

Financial Statements of

**THE CORPORATION OF THE  
TOWNSHIP OF WILMOT**

Year ended December 31, 2020

# 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)

	2020	2019	2018	2017	2016	2015
<b>POPULATION</b> at the end of the year	21,957	21,850	21,643	21,429	21,151	20,982
<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	73	66	65	62	62	61
<b>NUMBER</b> of households	8,059	7,991	7,757	7,681	7,581	7,520
<b>ASSESSMENT</b> - Taxable assessment upon which the year's rates of taxation were set						
Residential, multi-residential and farm	3,692,029	3,496,578	3,298,092	3,113,367	2,960,690	2,819,008
Commercial - all classes	149,972	140,862	132,920	131,630	128,835	116,868
Industrial - all classes	42,383	41,063	39,741	37,009	39,948	40,371
Pipeline & Managed Forests	17,995	16,570	15,070	13,740	12,984	11,877
<b>Total</b>	<u>3,902,379</u>	<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>
Per capita	\$ 177,728	\$ 169,111	\$ 161,060	\$ 153,798	\$ 148,573	\$ 142,414
Commercial and industrial, as a percentage of taxable assessment	5%	5%	5%	5%	5%	5%
Exempt assessment	\$ 121,622	\$ 118,614	\$ 114,627	\$ 110,821	\$ 114,611	\$ 110,791
<b>TAX ARREARS</b> - per capita	\$56.88	\$48.86	\$50.65	\$38.14	\$40.90	\$48.10
- percentage of current levy	3.65%	3.26%	3.45%	2.66%	2.80%	3.39%
<b>EXPENDITURE</b> -general municipal purposes	\$ 20,765	\$ 19,585	\$ 19,133	\$ 19,442	\$ 18,591	\$ 17,834
<b>TRANSFERS TO THE REGION</b>	\$ 20,364	\$ 17,943	\$ 17,287	\$ 16,766	\$ 16,394	\$ 15,949
<b>TRANSFERS TO THE SCHOOL BOARDS</b>	\$ 7,554	\$ 7,612	\$ 7,580	\$ 7,535	\$ 7,644	\$ 7,643
<b>REVENUE FOR GENERAL MUNICIPAL SERVICES</b>						
Taxation	\$ 8,719	\$ 8,116	\$ 7,870	\$ 7,592	\$ 7,419	\$ 7,153
Payment in lieu of taxes	171	173	163	161	160	157
Government grants	3,420	3,486	2,847	3,290	2,137	1,933
Fees and service charges	5,035	5,408	5,800	5,295	4,864	5,066
Equity income from Kitchener Power Corporation	809	786	849	785	806	850
Other	1,615	1,788	279	3,547	1,027	4,359
<b>Total</b>	<u>\$ 19,769</u>	<u>\$ 19,757</u>	<u>\$ 17,808</u>	<u>\$ 20,670</u>	<u>\$ 16,413</u>	<u>\$ 19,517</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)

	2020	2019	2018	2017	2016	2015
<b>NET LONG TERM LIABILITIES</b>						
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
<b>CHARGES FOR NET LONG TERM LIABILITIES</b>						
General municipal activities	\$0	\$0	\$0	\$0	\$0	\$0
-per capita	\$0	\$0	\$0	\$0	\$0	\$0
-as a tax rate	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
<b>ACCUMULATED SURPLUS</b>						
<b>- OPERATING FUND</b>	\$8,279	\$7,145	\$5,459	\$5,157	\$1,677	\$706
<b>- TANGIBLE CAPITAL ASSETS</b>	\$131,811	\$135,773	\$137,684	\$139,955	\$143,567	\$146,639
<b>- RESERVES AND RESERVE FUNDS</b>	\$8,637	\$8,337	\$8,414	\$8,304	\$7,210	\$7,168
<b>- KITCHENER POWER CORPORATION</b>	\$18,924	\$18,439	\$17,965	\$17,432	\$16,972	\$16,508
<b>DEFERRED REVENUES - obligatory reserve funds</b>	-\$1,880	-\$1,374	-\$828	-\$947	\$1,776	\$1,708



## Management Responsibility for Financial Reporting

For the Year ended December 31, 2020

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 26, 2021 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**

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, 2020, and the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year 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 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, 2019, and the results of its operations, change in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Cambridge, Ontario  
April 26, 2021

