</u>	<u>210,935</u>	<u>231,797</u>
	<u>\$ 796,541</u>	<u>\$ 845,164</u>	<u>\$ 791,945</u>

Township of Wainfleet

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2014

13. Other revenue	Budget <u>2014</u>	Actual <u>2014</u>	Actual <u>2013</u>
Operating			
Penalties and interest on taxes	\$ 185,000	\$ 211,465	\$ 197,494
Fines	30,250	33,418	26,769
Rents and leases	4,150	10,679	10,216
Interest income	21,000	39,022	29,022
Interest income – reserves and reserve funds	-	27	16
Donations	-	6,720	9,501
Donations – reserves and reserve funds	-	-	125
Other	<u>53,300</u>	<u>82,155</u>	<u>79,361</u>
	<u>293,700</u>	<u>383,486</u>	<u>352,504</u>
Capital			
Contributed tangible capital assets	-	-	36,000
(Loss) gain on disposal of tangible capital assets	<u>-</u>	<u>(5,674)</u>	<u>3,267</u>
	<u>-</u>	<u>(5,674)</u>	<u>39,267</u>
	<u>\$ 293,700</u>	<u>\$ 377,812</u>	<u>\$ 391,771</u>

14. Pension agreements

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

Since OMERS is a multi-employer pension plan, the Municipality does not recognize any share of the pension plan deficit of \$ 5.3 billion (2013 - \$ 8.3 billion) based on the fair market value of the plan's assets, as this is a joint responsibility of all Ontario municipal entities and their employees. Contributions were made in the 2014 calendar year at rates ranging from 9.0% to 15.9% depending on the member's designated retirement age and level of earnings. Employer contributions for current and past service are included as an expense in the Consolidated Statement of Operations. Employer contributions to OMERS for 2014 current and past service was \$ 191,515 (2013 - \$ 183,087) and were matched by employee contributions in a similar amount.

Township of Wainfleet

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2014

15. Corporation of the Township of Wainfleet - Trust funds

Trust funds administered by the Municipality amounting to \$ 778,454 (2013 - \$ 747,509) 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 13, 2014 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		1,003,000
Transfers to reserves		408,977
Repayment of long term debt		58,966
Less:		
Transfers from reserves		(112,611)
Amortization of tangible capital assets		<u>(856,050)</u>
Budgeted surplus per Consolidated Statement of Operations	\$	<u>502,282</u>

Township of Wainfleet

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2014

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>2014</u>	<u>2013</u>
Financial assets		
Cash and temporary investments	\$ 77,800	\$ 62,900
Receivables	<u>6,190</u>	<u>8,192</u>
	<u>83,990</u>	<u>71,092</u>
Liabilities		
Accounts payable and accrued liabilities	<u>11,029</u>	<u>27,056</u>
Net financial assets	<u>72,961</u>	<u>44,036</u>
Non-financial assets		
Prepaid expenses	1,354	1,354
Fuel inventory	33,625	24,491
Tangible capital assets	<u>1,147,210</u>	<u>1,152,797</u>
	<u>1,182,189</u>	<u>1,178,642</u>
Accumulated surplus	<u>\$ 1,255,150</u>	<u>\$ 1,222,678</u>
Revenues		
Grants	\$ 80,300	\$ 78,530
Fuel and rentals	121,987	68,330
Property tax refund	-	39,746
Interest	627	506
Expenses	<u>(170,442)</u>	<u>(223,116)</u>
Annual surplus (deficit)	<u>\$ 32,472</u>	<u>\$ (36,004)</u>

The financial position information is as reported by the Niagara Central Airport Commission as at December 31, 2014 and the results of operations are as reported for the year ended December 31, 2014. The comparative financial position and results of operations figures are as reported by the Niagara Central Airport Commission at December 31, 2013.

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, 2014

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>2014</u>	<u>2013</u>
Government transfers	<u>\$ 5,621</u>	<u>\$ 7,394</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. Comparative figures

Certain of the comparative figures have been reclassified to conform to the changes in the current year presentation.

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.

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.

