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**THE CORPORATION OF THE TOWNSHIP OF PUSLINCH  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

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**THE CORPORATION OF THE TOWNSHIP OF PUSLINCH**  
**INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2013**

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Council, Inhabitants and Ratepayers of The Corporation of the Township of Puslinch

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

### **Management's Responsibility for the Consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated financial statements.

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

### **Opinion**

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the The Corporation of the Township of Puslinch as at December 31, 2013 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Guelph, Ontario  
March 5, 2014

Chartered Accountants  
Licensed Public Accountants

**THE CORPORATION OF THE TOWNSHIP OF PUSLINCH  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2013**

	2013	2012
<b>FINANCIAL ASSETS</b>		
Cash	\$ 4,126,329	\$ 4,841,500
Taxes receivable	1,358,714	1,256,880
Accounts receivable	389,520	217,270
Portfolio investments	<u>0</u>	<u>64,208</u>
	<u>5,874,563</u>	<u>6,379,858</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	134,842	293,476
Grading deposits	258,110	244,110
Security deposits	1,485,495	2,049,192
Deferred revenue (schedule 3)	1,160,009	1,270,456
Long term debt (note 2)	<u>552,000</u>	<u>649,000</u>
	<u>3,590,456</u>	<u>4,506,234</u>
<b>NET FINANCIAL ASSETS</b>	<u>2,284,107</u>	<u>1,873,624</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (schedule 2)	<u>20,773,184</u>	<u>21,247,379</u>
<b>ACCUMULATED SURPLUS</b> (schedule 4)	<u>\$ 23,057,291</u>	<u>\$ 23,121,003</u>

**THE CORPORATION OF THE TOWNSHIP OF PUSLINCH**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

	<b>2013 Budget (note 3)</b>	<b>2013 Actual</b>	<b>2012 Actual</b>
<b>REVENUE</b>			
Taxation revenue	\$ 3,042,500	\$ 3,132,999	\$ 3,076,270
Taxation from special areas	0	111,122	98,548
Taxation from other governments	73,316	69,851	91,069
User charges	359,650	490,361	396,984
Licenses and permits	388,500	429,071	683,243
Ontario grants	447,772	606,726	456,487
County of Wellington grants	10,000	20,000	75,818
Penalties and interest on taxes	185,000	185,640	188,936
Investment income	47,100	73,212	47,261
Obligatory reserve fund revenue recognized	616,185	607,499	470,658
	<u>5,170,023</u>	<u>5,726,481</u>	<u>5,585,274</u>
<b>EXPENSES (schedule 1)</b>			
General government	1,377,630	1,160,162	1,211,507
Protection services	1,064,072	1,071,417	1,047,531
Transportation services	3,141,448	2,869,120	2,864,438
Recreation and cultural services	413,245	533,451	407,085
Planning and development	12,495	6,784	11,259
	<u>6,008,890</u>	<u>5,640,934</u>	<u>5,541,820</u>
<b>(LOSS) GAIN ON DISPOSAL OF TANGIBLE CAPITAL ASSETS</b>	<u>0</u>	<u>(149,259)</u>	<u>42,595</u>
<b>ANNUAL (DEFICIT) SURPLUS</b>	<u>\$ (838,867)</u>	<u>\$ (63,712)</u>	<u>\$ 86,049</u>
<b>ACCUMULATED SURPLUS at beginning of year</b>		\$ 23,121,003	\$ 23,034,954
Annual (deficit) surplus		<u>(63,712)</u>	<u>86,049</u>
<b>ACCUMULATED SURPLUS at end of year (schedule 4)</b>		<u>\$ 23,057,291</u>	<u>\$ 23,121,003</u>

**THE CORPORATION OF THE TOWNSHIP OF PUSLINCH**  
**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

	<b>2013 Budget (note 3)</b>	<b>2013 Actual</b>	<b>2012 Actual</b>
<b>ANNUAL (DEFICIT) SURPLUS</b>	\$ <u>(838,867)</u>	\$ <u>(63,712)</u>	\$ <u>86,049</u>
Acquisition of tangible capital assets	(1,662,600)	(1,571,979)	(1,246,085)
Amortization of tangible capital assets	1,907,637	1,894,326	1,907,637
Loss (gain) on disposal of tangible capital assets	0	149,259	(42,595)
Proceeds on disposal of tangible capital assets	<u>0</u>	<u>2,589</u>	<u>72,111</u>
	<u>245,037</u>	<u>474,195</u>	<u>691,068</u>
<b>(DECREASE) INCREASE IN NET FINANCIAL ASSETS</b>	\$ <u>(593,830)</u>	410,483	777,117
<b>NET FINANCIAL ASSETS at beginning of year</b>		<u>1,873,624</u>	<u>1,096,507</u>
<b>NET FINANCIAL ASSETS at end of year</b>		\$ <u>2,284,107</u>	\$ <u>1,873,624</u>

