

Financial Statements of

**THE CORPORATION OF THE
TOWNSHIP OF WILMOT**

Year ended December 31, 2019

THE CORPORATION OF THE TOWNSHIP OF WILMOT

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THE CORPORATION OF THE TOWNSHIP OF WILMOT
SIX-YEAR FINANCIAL REVIEW (UNAUDITED)

(All dollar amounts are in (000's) of dollars, except per capita figures)

	2019	2018	2017	2016	2015	2014
POPULATION at the end of the year	21,850	21,643	21,429	21,151	20,982	20,828
AREA in acres at the end of the year	65,767	65,767	65,767	65,767	65,767	65,767
EMPLOYEES - continuous full time	66	65	62	62	61	60
NUMBER of households	7,991	7,757	7,681	7,581	7,520	7,465
ASSESSMENT - Taxable assessment upon which the year's rates of taxation were set						
Residential, multi-residential and farm	3,496,578	3,298,092	3,113,367	2,960,690	2,819,008	2,674,206
Commercial - all classes	140,862	132,920	131,630	128,835	116,868	111,762
Industrial - all classes	41,063	39,741	37,009	39,948	40,371	41,292
Pipeline & Managed Forests	16,570	15,070	13,740	12,984	11,877	11,451
Total	<u>3,695,073</u>	<u>3,485,823</u>	<u>3,295,746</u>	<u>3,142,457</u>	<u>2,988,124</u>	<u>2,838,711</u>
Per capita	\$ 169,111	\$ 161,060	\$ 153,798	\$ 148,573	\$ 142,414	\$ 136,293
Commercial and industrial, as a percentage of taxable assessment	5%	5%	5%	5%	5%	5%
Exempt assessment	\$ 118,614	\$ 114,627	\$ 110,821	\$ 114,611	\$ 110,791	\$ 99,241
TAX ARREARS - per capita	\$48.86	\$50.65	\$38.14	\$40.90	\$48.10	\$69.90
- percentage of current levy	3.26%	3.45%	2.66%	2.80%	3.39%	4.84%
EXPENDITURE -general municipal purposes	\$ 19,585	\$ 19,133	\$ 19,442	\$ 18,591	\$ 17,834	\$ 17,007
TRANSFERS TO THE REGION	\$ 17,943	\$ 17,287	\$ 16,766	\$ 16,394	\$ 15,949	\$ 15,431
TRANSFERS TO THE SCHOOL BOARDS	\$ 7,612	\$ 7,580	\$ 7,535	\$ 7,644	\$ 7,643	\$ 7,502
REVENUE FOR GENERAL MUNICIPAL SERVICES						
Taxation	\$ 8,116	\$ 7,870	\$ 7,592	\$ 7,419	\$ 7,153	\$ 6,950
Payment in lieu of taxes	173	163	161	160	157	153
Government grants	3,486	2,847	3,290	2,137	1,933	2,220
Fees and service charges	5,408	5,800	5,295	4,864	5,066	4,086
Equity income from Kitchener Power Corporation	786	849	785	806	850	823
Other	1,788	279	3,547	1,027	4,359	1,350
Total	<u>\$ 19,757</u>	<u>\$ 17,808</u>	<u>\$ 20,670</u>	<u>\$ 16,413</u>	<u>\$ 19,517</u>	<u>\$ 15,582</u>

THE CORPORATION OF THE TOWNSHIP OF WILMOT
SIX-YEAR FINANCIAL REVIEW (UNAUDITED)

(All dollar amounts are in (000's) of dollars, except per capita figures)

	2019	2018	2017	2016	2015	2014
NET LONG TERM LIABILITIES						
General municipal activities	\$0	\$0	\$0	\$0	\$0	\$0
- per capita	\$0	\$0	\$0	\$0	\$0	\$0
- percentage of taxable assessment	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
- Municipal enterprises	Nil	Nil	Nil	Nil	Nil	Nil
CHARGES FOR NET LONG TERM LIABILITIES						
General municipal activities	\$0	\$0	\$0	\$0	\$0	\$60
-per capita	\$0	\$0	\$0	\$0	\$0	\$3
-as a tax rate	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.021
ACCUMULATED SURPLUS						
- OPERATING FUND	\$7,145	\$5,459	\$5,157	\$1,677	\$706	\$1,175
- TANGIBLE CAPITAL ASSETS	\$135,773	\$137,684	\$139,955	\$143,567	\$146,639	\$101,630
- RESERVES AND RESERVE FUNDS	\$8,337	\$8,414	\$8,304	\$7,210	\$7,168	\$6,110
- KITCHENER POWER CORPORATION	\$18,439	\$17,965	\$17,432	\$16,972	\$16,508	\$15,963
DEFERRED REVENUES - obligatory reserve funds	-\$1,374	-\$828	-\$947	\$1,776	\$1,708	\$3,320



