

Financial Statements of

**THE CORPORATION OF THE  
TOWNSHIP OF WILMOT**

Year ended December 31, 2017

# 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)

	2017	2016	2015	2014	2013	2012
<b>POPULATION</b> at the end of the year	21,429	21,151	20,982	20,828	20,541	20,286
<b>AREA</b> in acres at the end of the year	65,767	65,767	65,767	65,767	65,767	65,767
<b>EMPLOYEES</b> - continuous full time	62	62	61	60	60	56
<b>NUMBER</b> of households	7,890	7,822	7,771	7,714	7,604	7,500
<b>ASSESSMENT</b> - Taxable assessment upon which the year's rates of taxation were set						
Residential, multi-residential and farm	3,113,367	2,960,690	2,819,008	2,674,206	2,528,385	2,358,972
Commercial - all classes	131,630	128,835	116,868	111,762	107,291	105,698
Industrial - all classes	37,009	39,948	40,371	41,292	40,314	38,149
Pipeline & Managed Forests	13,740	12,984	11,877	11,451	11,014	10,552
Total	<u>3,295,746</u>	<u>3,142,457</u>	<u>2,988,124</u>	<u>2,838,711</u>	<u>2,687,004</u>	<u>2,513,371</u>
Per capita	\$ 153,798	\$ 148,573	\$ 142,414	\$ 136,293	\$ 130,812	\$ 123,897
Commercial and industrial, as a percentage of taxable assessment	5%	5%	5%	5%	5%	6%
Exempt assessment	\$ 110,821	\$ 114,611	\$ 110,791	\$ 99,241	\$ 93,708	\$ 91,226
<b>TAX ARREARS</b> -per capita	\$38.14	\$40.90	\$48.10	\$69.90	\$57.40	\$70.20
- percentage of current levy	2.61%	2.80%	3.39%	4.84%	4.16%	5.24%
<b>EXPENDITURE</b> -general municipal purposes	\$ 19,442	\$ 18,591	\$ 17,834	\$ 17,007	\$ 16,102	\$ 15,396
<b>TRANSFERS TO THE REGION</b>	\$ 16,766	\$ 16,394	\$ 15,949	\$ 15,431	\$ 15,016	\$ 14,584
<b>TRANSFERS TO THE SCHOOL BOARDS</b>	\$ 7,535	\$ 7,644	\$ 7,643	\$ 7,502	\$ 7,424	\$ 7,352
<b>REVENUE FOR GENERAL MUNICIPAL SERVICES</b>						
Taxation	\$ 7,592	\$ 7,419	\$ 7,153	\$ 6,950	\$ 6,726	\$ 6,564
Payment in lieu of taxes	161	160	157	153	157	161
Government grants	3,290	2,137	1,933	2,220	1,706	3,235
Fees and service charges	5,295	4,864	5,066	4,086	3,908	4,026
Equity income from Kitchener Power Corporation	785	806	850	823	642	710
Other	3,547	1,027	4,359	1,350	1,690	1,213
Total	<u>\$ 20,670</u>	<u>\$ 16,413</u>	<u>\$ 19,517</u>	<u>\$ 15,582</u>	<u>\$ 14,829</u>	<u>\$ 15,908</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)

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	2017	2016	2015	2014	2013	2012
<b>NET LONG TERM LIABILITIES</b>						
General municipal activities	\$0	\$0	\$0	\$0	\$60	\$739
- per capita	\$0	\$0	\$0	\$0	\$3	\$36
- percentage of taxable assessment	0.00%	0.00%	0.00%	0.00%	0.00%	0.03%
- Municipal enterprises	Nil	Nil	Nil	Nil	Nil	Nil
<b>CHARGES FOR NET LONG TERM LIABILITIES</b>						
General municipal activities	\$0	\$0	\$0	\$60	\$269	\$266
-per capita	\$0	\$0	\$0	\$3	\$13	\$13
-as a tax rate	\$0.000	\$0.000	\$0.000	\$0.021	\$0.100	\$0.106
<b>ACCUMULATED SURPLUS</b>						
- OPERATING FUND	\$5,157	\$1,677	\$706	\$1,175	\$1,515	\$859
- TANGIBLE CAPITAL ASSETS	\$139,955	\$143,567	\$146,639	\$101,630	\$104,288	\$107,228
- RESERVES AND RESERVE FUNDS	\$8,304	\$7,210	\$7,168	\$6,110	\$5,103	\$4,449
- KITCHENER POWER CORPORATION	\$17,432	\$16,972	\$16,508	\$15,963	\$15,398	\$15,041
<b>DEFERRED REVENUES</b> - obligatory reserve funds	-\$947	\$1,776	\$1,708	\$3,320	\$2,806	\$2,037



