

Financial Statements of

**THE CORPORATION OF THE
TOWNSHIP OF WILMOT**

Year ended December 31, 2021

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)

	2021	2020	2019	2018	2017	2016
POPULATION at the end of the year	22,041	21,957	21,850	21,643	21,429	21,151
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	75	73	66	65	62	62
NUMBER of households	8,085	8,059	7,991	7,757	7,681	7,581
ASSESSMENT - Taxable assessment upon which the year's rates of taxation were set						
Residential, multi-residential and farm	3,723,677	3,692,029	3,496,578	3,298,092	3,113,367	2,960,690
Commercial - all classes	149,259	149,972	140,862	132,920	131,630	128,835
Industrial - all classes	47,348	42,383	41,063	39,741	37,009	39,948
Pipeline & Managed Forests	18,399	17,995	16,570	15,070	13,740	12,984
Total	<u>3,938,683</u>	<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>
Per capita	\$ 178,698	\$ 177,728	\$ 169,111	\$ 161,060	\$ 153,798	\$ 148,573
Commercial and industrial, as a percentage of taxable assessment	5%	5%	5%	5%	5%	5%
Exempt assessment	\$ 120,576	\$ 121,622	\$ 118,614	\$ 114,627	\$ 110,821	\$ 114,611
TAX ARREARS - per capita	\$40.25	\$56.88	\$48.86	\$50.65	\$38.14	\$40.90
- percentage of current levy	2.59%	3.65%	3.26%	3.45%	2.66%	2.80%
EXPENDITURE - general municipal purposes	\$ 21,500	\$ 20,765	\$ 19,585	\$ 19,133	\$ 19,442	\$ 18,591
TRANSFERS TO THE REGION	\$ 18,869	\$ 20,364	\$ 17,943	\$ 17,287	\$ 16,766	\$ 16,394
TRANSFERS TO THE SCHOOL BOARDS	\$ 7,021	\$ 7,554	\$ 7,612	\$ 7,580	\$ 7,535	\$ 7,644
REVENUE FOR GENERAL MUNICIPAL SERVICES						
Taxation	\$ 9,250	\$ 8,719	\$ 8,116	\$ 7,870	\$ 7,592	\$ 7,419
Payment in lieu of taxes	171	171	173	163	161	160
Government grants	3,410	3,420	3,486	2,847	3,290	2,137
Fees and service charges	4,764	5,035	5,408	5,800	5,295	4,864
Equity income from Kitchener Power Corporation	868	809	786	849	785	806
Other	2,172	1,615	1,788	279	3,547	1,027
Total	<u>\$ 20,635</u>	<u>\$ 19,769</u>	<u>\$ 19,757</u>	<u>\$ 17,808</u>	<u>\$ 20,670</u>	<u>\$ 16,413</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)

	2021	2020	2019	2018	2017	2016
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	\$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
ACCUMULATED SURPLUS						
- OPERATING FUND	\$9,850	\$8,279	\$7,145	\$5,459	\$5,157	\$1,677
- TANGIBLE CAPITAL ASSETS	\$131,188	\$131,811	\$135,773	\$137,684	\$139,955	\$143,567
- RESERVES AND RESERVE FUNDS	\$6,296	\$8,637	\$8,337	\$8,414	\$8,304	\$7,210
- KITCHENER POWER CORPORATION	\$19,452	\$18,924	\$18,439	\$17,965	\$17,432	\$16,972
DEFERRED REVENUES - obligatory reserve funds	-\$3,307	-\$1,880	-\$1,374	-\$828	-\$947	\$1,776

Management Responsibility for Financial Reporting

For the Year ended December 31, 2021

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 25, 2022 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.



Sharon Chambers,
Chief Administrative Officer



Patrick Kelly CPA, CMA
Director of Corporate Services / 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, 2021, 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, 2021, 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.



Cambridge, Ontario
April 25, 2022

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, 2021

	2021	2020
Financial Assets		
Cash	\$ 15,617,820	\$ 15,966,674
Taxes receivable	887,192	1,248,972
Accounts receivable	2,376,918	1,904,066
Investment in Kitchener Power Corp. (note 6)	19,451,978	18,924,265
	<u>38,333,908</u>	<u>38,043,977</u>
Liabilities		
Accounts payable and accrued liabilities	3,170,045	2,549,006
Deferred revenue (note 8)	3,053,549	1,699,240
Deferred revenue - obligatory reserve funds (note 9)	(3,307,171)	(1,880,316)
	<u>2,916,423</u>	<u>2,367,930</u>
Net Financial Assets	\$ 35,417,485	\$ 35,676,047
Non-Financial Assets		
Tangible capital assets (note 7)	131,187,709	131,811,185
Inventories and supplies	92,753	94,321
Prepaid expenses	87,674	70,450
	<u>131,368,136</u>	<u>131,975,956</u>
Accumulated Surplus (note 13)	\$ 166,785,621	\$ 167,652,003