Management Responsibility for Financial Reporting

For the Year ended December 31, 2019

The accompanying Financial Statements and all other information contained in this Annual Report are the responsibility of the management of The Corporation of the Township of Wilmot. The preparation of periodic financial statements involves the use of estimates and approximations because the precise determination of financial information frequently depends on future events. These Financial Statements have been prepared by management within the reasonable limits of materiality and within the framework of Canadian generally accepted accounting principles for governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

In carrying out its responsibilities, management maintains appropriate systems of internal and administrative controls designed to provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly accounted for and safeguarded, and that financial information produced is relevant and reliable.

Prior to their submission to Council, the Financial Statements are reviewed and approved by management. In addition, management meets periodically with the Township's external auditors to approve the scope and timing of their respective audits, to review their findings and to satisfy itself that their responsibilities have been properly discharged.

Graham Mathew Professional Corporation, Chartered Professional Accountants, as the Township's appointed external auditors have audited the Financial Statements. The external auditors have full and free access to management and Council. The Independent Auditors' Report is dated July 13, 2020 and appears on the following pages. Their opinion is based upon an examination conducted in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures as they consider necessary to obtain reasonable assurance that the Financial Statements are free of material misstatements and present fairly the financial position and results of the operations of the Township in accordance with Canadian public sector accounting standards.

Grant Whittington,
Chief Administrative Officer

Patrick Kelly CPA, CMA
Director of Finance / Treasurer

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of **The Corporation of the Township of Wilmot** (the Township), which comprise the statement of financial position as at December 31, 2019, and the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Township as at December 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Township in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Township's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Council either intends to liquidate the Township or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Township's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Township's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Township's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Township to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads "Graham Mathew Professional Corporation". The signature is written in a cursive, flowing style.

Cambridge, Ontario
July 13, 2020

Chartered Professional Accountants, authorized to practise public
accounting by the Chartered Professional Accountants of Ontario

THE CORPORATION OF THE TOWNSHIP OF WILMOT

Statement of Financial Position

December 31, 2019

	2019	2018
Financial Assets		
Cash	\$ 14,671,682	\$ 12,833,606
Taxes receivable	1,067,516	1,096,237
Accounts receivable	2,504,040	2,597,650
Investment in Kitchener Power Corp. (note 6)	18,439,342	17,965,472
	<u>36,682,580</u>	<u>34,492,965</u>
Liabilities		
Accounts payable and accrued liabilities	2,037,482	2,261,444
Deferred revenue	2,313,304	1,396,839
Deferred revenue - obligatory reserve funds (note 8)	(1,374,423)	(828,333)
	<u>2,976,363</u>	<u>2,829,950</u>
Net Financial Assets	\$ 33,706,217	\$ 31,663,015
Non-Financial Assets		
Tangible capital assets (note 7)	135,773,316	137,684,391
Inventories and supplies	158,151	105,647
Prepaid expenses	56,569	69,618
	<u>135,988,036</u>	<u>137,859,656</u>
Accumulated Surplus (note 12)	\$ 169,694,253	\$ 169,522,671

See accompanying notes to financial statements.