**THE CORPORATION OF THE TOWNSHIP OF PUSLINCH  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	2013	2012
<b>CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
Annual (deficit) surplus	\$ (63,712)	\$ 86,049
Items not requiring an outlay of cash		
Amortization of tangible capital assets	1,894,326	1,907,637
(Gain) loss on disposal of tangible capital assets	<u>149,259</u>	<u>(42,595)</u>
	<u>1,979,873</u>	<u>1,951,091</u>
Net changes in non-cash working capital		
Taxes receivable	(101,834)	68,128
Accounts receivable	(172,250)	(41,626)
Portfolio investments	64,208	23,033
Accounts payable and accrued liabilities	(158,634)	175,041
Grading deposits	14,000	5,500
Security deposits	(563,697)	1,934,746
Deferred revenue	<u>(110,447)</u>	<u>(39,895)</u>
	<u>(1,028,654)</u>	<u>2,124,927</u>
	951,219	4,076,018
<b>CASH PROVIDED BY (USED IN) CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(1,571,979)	(1,246,085)
Proceeds on disposal of tangible capital assets	<u>2,589</u>	<u>72,111</u>
	<u>(1,569,390)</u>	<u>(1,173,974)</u>
<b>CASH (USED IN) FINANCING ACTIVITIES</b>		
Long term debt	<u>(97,000)</u>	<u>(93,000)</u>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>		
	(715,171)	2,809,044
<b>CASH, beginning of year</b>	<u>4,841,500</u>	<u>2,032,456</u>
<b>CASH, end of year</b>	<u>\$ 4,126,329</u>	<u>\$ 4,841,500</u>

**THE CORPORATION OF THE TOWNSHIP OF PUSLINCH**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements of The Corporation of the Township of Puslinch are the representation of management prepared in accordance with Canadian generally accepted accounting principles for governments as recommended by the Public Sector Accounting Board. 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 judgments.

(a) **BASIS OF CONSOLIDATION**

- (i) These consolidated financial statements reflect the assets, liabilities, sources of financing and expenditures for the revenue fund, reserve funds and reserves and include the activities of all committees of Council and the boards and municipal enterprises, which are under the control of Council:

- (a) The Barber's Beach Street Lighting Area  
(b) The Cambridge Fire Protection Area

All interfund assets and liabilities and sources of financing and expenditures have been eliminated with the exception of loans or advances between reserve funds and any other fund of the municipality and the resulting interest income and expenditures.

- (ii) The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards and the County of Wellington are not reflected in the municipal fund balances of these consolidated financial statements.

(b) **BASIS OF ACCOUNTING**

- (i) Sources of financing and expenditures are reported on the accrual basis of accounting with the exception of principal and interest on long term liabilities which are recorded in the periods in which they are paid. The principal and interest charges are not accrued for the periods from the dates of the latest instalment payments to the end of the financial year.

- (ii) The accrual basis of accounting recognizes revenues as they become available and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(c) **PORTFOLIO INVESTMENTS**

The investments held by the municipality are recorded at cost.

(d) **DEFERRED REVENUE**

The revenue is reported on the Consolidated Statement of Operations in the year in which it is used for the specified purpose. Deferred revenue represents development charges and federal gas tax funding which have been received, but for which the related expenditures have not been incurred. These amounts will be recognized as revenue in the fiscal year in which the expenditures are incurred.



**THE CORPORATION OF THE TOWNSHIP OF PUSLINCH**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

(e) **NON-FINANCIAL ASSETS**

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the Change in Net Financial Assets for the year.

(i) **Tangible capital assets**

Tangible capital assets are recorded at cost which includes all amounts that are directly attributed to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital asset is amortized on a straight-line basis over their estimated useful life as follows:

Buildings	40 years
Vehicles	7 to 20 years
Furniture and equipment	5 to 20 years
Transportation	
Roads	10 to 50 years
Bridges and structures	20 to 50 years

Assets under construction are not amortized until the asset is available for productive use.

(ii) Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date received and also are recorded as revenue.

(iii) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property 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.

**2. LONG TERM DEBT**

The balance of long term debt on the Consolidated Statement of Financial Position is made up of the following:

	<b>2013</b>	<b>2012</b>
County of Wellington debenture, due July 2018, repayable in variable annual instalments (\$97,000 in 2013), at variable interest rates from 3.85% to 5.00%	\$ <u>552,000</u>	\$ <u>649,000</u>

Future minimum payments on long term obligations are as follows:

2014	\$ 101,000
2015	106,000
2016	110,000
2017	116,000
2018	<u>119,000</u>
	\$ <u>552,000</u>

**THE CORPORATION OF THE TOWNSHIP OF PUSLINCH**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

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**2. LONG TERM DEBT (continued)**

The annual principal and interest payments required to service the long term debt of the municipality are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

**3. BUDGET AMOUNTS**

Under Canadian public sector accounting standards, budget amounts are to be reported on the consolidated statement of operations and the consolidated statement of change in net financial assets for comparative purposes. The 2013 budget amounts for the Corporation of the Township of Puslinch approved by Council have been restated to conform to the basis of preparation of these consolidated financial statements.