## Management Responsibility for Financial Reporting


For the Year ended December 31, 2017

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 April 23, 2018 and appears on the following page. 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**

We have audited the accompanying financial statements of **The Corporation of the Township of Wilmot**, which comprise the statement of financial position as at December 31, 2017, and the statements of operations and accumulated surplus, 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 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.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **The Corporation of the Township of Wilmot** as at December 31, 2017, and the results of its operations, change in its net financial position and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Cambridge, Ontario  
April 23, 2018

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, 2017

	2017	2016
<b>Financial Assets</b>		
Cash	\$ 12,515,078	\$ 10,804,063
Taxes receivable	817,306	866,008
Accounts receivable	2,504,621	1,949,003
Investment in Kitchener Power Corp. (note 6)	17,432,101	16,971,930
	33,269,106	30,591,004
<b>Liabilities</b>		
Accounts payable and accrued liabilities	2,093,613	2,143,774
Deferred revenue	1,343,061	1,003,504
Deferred revenue - obligatory reserve funds (note 8)	(947,340)	1,775,924
	2,489,334	4,923,202
<b>Net Financial Assets</b>	<b>\$ 30,779,772</b>	<b>\$ 25,667,802</b>
<b>Non-Financial Assets</b>		
Tangible capital assets (note 7)	139,955,498	143,566,863
Inventories and supplies	63,998	110,745
Prepaid expenses	48,859	80,551
	140,068,355	143,758,159
<b>Accumulated Surplus</b> (note 12)	<b>\$ 170,848,127</b>	<b>\$ 169,425,961</b>

See accompanying notes to financial statements.

Approved on behalf of Council

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# THE CORPORATION OF THE TOWNSHIP OF WILMOT

## Statement of Operations and Accumulated Surplus

Year ended December 31, 2017

	2017 Budget (Note 11b)	2017 Actual	2016 Actual
<b>Revenues</b>			
Taxation	\$ 7,560,955	\$ 7,591,967	\$ 7,419,040
Taxation from other governments	161,060	160,660	160,154
User fees and charges	4,833,590	4,700,853	4,696,547
Government transfer			
Canada	10,929	50,474	8,207
Ontario	1,480,908	1,520,599	1,372,660
Investment income	698,500	401,759	354,591
Interest and penalties on taxes	200,000	199,976	197,607
Other	923,018	309,321	187,094
	15,868,960	14,935,609	14,395,900
<b>Expenses</b>			
General government	2,134,150	2,291,010	2,401,929
Protection to persons and property	2,479,295	2,065,602	2,228,314
Transportation services	7,673,375	6,079,560	5,787,305
Environmental services	3,544,471	1,868,010	2,236,047
Health services	115,350	37,801	55,361
Recreation and cultural services	6,270,335	5,618,065	5,646,469
Planning and development	228,330	1,287,650	417,757
	22,445,306	19,247,698	18,773,182
<b>Net expenses before other income (expense)</b>	<b>(6,576,346)</b>	<b>(4,312,089)</b>	<b>(4,377,282)</b>
Other income (expense)			
Grants and transfers related to capital			
Deferred revenue earned	4,549,229	3,584,531	458,312
Grants and transfers - Canada	725,602	729,590	627,179
Grants and transfers - Ontario	1,262,915	989,006	128,861
Loss on disposal of tangible capital assets	-	(579,238)	(131,817)
Change in equity in Kitchener Power Corp.	-	785,308	805,923
Donations	26,600	72,643	18,165
Sale of Publications, Equipment	12,000	91,375	50,765
Interest earned on reserve funds	-	61,040	59,791
	6,576,346	5,734,255	2,017,179
<b>Annual Surplus (Deficit)</b>	<b>-</b>	<b>1,422,166</b>	<b>(2,360,103)</b>
<b>Accumulated Surplus, beginning of the year</b>		<b>169,425,961</b>	<b>171,021,273</b>
<b>Asset Management Plan Adjustment (note 13)</b>		<b>-</b>	<b>764,791</b>
<b>Accumulated Surplus, end of the year</b>		<b>\$ 170,848,127</b>	<b>\$ 169,425,961</b>