Approved on behalf of Council

THE CORPORATION OF THE TOWNSHIP OF WILMOT

Statement of Operations and Accumulated Surplus

Year ended December 31, 2019

	2019 Budget (Note 11b)	2019 Actual	2018 Actual
Revenues			
Taxation	\$ 8,054,455	\$ 8,116,007	\$ 7,869,863
Taxation from other governments	188,585	172,729	163,412
User fees and charges	5,397,767	4,962,648	4,953,629
Government transfer			
Canada	-	13,315	114,513
Ontario	1,054,495	1,453,672	1,469,817
Investment income	765,500	610,315	530,688
Interest and penalties on taxes	250,000	223,017	194,092
Other	169,700	230,550	458,344
	15,880,502	15,782,253	15,754,358
Expenses			
General government	2,228,410	2,595,023	2,586,078
Protection to persons and property	2,986,583	2,135,478	1,953,204
Transportation services	5,656,603	6,306,145	6,641,136
Environmental services	3,679,987	1,920,123	1,500,270
Health services	121,100	48,826	48,167
Recreation and cultural services	5,760,923	6,038,146	5,845,808
Planning and development	234,420	541,516	559,139
	20,668,025	19,585,257	19,133,802
Net expenses before other income (expense)	(4,787,523)	(3,803,004)	(3,379,444)
Other income (expense)			
Grants and transfers related to capital			
Deferred revenue earned	2,862,780	1,198,591	394,338
Grants and transfers - Canada	623,258	1,169,845	634,232
Grants and transfers - Ontario	1,241,235	849,323	628,380
Loss on disposal of tangible capital assets	-	(232,276)	(648,913)
Share of Net Income in Kitchener Power Corp.	-	786,470	848,858
Donations	22,250	23,792	-
Sale of Publications, Equipment	38,000	26,408	94,927
Interest earned on reserve funds	-	152,433	102,166
	4,787,523	3,974,586	2,053,988
Annual Surplus (Deficit)	-	171,582	(1,325,456)
Accumulated Surplus, beginning of the year		169,522,671	170,848,127
Accumulated Surplus, end of the year		\$ 169,694,253	\$ 169,522,671

See accompanying notes to financial statements.

THE CORPORATION OF THE TOWNSHIP OF WILMOT

Statement of Change in Net Financial Assets

Year ended December 31, 2019

	2019 Budget (Note 11b)	2019 Actual	2018 Actual
Annual Surplus (Deficit)	\$ -	\$ 171,582	\$ (1,325,456)
Amortization of tangible capital assets	-	6,022,881	6,004,180
Acquisition of tangible capital assets	(6,694,840)	(4,344,082)	(4,381,987)
Loss on disposal of tangible capital assets	-	232,276	648,913
Change in inventories and supplies	-	(52,504)	(41,648)
Change in prepaid expenses	-	13,049	(20,759)
Increase In Net Financial Assets	(6,694,840)	2,043,202	883,243
Net Financial Assets, beginning of year	31,663,015	31,663,015	30,779,772
Net Financial Assets, end of year	\$ 24,968,175	\$ 33,706,217	\$ 31,663,015

See accompanying notes to financial statements.

THE CORPORATION OF THE TOWNSHIP OF WILMOT

Statement of Cash Flows

Year ended December 31, 2019

	2019	2018
Operating activities		
Annual Surplus (Deficit)	\$ 171,582	\$ (1,325,456)
Sources (uses)		
Taxes receivable	28,721	(278,931)
Accounts receivable	93,610	(93,029)
Accounts payable and accrued liabilities	(223,962)	167,831
Deferred revenue	370,375	172,785
Inventories and supplies	(52,504)	(41,648)
Prepaid expenses	13,049	(20,759)
	400,871	(1,419,207)
Non-cash charges to operations		
Amortization	6,022,881	6,004,180
Loss on sale of tangible capital assets	232,276	648,913
	6,656,028	5,233,886
Capital activities		
Acquisition of tangible capital assets	(4,344,082)	(4,381,987)
Investing activities		
Net increase in investments	(473,870)	(533,371)
Net increase in cash	1,838,076	318,528
Cash, beginning of year	12,833,606	12,515,078
Cash, end of year	\$ 14,671,682	\$ 12,833,606

THE CORPORATION OF THE TOWNSHIP OF WILMOT

Notes to Financial Statements

Year ended December 31, 2019

1. Municipal Status

The Corporation of The Township of Wilmot was created on January 1, 1973 when the municipalities of Wilmot and New Hamburg were amalgamated into a single legal entity under the Wilmot name. The Township operates as a lower tier government in the Province of Ontario, Canada. Wilmot provides municipal services such as fire protection, public works, water/sanitary distribution, urban/rural planning, recreation and cultural services, and other general government services. The Township owns 7.75% of Kitchener Power Corporation and its affiliates.

2. Summary of Significant Accounting policies:

The financial statements of the Municipality are the representation of management, prepared in accordance with local government accounting standards established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

The following is a summary of the significant accounting policies followed in the preparation of these financial statements:

(a) Basis of Presentation:

(i) Financial Statements:

These statements reflect the financial assets, liabilities, operating revenues and expenses, reserve funds and reserves, changes in investment in tangible capital assets and cash flows and include the activities of all governmental functions controlled and exercised by the Township Council.