CHARTERED 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, 2020

	2020	2019
<b>Financial Assets</b>		
Cash	\$ 15,966,674	\$ 14,671,682
Taxes receivable	1,248,972	1,067,516
Accounts receivable	1,904,066	2,504,040
Investment in Kitchener Power Corp. (note 6)	18,924,265	18,439,342
	<u>38,043,977</u>	<u>36,682,580</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	2,549,006	2,037,482
Deferred revenue	1,699,240	2,313,304
Deferred revenue - obligatory reserve funds (note 8)	(1,880,316)	(1,374,423)
	<u>2,367,930</u>	<u>2,976,363</u>
<b>Net Financial Assets</b>	<b>\$ 35,676,047</b>	<b>\$ 33,706,217</b>
<b>Non-Financial Assets</b>		
Tangible capital assets (note 7)	131,811,185	135,773,316
Inventories and supplies	94,321	158,151
Prepaid expenses	70,450	56,569
	<u>131,975,956</u>	<u>135,988,036</u>
<b>Accumulated Surplus</b> (note 12)	<b>\$ 167,652,003</b>	<b>\$ 169,694,253</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, 2020

	2020 Budget (Note 11b)	2020 Actual	2019 Actual
<b>Revenues</b>			
Taxation	\$ 8,726,811	\$ 8,718,941	\$ 8,116,007
Taxation from other governments	199,599	170,818	172,729
User fees and charges	5,919,885	4,534,625	4,962,648
Government transfer			
Canada	-	159,657	13,315
Ontario	947,460	1,997,584	1,453,672
Investment income	806,200	357,106	610,315
Interest and penalties on taxes	258,600	184,239	223,017
Other	215,000	324,803	230,550
	17,073,555	16,447,773	15,782,253
<b>Expenses</b>			
General government	3,265,180	3,361,210	2,595,023
Protection to persons and property	3,253,442	2,387,610	2,135,478
Transportation services	5,468,912	6,730,529	6,306,145
Environmental services	2,850,051	1,920,557	1,920,123
Health services	83,150	37,031	48,826
Recreation and cultural services	7,580,873	5,741,209	6,038,146
Planning and development	288,560	586,375	541,516
	22,790,167	20,764,521	19,585,257
<b>Net expenses before other income (expense)</b>	<b>(5,716,612)</b>	<b>(4,316,748)</b>	<b>(3,803,004)</b>
<b>Other income (expense)</b>			
Grants and transfers related to capital			
Deferred revenue earned	2,486,057	832,628	1,198,591
Grants and transfers - Canada	1,307,907	623,258	1,169,845
Grants and transfers - Ontario	1,405,648	639,265	849,323
Loss on disposal of tangible capital assets	-	(145,032)	(232,276)
Change in equity in Kitchener Power Corp.	-	809,023	786,470
Donations	445,000	475,100	23,792
Sale of Publications, Equipment	72,000	17,848	26,408
Interest earned on reserve funds	-	69,016	152,433
	5,716,612	3,321,106	3,974,586
<b>Annual Surplus (Deficit)</b>	<b>-</b>	<b>(995,642)</b>	<b>171,582</b>
<b>Accumulated Surplus, beginning of the year</b>		169,694,253	169,522,671
<b>Asset Management Plan Adjustment (note 13)</b>		(1,046,608)	-
<b>Accumulated Surplus, end of the year</b>		<b>\$ 167,652,003</b>	<b>\$ 169,694,253</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, 2020

	2020 Budget (Note 11b)	2020 Actual	2019 Actual
<b>Annual Surplus (Deficit)</b>	\$ -	\$ (995,642)	\$ 171,582
Amortization of tangible capital assets	-	6,001,204	6,022,881
Acquisition of tangible capital assets	(7,709,096)	(3,230,714)	(4,344,082)
Loss on disposal of tangible capital assets	-	145,032	232,276
Change in inventories and supplies	-	63,830	(52,504)
Change in prepaid expenses	-	(13,880)	13,049
<b>Increase In Net Financial Assets</b>	<b>(7,709,096)</b>	<b>1,969,830</b>	<b>2,043,202</b>
<b>Net Financial Assets, beginning of year</b>	<b>33,706,217</b>	<b>33,706,217</b>	<b>31,663,015</b>
<b>Net Financial Assets, end of year</b>	<b>\$ 25,997,121</b>	<b>\$ 35,676,047</b>	<b>\$ 33,706,217</b>

See accompanying notes to financial statements.