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, 2021

	2021 Budget (Note 12b)	2021 Actual	2020 Actual
Revenues			
Taxation	\$ 9,167,350	\$ 9,249,589	\$ 8,718,941
Taxation from other governments	199,200	170,621	170,818
User fees and charges	5,383,899	4,348,561	4,534,625
Government transfer			
Canada	-	13,935	292,328
Ontario	1,223,525	1,397,368	1,864,913
Investment income	706,700	304,331	357,106
Interest and penalties on taxes	246,500	213,920	184,239
Other	305,630	206,907	324,803
	17,232,804	15,905,232	16,447,773
Expenses			
General government	2,925,365	3,556,921	3,361,210
Protection to persons and property	3,139,797	2,472,719	2,387,610
Transportation services	5,776,687	6,970,524	6,730,529
Environmental services	6,000,699	1,777,785	1,920,557
Health services	77,440	65,985	37,031
Recreation and cultural services	5,825,361	6,045,265	5,741,209
Planning and development	542,710	610,705	586,375
	24,288,058	21,499,904	20,764,521
Net expenses before other income (expense)	(7,055,254)	(5,594,672)	(4,316,748)
Other income (expense)			
Grants and transfers related to capital			
Deferred revenue earned	5,225,150	1,669,427	832,628
Grants and transfers - Canada	771,588	1,383,664	623,258
Grants and transfers - Ontario	1,043,516	614,765	639,265
Loss on disposal of tangible capital assets	-	(73,290)	(145,032)
Change in equity in Kitchener Power Corp.	-	867,613	809,023
Donations	-	197,134	475,100
Sale of publications, equipment	15,000	25,166	17,848
Interest earned on reserve funds	-	43,811	69,016
	7,055,254	4,728,290	3,321,106
Annual Surplus (Deficit)	-	(866,382)	(995,642)
Accumulated Surplus, beginning of the year		167,652,003	169,694,253
Asset Management Plan Adjustment (note 14)		-	(1,046,608)
Accumulated Surplus, end of the year		\$ 166,785,621	\$ 167,652,003

See accompanying notes to financial statements.

THE CORPORATION OF THE TOWNSHIP OF WILMOT

Statement of Change in Net Financial Assets

Year ended December 31, 2021

	2021 Budget (Note 12b)	2021 Actual	2020 Actual
Annual Surplus (Deficit)	\$ -	\$ (866,382)	\$ (995,642)
Amortization of tangible capital assets	-	6,130,853	6,001,204
Acquisition of tangible capital assets	(8,874,450)	(5,580,667)	(3,230,714)
Loss on disposal of tangible capital assets	-	73,290	145,032
Change in inventories and supplies	-	1,568	63,830
Change in prepaid expenses	-	(17,224)	(13,880)
Increase (decrease) In Net Financial Assets	(8,874,450)	(258,562)	1,969,830
Net Financial Assets, beginning of year	35,676,047	35,676,047	33,706,217
Net Financial Assets, end of year	\$ 26,801,597	\$ 35,417,485	\$ 35,676,047

See accompanying notes to financial statements.

THE CORPORATION OF THE TOWNSHIP OF WILMOT

Statement of Cash Flows

Year ended December 31, 2021

	2021	2020
Operating activities		
Annual Surplus (Deficit)	\$ (866,382)	\$ (995,642)
Sources (uses)		
Taxes receivable	361,780	(181,456)
Accounts receivable	(472,852)	599,974
Accounts payable and accrued liabilities	621,039	511,524
Deferred revenue	(72,546)	(1,119,957)
Inventories and supplies	1,568	63,830
Prepaid expenses	(17,224)	(13,880)
	(444,617)	(1,135,607)
Non-cash charges to operations		
Amortization	6,130,853	6,001,204
Loss on sale of tangible capital assets	73,290	145,032
	5,759,526	5,010,629
Capital activities		
Acquisition of tangible capital assets	(5,580,667)	(3,230,714)
Investing activities		
Net increase in investments	(527,713)	(484,923)
Net increase (decrease) in cash	(348,854)	1,294,992
Cash, beginning of year	15,966,674	14,671,682
Cash, end of year	\$ 15,617,820	\$ 15,966,674