See accompanying notes to financial statements.



# THE CORPORATION OF THE TOWNSHIP OF WILMOT

## Statement of Change in Net Financial Assets

Year ended December 31, 2017

	2017 Budget (Note 11b)	2017 Actual	2016 Actual
<b>Annual Surplus (Deficit)</b>	\$ -	\$ 1,422,166	\$ (2,360,103)
Amortization of tangible capital assets	-	5,994,229	6,011,527
Acquisition of tangible capital assets	(8,949,690)	(2,962,103)	(2,306,416)
Loss on disposal of tangible capital assets	-	579,238	131,817
Change in inventories and supplies	-	46,748	219,624
Change in prepaid expenses	-	31,692	23,346
<b>Increase In Net Financial Assets</b>	(8,949,690)	5,111,970	1,719,795
<b>Net Financial Assets, beginning of year</b>	25,667,802	25,667,802	23,948,007
<b>Net Financial Assets, end of year</b>	\$ 16,718,112	\$ 30,779,772	\$ 25,667,802

See accompanying notes to financial statements.

# THE CORPORATION OF THE TOWNSHIP OF WILMOT

## Statement of Cash Flows

Year ended December 31, 2017

	2017	2016
<b>Operating activities</b>		
Annual Surplus (Deficit)	\$ 1,422,166	\$ (2,360,103)
Sources (uses)		
Taxes receivable	48,702	144,149
Accounts receivable	(555,618)	(120,888)
Accounts payable and accrued liabilities	(50,161)	507,454
Deferred revenue	(2,383,707)	14,142
Inventories and supplies	46,748	219,624
Prepaid expenses	31,692	23,346
	(1,440,178)	(1,572,276)
Non-cash charges to operations		
Amortization	5,994,229	6,011,527
Loss on sale of tangible capital assets	579,238	131,817
	5,133,289	4,571,068
<b>Capital activities</b>		
Acquisition of tangible capital assets	(2,962,103)	(2,306,416)
Contributed tangible capital assets	-	-
	(2,962,103)	(2,306,416)
<b>Investing activities</b>		
Net increase in investments	(460,171)	(464,171)
<b>Net increase in cash</b>	1,711,015	1,800,481
<b>Cash, beginning of year</b>	10,804,063	9,003,582
<b>Cash, end of year</b>	\$ 12,515,078	\$ 10,804,063

# THE CORPORATION OF THE TOWNSHIP OF WILMOT

## Notes to Financial Statements

Year ended December 31, 2017

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### 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, 2017

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### 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 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

Assets under construction are 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, 2017

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### 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, 2017

### 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	\$ 7,423,789	\$ 16,658,748
Share of payments in lieu of taxes	111,589	107,406
	7,535,378	16,766,154
Payment	7,535,378	16,766,154
Overlevies (underlevies) end of year	\$ -	\$ -

### 4. Trust Funds:

Further to note 2(a)(iv), trust fund assets administered by the Township amounting to \$591,051 (2016 - \$587,771) 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 2017 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 2017 was \$431,928 (2016 - \$422,000) 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, 2017. At that time the plan reported a \$5.4 billion actuarial deficit (2016 - \$6.3 billion), based on actuarial liabilities of \$94.4 billion (2016 - \$91.7 billion) and actuarial assets of \$89.0 billion (2016 - \$85.4 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 2017.