# THE CORPORATION OF THE TOWNSHIP OF WILMOT

## Statement of Cash Flows

Year ended December 31, 2020

	2020	2019
<b>Operating activities</b>		
Annual Surplus (Deficit)	\$ (995,642)	\$ 171,582
Sources (uses)		
Taxes receivable	(181,456)	28,721
Accounts receivable	599,974	93,610
Accounts payable and accrued liabilities	511,524	(223,962)
Deferred revenue	(1,119,957)	370,375
Inventories and supplies	63,830	(52,504)
Prepaid expenses	(13,880)	13,049
	(1,135,607)	400,871
Non-cash charges to operations		
Amortization	6,001,204	6,022,881
Loss on sale of tangible capital assets	145,032	232,276
	5,010,629	6,656,028
<b>Capital activities</b>		
Acquisition of tangible capital assets	(3,230,714)	(4,344,082)
<b>Investing activities</b>		
Net increase in investments	(484,923)	(473,870)
<b>Net increase in cash</b>	<b>1,294,992</b>	<b>1,838,076</b>
<b>Cash, beginning of year</b>	<b>14,671,682</b>	<b>12,833,606</b>
<b>Cash, end of year</b>	<b>\$ 15,966,674</b>	<b>\$ 14,671,682</b>

# THE CORPORATION OF THE TOWNSHIP OF WILMOT

## Notes to Financial Statements

Year ended December 31, 2020

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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, 2020

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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 annual surplus (deficit) 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, 2020

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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, 2020

### 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	\$ 7,439,350	\$ 20,245,536
Share of payments in lieu of taxes	114,471	118,812
	7,553,821	20,364,348
Payment	7,553,821	20,364,348
Overlevies (underlevies) end of year	\$ -	\$ -

### 4. Trust Funds:

Further to note 2(a)(iv), trust fund assets administered by the Township amounting to \$710,246 (2019 - \$1,154,718) 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 2020 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 2020 was \$521,765 (2019 - \$493,261) 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, 2020. At that time the plan reported a \$3.2 billion actuarial deficit (2019 - \$3.4 billion), based on actuarial liabilities of \$113.1 billion (2019 - \$107.7 billion) and actuarial assets of \$109.9 billion (2019 - \$104.3 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 2020.

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, 2020

### 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:

	2020	2019
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	7,360,814	6,886,944
	18,439,342	17,965,472
Share of net income for year	809,023	786,470
Dividends received in year	(324,100)	(312,600)
Cost of investment	\$ 18,924,265	\$ 18,439,342

The Kitchener-Wilmot Hydro Inc. notes bear interest at the annual rate of 3.23%, and are unsecured.



# THE CORPORATION OF THE TOWNSHIP OF WILMOT

## Notes to Financial Statements, continued

Year ended December 31, 2020

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

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

	2020	2019
	(in thousands)	(in thousands)
Current assets	\$ 56,044	\$ 62,901
Long-term assets	296,370	270,829
<b>Total assets</b>	<b>\$ 352,414</b>	<b>\$ 333,730</b>
Current liabilities	47,790	40,994
Long-term liabilities	132,907	127,930
<b>Total liabilities</b>	<b>180,697</b>	<b>168,924</b>
<b>Net assets</b>	<b>\$ 171,717</b>	<b>\$ 164,806</b>

  

	2020	2019
	(in thousands)	(in thousands)
Results of operations:		
Revenues	\$ 292,372	\$ 254,597
Operating expenses	(281,933)	(244,449)
<b>Net income</b>	<b>\$ 10,439</b>	<b>\$ 10,148</b>
<b>Township's share of net income - 7.75%</b>	<b>\$ 809</b>	<b>\$ 786</b>

# THE CORPORATION OF THE TOWNSHIP OF WILMOT

## Notes to Financial Statements, continued

Year ended December 31, 2020

### 7. Tangible Capital Assets

There were no tangible capital assets contributed to the Township in 2020. 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 \$6,001,204 (\$6,022,881 in 2019).