Township of Wainfleet

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2014

20. Segmented information (continued)

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, 2014

Cost	<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>2014</u>
Beginning of year	\$ 616,353	\$ 909,526	\$ 2,507,040	\$ 2,408,485	\$ 12,328,686	\$ 1,898,236	\$ 17,888	\$ 20,686,214
Add additions	-	-	46,098	122,139	453,814	87,492	870	710,413
Less construction in process capitalized	-	-	-	-	-	-	(15,758)	(15,758)
Less disposals during the year	-	-	-	(144,719)	(166,582)	(50,953)	-	(362,254)
End of year	<u>616,353</u>	<u>909,526</u>	<u>2,553,138</u>	<u>2,385,905</u>	<u>12,615,918</u>	<u>1,934,775</u>	<u>3,000</u>	<u>21,018,615</u>
Accumulated amortization								
Beginning of year	-	472,452	1,329,225	1,188,873	5,547,073	955,011	-	9,492,634
Add amortization during the year	-	30,007	76,598	214,305	413,892	121,260	-	856,062
Less amortization on disposals	-	-	-	(132,625)	(152,986)	(42,391)	-	(328,002)
End of year	-	<u>502,459</u>	<u>1,405,823</u>	<u>1,270,553</u>	<u>5,807,979</u>	<u>1,033,880</u>	-	<u>10,020,694</u>
Net book value	<u>\$ 616,353</u>	<u>\$ 407,067</u>	<u>\$ 1,147,315</u>	<u>\$ 1,115,352</u>	<u>\$ 6,807,939</u>	<u>\$ 900,895</u>	<u>\$ 3,000</u>	<u>\$ 10,997,921</u>

The net book value of equipment under capital leases is \$ 15,144.

Township of Wainfleet Consolidated Schedule of Tangible Capital Assets

For the Year Ended December 31, 2013

Cost	<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>
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>-</u>	<u>472,452</u>	<u>1,329,225</u>	<u>1,188,873</u>	<u>5,547,073</u>	<u>955,011</u>	<u>-</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 Segment Disclosure

For the year ended December 31, 2014

	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	\$ 310,921	\$ 833,497	\$ 2,544,747	\$ 89,786	\$ 15,205	\$ 718,495	\$ 213,522	\$ -	\$ 4,726,173
User charges	-	224,374	40,734	131,575	-	187,747	292,074	-	876,504
Government transfers	534,320	5,011	184,041	-	-	22,852	98,940	-	845,164
Other	301,339	25,646	410,362	21,928	-	31,801	6,748	(420,012)	377,812
	1,146,580	1,088,528	3,179,884	243,289	15,205	960,895	611,284	(420,012)	6,825,653
Expenses									
Salaries and benefits	597,013	501,768	749,416	153,231	-	589,772	255,708	-	2,846,908
Operating materials and supplies	332,024	261,686	1,325,795	36,907	-	242,623	195,131	(420,012)	1,974,154
Contracted services	25,716	-	7,696	-	-	-	-	-	33,412
Rent and financial expenses	5,541	-	-	-	-	-	-	-	5,541
External transfers to others	-	44,567	-	-	14,726	9,000	-	-	68,293
Amortization	63,024	94,983	588,699	15,679	-	91,188	2,489	-	856,062
Debt service	1,042	6,230	6,466	-	-	925	4,028	-	18,691
	1,024,360	909,234	2,678,072	205,817	14,726	933,508	457,356	(420,012)	5,803,061
Annual surplus	\$ 122,220	\$ 179,294	\$ 501,812	\$ 37,472	\$ 479	\$ 27,387	\$ 153,928	\$ -	\$ 1,022,592

Township of Wainfleet Consolidated Schedule of Segment Disclosure

For the year ended December 31, 2013

	General Government	Protection and Property to Persons	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	310,596	-	924,847
Government transfers	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	598,825	(432,549)	6,721,667
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	4,751	-	19,384
	1,142,527	854,162	2,539,220	201,910	12,210	924,325	379,232	(432,549)	5,621,037
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 with Budget Information