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, 2017

### 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:

	2017	2016
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	5,893,402	5,429,231
	16,971,930	16,507,759
Share of net income for year	785,308	805,923
Dividends received in year	(325,137)	(341,752)
Cost of investment	\$ 17,432,101	\$ 16,971,930

The Kitchener-Wilmot Hydro Inc. notes bear interest at the annual rate of 6.0%, and are unsecured.

# THE CORPORATION OF THE TOWNSHIP OF WILMOT

## Notes to Financial Statements, continued

Year ended December 31, 2017

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

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

	2017	2016
	(in thousands)	(in thousands)
Current assets	\$ 72,120	\$ 75,614
Long-term assets	245,360	230,045
<b>Total assets</b>	<b>\$ 317,480</b>	<b>\$ 305,659</b>
Current liabilities	36,890	39,059
Long-term liabilities	120,497	114,250
<b>Total liabilities</b>	<b>157,387</b>	<b>153,309</b>
<b>Net assets</b>	<b>\$ 160,093</b>	<b>\$ 152,350</b>

	2017	2016
	(in thousands)	(in thousands)
Results of operations:		
Revenues	\$ 251,323	\$ 277,930
Operating expenses	(241,190)	(267,531)
<b>Net income</b>	<b>\$ 10,133</b>	<b>\$ 10,399</b>
<b>Township's share of net income - 7.75%</b>	<b>\$ 785</b>	<b>\$ 806</b>



# THE CORPORATION OF THE TOWNSHIP OF WILMOT

## Notes to Financial Statements, continued

Year ended December 31, 2017

### 7. Tangible Capital Assets

2017	Land	Land Improvements	Buildings	Machinery & Equipment	Infrastructure	Vehicles	Total
<b>Cost</b>							
Balance, beginning of year	\$ 10,320,181	\$ 3,780,158	\$ 34,317,163	\$ 3,181,730	\$ 172,881,770	\$ 5,893,042	\$ 230,374,045
Additions	-	216,692	18,826	378,763	1,889,812	513,783	3,017,875
Disposals	(4,811)	(8,980)	(284,608)	(46,972)	(1,401,872)	(333,734)	(2,080,978)
<b>Cost, end of year</b>	<b>10,315,370</b>	<b>3,987,869</b>	<b>34,051,381</b>	<b>3,513,520</b>	<b>173,369,710</b>	<b>6,073,091</b>	<b>231,310,941</b>
<b>Accumulated amortization</b>							
Balance, beginning of year	-	1,710,047	9,903,466	2,003,905	70,547,765	4,012,465	88,177,648
Disposals	-	(1,417)	(284,608)	(46,972)	(1,164,652)	(4,090)	(1,501,738)
Amortization expense	-	222,341	832,216	251,103	4,304,117	384,452	5,994,229
<b>Accumulated amortization, end of year</b>	<b>-</b>	<b>1,930,972</b>	<b>10,451,074</b>	<b>2,208,035</b>	<b>73,687,230</b>	<b>4,392,827</b>	<b>92,670,138</b>
<b>Work in Progress</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,314,695</b>
<b>Net Book Value, end of year</b>	<b>\$ 10,315,370</b>	<b>\$ 2,056,897</b>	<b>\$ 23,600,307</b>	<b>\$ 1,305,485</b>	<b>\$ 99,682,480</b>	<b>\$ 1,680,263</b>	<b>\$ 139,955,498</b>
<b>2016</b>	<b>Land</b>	<b>Land Improvements</b>	<b>Buildings</b>	<b>Machinery &amp; Equipment</b>	<b>Infrastructure</b>	<b>Vehicles</b>	<b>Total</b>
<b>Cost</b>							
Balance, beginning of year	\$ 10,320,181	\$ 3,680,877	\$ 34,093,639	\$ 2,628,615	\$ 172,437,977	\$ 5,611,612	\$ 228,772,900
Additions	-	165,977	223,525	615,192	982,491	531,593	2,518,778
Disposals	-	(66,696)	-	(62,077)	(538,698)	(250,162)	(917,633)
<b>Cost, end of year</b>	<b>10,320,181</b>	<b>3,780,158</b>	<b>34,317,163</b>	<b>3,181,730</b>	<b>172,881,770</b>	<b>5,893,042</b>	<b>230,374,045</b>
<b>Accumulated amortization</b>							
Balance, beginning of year	-	1,561,273	9,073,864	1,840,074	66,601,066	3,875,689	82,951,967
Disposals	-	(63,161)	-	(60,794)	(413,587)	(248,274)	(785,816)
Amortization expense	-	211,965	829,601	224,624	4,360,286	385,051	6,011,527
<b>Accumulated amortization, end of year</b>	<b>-</b>	<b>1,710,047</b>	<b>9,903,466</b>	<b>2,003,905</b>	<b>70,547,765</b>	<b>4,012,465</b>	<b>88,177,648</b>
<b>Work in Progress</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,370,467</b>
<b>Net Book Value, end of year</b>	<b>\$ 10,320,181</b>	<b>\$ 2,070,111</b>	<b>\$ 24,413,697</b>	<b>\$ 1,177,825</b>	<b>\$ 102,334,005</b>	<b>\$ 1,880,577</b>	<b>\$ 143,566,863</b>