All interfund transfers have been eliminated.

(ii) Government Business Enterprises:

The government business enterprise, Kitchener Power Corp., is accounted for on the modified equity basis which reflects the Township's investment in the enterprise and its share of net income (loss) since acquisition. Under the modified equity basis, the enterprise's accounting principles are not adjusted to conform to those of the Township, and inter-organizational transactions and balances are not eliminated.

(iii) Accounting for Region and School Board Transactions:

The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the School Boards and the Regional Municipality of Waterloo, are not reflected in these financial statements.

(iv) Trust Funds:

Trust funds and their related operations administered by the Municipality are not consolidated herein but are reported separately on the "Trust Funds Statement of Financial Position and Statement of Continuity" (see also Note 4).

THE CORPORATION OF THE TOWNSHIP OF WILMOT

Notes to Financial Statements, continued

Year ended December 31, 2019

2. Summary of Significant Accounting policies (continued):

(b) Non-Financial Assets

Non-financial assets are not normally available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess (deficiency) 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 attributable to acquisition, construction, development or betterment of the asset. The cost of the tangible capital assets is amortized on a straight-line basis over their estimated useful lives as follows:

Land	not amortized
Land Improvements	15 years
Buildings	40 years
Machinery and Equipment	10 years
Technological Equipment	5 years
Vehicles	10 years
Roads (tar & chip, gravel, paved)	25 years
Bridges	60 years
Water and Wastewater	75 years

Work in progress is not amortized until the asset is available for productive use.

(ii) Contributions of Tangible Capital Assets (Donated)

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

(iii) Interest Capitalization

The Township does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.

(iv) Works of art and cultural and historic assets

These assets are not recorded in these financial statements.

(v) Inventories and Prepaid Expenses

Inventories held for consumption are recorded at the lower of cost and replacement cost.

Prepaid expenses relate to expenditures incurred in the current period which relate to and will be expensed in a future fiscal period.

THE CORPORATION OF THE TOWNSHIP OF WILMOT

Notes to Financial Statements, continued

Year ended December 31, 2019

2. Summary of Significant Accounting policies (continued):

(c) Revenue Recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs, in the completion of specific work or the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible assets are acquired.

Tax revenue is recognized when it is authorized and in the period for which the tax is levied.

(d) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. These estimates and assumptions, including taxation assessment appeals, legal claims provisions, the valuation of tangible capital assets and their related useful lives and amortization, are based on management's best information and judgement and may differ significantly from future actual results.

THE CORPORATION OF THE TOWNSHIP OF WILMOT

Notes to Financial Statements, continued

Year ended December 31, 2019

3. Operations of School Boards and the Region of Waterloo:

Further to note 2(a)(iii), the taxation, other revenues, and requisitions for the School Boards and the Region of Waterloo are comprised of the following:

	School Boards	Region
Taxation and user charges	\$ 7,493,267	\$ 17,824,110
Share of payments in lieu of taxes	118,589	118,465
	7,611,856	17,942,575
Payment	7,611,856	17,942,575
Overlevies (underlevies) end of year	\$ -	\$ -

4. Trust Funds:

Further to note 2(a)(iv), trust fund assets administered by the Township amounting to \$1,154,718 (2018 - \$1,113,975) have not been included in the Statement of Financial Position nor have their operations been included in the Statement of Operations and Accumulated Surplus.

5. Ontario Municipal Employees' Retirement Fund:

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

Employee contributions in 2019 were at rates ranging from 9.0% to 14.6% based on member earnings and were matched by the Township on a dollar for dollar basis. The amount contributed to OMERS by the Township for 2019 was \$493,261 (2018 - \$450,413) for current service and is included as an expense on the statement of operations and accumulated surplus.

The OMERS pension plan has a deficit. The last available report for the OMERS plan was on December 31, 2019. At that time the plan reported a \$3.4 billion actuarial deficit (2018 - \$4.2 billion), based on actuarial liabilities of \$107.7 billion (2018 - \$100.1 billion) and actuarial assets of \$104.3 billion (2018 - \$95.9 billion). If actuarial surpluses are not available to offset the existing deficit and subsidize future contributions, increases in contributions will be required in the future. There were no changes to contribution rates or benefits for 2019.

The Township does not participate in any past service provisions of the OMERS agreement.