THE CORPORATION OF THE TOWNSHIP OF WILMOT

Notes to Financial Statements

Year ended December 31, 2021

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, 2021

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, 2021

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, 2021

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	\$ 6,906,602	\$ 18,750,569
Share of payments in lieu of taxes	114,471	118,523
	7,021,073	18,869,092
Payment	7,021,073	18,869,092
Overlevies (underlevies) end of year	\$ -	\$ -

4. Trust Funds:

Further to note 2(a)(iv), trust fund assets administered by the Township amounting to \$806,525 (2020 - \$710,246) 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 2021 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 2021 was \$541,787 (2020 - \$521,765) 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, 2021. At that time the plan reported a \$3.1 billion actuarial deficit (2020 - \$3.2 billion), based on actuarial liabilities of \$120.8 billion (2020 - \$113.1 billion) and actuarial assets of \$117.7 billion (2020 - \$109.9 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 2021.

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, 2021

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.

Mergers of the holding companies, Kitchener Power Corp. and Waterloo North Hydro Holding Corporation and the local distribution companies, Kitchener-Wilmot Hydro Inc. and Waterloo North Hydro Inc. were proposed in 2021. The proposals have been agreed to by the Township of Wilmot and City of Kitchener Councils. A Mergers, Amalgamations, Acquisitions and Divestitures (MAADs) application was filed on February 4, 2022 seeking permission from the Ontario Energy Board ("OEB") to proceed with the proposed merger.

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

	2021	2020
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	7,845,737	7,360,814
	18,924,265	18,439,342
Share of net income for year	867,613	809,023
Dividends received in year	(339,900)	(324,100)
Cost of investment	\$ 19,451,978	\$ 18,924,265

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, 2021

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

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

	2021	2020
	(in thousands)	(in thousands)
Current assets	\$ 46,263	\$ 56,044
Long-term assets	317,220	296,370
Total assets	\$ 363,483	\$ 352,414
Current liabilities	42,578	47,790
Long-term liabilities	142,332	132,907
Total liabilities	184,910	180,697
Net assets	\$ 178,573	\$ 171,717

	2021	2020
	(in thousands)	(in thousands)
Results of operations:		
Revenues	\$ 256,287	\$ 292,372
Operating expenses	(245,092)	(281,933)
Net income	\$ 11,195	\$ 10,439
Township's share of net income - 7.75%	\$ 868	\$ 809

THE CORPORATION OF THE TOWNSHIP OF WILMOT

Notes to Financial Statements, continued

Year ended December 31, 2021

7. Tangible Capital Assets:

There were no tangible capital assets contributed to the Township in 2021. 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 \$6,130,853 (\$6,001,204 in 2020).

2021	Land	Land Improvements	Buildings	Machinery & Equipment	Infrastructure	Vehicles	Total
Cost							
Balance, beginning of year	\$ 10,315,370	\$ 4,866,368	\$ 34,706,998	\$ 5,254,635	\$ 174,076,708	\$ 6,625,336	\$ 235,845,415
Additions	-	1,178,707	129,655	203,044	508,559	130,412	2,150,377
Disposals	-	(14,664)	(34,551)	-	(123,412)	-	(172,627)
Cost, end of year	10,315,370	6,030,411	34,802,102	5,457,679	174,461,855	6,755,748	237,823,165
Accumulated amortization							
Balance, beginning of year	-	2,597,593	12,917,885	2,856,447	82,828,999	4,742,530	105,943,454
Disposals	-	(14,664)	(13,505)	-	(71,168)	-	(99,337)
Amortization expense	-	318,393	854,940	496,448	4,124,041	337,031	6,130,853
Accumulated amortization, end of year	-	2,901,323	13,759,320	3,352,895	86,881,872	5,079,561	111,974,970
Work in Progress	-	-	-	-	-	-	5,339,514
Net Book Value, end of year	\$ 10,315,370	\$ 3,129,088	\$ 21,042,783	\$ 2,104,784	\$ 87,579,983	\$ 1,676,187	\$ 131,187,709
2020							
	Land	Land Improvements	Buildings	Machinery & Equipment	Infrastructure	Vehicles	Total
Cost							
Balance, beginning of year	\$ 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)
Cost, end of year	10,315,370	4,866,368	34,706,998	5,254,635	174,076,708	6,625,336	235,845,415
Accumulated amortization							
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
Accumulated amortization, end of year	-	2,597,593	12,917,885	2,856,447	82,828,999	4,742,530	105,943,454
Work in Progress	-	-	-	-	-	-	1,909,224
Net Book Value, end of year	\$ 10,315,370	\$ 2,268,775	\$ 21,789,113	\$ 2,398,188	\$ 91,247,709	\$ 1,882,806	\$ 131,811,185