There were no tangible capital assets contributed to the Township in 2017. 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 \$5,994,229 (\$6,011,527 in 2016).

# THE CORPORATION OF THE TOWNSHIP OF WILMOT

## Notes to Financial Statements, continued

Year ended December 31, 2017

### 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:

	2017	2016
Recreational parkland (The Planning Act)	\$ 1,374,965	\$ 1,330,930
Development charges and sub-dividers contributions	(1,587,334)	1,148,416
Federal Gas Tax	25,000	42,225
Building Department (Bill 124)	(759,971)	(745,647)
	\$ (947,340)	\$ 1,775,924

(b) Continuity schedule:

	2017	2016
Revenue		
Development charges and user fees	\$ 746,691	\$ 477,909
Federal Gas Tax funding	594,787	584,440
Investment income	13,306	20,739
	1,354,784	1,083,088
Deferred revenue recognized	(4,078,048)	(1,014,924)
Change in deferred revenue	(2,723,264)	68,164
Deferred revenue, beginning of year	1,775,924	1,707,760
Deferred revenue, end of year	\$ (947,340)	\$ 1,775,924

# THE CORPORATION OF THE TOWNSHIP OF WILMOT

## Notes to Financial Statements, continued

Year ended December 31, 2017

### 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:

	2017	2016
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	\$ 1,131,599	\$1,230,321
Of the long-term liabilities shown above, the responsibility for payment of principal and interest charges that has been assumed by individuals amounts to	(1,131,599)	(1,230,321)
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:

	2018 to 2022	2023 and thereafter	Total
From benefiting landowners	\$ 569,447	\$ 562,152	\$ 1,131,599

- (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, 2017 is \$1,131,599 (2016 - \$1,230,321).

# THE CORPORATION OF THE TOWNSHIP OF WILMOT

## Notes to Financial Statements, continued

Year ended December 31, 2017

### 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 (2016 - \$10,000) for any individual claim and \$10,000 (2016 - \$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 \$54,410 (2016 - \$41,935) were settled and insurance premiums of \$245,374 (2016 - \$246,687) 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:

	2017	2016
Salaries, wages and employee benefits	\$ 7,393,293	\$ 7,306,913
Materials	5,519,072	4,803,509
Amortization	5,994,229	6,011,527
Contracted services	252,770	578,876
External transfers	88,334	72,357
	\$ 19,247,698	18,773,182

# THE CORPORATION OF THE TOWNSHIP OF WILMOT

## Notes to Financial Statements, continued

Year ended December 31, 2017

### 11. Other explanatory notes: (continued)

#### (b) Budget Figures

Budget figures reported on the Statement of Operations and Accumulated Surplus are based on the 2017 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.