**4. OPERATIONS OF THE SCHOOL BOARDS AND THE COUNTY OF WELLINGTON**

During the year, the following taxation revenue was raised and remitted to the school boards and the County of Wellington:

	<b>2013</b>	<b>2012</b>
School boards	\$ 5,400,365	\$ 5,889,070
County of Wellington	<u>11,921,946</u>	<u>11,642,693</u>
	<u>\$ 17,322,311</u>	<u>\$ 17,531,763</u>

**5. TANGIBLE CAPITAL ASSETS**

	<b>Net 2013</b>	<b>Net 2012</b>
General		
Land	\$ 1,229,008	\$ 1,229,008
Buildings	3,096,843	769,335
Vehicles	1,505,345	1,660,420
Furniture and equipment	146,664	143,099
Infrastructure		
Roads	10,441,047	11,415,656
Bridges and infrastructure	4,311,371	4,053,033
Assets under construction	<u>42,906</u>	<u>1,976,828</u>
	<u>\$ 20,773,184</u>	<u>\$ 21,247,379</u>

**6. SEGMENTED INFORMATION**

The Corporation of the Township of Puslinch is a diversified municipal government institution that provides a wide range of services to its citizens. For management reporting purposes, the municipality's operations and activities are organized and reported by fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

**THE CORPORATION OF THE TOWNSHIP OF PUSLINCH**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

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**6. SEGMENTED INFORMATION** (continued)

Municipal services are provided by departments and their activities are reported in these funds. Certain departments that have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

General Government

General Government relates to the revenues and expenses of Council and administration that relate to the governance and operations of the municipality itself and cannot be directly attributed to another specific department.

Protection Services

The mandate of the Protection Services department is to ensure the safety of the lives and properties of citizens.

The Fire Department is responsible for providing fire suppression services, fire prevention programs and for the training and education related to fire prevention. This department is also responsible for the detection or extinguishment of fires, handling of hazardous materials, the mitigation of calamitous incidents and for the evacuation of people when in charge at an incident.

Included in the Protection Services segment is the Building, Planning, Development and By-law enforcement of the Township. These departments provide diverse services including managing environmental concerns and heritage matters. They ensure an acceptable quality of building construction and maintenance of properties through enforcement of construction codes, building standards, and By-laws. They facilitate economic development by providing services for the approval of all land development plans, the application and enforcement of Zoning By-laws and the processing of building permit applications.

Transportation Services

The Public Works department is responsible for the design, construction and maintenance of Township roads, sidewalks, streetscapes, and streetlights.

Recreation and Cultural Services

The Recreation and Cultural Services department provides public services that contribute to neighbourhood development and sustainability through the provision of recreation and leisure services and the maintenance of parks and open space.

Planning Development Committees

The Planning and Development Committee makes recommendations to Council on planning applications such as Zoning By-law amendments and is a commenting agency to the County on land severance requests.

The Committee of Adjustment makes decisions on the granting of minor variances to the Township's Zoning By-law.

THE CORPORATION OF THE TOWNSHIP OF PUSLINCH  
 CONSOLIDATED SCHEDULE OF SEGMENTED DISCLOSURE  
 FOR THE YEAR ENDED DECEMBER 31, 2013

Schedule 1

	General Government	Protection Services	Transportation Services	Recreation and Cultural Services	Planning and Development	2013	2012
<b>EXPENSES</b>							
Salaries and benefits	\$ 595,985	\$ 571,131	\$ 485,091	\$ 155,818	\$ 4,182	\$ 1,812,207	\$ 1,643,140
Materials	118,316	174,660	498,737	102,635	0	894,348	915,936
Contracted services	217,109	230,933	261,783	90,037	2,602	802,464	621,561
Rents and financial expenses	32,483	0	0	0	0	32,483	226,620
Interest on long term debt	0	0	28,725	0	0	28,725	32,953
Amortization	19,888	94,693	1,594,784	184,961	0	1,894,326	1,907,637
External grants and levies	<u>176,381</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>176,381</u>	<u>193,973</u>
	<u>\$ 1,160,162</u>	<u>\$ 1,071,417</u>	<u>\$ 2,869,120</u>	<u>\$ 533,451</u>	<u>\$ 6,784</u>	<u>\$ 5,640,934</u>	<u>\$ 5,541,820</u>