THE CORPORATION OF THE TOWNSHIP OF WILMOT

Notes to Financial Statements, continued

Year ended December 31, 2021

8. Deferred revenue:

(a) The balances in deferred revenues on the statement of financial position are summarized by service area as follows:

	2021	2020
Development Services	\$ 1,622,257	\$ 832,320
Fire Services	11,910	-
Parks, Facilities and Recreation Services	616,916	273,793
Public Works and Engineering Services	280,282	291,743
Other	522,184	301,384
	<u>\$ 3,053,549</u>	<u>\$ 1,699,240</u>

(b) Deferred revenues include funding support from senior levels of government resulting from the COVID-19 pandemic \$467,222 (2020 – \$205,316).

9. 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:

	2021	2020
Recreational parkland (The Planning Act)	\$ 1,599,806	\$ 1,544,106
Development charges and sub-dividers contributions	(3,727,430)	(2,532,239)
Federal Gas Tax	104,692	103,812
Building Department (Bill 124)	(1,284,239)	(995,995)
	<u>\$ (3,307,171)</u>	<u>\$ (1,880,316)</u>

THE CORPORATION OF THE TOWNSHIP OF WILMOT

Notes to Financial Statements, continued

Year ended December 31, 2021

9. Deferred revenue - obligatory reserve funds (continued):

(b) Continuity schedule:

	2021	2020
Revenue		
Development charges and user fees	\$ 261,075	\$ 342,384
Federal Gas Tax funding	1,277,978	623,258
Investment income	(16,933)	(15,650)
	1,522,120	949,992
Deferred revenue recognized	(2,948,975)	(1,455,885)
Change in deferred revenue	(1,426,855)	(505,893)
Deferred revenue, beginning of year	(1,880,316)	(1,374,423)
Deferred revenue, end of year	\$ (3,307,171)	\$ (1,880,316)

10. 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:

	2021	2020
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	\$ 686,968	\$ 806,064
Of the long-term liabilities shown above, the responsibility for payment of principal and interest charges that has been assumed by individuals amounts to	(686,968)	(806,064)
Net long-term liabilities at end of year	\$ nil	\$ nil

THE CORPORATION OF THE TOWNSHIP OF WILMOT

Notes to Financial Statements, continued

Year ended December 31, 2021

10. Net long-term liabilities (continued):

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

	2022 to 2026	2027 and thereafter	Total
From benefiting landowners	\$ 686,968	\$ -	\$ 686,968

(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, 2021 is \$686,968 (2020 - \$806,064).

11. 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 (2020 - \$10,000) for any individual claim and \$10,000 (2020 - \$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 \$49,343 (2020 – \$70,776) were settled and insurance premiums of \$219,514 (2020 - \$203,837) 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.

THE CORPORATION OF THE TOWNSHIP OF WILMOT

Notes to Financial Statements, continued

Year ended December 31, 2021

12. 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:

	2021	2020
Salaries, wages and employee benefits	\$ 8,885,725	\$ 8,130,754
Materials	5,871,292	5,983,767
Amortization	6,130,853	6,001,204
Contracted services	553,788	595,820
External transfers	58,246	52,976
	<u>\$ 21,499,904</u>	<u>20,764,521</u>

THE CORPORATION OF THE TOWNSHIP OF WILMOT

Notes to Financial Statements, continued

Year ended December 31, 2021

12. Other explanatory notes (continued):

(b) Budget Figures

Budget figures reported on the Statement of Operations and Accumulated Surplus are based on the 2021 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.