	2017	2016
Annual Surplus (Deficit) under PSAB	\$ 1,422,166	\$ (2,360,103)
Less:		
Grants and transfer related to capital	\$ 1,953,195	1,678,847
Deferred Revenue, net change	\$ 1,093,895	41,512
Contribution from Developers	\$ 3,454,750	224,538
Tangible capital assets additions	\$ 2,962,103	2,306,416
Increase in Government Business Enterprises	\$ 460,171	464,171
	\$ 9,924,114	4,715,484
Add:		
Amortization	\$ 5,994,229	6,011,527
Capital expenses	\$ 1,928,481	932,243
Loss on disposal of capital assets	\$ 579,238	131,817
	\$ 8,501,948	7,075,587
Budget Surplus, Council approved	\$ -	\$ -

# THE CORPORATION OF THE TOWNSHIP OF WILMOT

## Notes to Financial Statements, continued

Year ended December 31, 2017

### 12. Accumulated surplus

	2017	2016
<b>Reserve and Reserve Funds</b>		
Baden West Noise Wall	69,998	69,359
Elections	41,168	27,112
Hamilton Road Noise Wall	138,482	137,219
Heritage Lighting	5,631	5,579
Heritage Wilmot	1,213	1,202
Information Technology	868	862
Infrastructure Reserve - Cemetery	(65,850)	(34,850)
Infrastructure Reserve - Equipment	855,542	604,665
Infrastructure Reserve - Facilities	924,238	910,013
Infrastructure Reserve - Sanitary Sewers	1,965,323	1,712,955
Infrastructure Reserve - Street Lighting	(279,699)	(151,709)
Infrastructure Reserve - Transportation	1,144,505	1,074,179
Infrastructure Reserve - Water	2,641,055	2,089,445
Infrastructure Reserve - Water Meter	222,108	219,411
Self-Insurance	20,184	20,000
Winter Maintenance	116,767	140,946
Working Funds	502,139	383,388
<b>Total Reserves and Reserve Funds</b>	<b>8,303,672</b>	<b>7,209,776</b>
<b>Surplus</b>		
Invested in tangible capital assets	139,955,498	143,566,863
Operating Fund	22,588,957	18,649,322
<b>Total Surplus</b>	<b>162,544,455</b>	<b>162,216,185</b>
Accumulated Surplus	\$ 170,848,127	\$ 169,425,961

# THE CORPORATION OF THE TOWNSHIP OF WILMOT

## Notes to Financial Statements, continued

Year ended December 31, 2017

### 13. Asset Management Plan Adjustment

In accordance with the Ministry of Infrastructure "Building Together" guide, the Township completed an Asset Management Plan (AMP) which was a first step in establishing an overall infrastructure strategy.

As a result of refinements to AMP data, certain tangible capital assets are revalued to match AMP records, resulting in an increase/decrease in tangible capital assets as follows:

	2017	2016
Cost	\$ -	\$ 2,856,426
Accumulated amortization	-	2,091,635
	\$ -	\$ 764,791

The impact of this adjustment in 2017 was an increase in accumulated surplus of \$0 (2016 - \$764,791).

### 14. 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.

# THE CORPORATION OF THE TOWNSHIP OF WILMOT

## Notes to Financial Statements, continued

Year ended December 31, 2017

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### 14. Segmented Information (continued):