2020	Land	Land Improvements	Buildings	Machinery & Equipment	Infrastructure	Vehicles	Total
<b>Cost</b>							
Balance, beginning of year (Note 13)	\$ 10,315,370	\$ 4,195,211	\$ 34,247,904	\$ 4,108,487	\$ 173,765,018	\$ 6,441,997	\$ 233,073,987
Additions	\$ -	\$ 690,570	\$ 497,808	\$ 1,154,044	\$ 1,307,520	\$ 461,889	\$ 4,111,831
Disposals	\$ -	\$ (19,413)	\$ (38,714)	\$ (7,896)	\$ (995,830)	\$ (278,550)	\$ (1,340,403)
<b>Cost, end of year</b>	<b>\$ 10,315,370</b>	<b>\$ 4,866,368</b>	<b>\$ 34,706,998</b>	<b>\$ 5,254,635</b>	<b>\$ 174,076,708</b>	<b>\$ 6,625,336</b>	<b>\$ 235,845,415</b>
<b>Accumulated amortization</b>							
Balance, beginning of year (Note 13)	\$ -	\$ 2,354,290	\$ 12,090,355	\$ 2,472,206	\$ 79,545,838	\$ 4,674,930	\$ 101,137,619
Disposals	\$ -	\$ (19,413)	\$ (17,825)	\$ (7,896)	\$ (871,686)	\$ (278,549)	\$ (1,195,369)
Amortization expense	\$ -	\$ 262,716	\$ 845,355	\$ 392,137	\$ 4,154,847	\$ 346,149	\$ 6,001,204
<b>Accumulated amortization, end of year</b>	<b>\$ -</b>	<b>\$ 2,597,593</b>	<b>\$ 12,917,885</b>	<b>\$ 2,856,447</b>	<b>\$ 82,828,999</b>	<b>\$ 4,742,530</b>	<b>\$ 105,943,454</b>
<b>Work in Progress</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,909,224</b>
<b>Net Book Value, end of year</b>	<b>\$ 10,315,370</b>	<b>\$ 2,268,775</b>	<b>\$ 21,789,113</b>	<b>\$ 2,398,188</b>	<b>\$ 91,247,709</b>	<b>\$ 1,882,806</b>	<b>\$ 131,811,185</b>
<b>2019</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	\$ 10,315,370	\$ 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	\$ 3,949,972
Disposals	\$ -	\$ (39,157)	\$ (19,262)	\$ (42,960)	\$ (403,908)	\$ -	\$ (505,287)
<b>Cost, end of year</b>	<b>\$ 10,315,370</b>	<b>\$ 4,195,211</b>	<b>\$ 34,247,904</b>	<b>\$ 4,108,487</b>	<b>\$ 176,975,910</b>	<b>\$ 6,441,997</b>	<b>\$ 236,284,879</b>
<b>Accumulated amortization</b>							
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
<b>Accumulated amortization, end of year</b>	<b>\$ -</b>	<b>\$ 2,354,290</b>	<b>\$ 12,090,355</b>	<b>\$ 2,472,206</b>	<b>\$ 81,710,123</b>	<b>\$ 4,674,930</b>	<b>\$ 103,301,904</b>
<b>Work in Progress</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,790,341</b>
<b>Net Book Value, end of year</b>	<b>\$ 10,315,370</b>	<b>\$ 1,840,921</b>	<b>\$ 22,157,549</b>	<b>\$ 1,636,281</b>	<b>\$ 95,265,787</b>	<b>\$ 1,767,067</b>	<b>\$ 135,773,316</b>

# THE CORPORATION OF THE TOWNSHIP OF WILMOT

## Notes to Financial Statements, continued

Year ended December 31, 2020

### 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:

	2020	2019
Recreational parkland (The Planning Act)	\$ 1,544,106	\$ 1,512,081
Development charges and sub-dividers contributions	(2,532,239)	(2,080,397)
Federal Gas Tax	103,812	102,830
Building Department (Bill 124)	(995,995)	(908,937)
	\$ (1,880,316)	\$ (1,374,423)

(b) Continuity schedule:

	2020	2019
Revenue		
Development charges and user fees	\$ 342,384	\$ 601,033
Federal Gas Tax funding	623,258	1,246,932
Investment income	(15,650)	(25,621)
	949,992	1,822,344
Deferred revenue recognized	(1,455,885)	(2,368,434)
Change in deferred revenue	(505,893)	(546,090)
Deferred revenue, beginning of year	(1,374,423)	(828,333)
Deferred revenue, end of year	\$ (1,880,316)	\$ (1,374,423)