For the Year Ended December 31, 2014

	Budget <u>2014</u>	Actual <u>2014</u>	Actual <u>2013</u>
General government			
Revenue			
Taxation	\$ 310,824	\$ 310,921	\$ 466,301
Government transfers	533,200	534,320	478,364
Other	<u>229,750</u>	<u>301,339</u>	<u>261,399</u>
	<u>1,073,774</u>	<u>1,146,580</u>	<u>1,206,064</u>
Expenses			
Salaries and benefits	692,600	597,013	637,927
Operating materials and supplies	303,174	332,024	407,410
Contracted services	22,500	25,716	22,891
Rent and financial expenses	8,000	5,541	6,733
Amortization	63,000	63,024	67,566
Debt service	<u>-</u>	<u>1,042</u>	<u>-</u>
	<u>1,089,274</u>	<u>1,024,360</u>	<u>1,142,527</u>
Annual surplus (deficit)	<u>\$ (15,500)</u>	<u>\$ 122,220</u>	<u>\$ 63,537</u>
<hr/>			
Protection to persons and property			
Revenue			
Taxation	\$ 833,235	\$ 833,497	\$ 645,075
User charges	227,200	224,374	267,752
Government transfers	-	5,011	-
Other	<u>17,250</u>	<u>25,646</u>	<u>30,250</u>
	<u>1,077,685</u>	<u>1,088,528</u>	<u>943,077</u>
Expenses			
Salaries and benefits	561,750	501,768	440,661
Operating materials and supplies	305,667	261,686	274,766
External transfers to others	45,000	44,567	43,812
Amortization	95,000	94,983	89,078
Debt service	<u>6,230</u>	<u>6,230</u>	<u>5,845</u>
	<u>1,013,647</u>	<u>909,234</u>	<u>854,162</u>
Annual surplus	<u>\$ 64,038</u>	<u>\$ 179,294</u>	<u>\$ 88,915</u>

Township of Wainfleet

Consolidated Schedule of Segment Disclosure with Budget Information

For the Year Ended December 31, 2014

	Budget <u>2014</u>	Actual <u>2014</u>	Actual <u>2013</u>
Transportation services			
Revenue			
Taxation	\$ 2,543,947	\$ 2,544,747	\$ 2,415,348
User charges	34,850	40,734	42,175
Government transfers	184,040	184,041	202,486
Other	<u>402,000</u>	<u>410,362</u>	<u>473,254</u>
	<u>3,164,837</u>	<u>3,179,884</u>	<u>3,133,263</u>
Expenses			
Salaries and benefits	803,685	749,416	771,417
Operating materials and supplies	1,237,268	1,325,795	1,186,032
Contracted services	8,300	7,696	8,004
Amortization	590,350	588,699	565,745
Debt service	<u>6,290</u>	<u>6,466</u>	<u>8,022</u>
	<u>2,645,893</u>	<u>2,678,072</u>	<u>2,539,220</u>
Annual surplus	<u>\$ 518,944</u>	<u>\$ 501,812</u>	<u>\$ 594,043</u>
Health services			
Revenue			
Taxation	\$ 89,758	\$ 89,786	\$ 165,972
User charges	92,000	131,575	116,261
Other	<u>25,000</u>	<u>21,928</u>	<u>21,680</u>
	<u>206,758</u>	<u>243,289</u>	<u>303,913</u>
Expenses			
Salaries and benefits	169,000	153,231	159,945
Operating materials and supplies	37,758	36,907	25,888
Amortization	<u>15,800</u>	<u>15,679</u>	<u>16,077</u>
	<u>222,558</u>	<u>205,817</u>	<u>201,910</u>
Annual surplus (deficit)	<u>\$ (15,800)</u>	<u>\$ 37,472</u>	<u>\$ 102,003</u>

Township of Wainfleet Consolidated Schedule of Segment Disclosure with Budget Information

