

Financial Statements of

**THE CORPORATION OF THE
TOWNSHIP OF WILMOT**

Year ended December 31, 2023

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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)

	2023	2022	2021	2020	2019	2018
POPULATION at the end of the year	22,338	22,157	22,041	21,957	21,850	21,643
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	91	85	75	73	66	65
NUMBER of households	7,978	8,131	8,085	8,059	7,991	7,757
ASSESSMENT - Taxable assessment upon which the year's rates of taxation were set						
Residential, multi-residential and farm	3,773,048	3,752,623	3,723,677	3,692,029	3,496,578	3,298,092
Commercial - all classes	151,498	151,174	149,259	149,972	140,862	132,920
Industrial - all classes	48,445	48,321	47,348	42,383	41,063	39,741
Pipeline & Managed Forests	18,124	18,269	18,399	17,995	16,570	15,070
Total	<u>3,991,114</u>	<u>3,970,386</u>	<u>3,938,683</u>	<u>3,902,379</u>	<u>3,695,073</u>	<u>3,485,823</u>
Per capita	\$ 178,669	\$ 179,193	\$ 178,698	\$ 177,728	\$ 169,111	\$ 161,060
Commercial and industrial, as a percentage of taxable assessment	5%	5%	5%	5%	5%	5%
Exempt assessment	\$ 122,596	\$ 122,769	\$ 120,576	\$ 121,622	\$ 118,614	\$ 114,627
TAX ARREARS - per capita	\$44.85	\$34.81	\$40.25	\$56.88	\$48.86	\$50.65
- percentage of current levy	2.57%	2.13%	2.59%	3.65%	3.26%	3.45%
EXPENDITURE - general municipal purposes	\$ 20,898	\$ 24,151	\$ 21,500	\$ 20,765	\$ 19,585	\$ 19,133
TRANSFERS TO THE REGION	\$ 21,572	\$ 19,656	\$ 18,869	\$ 20,364	\$ 17,943	\$ 17,287
TRANSFERS TO THE SCHOOL BOARDS	\$ 6,880	\$ 6,868	\$ 7,021	\$ 7,554	\$ 7,612	\$ 7,580
REVENUE FOR GENERAL MUNICIPAL SERVICES						
Taxation	\$ 10,669	\$ 9,974	\$ 9,250	\$ 8,719	\$ 8,116	\$ 7,870
Payment in lieu of taxes	178	175	171	171	173	163
Government grants	574	3,718	3,410	3,420	3,486	2,847
Fees and service charges	6,243	5,652	4,764	5,035	5,408	5,800
Equity income from Hydro Utilities	277	1,545	868	809	786	849
Other	16,378	(647)	2,172	1,615	1,788	279
Total	<u>\$ 34,319</u>	<u>\$ 20,417</u>	<u>\$ 20,635</u>	<u>\$ 19,769</u>	<u>\$ 19,757</u>	<u>\$ 17,808</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)

	2023	2022	2021	2020	2019	2018
NET LONG TERM LIABILITIES						
General municipal activities	\$14,355	\$8,845	\$0	\$0	\$0	\$0
- per capita	\$643	\$399	\$0	\$0	\$0	\$0
- percentage of taxable assessment	0.36%	0.22%	0.00%	0.00%	0.00%	0.00%
CHARGES FOR NET LONG TERM LIABILITIES						
General municipal activities	\$296	\$0	\$0	\$0	\$0	\$0
- per capita	\$0	\$0	\$0	\$0	\$0	\$0
- percentage of taxable assessment	0.01%	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
ACCUMULATED SURPLUS						
- OPERATING FUND	(\$2,470)	\$539	\$9,850	\$8,279	\$7,145	\$5,459
- TANGIBLE CAPITAL ASSETS	\$145,811	\$131,074	\$131,188	\$131,811	\$135,773	\$137,684
- RESERVES AND RESERVE FUNDS	\$8,108	\$10,442	\$6,296	\$8,637	\$8,337	\$8,414
- HYDRO UTILITY	\$21,274	\$20,997	\$19,452	\$18,924	\$18,439	\$17,965
DEFERRED REVENUES - obligatory reserve funds	-\$4,460	\$1,014	-\$3,307	-\$1,880	-\$1,374	-\$828

Management Responsibility for Financial Reporting

For the Year ended December 31, 2023

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 29, 2025 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.