# THE CORPORATION OF THE TOWNSHIP OF WILMOT

## Notes to Financial Statements, continued

Year ended December 31, 2020

### 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:

	2020	2019
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	\$ 806,064	\$ 919,703
Of the long-term liabilities shown above, the responsibility for payment of principal and interest charges that has been assumed by individuals amounts to	(806,064)	(919,703)
<b>Net long-term liabilities at end of year</b>	<b>\$ nil</b>	<b>\$ nil</b>

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

	2021 to 2025	2026 and thereafter	Total
From benefiting landowners	\$ 655,489	\$ 150,575	\$ 806,064

- (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, 2020 is \$806,064 (2019 - \$919,703).

# THE CORPORATION OF THE TOWNSHIP OF WILMOT

## Notes to Financial Statements, continued

Year ended December 31, 2020

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### 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 (2019 - \$10,000) for any individual claim and \$10,000 (2019 - \$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 \$70,776 (2019 – \$74,012) were settled and insurance premiums of \$203,837 (2019 - \$221,029) 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:

	2020	2019
Salaries, wages and employee benefits	\$ 8,130,754	\$ 8,103,512
Materials	5,983,767	5,137,435
Amortization	6,001,204	6,022,881
Contracted services	595,820	264,064
External transfers	52,976	57,365
	<u>\$ 20,764,521</u>	<u>19,585,257</u>

# THE CORPORATION OF THE TOWNSHIP OF WILMOT

## Notes to Financial Statements, continued

Year ended December 31, 2020

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

#### (b) Budget Figures

Budget figures reported on the Statement of Operations and Accumulated Surplus are based on the 2020 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.

	2020	2019
Annual Surplus (Deficit) under PSAB	\$ (995,642)	\$ 171,582
Less:		
Grants and transfer related to capital	2,762,352	1,464,438
Deferred Revenue, net change	300,454	(77,324)
Contribution from Developers	754,254	1,112,120
Tangible capital assets additions	3,230,714	4,344,082
Increase in Government Business Enterprises	484,923	473,870
	7,532,697	7,317,185
Add:		
Amortization	6,001,204	6,022,881
Capital expenses	2,382,103	890,445
Loss on disposal of capital assets	145,032	232,276
	8,528,339	7,145,603
Budget Surplus, Council approved	\$ -	\$ -

# THE CORPORATION OF THE TOWNSHIP OF WILMOT

## Notes to Financial Statements, continued

Year ended December 31, 2020

### 12. Accumulated surplus

	2020	2019
<b>Reserve and Reserve Funds</b>		
Baden West Noise Wall	73,149	72,457
Elections	35,397	14,623
Hamilton Road Noise Wall	144,717	143,348
Heritage Lighting	5,884	5,828
Infrastructure Reserve - Cemetery	(66,108)	(53,465)
Infrastructure Reserve - Equipment	480,620	678,212
Infrastructure Reserve - Facilities	688,919	921,223
Infrastructure Reserve - Sanitary Sewers	2,289,435	1,934,422
Infrastructure Reserve - Street Lighting	(100,900)	(164,709)
Infrastructure Reserve - Transportation	609,928	830,831
Infrastructure Reserve - Water	3,373,134	3,039,941
Infrastructure Reserve - Water Meter	559,916	411,193
Municipal Accomodation Tax	1,973	780
Self-Insurance	20,000	-
Winter Maintenance	19,073	-
Working Funds	502,139	502,139
<b>Total Reserves and Reserve Funds</b>	<b>8,637,278</b>	<b>8,336,824</b>
<b>Surplus</b>		
Invested in tangible capital assets	131,811,185	135,773,316
Operating Fund	27,203,540	25,584,113
<b>Total Surplus</b>	<b>159,014,725</b>	<b>161,357,429</b>
Accumulated Surplus	167,652,003	\$ 169,694,253

# THE CORPORATION OF THE TOWNSHIP OF WILMOT

## Notes to Financial Statements, continued

Year ended December 31, 2020

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### 13. Asset Management Plan Adjustment

In accordance with the Ontario Regulation 577/17 "Asset Management Planning for Municipal Infrastructure" the Township of Wilmot continues to work towards a comprehensive Asset Management Plan (AMP) for Township infrastructure.