	2021	2020
Annual Surplus (Deficit) under PSAB	\$ (866,382)	\$ (995,642)
Less:		
Grants and transfer related to capital	2,337,150	2,762,352
Deferred Revenue, net change	(2,341,515)	300,454
Contribution from Developers	1,390,867	754,254
Tangible capital assets additions	5,580,667	3,230,714
Increase in Government Business Enterprises	527,713	484,923
	7,494,882	7,532,697
Add:		
Amortization	6,130,853	6,001,204
Capital expenses	2,157,121	2,382,103
Loss on disposal of capital assets	73,290	145,032
	8,361,264	8,528,339
Budget Surplus, Council approved	\$ -	\$ -

THE CORPORATION OF THE TOWNSHIP OF WILMOT

Notes to Financial Statements, continued

Year ended December 31, 2021

13. Accumulated surplus:

	2021	2020
Reserve and Reserve Funds		
Baden West Noise Wall	73,683	73,149
Elections	56,222	35,397
Hamilton Road Noise Wall	145,773	144,717
Heritage Lighting	5,927	5,884
Infrastructure Reserve - Cemetery	(60,538)	(66,108)
Infrastructure Reserve - Equipment	211,675	480,620
Infrastructure Reserve - Facilities	420,667	688,919
Infrastructure Reserve - Sanitary Sewers	1,341,032	2,289,435
Infrastructure Reserve - Street Lighting	(41,402)	(100,900)
Infrastructure Reserve - Transportation	347,506	609,928
Infrastructure Reserve - Water	2,436,130	3,373,134
Infrastructure Reserve - Water Meter	682,254	559,916
Municipal Accomodation Tax	2,774	1,973
Self-Insurance	20,146	20,000
Winter Maintenance	151,775	19,073
Working Funds	502,139	502,139
Total Reserves and Reserve Funds	6,295,763	8,637,278
Surplus		
Invested in tangible capital assets	131,187,709	131,811,185
Operating Fund	29,302,149	27,203,540
Total Surplus	160,489,858	159,014,725
Accumulated Surplus	166,785,621	\$ 167,652,003

THE CORPORATION OF THE TOWNSHIP OF WILMOT

Notes to Financial Statements, continued

Year ended December 31, 2021

14. 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:

	2021	2020
Cost	\$ -	\$ (3,210,892)
Accumulated amortization	-	(2,164,284)
	\$ -	\$ (1,046,608)

The impact of this adjustment in 2021 was a decrease in accumulated surplus of \$0 (2020 - \$1,046,608).

15. 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, 2021

15. 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, 2021

15. Segmented Information (continued):

Year Ended December 31, 2021	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation & Culture	Development Services	Total
Revenue								
Taxation	\$ 1,626,904	\$ 921,287	\$ 3,269,166	\$ -	\$ -	\$ 3,007,512	\$ 595,341	9,420,210
User fees and charges	96,972	14,072	116,885	2,721,658	78,955	711,826	608,193	4,348,561
Government Transfers								
Canada	3,600	-	1,355,208	-	-	38,791	-	1,397,599
Ontario	300,764	111,899	1,150,875	-	-	353,559	95,036	2,012,133
Investment income	158,551	85,132	381,777	221,169	4,943	275,059	89,124	1,215,755
Interest and penalty on taxes	213,920	-	-	-	-	-	-	213,920
Other	290,182	312,455	205,521	810,810	-	281,495	124,881	2,025,344
Total Revenue	2,690,893	1,444,845	6,479,432	3,753,637	83,898	4,668,242	1,512,575	20,633,522
Expenses								
Salaries, Wages, Benefits	1,978,837	972,615	1,488,927	574,342	19,190	3,001,966	849,848	8,885,725
Materials and Services	1,625,897	418,731	1,736,824	486,623	41,460	1,887,993	227,552	6,425,080
Debt Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Grants to Organizations	-	-	-	-	-	58,246	-	58,246
Amortization	122,499	439,675	3,744,773	716,820	5,335	1,097,060	4,691	6,130,853
Internal Transfers	(473,290)	11,630	(431,920)	771,510	43,420	(29,990)	108,640	-
Total Expenditures	3,253,943	1,842,651	6,538,604	2,549,295	109,405	6,015,275	1,190,731	21,499,904
Annual surplus (deficit)	\$ (563,050)	\$ (397,806)	\$ (59,172)	\$ 1,204,342	\$ (25,507)	\$ (1,347,033)	\$ 321,844	\$ (866,382)
Year Ended December 31, 2020								
	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation & Culture	Development Services	Total
Revenue								
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	931,630	111,278	1,211,195	54,500	-	372,918	99,741	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
Total Revenue	3,233,917	1,204,723	5,425,494	3,021,672	81,739	5,224,441	1,576,894	19,768,879
Expenses								
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
Debt Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
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	-
Total Expenditures	3,090,906	1,802,819	6,354,109	2,622,534	76,521	5,713,309	1,104,323	20,764,521
Annual surplus (deficit)	\$ 143,011	\$ (598,096)	\$ (928,615)	\$ 399,138	\$ 5,218	\$ (488,868)	\$ 472,571	\$ (995,642)

16. 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.