Greg Calrk, CPA
Acting Chief Administrative Officer
Director of Corporate Services / Treasurer

This information is available in accessible formats upon request

INDEPENDENT AUDITORS' REPORT

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

Qualified 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, 2023, 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, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Township as at December 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

The Township has not quantified the extent of asset retirement obligations it may have in relation to asbestos remediation and an owned gravel pit, which constitutes a departure from Canadian public sector accounting standards. The effect on the financial statements of this departure has not been determined.

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)

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

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

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

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

Cambridge, Ontario
April 29, 2025

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

Township of Wilmot

Statement of Financial Position as at December 31, 2023

	2023	2022
		Restated Note 15
Financial Assets		
Cash	\$ 17,858,505	\$ 22,210,277
Taxes receivable	1,001,967	771,347
Accounts receivable	5,311,582	4,304,525
Investment in Enova Energy Corporation / Kitchener Power Corp. (note 6)	21,273,881	20,996,951
	45,445,936	48,283,100
Liabilities		
Accounts payable and accrued liabilities	3,804,958	2,903,630
Deferred revenue (note 9)	5,157,961	3,907,748
Deferred revenue - obligatory reserve funds (note 10)	(4,459,610)	1,014,297
Net long-term liabilities (note 11)	14,355,000	8,845,000
	18,858,309	16,670,675
Net Financial Assets	\$ 26,587,627	\$ 31,612,426
Non-Financial Assets		
Tangible capital assets (note 7)	145,811,134	131,074,242
Inventories and supplies	171,518	205,652
Prepaid expenses	153,019	159,743
	146,135,670	131,439,637
Accumulated Surplus (note 14)	\$ 172,723,298	\$ 163,052,063

The accompanying notes are an integral part of the financial statements.

Township of Wilmot

Statement of Operations and Accumulated Surplus year ended December 31, 2023

	2023 Budget (Note 15b)	2023 Actual	2022 Actual
			Restated Note 15
Revenues			
Taxation	10,743,848	\$ 10,669,411	\$ 9,974,324
Taxation from other governments	206,300	178,185	174,650
User fees and charges	11,220,673	6,243,070	5,651,968
Government transfer			
Canada	9,255	12,238	91,431
Ontario	586,300	561,452	1,359,880
Investment income	1,036,000	1,549,059	1,229,239
Interest and penalties on taxes	196,000	203,575	189,439
Other	16,500	980,267	392,223
	24,014,876	20,397,256	19,063,154
Expenses			
General government	4,277,923	3,499,887	4,286,718
Protection to persons and property	2,176,429	3,228,843	2,751,634
Transportation services	6,647,383	6,883,166	7,461,903
Environmental services	7,026,299	3,222,326	2,009,018
Health services	91,435	90,492	47,523
Recreation and cultural services	6,582,920	7,251,559	7,049,423
Planning and development	1,140,996	471,478	544,364
	27,943,385	24,647,751	24,150,583
Net expenses before other income (expense)	(3,928,509)	(4,250,495)	(5,087,429)
Other income (expense)			
Grants and transfers related to capital			
Deferred revenue (utilized) / earned	8,854,511	6,203,244	(2,750,564)
Grants and transfers - Canada	783,918	1,552,670	651,588
Grants and transfers - Ontario	4,431,472	2,927,112	1,615,505
Loss on disposal of tangible capital assets		(30,061)	(44,818)
Change in equity in hydro investment		276,930	373,440
Gain on merger of hydro utilities		-	1,171,533
Donations		9,241	169,488
Contributed tangible capital assets		2,800,000	-
Sale of publications, equipment		30,440	15,005
Interest earned on reserve funds		152,154	152,694
	14,069,901	13,921,731	1,353,871
Annual Surplus/(Deficit)	10,141,392	9,671,235	(3,733,558)
Accumulated Surplus, beginning of the year		163,052,063	166,785,621
Accumulated Surplus, end of the year		172,723,298	\$ 163,052,063

The accompanying notes are an integral part of the financial statements.