THE CORPORATION OF THE TOWNSHIP OF WILMOT

Notes to Financial Statements, continued

Year ended December 31, 2019

6. Investment in Kitchener Power Corp.:

Under the provincial government's Electricity Competition Act (Bill 35), Kitchener Power Corp., a holding company, along with its wholly-owned affiliates, Kitchener-Wilmot Hydro Inc., and Kitchener Energy Services Inc. was incorporated on July 1, 2004.

The Township holds 7.75% of the common shares of Kitchener Power Corp. and a 7.75% share in long-term notes payable by subsidiaries and investees of Kitchener Power Corp.

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

	2019	2018
Kitchener Power Corp. common shares, initial valuation	\$ 5,113,962	\$ 5,113,962
Kitchener-Wilmot Hydro Inc. long-term notes receivable	5,964,566	5,964,566
	11,078,528	11,078,528
Accumulated equity increase, beginning of year	6,886,944	6,353,573
	17,965,472	17,432,101
Share of net income for year	786,470	848,858
Dividends received in year	(312,600)	(315,487)
Cost of investment	\$ 18,439,342	\$ 17,965,472

The Kitchener-Wilmot Hydro Inc. notes bear interest at the annual rate of 4.88%, and are unsecured.

THE CORPORATION OF THE TOWNSHIP OF WILMOT

Notes to Financial Statements, continued

Year ended December 31, 2019

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

The following table provides condensed financial information in respect of Kitchener Power Corp.:

	2019	2018
	(in thousands)	(in thousands)
Current assets	\$ 62,901	\$ 65,862
Long-term assets	270,829	254,425
Total assets	\$ 333,730	\$ 320,287
Current liabilities	40,994	33,259
Long-term liabilities	127,930	123,941
Total liabilities	168,924	157,200
Net assets	\$ 164,806	\$ 163,087

	2019	2018
	(in thousands)	(in thousands)
Results of operations:		
Revenues	\$ 254,597	\$ 244,310
Operating expenses	(244,449)	(233,357)
Net income	\$ 10,148	\$ 10,953
Township's share of net income - 7.75%	\$ 786	\$ 849

THE CORPORATION OF THE TOWNSHIP OF WILMOT

Notes to Financial Statements, continued

Year ended December 31, 2019

7. Tangible Capital Assets

There were no tangible capital assets contributed to the Township in 2019. Donated land and other tangible capital assets are capitalized at their fair market value at the time of receipt and included in income as “donated tangible capital assets”.

Amortization expense for the year amounts to \$6,022,881 (\$6,004,181 in 2018).

2019	Land	Land Improvements	Buildings	Machinery & Equipment	Infrastructure	Vehicles	Total
Cost							
Balance, beginning of year	\$ 10,315,370	\$ 4,136,186	\$ 34,142,045	\$ 3,825,815	\$ 174,015,345	\$ 6,405,433	\$ 232,840,194
Additions	-	98,182	125,121	325,632	3,364,473	36,564	3,949,973
Disposals	-	(39,157)	(19,262)	(42,960)	(403,908)	-	(605,288)
Cost, end of year	10,315,370	4,195,211	34,247,904	4,108,487	176,975,910	6,441,997	236,284,879
Accumulated amortization							
Balance, beginning of year	-	2,151,986	11,266,689	2,226,891	77,610,381	4,296,088	97,552,035
Disposals	-	(37,635)	(13,685)	(42,962)	(178,729)	-	(273,012)
Amortization expense	-	239,939	837,351	288,277	4,278,471	378,842	6,022,881
Accumulated amortization, end of year	-	2,354,290	12,090,355	2,472,206	81,710,123	4,674,930	103,301,904
Work in Progress	-	-	-	-	-	-	2,790,341
Net Book Value, end of year	\$ 10,315,370	\$ 1,840,921	\$ 22,157,549	\$ 1,636,281	\$ 95,265,787	\$ 1,767,067	\$ 135,773,316
2018							
	Land	Land Improvements	Buildings	Machinery & Equipment	Infrastructure	Vehicles	Total
Cost							
Balance, beginning of year	\$ 10,315,370	\$ 3,987,869	\$ 34,051,381	\$ 3,513,520	\$ 173,369,710	\$ 6,073,091	\$ 231,310,941
Additions	-	172,494	138,587	562,183	1,929,142	498,043	3,300,449
Disposals	-	(24,177)	(47,923)	(249,888)	(1,283,507)	(165,701)	(1,771,197)
Cost, end of year	10,315,370	4,136,186	34,142,045	3,825,815	174,015,345	6,405,433	232,840,194
Accumulated amortization							
Balance, beginning of year	-	1,930,972	10,451,074	2,208,035	74,016,875	4,063,182	92,670,138
Disposals	-	(12,654)	(18,590)	(245,841)	(679,498)	(165,701)	(1,122,284)
Amortization expense	-	233,668	834,206	264,696	4,273,004	398,607	6,004,181
Accumulated amortization, end of year	-	2,151,986	11,266,689	2,226,891	77,610,381	4,296,088	97,552,035
Work in Progress	-	-	-	-	-	-	2,396,233
Net Book Value, end of year	\$ 10,315,370	\$ 1,984,200	\$ 22,875,356	\$ 1,598,924	\$ 96,404,965	\$ 2,109,344	\$ 137,684,391