For the Year Ended December 31, 2014

	Budget <u>2014</u>	Actual <u>2014</u>	Actual <u>2013</u>
Social and family services			
Revenue			
Taxation	\$ 15,200	\$ 15,205	\$ 12,829
Expenses			
External transfers to others	<u>15,200</u>	<u>14,726</u>	<u>12,210</u>
Annual surplus	<u>\$ -</u>	<u>\$ 479</u>	<u>\$ 619</u>
<hr/>			
Recreation and culture services			
Revenue			
Taxation	\$ 718,269	\$ 718,495	\$ 707,862
User charges	183,860	187,747	188,063
Government transfers	13,451	22,852	24,183
Other	<u>20,200</u>	<u>31,801</u>	<u>36,137</u>
	<u>935,780</u>	<u>960,895</u>	<u>956,245</u>
Expenses			
Salaries and benefits	576,650	589,772	573,092
Operating materials and supplies	317,630	242,623	249,020
External transfers to others	9,000	9,000	8,000
Amortization	91,100	91,188	93,447
Debt service	<u> </u>	<u>925</u>	<u>766</u>
	<u>994,380</u>	<u>933,508</u>	<u>924,325</u>
Annual surplus (deficit)	<u>\$ (58,600)</u>	<u>\$ 27,387</u>	<u>\$ 31,920</u>

Township of Wainfleet
Consolidated Schedule of Segment Disclosure with
Budget Information

For the Year Ended December 31, 2014

	Budget <u>2014</u>	Actual <u>2014</u>	Actual <u>2013</u>
Planning and development			
Revenue			
Taxation	\$ 213,455	\$ 213,522	\$ 199,717
User charges	66,079	292,074	310,596
Government transfers	65,850	98,940	86,912
Other	<u>1,000</u>	<u>6,748</u>	<u>1,600</u>
	<u>346,384</u>	<u>611,284</u>	<u>598,825</u>
Expenses			
Salaries and benefits	228,550	255,708	207,069
Operating materials and supplies	103,805	195,131	163,181
Amortization	800	2,489	4,231
Debt service	<u>4,029</u>	<u>4,028</u>	<u>4,751</u>
	<u>337,184</u>	<u>457,356</u>	<u>379,232</u>
Annual surplus	<u>\$ 9,200</u>	<u>\$ 153,928</u>	<u>\$ 219,593</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 financial statements of the Trust Funds of the Corporation of the Township of Wainfleet, which comprise the statement of financial position as at December 31, 2014, and the statement of operations for the year then ended, and a summary of significant accounting policies and other explanatory information. The 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 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 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 financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Trust Funds of the Corporation of the Township of Wainfleet as at December 31, 2014, 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 financial statements, which describes the basis of accounting. The 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 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
September 16, 2015

Chartered Accountants
Licensed Public Accountants

Township of Wainfleet Trust Funds

Consolidated Statement of Operations

For the year ended December 31, 2014

	<u>Total</u>	<u>Cemetery Perpetual Care Fund</u>	<u>Cemetery Care and Mtc. Fund</u>
Revenue			
Perpetual care collections	\$ 30,945	\$ 26,245	\$ 4,700
Interest earned	<u>21,928</u>	<u>19,425</u>	<u>2,503</u>
	52,873	45,670	7,203
Expenses			
Transfer to revenue	<u>21,928</u>	<u>19,425</u>	<u>2,503</u>
Annual surplus	30,945	26,245	4,700
Accumulated surplus			
Beginning of year	<u>747,509</u>	<u>623,991</u>	<u>123,518</u>
End of year	<u>\$ 778,454</u>	<u>\$ 650,236</u>	<u>\$ 128,218</u>

Consolidated Statement of Financial Position

As at December 31, 2014

	<u>Total</u>	<u>Cemetery Perpetual Care Fund</u>	<u>Cemetery Care and Mtc. Fund</u>
Assets			
Cash	\$ 311,443	\$ 277,844	\$ 33,599
Investments, at cost			
Municipal - own	225,704	225,704	
- other	<u>263,235</u>	<u>166,113</u>	<u>97,122</u>
	<u>\$ 800,382</u>	<u>\$ 669,661</u>	<u>\$ 130,721</u>
Liabilities			
Due to Municipality	\$ 21,928	\$ 19,425	\$ 2,503
Fund balance	<u>778,454</u>	<u>650,236</u>	<u>128,218</u>
	<u>\$ 800,382</u>	<u>\$ 669,661</u>	<u>\$ 130,721</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, 2014

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 \$ 488,939 (2013 - \$ 541,613) reported on the Consolidated Statement of Financial Position are recorded at cost and have a market value of \$ 497,985 (2013 - \$ 544,320) at the end of the year. Included in investments are debentures issued by the Township of Wainfleet totaling \$ 225,704 (2013 - \$ 284,669).