Township of Wilmot

Statement of Change in Net Financial Assets year ended December 31, 2023

	2023 Budget (Note 13b)	2023 Actual	2022 Actual
			Restated Note 15
Annual Surplus/(Deficit)	\$ -	\$ 9,671,235	\$ (3,733,558)
Amortization of tangible capital assets	6,634,949	6,634,949	6,247,553
Acquisition of tangible capital assets	(22,472,950)	(18,601,903)	(6,178,904)
Contributed tangible capital assets		(2,800,000)	-
Loss on disposal of tangible capital assets	-	30,061	44,818
Change in inventories and supplies	-	34,135	(112,899)
Change in prepaid expenses	-	6,724	(72,069)
Decrease in Net Financial Assets	(15,838,001)	(5,024,799)	(3,805,059)
Net Financial Assets, beginning of year	31,612,426	31,612,426	35,417,485
Net Financial Assets, end of year	\$ 15,774,425	\$ 26,587,627	\$ 31,612,426

The accompanying notes are an integral part of the financial statements.

Township of Wilmot

Statement of Cash Flows

year ended December 31, 2023

	2023	2022
	Restated Note 15	
Operating activities		
Annual Surplus/(Deficit)	\$ 9,671,235	\$ (3,733,558)
Sources (uses)		
Taxes receivable	(230,620)	115,845
Accounts receivable	(1,007,057)	(1,927,607)
Accounts payable and accrued liabilities	901,328	(266,415)
Deferred revenue	(4,223,694)	5,175,667
Inventories and supplies	34,135	(112,899)
Prepaid expenses	6,724	(72,069)
	5,152,051	(821,037)
Non-cash charges to operations		
Amortization	6,634,949	6,247,553
Loss on sale of tangible capital assets	30,061	44,818
Gain on merger of hydro utilities		(1,171,533)
	11,817,061	4,299,801
Capital activities		
Acquisition of tangible capital assets	(18,601,903)	(6,178,904)
Contributed tangible capital assets	(2,800,000)	
	(21,401,903)	(6,178,904)
Investing activities		
Net increase in investments	(276,930)	(373,440)
Financing activities		
Principal Repayment	(296,000)	
Long-term debt issuance	5,806,000	8,845,000
Net increase (decrease) in cash	(4,351,772)	6,592,457
Cash, beginning of year	22,210,277	15,617,820
Cash, end of year	\$ 17,858,505	\$ 22,210,277

The accompanying notes are an integral part of the financial statements.

Township of Wilmot

Notes to the financial statements

December 31, 2023

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 4.49% of the local electricity distributor Enova Energy Corp. 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, Enova Energy Corporation, 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, development charges and 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. Transactions between the Township and these organizations are reflected appropriately.

Township of Wilmot

Notes to the financial statements
December 31, 2023

2. Summary of Significant Accounting Policies: (continued)

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).

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. Most of these assets arise through the land development process in the form of servicing infrastructure of new development or conveyancing of lands to the Township.

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.

Township of Wilmot

Notes to the financial statements

December 31, 2023

2. Summary of Significant Accounting Policies: (continued)

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.

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. Taxes levied and Development Charges collected on behalf of the Region of Waterloo and the school boards as required by legislation are not Township revenues and are not reflected in the Statement of Operations.

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.

Township of Wilmot

Notes to the financial statements

December 31, 2023

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

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

2023	School Boards	Region
Taxation and user charges	\$ 6,879,950	\$ 21,439,443
Share of payments in lieu of taxes	-	132,811
Total	6,879,950	21,572,255
Payment	6,879,950	21,572,255
Overlevies (underlevies) end of year	\$ -	\$ -

4. Trust Funds:

Further to note 2(a)(iv), trust fund assets administered by the Township amounting to \$855,095 (2022 - \$895,995) 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 2023 were at rates ranging from 9.2% 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 2023 was \$711,790 (2022 - \$619,446) for current service and is included as an expense on the statement of operations and accumulated surplus. The increase is mainly due to the new inclusion of part-time staff in the plan.