As a result of these works, certain infrastructure tangible capital assets were revalued to match AMP data resulting in a decrease in tangible capital assets as follows:

Cost	\$	3,210,892
Accumulated amortization		<u>2,164,285</u>
Net Book Value	\$	<u>1,046,607</u>

The impact of this adjustment in 2020 was decrease in accumulated surplus of \$1,046,607.

Amortization for 2020 and future years will decrease as a result of this restatement of the net book value of the infrastructure tangible capital assets. The impact for 2020 was a decrease in amortization amounting to approximately \$21,000.

### 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, 2020

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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, 2020

### 14. Segmented Information (continued):

Year Ended December 31, 2020	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation & Culture	Development Services	Total
<b>Revenue</b>								
Taxation	\$ 1,520,991	\$ 887,142	\$ 3,126,767	\$ -	\$ -	\$ 2,811,438	\$ 543,422	8,889,759
User fees and charges	100,487	20,937	107,160	2,778,380	76,632	772,049	711,160	4,566,805
Government Transfers								
Canada	3,600	-	623,258	-	-	11,644	-	638,502
Ontario	1,041,602	98,039	1,164,531	54,500	-	330,960	91,631	2,781,262
Investment income	208,924	74,443	336,065	188,792	5,107	323,798	98,016	1,235,145
Interest and penalty on taxes	184,239	-	-	-	-	-	-	184,239
Other	284,046	110,923	21,049	-	-	932,594	124,555	1,473,167
<b>Total Revenue</b>	<b>3,343,888</b>	<b>1,191,483</b>	<b>5,378,830</b>	<b>3,021,672</b>	<b>81,739</b>	<b>5,182,483</b>	<b>1,568,784</b>	<b>19,768,879</b>
<b>Expenses</b>								
Salaries, Wages, Benefits	1,800,098	905,581	1,288,581	520,540	16,018	2,831,567	768,369	8,130,754
Materials and Services	1,578,739	554,673	1,990,465	364,285	15,678	1,822,584	253,163	6,579,587
Grants to Organizations	-	-	-	-	-	52,976	-	52,976
Amortization	138,949	330,932	3,451,483	1,035,732	5,335	1,034,082	4,691	6,001,204
Internal Transfers	(426,880)	11,633	(376,420)	701,977	39,490	(27,900)	78,100	-
<b>Total Expenditures</b>	<b>3,090,906</b>	<b>1,802,819</b>	<b>6,354,109</b>	<b>2,622,534</b>	<b>76,521</b>	<b>5,713,309</b>	<b>1,104,323</b>	<b>20,764,521</b>
<b>Annual surplus (deficit)</b>	<b>\$ 252,982</b>	<b>\$ (611,336)</b>	<b>\$ (975,279)</b>	<b>\$ 399,138</b>	<b>\$ 5,218</b>	<b>\$ (530,826)</b>	<b>\$ 464,461</b>	<b>\$ (995,642)</b>
<b>Year Ended December 31, 2019</b>								
	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation & Culture	Development Services	Total
<b>Revenue</b>								
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
<b>Total Revenue</b>	<b>2,034,647</b>	<b>1,523,951</b>	<b>6,062,173</b>	<b>3,015,016</b>	<b>75,002</b>	<b>5,509,044</b>	<b>1,537,006</b>	<b>19,756,839</b>
<b>Expenses</b>								
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
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	-
<b>Total Expenditures</b>	<b>2,342,949</b>	<b>1,563,256</b>	<b>6,049,743</b>	<b>2,466,601</b>	<b>69,708</b>	<b>6,026,418</b>	<b>1,066,582</b>	<b>19,585,257</b>
<b>Annual surplus (deficit)</b>	<b>\$ (308,302)</b>	<b>\$ (39,305)</b>	<b>\$ 12,430</b>	<b>\$ 548,415</b>	<b>\$ 5,294</b>	<b>\$ (517,374)</b>	<b>\$ 470,424</b>	<b>\$ 171,582</b>

### 15. Uncertainty Regarding COVID-19

As the COVID-19 pandemic continues to impact the economy, 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.