THE CORPORATION OF THE TOWNSHIP OF WILMOT

Notes to Financial Statements, continued

Year ended December 31, 2019

8. Deferred revenue - obligatory reserve funds:

A requirement of PSAB is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as provincial legislation restricts how these funds may be used and under certain circumstances these funds may possibly be refunded.

(a) The balances in the obligatory reserve funds of the Township are summarized as follows:

	2019	2018
Recreational parkland (The Planning Act)	\$ 1,512,081	\$ 1,448,820
Development charges and sub-dividers contributions	(2,080,397)	(1,497,385)
Federal Gas Tax	102,830	25,306
Building Department (Bill 124)	(908,937)	(805,074)
	\$ (1,374,423)	\$ (828,333)

(b) Continuity schedule:

	2019	2018
Revenue		
Development charges and user fees	\$ 601,033	\$ 500,625
Federal Gas Tax funding	1,246,932	612,271
Ontario Municipal Commuter Cycling funding	-	107,335
Investment income (expense)	(25,621)	12,774
	1,822,344	1,233,005
Deferred revenue recognized	(2,368,434)	(1,113,998)
Change in deferred revenue	(546,090)	119,007
Deferred revenue, beginning of year	(828,333)	(947,340)
Deferred revenue, end of year	\$ (1,374,423)	\$ (828,333)

THE CORPORATION OF THE TOWNSHIP OF WILMOT

Notes to Financial Statements, continued

Year ended December 31, 2019

9. Net long-term liabilities:

(a) The balance of net long-term liabilities reported on the statement of financial position is made up of the following:

	2019	2018
The municipality has assumed responsibility for the payment of principal and interest charges on certain long-term liabilities issued by the Region of Waterloo. At the end of the year, the outstanding principal amount of this liability is	\$ 919,703	\$1,028,135
Of the long-term liabilities shown above, the responsibility for payment of principal and interest charges that has been assumed by individuals amounts to	(919,703)	(1,028,135)
Net long-term liabilities at end of year	\$ nil	\$ nil

(b) Of the long-term liabilities reported in (a) of this note, future principal payments are summarized as follows:

	2020 to 2024	2025 and thereafter	Total
From benefiting landowners	\$ 625,453	\$ 294,250	\$ 919,703

(c) The Township is contingently liable for the long-term liability with respect to tile drainage loans and the water system indebtedness. The total amount of this contingent liability outstanding at December 31, 2019 is \$919,703 (2018 - \$1,028,135).

THE CORPORATION OF THE TOWNSHIP OF WILMOT

Notes to Financial Statements, continued

Year ended December 31, 2019

10. Self Insurance Coverage:

The Township has an agreement with members of the Waterloo Region Municipalities Insurance Pool to purchase property damage and public liability insurance on a group basis and share a retained level of risk. The members pay an annual levy to fund insurance coverage, losses, and contribute to a surplus. The pool has purchased insurance to fund losses above a pre-determined deductible and any losses above a pre-determined total in any year.

The Township is self-insured for public liability claims up to \$10,000 (2018 - \$10,000) for any individual claim and \$10,000 (2018 - \$10,000) for any number of claims arising out of a single occurrence. Outside coverage is in place for claims in excess of these limits.

During the year, claims amounting to \$74,012 (2018 – 69,602) were settled and insurance premiums of \$221,029 (2018 - \$241,559) were paid. Both amounts are reported as an expenditure on the Statement of Operations and Accumulated Surplus.