The OMERS pension plan has a deficit. The last available report for the OMERS plan was on December 31, 2023. At that time the plan reported a \$4.2 billion actuarial deficit (2022 - \$6.7 billion), based on actuarial liabilities of \$136.2 billion (2022 - \$130.3 billion) and actuarial assets of \$132.0 billion (2022 - \$123.6 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 2023. The Township does not participate in any past service provisions of the OMERS agreement.

Township of Wilmot

Notes to the financial statements
December 31, 2023

6. Investment in Enova Energy Corporation:

On August 31, 2022 Kitchener Power Corporation and Waterloo North Hydro Holding Corporation amalgamated and continued operations as Enova Energy Corporation, a corporation amalgamated under the laws of Ontario. On September 1, 2022, immediately following the aforementioned amalgamation, Kitchener-Wilmot Hydro Inc. and Waterloo North Hydro Inc. legally amalgamated and continue as Enova Power Corporation., a corporation amalgamated under the laws of Ontario. Following the merger, the Township holds 4.49% of the common shares of Enova Energy Corporation and a 5.41% share in long-term notes payable of Enova Energy Corporation. As a result of this transaction, the Township recorded a gain on merger from its prior interest in Waterloo North Hydro Holding Corporation of \$1,711,533 during the 2022 fiscal year.

The investment in Enova Energy Corporation is comprised of the following:

	2023	2022
Enova Energy Corporation common shares, initial valuation	\$ 14,648,535	\$ 14,648,535
Enova Energy Corporation long-term notes receivable	5,964,566	5,964,566
Accumulated equity increase	660,780	383,850
	<u>\$ 21,273,881</u>	<u>\$ 20,996,951</u>

The continuity of the Township's investment in Enova Energy Corporation is as follows:

	2023	2022
Balance, beginning of year	\$ 20,996,951	\$ 19,451,978
Share of net income of Kitchener Power Corp. for the period	-	529,790
Dividends received from Kitchener Power Corp. for the period	-	(540,200)
	<u>20,996,951</u>	<u>19,441,568</u>
Gain on merger of hydro utilities	-	1,171,533
Share of net income of Enova Energy Corporation for the period	579,255	383,850
Dividends received from Enova Energy Corporation for the period	(302,325)	-
	<u>\$ 21,273,881</u>	<u>\$ 20,996,951</u>

The Enova Energy Corporation notes bear interest at the annual rate of 3.23% and are unsecured.

Special shares were issued as part of the Amalgamation Transaction on September 1, 2022 to effect post-closing adjustments provided for in corresponding agreements. The Township of Wilmot was issued 775 Class A special shares. In April 2023, these shares were redeemed and cancelled by the issuer.

Township of Wilmot

Notes to the financial statements

December 31, 2023

6. Investment in Enova Energy Corporation (continued)

The following table provides condensed financial information in respect of Enova Energy Corporation:

(in thousands)	2023	2022
Current assets	\$ 82,238	\$ 93,352
Long-term assets	808,794	783,381
Total assets	\$ 891,032	\$ 876,733
Current liabilities	188,476	71,051
Long-term liabilities	250,434	362,378
Total liabilities	438,910	433,429
Net assets	\$ 452,122	\$ 443,304

(in thousands)	2023	2022
	N/A	8 months
Results of operations - Kitchener Power Corp.:		
Revenues	\$ -	\$ 183,730
Operating expenses	\$ -	(176,894)
Net income	\$ -	\$ 6,836
Township's share of net income - 7.75%	\$ -	\$ 530

(in thousands)	2023	2022
	12 months	4 months
Results of operations - Enova Energy Corporation:		
Revenues	\$ 472,616	\$ 155,208
Operating expenses	(459,715)	(146,659)
Net income	\$ 12,901	\$ 8,549
Township's share of net income - 4.49%	\$ 579	\$ 384

Township of Wilmot

Notes to the financial statements

December 31, 2023

7. Tangible Capital Assets:

Land contributed to the Township in 2023 amounted to \$2,800,000. 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 \$6,634,949 (\$6,247,553 in 2022).