(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, 2017

### 14. Segmented Information (continued):

Year Ended December 31, 2017	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation & Culture	Development Services	Total
<b>Revenue</b>								
Taxation	\$ 977,762	\$ 670,425	\$ 2,739,115	\$ -	\$ -	\$ 2,558,784	\$ 806,540	\$ 7,752,627
User fees and charges	210,252	14,633	3,254	2,006,659	54,781	1,621,618	936,487	4,847,684
Government Transfers								
Canada	51,732	-	658,649	-	-	69,683	-	780,064
Ontario	172,066	117,981	1,567,452	-	-	466,900	185,206	2,509,605
Investment income	118,512	51,931	447,973	157,878	3,520	340,613	127,680	1,248,107
Interest and penalty on taxes	199,976	-	-	-	-	-	-	199,976
Other	232,373	5,055	2,002,430	450,075	-	583,279	58,589	3,331,801
<b>Total Revenue</b>	<b>1,962,673</b>	<b>860,024</b>	<b>7,418,874</b>	<b>2,614,612</b>	<b>58,301</b>	<b>5,640,878</b>	<b>2,114,502</b>	<b>20,669,864</b>
<b>Expenses</b>								
Salaries, Wages, Benefits	1,495,841	944,197	953,150	525,607	19,428	2,855,252	599,818	7,393,293
Materials and Services	848,078	318,564	1,515,228	300,103	15,596	1,691,675	1,082,598	5,771,842
Debt Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Grants to Organizations	-	-	-	-	-	88,334	-	88,334
Amortization	154,841	195,634	3,611,182	1,042,300	2,777	982,804	4,691	5,994,229
Internal Transfers	(354,850)	11,625	(73,585)	327,430	15,507	(7,496)	81,369	-
<b>Total Expenditures</b>	<b>2,143,910</b>	<b>1,470,020</b>	<b>6,005,975</b>	<b>2,195,440</b>	<b>53,308</b>	<b>5,610,569</b>	<b>1,768,476</b>	<b>19,247,698</b>
<b>Annual surplus (deficit)</b>	<b>\$ (181,237)</b>	<b>\$ (609,996)</b>	<b>\$ 1,412,899</b>	<b>\$ 419,172</b>	<b>\$ 4,993</b>	<b>\$ 30,309</b>	<b>\$ 346,026</b>	<b>\$ 1,422,166</b>

Year Ended December 31, 2016	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation & Culture	Development Services	Total
<b>Revenue</b>								
Taxation	\$ 1,076,539	\$ 763,348	\$ 2,678,067	\$ -	\$ -	\$ 2,643,419	\$ 417,821	\$ 7,579,194
User Fees and Charges	188,986	12,979	1,671	2,504,859	70,299	1,559,552	495,465	4,833,811
Government Transfers								
Canada	1,577	-	556,610	-	-	77,199	-	635,386
Ontario	202,151	122,068	645,689	-	-	461,115	70,498	1,501,521
Investment Income	142,541	76,244	301,707	201,194	5,647	395,176	97,796	1,220,305
Interest and Penalty on Taxes	197,607	-	-	-	-	-	-	197,607
Other	107,772	50,847	125,784	-	-	178,645	233,775	445,255
<b>Total Revenue</b>	<b>1,917,173</b>	<b>1,025,487</b>	<b>4,057,960</b>	<b>2,706,053</b>	<b>75,946</b>	<b>5,315,105</b>	<b>1,315,356</b>	<b>16,413,079</b>
<b>Expenses</b>								
Salaries, Wages, Benefits	1,509,038	975,013	922,796	496,402	23,880	2,753,132	626,652	7,306,913
Materials and Services	953,250	458,550	1,193,898	701,950	28,704	1,865,144	180,889	5,382,385
Debt Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Grants to Organizations	-	-	-	-	-	72,357	-	72,357
Amortization	157,841	183,307	3,670,611	1,037,695	2,777	955,836	3,460	6,011,527
Internal Transfers	(323,485)	11,625	(74,028)	297,711	14,924	(7,109)	80,362	-
<b>Total Expenditures</b>	<b>2,296,644</b>	<b>1,628,495</b>	<b>5,713,277</b>	<b>2,533,758</b>	<b>70,285</b>	<b>5,639,360</b>	<b>891,363</b>	<b>18,773,182</b>
<b>Annual surplus (deficit)</b>	<b>\$ (379,471)</b>	<b>\$ (603,008)</b>	<b>\$ (1,655,317)</b>	<b>\$ 172,295</b>	<b>\$ 5,661</b>	<b>\$ (324,255)</b>	<b>\$ 423,993</b>	<b>\$ (2,360,103)</b>