The Township is from time to time, involved in legal suits of varying dollar amounts for which no provision for possible liability has been recorded in these financial statements. In the event the Township is found liable, any amounts not recoverable from Township's insurers will be adjusted against future revenues.

11. Other explanatory notes

(a) Expenditures by object

The following is a summary of the operating expenditures on the statement of financial activities by the object of expenditure:

	2019	2018
Salaries, wages and employee benefits	\$ 8,103,512	\$ 7,523,567
Materials	5,137,435	5,217,505
Amortization	6,022,881	6,004,180
Contracted services	264,064	339,303
External transfers	57,365	49,247
	\$ 19,585,257	19,133,802

THE CORPORATION OF THE TOWNSHIP OF WILMOT

Notes to Financial Statements, continued

Year ended December 31, 2019

11. Other explanatory notes: (continued)

(b) Budget Figures

Budget figures reported on the Statement of Operations and Accumulated Surplus are based on the 2019 operating and capital budgets, as approved by Council. Approved budget figures have been reclassified and adjusted for the purposes of these financial statements to comply with Public Sector Accounting Board (PSAB) reporting requirements. The Township has provided the following reconciliation of the PSAB reported surplus to the approved Council budget.

	2019	2018
Annual Surplus (Deficit) under PSAB	\$ 171,582	\$ (1,325,456)
Less:		
Grants and transfer related to capital	1,464,438	1,196,175
Deferred Revenue, net change	(77,324)	110,478
Contribution from Developers	1,112,120	353,037
Tangible capital assets additions	4,344,082	4,381,987
Increase in Government Business Enterprises	473,870	533,371
	7,317,185	6,575,047
Add:		
Amortization	6,022,881	6,004,180
Capital expenses	890,445	1,247,410
Loss on disposal of capital assets	232,276	648,913
	7,145,603	7,900,503
Budget Surplus, Council approved	\$ -	\$ -

THE CORPORATION OF THE TOWNSHIP OF WILMOT

Notes to Financial Statements, continued

Year ended December 31, 2019

12. Accumulated surplus

	2019	2018
Reserve and Reserve Funds		
Baden West Noise Wall	72,457	70,926
Elections	14,623	(13,299)
Hamilton Road Noise Wall	143,348	140,317
Heritage Lighting	5,828	5,705
Information Technology	-	880
Infrastructure Reserve - Cemetery	(53,465)	(51,677)
Infrastructure Reserve - Equipment	678,212	849,966
Infrastructure Reserve - Facilities	921,223	1,056,492
Infrastructure Reserve - Sanitary Sewers	1,934,422	1,860,540
Infrastructure Reserve - Street Lighting	(164,709)	(230,224)
Infrastructure Reserve - Transportation	830,831	983,422
Infrastructure Reserve - Water	3,039,941	2,921,139
Infrastructure Reserve - Water Meter	411,193	307,275
Municipal Accomodation Tax	780	-
Self-Insurance	-	10,550
Working Funds	502,139	502,139
Total Reserves and Reserve Funds	8,336,824	8,414,149
Surplus		
Invested in tangible capital assets	135,773,316	137,684,391
Operating Fund	25,584,113	23,424,131
Total Surplus	161,357,429	161,108,522
Accumulated Surplus	169,694,253	\$ 169,522,671

THE CORPORATION OF THE TOWNSHIP OF WILMOT

Notes to Financial Statements, continued

Year ended December 31, 2019

13. Segmented Information

Segmented information has been identified based upon lines of service provided by the Township. Township services are provided by departments and their activities are reported by functional area in the body of the financial statements. Certain lines of service have been separately disclosed in the segmented information, along with the services they provide.

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.

The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in note 2.

(i) General Government:

The Township is responsible for the delivery of administrative services, including Council, Clerks, Finance, Information Technology, By-Law Enforcement and Human Resources.

(ii) Protection Services – Fire:

The Township is responsible for the delivery of Fire and Rescue services.

(iii) Transportation Services:

The Township is responsible for the delivery of municipal public works services related to the maintenance of roadway systems.

(iv) Environmental Services:

The Township is responsible for environmental programs such as the engineering and operation of water distribution and wastewater collection systems.

(v) Health Services:

The Township is responsible for the care, maintenance and operations of the Riverside Cemetery.

(vi) Recreation and Cultural Services:

The Township is responsible for operation and rental of space in facilities such as Wilmot Recreation Complex, New Hamburg Arena/CC, Community Parks and Castle Kilbride.