2023	Land	Land Improvements	Buildings	Machinery & Equipment	Infrastructure	Vehicles	Total
Cost							
Balance, beginning of year	\$ 10,315,370	\$ 6,392,637	\$ 35,728,139	\$ 5,827,834	\$ 175,744,413	\$ 7,910,821	\$ 241,919,214
Additions	3,743,377	1,218,270	3,815,710	1,799,441	7,353,168	1,597,319	19,527,287
Disposals	-	-	-	(39,952)	(184,232)	(577,336)	(801,520)
Cost, end of year	14,058,747	7,610,907	39,543,849	7,587,323	182,913,349	8,930,804	260,644,981
Accumulated amortization							
Balance, beginning of year	-	3,227,767	14,649,920	3,869,339	90,873,426	5,186,564	117,807,016
Disposals	-	-	-	(39,952)	(154,171)	(577,336)	(771,459)
Amortization expense	-	386,511	1,030,644	611,418	4,071,841	534,536	6,634,950
Accumulated amortization, end of year	-	3,614,278	15,680,564	4,440,805	94,791,096	5,143,764	123,670,507
Work in Progress	-	-	-	-	-	-	8,836,661
Net Book Value, end of year	\$ 14,058,747	\$ 3,996,629	\$ 23,863,285	\$ 3,146,518	\$ 88,122,253	\$ 3,787,041	\$ 145,811,134
2022	Land	Land Improvements	Buildings	Machinery & Equipment	Infrastructure	Vehicles	Total
Cost							
Balance, beginning of year	\$ 10,315,370	\$ 6,030,411	\$ 34,802,102	\$ 5,457,679	\$ 174,461,855	\$ 6,755,748	\$ 237,823,165
Additions	-	397,200	935,655	370,155	1,402,300	1,451,065	4,556,374
Disposals	-	(34,974)	(9,618)	-	(119,742)	(295,992)	(460,326)
Cost, end of year	10,315,370	6,392,637	35,728,139	5,827,834	175,744,413	7,910,821	241,919,214
Accumulated amortization							
Balance, beginning of year	-	2,901,323	13,759,320	3,352,895	86,881,872	5,079,561	\$ 111,974,970
Disposals	-	(34,974)	(9,618)	-	(74,924)	(295,992)	\$ (415,508)
Amortization expense	-	361,418	900,218	516,444	4,066,478	402,995	6,247,553
Accumulated amortization, end of year	-	3,227,767	14,649,920	3,869,339	90,873,426	5,186,564	117,807,016
Work in Progress	-	-	-	-	-	-	6,962,044
Net Book Value, end of year	\$ 10,315,370	\$ 3,164,870	\$ 21,078,219	\$ 1,958,495	\$ 84,870,988	\$ 2,724,257	\$ 131,074,242

Township of Wilmot

Notes to the financial statements

December 31, 2023

8. Asset Retirement Obligations:

Pursuant to new Public Sector Accounting Standard 3280 Asset Retirement Obligations, the Township is required to assess, quantify and disclose its asset retirement obligations beginning in 2023.

Owned Facilities and Structures:

The Township owns various buildings and structures which contain some level of asbestos and may require appropriate remediation/removal as the buildings are renovated and refurbished in accordance with their asset management and lifecycle needs. This work will be funded in the normal course from the Township's capital budget. In the unlikely event that any of these structures were sold to a third-party, a full detailed inspection would be carried out, and the costs of abatement/remediation would be accounted for in the transaction price or the work would be carried out prior to the transfer of ownership through a capital budget project.

Through detailed inspection of a few facilities, asbestos content has been confirmed within a textured ceiling in one facility, and in the tile flooring of a janitor's closet in a second facility. The cost to remediate these areas has not been determined. A detailed asbestos investigation has not been carried out in all other facilities at this time.

No provision has been made in the Financial Statements for asset retirement obligations in respect of the Township's facilities.

Owned gravel pit:

The Township currently owns a gravel pit within the municipal boundary. The Township is legally obligated to remediate the site if it became depleted or if operations were to cease. The Township is currently negotiating with a third-party to lease the facility and its resources for continued operations. The Township is working to negotiate the assumption of the closure costs by the third-party as part of the lease. At this time, no estimate of site remediation costs has been determined, and no provision has been made in the Financial Statements for asset retirement obligations in respect of the Township's gravel pit.