See notes to the consolidated financial statements

**THE CORPORATION OF THE TOWNSHIP OF PUSLINCH**  
**CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

*Schedule 2*

	Land	Buildings	Vehicles	Furniture and equipment	Roads	Bridges and infrastructure	Assets under construction	2013	2012
<b>COST</b>									
Balance, beginning of year	\$ 1,229,008	\$ 1,704,021	\$ 3,112,266	\$ 963,797	\$ 39,330,075	\$ 5,962,546	\$ 1,976,828	\$ 54,278,541	\$ 53,530,738
Additions during the year	0	575,001	40,417	37,978	503,841	401,850	12,892	1,571,979	1,246,085
Disposals during the year	0	0	116,466	13,546	1,264,147	3,157	0	1,397,316	498,282
Other	0	1,946,814	0	0	0	0	(1,946,814)	0	0
Balance, end of year	<u>1,229,008</u>	<u>4,225,836</u>	<u>3,036,217</u>	<u>988,229</u>	<u>38,569,769</u>	<u>6,361,239</u>	<u>42,906</u>	<u>54,453,204</u>	<u>54,278,541</u>
<b>ACCUMULATED AMORTIZATION</b>									
Balance, beginning of year	0	934,686	1,451,846	820,698	27,914,419	1,909,513	0	33,031,162	31,592,291
Amortization	0	194,307	195,492	34,413	1,326,602	143,512	0	1,894,326	1,907,637
Accumulated amortization on disposals	0	0	116,466	13,546	1,112,299	3,157	0	1,245,468	468,766
Balance, end of year	<u>0</u>	<u>1,128,993</u>	<u>1,530,872</u>	<u>841,565</u>	<u>28,128,722</u>	<u>2,049,868</u>	<u>0</u>	<u>33,680,020</u>	<u>33,031,162</u>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>									
	<u>\$ 1,229,008</u>	<u>\$ 3,096,843</u>	<u>\$ 1,505,345</u>	<u>\$ 146,664</u>	<u>\$ 10,441,047</u>	<u>\$ 4,311,371</u>	<u>\$ 42,906</u>	<u>\$ 20,773,184</u>	<u>\$ 21,247,379</u>

See notes to the consolidated financial statements

THE CORPORATION OF THE TOWNSHIP OF PUSLINCH  
 CONSOLIDATED SCHEDULE OF DEFERRED REVENUE  
 FOR THE YEAR ENDED DECEMBER 31, 2013

Schedule 3

	Opening	Contributions Received	Investment Income	Revenue Recognized	2013 Ending	2012 Ending
<b>Obligatory Reserve Funds</b>						
Development charges	\$ 308,910	\$ 241,143	\$ 10,289	\$ (175,000)	\$ 385,342	\$ 308,910
Federal gas tax funding	712,996	205,185	3,743	(432,499)	489,425	712,996
Recreational land	<u>233,043</u>	<u>26,008</u>	<u>4,560</u>	<u>0</u>	<u>263,611</u>	<u>233,043</u>
	<u>1,254,949</u>	<u>472,336</u>	<u>18,592</u>	<u>(607,499)</u>	<u>1,138,378</u>	<u>1,254,949</u>
<b>Other</b>						
Deferred building permits	<u>15,507</u>	<u>21,631</u>	<u>0</u>	<u>(15,507)</u>	<u>21,631</u>	<u>15,507</u>
	<u>\$ 1,270,456</u>	<u>\$ 493,967</u>	<u>\$ 18,592</u>	<u>\$ (623,006)</u>	<u>\$ 1,160,009</u>	<u>\$ 1,270,456</u>

**THE CORPORATION OF THE TOWNSHIP OF PUSLINCH  
CONSOLIDATED SCHEDULE OF ACCUMULATED SURPLUS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

*Schedule 4*

	2013	2012
<b>SURPLUSES</b>		
Invested in tangible capital assets	\$ 20,221,184	\$ 20,598,379
Barber's Beach street lighting area	355	264
Cambridge fire area	2,495	2,312
General revenue fund	<u>603,341</u>	<u>627,133</u>
	<u>20,827,375</u>	<u>21,228,088</u>
<b>RESERVES</b>		
<b>Working Capital Reserves</b>		
Working capital reserve	196,465	134,660
General government reserve	<u>273,492</u>	<u>110,431</u>
	<u>469,957</u>	<u>245,091</u>
<b>Capital Reserves</b>		
Protective inspection reserve	528,023	536,972
Fire department reserve	208,273	138,782
Transportation reserve	949,693	821,070
Recreation reserve	<u>73,970</u>	<u>151,000</u>
	<u>1,759,959</u>	<u>1,647,824</u>
	<u>2,229,916</u>	<u>1,892,915</u>
	<u>\$ 23,057,291</u>	<u>\$ 23,121,003</u>

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