(vii) Development Services:

The Township is responsible for development services which includes planning services, economic development and building permit administration.

THE CORPORATION OF THE TOWNSHIP OF WILMOT

Notes to Financial Statements, continued

Year ended December 31, 2019

13. Segmented Information (continued):

Year Ended December 31, 2019	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation & Culture	Development Services	Total
Revenue								
Taxation	\$ 1,139,078	\$ 760,013	\$ 2,941,221	\$ -	\$ -	\$ 2,929,881	\$ 518,543	8,288,736
User fees and charges	191,531	47,700	44,547	2,377,551	69,113	1,705,892	652,528	5,088,862
Government Transfers								
Canada	5,860	-	1,169,845	-	-	7,455	-	1,183,160
Ontario	171,273	90,390	1,586,670	-	-	378,141	76,521	2,302,995
Investment income	157,038	125,190	473,788	236,715	5,889	430,369	120,230	1,549,218
Interest and penalty on taxes	223,017	-	-	-	-	-	-	223,017
Other	146,850	500,659	(153,898)	400,750	-	57,306	169,184	1,120,851
Total Revenue	2,034,647	1,523,951	6,062,173	3,015,016	75,002	5,509,044	1,537,006	19,756,839
Expenses								
Salaries, Wages, Benefits	1,510,310	915,196	1,221,710	576,803	22,440	3,112,571	744,482	8,103,512
Materials and Services	1,078,110	396,385	1,498,927	321,886	21,834	1,859,656	224,701	5,401,499
Debenture Debt Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Grants to Organizations	-	-	-	-	-	57,365	-	57,365
Amortization	158,092	240,050	3,585,508	1,021,434	4,552	1,008,554	4,691	6,022,881
Internal Transfers	(403,563)	11,625	(256,402)	546,478	20,882	(11,728)	92,708	-
Total Expenditures	2,342,949	1,563,256	6,049,743	2,466,601	69,708	6,026,418	1,066,582	19,585,257
Annual surplus (deficit)	\$ (308,302)	\$ (39,305)	\$ 12,430	\$ 548,415	\$ 5,294	\$ (517,374)	\$ 470,424	\$ 171,582
Year Ended December 31, 2018								
	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation & Culture	Development Services	Total
Revenue								
Taxation	\$ 1,104,075	\$ 682,840	\$ 3,038,003	\$ -	\$ -	\$ 2,748,008	\$ 460,349	\$ 8,033,275
User Fees and Charges	198,201	45,814	17,573	2,144,934	63,076	1,732,676	899,186	5,101,460
Government Transfers								
Canada	50,309	-	612,271	-	-	86,165	-	748,745
Ontario	159,387	98,576	1,267,400	-	-	476,026	96,808	2,098,197
Investment Income	167,904	77,358	413,079	194,662	5,724	465,898	157,087	1,481,712
Interest and Penalty on Taxes	194,092	-	-	-	-	-	-	194,092
Other	144,032	25,156	383,627	-	-	90,747	274,557	150,865
Total Revenue	2,018,000	929,744	4,964,699	2,339,596	68,800	5,599,520	1,887,986	17,808,346
Expenses								
Salaries, Wages, Benefits	1,473,508	859,233	1,072,037	530,002	23,439	2,989,898	575,450	7,523,567
Materials and Services	1,168,096	345,152	1,642,133	270,095	21,455	1,805,270	304,607	5,556,808
Debenture Debt Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Grants to Organizations	-	-	-	-	-	49,247	-	49,247
Amortization	132,959	234,725	3,926,966	700,173	3,273	1,001,393	4,691	6,004,180
Internal Transfers	(428,887)	11,625	(186,712)	501,662	16,517	(7,496)	93,291	-
Total Expenditures	2,345,676	1,450,735	6,454,424	2,001,932	64,684	5,838,312	978,039	19,133,802
Annual surplus (deficit)	\$ (327,676)	\$ (520,991)	\$ (1,489,725)	\$ 337,664	\$ 4,116	\$ (238,792)	\$ 909,947	\$ (1,325,456)

14. Subsequent Event

Subsequent to year end, the World Health Organization declared the rapidly spreading COVID-19 outbreak a pandemic. As the COVID-19 pandemic continues to spread, it could result in a significant negative impact on various aspects of the Township's operations. As of the time of authorization of these financial statements, it is not possible to estimate the length and severity of these developments and their impact on the financial results and operations of the Township.