During 2024, the Township will carry out further facility inspections and cost estimates in respect of its asset retirement obligations to confirm if these amounts are material to the Financial Statements.

9. Deferred revenue:

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

	2023	2022
Community Services	\$ 1,059,087	\$ 863,649
Development Services	\$ 2,719,782	2,190,446
Infrastructure Services	\$ 1,012,781	691,081
Other	\$ 366,312	162,572
	\$ 5,157,961	\$ 3,907,748

Township of Wilmot

Notes to the financial statements

December 31, 2023

10. 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:

	2023	2022
		Restated Note 15
Recreational parkland (The Planning Act)	\$ 1,813,082	\$ 1,680,111
Development charges and sub-dividers contributions	(5,914,272)	(44,527)
Federal Gas Tax	558,776	571,198
Ontario Community Infrastructure Funding	1,095,430	480,815
Building Department (Bill 124)	(2,012,626)	(1,673,301)
	\$(4,459,610)	\$ 1,014,297

(b) Continuity schedule:

	2023	2022
		Restated Note 15
Revenue		
Development charges and user fees	661,887	547,513
Cash-in-Lieu of Parkland	24,600	37,500
Canada Community Benefit Fund	679,918	651,588
Investment income	(13,036)	(84,414)
	1,353,369	1,152,188
Deferred revenue recognized	(6,827,276)	3,169,280
Change in deferred revenue	(5,473,907)	4,321,467
Deferred revenue, beginning of year	1,014,297	(3,307,170)
Deferred revenue, end of year	(4,459,610)	1,014,297

Township of Wilmot

Notes to the financial statements

December 31, 2023

11. 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:

	2023	2022
Debentures issued 2006, payable in semi-annual blended instalments of approximately \$156,000 annually, bearing interest of 4.746% per annum, maturing 2026	\$ 431,342	\$ 562,152
Debentures in issued 2022, payable in semi-annual blended instalments of approximately \$655,000 annually, bearing interest ranging from 3.85% to 4.2% per annum, maturing 2032	\$ 8,549,000	\$8,845,000
Debentures issued in 2023, payable in semi-annual blended instalments of approximately \$475,000 annually, bearing interest ranging from 4.75% to 5.4% per annum, maturing 2033	\$ 5,806,000	-
Net Long-Term liabilities at end of year	\$14,786,342	\$9,407,152
Amounts assumed by rate payers	(431,342)	(562,152)
Balance after rate payers	14,355,000	8,845,000

- b. Annual principal payments over the next five years are as follows:

	From General Municipal Revenues	From Development Charges	From Benefiting Landowners	Total
2024	\$ 104,799	\$ 338,201	\$ 137,092	\$ 580,092
2025	115,902	396,098	143,675	\$ 655,675
2026	120,897	414,103	150,575	\$ 685,575
2027	125,892	432,108	-	\$ 558,000
2028	130,886	450,114	-	\$ 581,000
	\$ 598,376	\$ 2,030,624	\$ 431,342	\$ 3,060,342

Township of Wilmot

Notes to the financial statements

December 31, 2023

12. 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 (2022 - \$10,000) for any individual claim and \$10,000 (2022 - \$10,000) for any number of claims arising out of a single occurrence. Insurance Pool coverage is in place for claims in excess of these limits.

During the year, claims amounting to \$42,386 (2022 – \$60,132) were settled and insurance premiums of \$259,392 (2022 - \$225,660) were paid. Both amounts are reported as an expenditure on the Statement of Operations and Accumulated Surplus.

Contingencies:

Various claims have been filed against the municipality for incidents which arose in the ordinary course of operations. In the opinion of management and legal counsel, the outcome of the lawsuits and claims, now pending, will either be covered by insurance, or, if not so covered, will involve amounts that would not have a material adverse effect on the financial position of the municipality. However, should any material loss arise from the resolution of these claims, such loss would be accounted for at that time.

Township of Wilmot

Notes to the financial statements

December 31, 2023

13. Other explanatory notes:

a. Expenditures by object

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

	2023	2022
Salaries, wages and employee benefits	\$11,552,760	\$ 10,530,718
Materials	4,566,107	6,426,590
Amortization	6,634,949	6,247,553
Contracted services	1,822,820	878,558
External transfers	71,115	67,164
	\$24,647,751	\$ 24,150,583

b. Budget Figures

Budget figures reported on the Statement of Operations and Accumulated Surplus are based on the 2023 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.

	2023	2022
Annual Surplus/(Deficit) under PSAB	\$ 9,671,235	\$ (3,733,558)
Less:		
Grants and transfer related to capital	2,809,424	759,612
Deferred Revenue, net change	(1,250,213)	(810,217)
Contribution from Developers	(6,203,244)	(3,154,792)
Tangible capital assets additions	21,401,904	6,178,904
Increase in Government Business Enterprises	276,930	1,544,973
	17,034,801	4,518,480
Add:		
Amortization	6,634,949	6,247,553
Capital expenses	698,556	1,959,667
Loss on disposal of capital assets	30,061	44,818
	7,363,566	8,252,038
Budget Surplus, Council approved	\$ -	\$ -

Township of Wilmot

Notes to the financial statements

December 31, 2023

14. Accumulated Surplus;

During 2023, the Township reviewed its Reserve Funds, and made consolidations and closures to better align and clarify the purposes of each reserve. The comparative values above have been restated to reflect the consolidation as if done retroactively. Additionally, see Note 15 regarding change in accounting policy.

	2023	2022
Reserve and Reserve Funds		
Baden West Noise Wall	-	75,625
Elections	25,525	-
Hamilton Road Noise Wall	-	149,614
Heritage Lighting	-	6,083
Infrastructure Reserve - Cemetery	(11,806)	(39,651)
Infrastructure Reserve - Equipment	1,358,258	1,383,322
Infrastructure Reserve - Facilities	-	492,418
Infrastructure Reserve - Sanitary Sewers	2,042,751	2,822,924
Infrastructure Reserve - Transportation	-	384,891
Infrastructure Reserve - Water	3,952,732	3,605,264
Infrastructure Reserve - Water Meter	-	826,268
Municipal Accomodation Tax	8,022	7,813
Self-Insurance	21,859	20,545
Winter Maintenance	62,223	58,482
Working Funds	648,550	648,550
Total Reserves and Reserve Funds	8,108,117	10,442,149
Surplus		
Invested in tangible capital assets	145,811,134	131,074,242
Operating Fund	18,804,047	21,535,672
Total Surplus	164,615,181	152,609,914
Accumulated Surplus	172,723,298	163,052,063

Township of Wilmot

Notes to the financial statements

December 31, 2023

15. Comparative Figures:

For 2023, the Township adjusted an accounting policy related to the treatment of unspent approved capital funding. Previously, unspent capital funding was shown as part of Capital Assets in progress, or "open capital projects" as funding. The unspent capital funding now remains in its original source of funding until spent by the capital projects. Additionally grant funding has now been recorded on an accrued as earned basis rather than the previous policy of recording capital grants when and as received. The 2022 comparative amounts have been restated as follows:

	2022 Adjusted	2022 Original	2022 Change
Statement of Financial Position			
Account Receivable	4,304,525	3,234,222	1,070,303
Deferred revenue - Obligatory Reserve Funds	1,014,297	(284,308)	1,298,604
Net Change			(228,301)
Accumulated Surplus	163,052,063	163,280,364	(228,301)
Statement of Operations			
Deferred revenue (utilized)/earned	(2,750,564)	(2,522,263)	(228,301)
Annual Surplus (Deficit)	(3,733,558)	(3,505,257)	(228,301)

16. 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. Intersegment transfers are reported at cost.

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

- a. General Government:
The Township is responsible for the delivery of administrative services, including Council, Clerks, Finance, Information Technology, By-Law Enforcement and Human Resources.
- b. Protection Services – Fire:
The Township is responsible for the delivery of Fire and Rescue services, public education, fire prevention, and emergency response.
- c. Transportation Services:
The Township is responsible for the delivery of municipal public works services related to the maintenance of roadway systems.
- d. Environmental Services:
The Township is responsible for environmental programs such as the engineering and operation of water distribution and wastewater collection systems.

Township of Wilmot

Notes to the financial statements

December 31, 2023

16. Segmented Information; (continued)

- e. Health Services:
The Township is responsible for the care, maintenance and operations of the Riverside Cemetery.
- f. 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.
- g. Development Services:
The Township is responsible for development services which includes community planning services, economic development and building permit administration.

Township of Wilmot

Notes to the financial statements

December 31, 2023

16. Segmented Information; (continued)

Year Ended December 31, 2023	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation & Culture	Development Services	Total
Revenue								
Taxation	\$ 1,549,229	\$ 862,006	\$ 2,632,792	\$ 2,680,316	\$ 36,215	2,635,130	\$ 451,908	10,847,596
User fees and charges	661,803	56,190	687,500	1,796,167	\$99,450	1,952,090	989,870	6,243,070
Government Transfers								
Canada	-	-	-	-	-	12,238	-	12,238
Ontario	524,852	-	20,000	-	-	16,600	-	561,452
Investment income	146,574	81,555	249,090	776,348	3,426	249,311	42,755	1,549,059
Interest and penalty on taxes	196,000	-	-	7,575	-	-	-	203,575
Other	16,500	-	-	963,766	-	-	-	980,266
Total Revenue	3,094,958	999,751	3,589,382	6,224,172	139,091	4,865,369	1,484,533	20,397,256
Expenses								
Salaries, Wages, Benefits	2,609,350	1,171,000	2,233,960	728,600	22,200	3,874,950	912,700	11,552,760
Materials and Services	1,573,571	389,850	1,702,530	1,093,655	20,220	1,493,285	115,815	6,388,926
Debt Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Grants to Organizations	-	-	-	-	-	71,116	-	71,116
Amortization	226,807	600,579	3,427,243	1,114,099	5,335	1,256,195	4,691	6,634,949
Internal Transfers	(498,170)	15,000	(716,350)	1,090,310	43,680	(42,260)	107,790	-
Total Expenditures	3,911,558	2,176,429	6,647,383	4,026,664	91,435	6,653,286	1,140,996	24,647,751
Annual surplus (deficit)	\$ (816,600)	\$ (1,176,678)	\$ (3,058,000)	\$ 2,197,507	\$ 47,655	\$ (1,787,917)	\$ 343,537	\$ (4,250,495)
Year Ended December 31, 2022	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation & Culture	Development Services	Total
Revenue								
Taxation	\$ 1,915,157	\$ 988,712	\$ 3,317,377	\$ -	\$ -	\$ 3,374,031	\$ 553,697	10,148,974
User fees and charges	484,785	29,477	233,433	2,932,823	95,027	1,695,900	180,523	5,651,968
Government Transfers								
Canada	43,718	-	-	-	-	47,713	-	91,431
Ontario	548,659	104,504	259,957	-	-	373,235	73,524	1,359,880
Investment income	1,229,239	-	-	-	-	-	-	1,229,239
Interest and penalty on taxes	189,439	-	-	-	-	-	-	189,439
Other	-	36,996	-	-	-	-	355,227	392,223
Total Revenue	4,410,997	1,159,690	3,810,767	2,932,823	95,027	5,490,879	1,162,972	19,063,154
Expenses								
Salaries, Wages, Benefits	2,486,480	986,814	1,847,204	568,077	19,054	3,714,989	908,100	10,530,718
Materials and Services	1,842,715	559,125	2,231,150	388,498	23,134	2,128,757	131,769	7,305,148
Debt Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Grants to Organizations	-	-	-	-	-	67,164	-	67,164
Amortization	167,440	495,582	3,383,549	1,052,443	5,335	1,138,513	4,691	6,247,553
Internal Transfers	(513,110)	15,000	(561,760)	940,540	43,640	(31,440)	107,130	-
Total Expenditures	3,983,525	2,056,521	6,900,143	2,949,558	91,163	7,017,983	1,151,690	24,150,583
Annual surplus (deficit)	\$ 427,472	\$ (896,831)	\$ (3,089,376)	\$ (16,735)	\$ 3,864	\$ (1,527,104)	\$ 11,282	\$ (5,087,429)