

Financial Statements of

**THE CORPORATION OF THE  
TOWNSHIP OF WILMOT**

Year ended December 31, 2022

# THE CORPORATION OF THE TOWNSHIP OF WILMOT

## INDEX

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	Page Number
Six Year Financial Review	1-2
Management Responsibility for Financial Reporting	3
Independent Auditors' Report	4-5
Financial Position	6
Statement of Operations and Accumulated Surplus	7
Statement of Change in Net Financial Assets	8
Statement of Cash Flows	9
Notes to the Financial Statements	10-25

**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)

	2022	2021	2020	2019	2018	2017
<b>POPULATION</b> at the end of the year	22,157	22,041	21,957	21,850	21,643	21,429
<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	85	75	73	66	65	62
<b>NUMBER</b> of households	8,131	8,085	8,059	7,991	7,757	7,681
<b>ASSESSMENT</b> - Taxable assessment upon which the year's rates of taxation were set						
Residential, multi-residential and farm	3,752,623	3,723,677	3,692,029	3,496,578	3,298,092	3,113,367
Commercial - all classes	151,174	149,259	149,972	140,862	132,920	131,630
Industrial - all classes	48,321	47,348	42,383	41,063	39,741	37,009
Pipeline & Managed Forests	18,269	18,399	17,995	16,570	15,070	13,740
<b>Total</b>	<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>	<u>3,295,746</u>
Per capita	\$ 179,193	\$ 178,698	\$ 177,728	\$ 169,111	\$ 161,060	\$ 153,798
Commercial and industrial, as a percentage of taxable assessment	5%	5%	5%	5%	5%	5%
Exempt assessment	\$ 122,769	\$ 120,576	\$ 121,622	\$ 118,614	\$ 114,627	\$ 110,821
<b>TAX ARREARS</b> - per capita	\$34.81	\$40.25	\$56.88	\$48.86	\$50.65	\$38.14
- percentage of current levy	2.13%	2.59%	3.65%	3.26%	3.45%	2.66%
<b>EXPENDITURE</b> - general municipal purposes	\$ 24,151	\$ 21,500	\$ 20,765	\$ 19,585	\$ 19,133	\$ 19,442
<b>TRANSFERS TO THE REGION</b>	\$ 19,656	\$ 18,869	\$ 20,364	\$ 17,943	\$ 17,287	\$ 16,766
<b>TRANSFERS TO THE SCHOOL BOARDS</b>	\$ 6,868	\$ 7,021	\$ 7,554	\$ 7,612	\$ 7,580	\$ 7,535
<b>REVENUE FOR GENERAL MUNICIPAL SERVICES</b>						
Taxation	\$ 9,974	\$ 9,250	\$ 8,719	\$ 8,116	\$ 7,870	\$ 7,592
Payment in lieu of taxes	175	171	171	173	163	161
Government grants	3,718	3,410	3,420	3,486	2,847	3,290
Fees and service charges	5,652	4,764	5,035	5,408	5,800	5,295
Equity income from Hydro Utilities	1,545	868	809	786	849	785
Other	(419)	2,172	1,615	1,788	279	3,547
<b>Total</b>	<u>\$ 20,645</u>	<u>\$ 20,635</u>	<u>\$ 19,769</u>	<u>\$ 19,757</u>	<u>\$ 17,808</u>	<u>\$ 20,670</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)

	2022	2021	2020	2019	2018	2017
<b>NET LONG TERM LIABILITIES</b>						
General municipal activities	\$8,845	\$0	\$0	\$0	\$0	\$0
- per capita	\$399	\$0	\$0	\$0	\$0	\$0
- percentage of taxable assessment	0.22%	0.00%	0.00%	0.00%	0.00%	0.00%
<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>	\$5,724	\$9,850	\$8,279	\$7,145	\$5,459	\$5,157
<b>- TANGIBLE CAPITAL ASSETS</b>	\$131,074	\$131,188	\$131,811	\$135,773	\$137,684	\$139,955
<b>- RESERVES AND RESERVE FUNDS</b>	\$5,486	\$6,296	\$8,637	\$8,337	\$8,414	\$8,304
<b>- HYDRO UTILITY</b>	\$20,997	\$19,452	\$18,924	\$18,439	\$17,965	\$17,432
<b>DEFERRED REVENUES - obligatory reserve funds</b>	-\$284	-\$3,307	-\$1,880	-\$1,374	-\$828	-\$947

## Management Responsibility for Financial Reporting

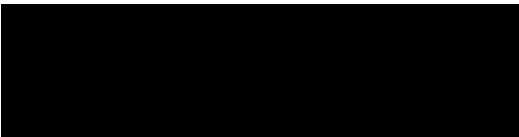
For the Year ended December 31, 2022

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 May 29, 2023 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.



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Sharon Chambers,  
Chief Administrative Officer



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Patrick Kelly CPA, CMA  
Director of Corporate Services / Treasurer

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\*\*\*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**

### **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, 2022, 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, 2022, 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  
May 29, 2023



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, 2022

	2022	2021
<b>Financial Assets</b>		
Cash	\$ 22,210,277	\$ 15,617,820
Taxes receivable	771,347	887,192
Accounts receivable	3,234,222	2,376,918
Investment in Enova Energy Corporation / Kitchener Power Corp. (note 6)	20,996,951	19,451,978
	<u>47,212,797</u>	<u>38,333,908</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	2,903,630	3,170,045
Deferred revenue (note 8)	3,907,748	3,053,549
Deferred revenue - obligatory reserve funds (note 9)	(284,308)	(3,307,171)
Net long-term liabilities (note 10)	8,845,000	-
	<u>15,372,070</u>	<u>2,916,423</u>
<b>Net Financial Assets</b>	<u>\$ 31,840,727</u>	<u>\$ 35,417,485</u>
<b>Non-Financial Assets</b>		
Tangible capital assets (note 7)	131,074,242	131,187,709
Inventories and supplies	205,652	92,753
Prepaid expenses	159,743	87,674
	<u>131,439,637</u>	<u>131,368,136</u>
<b>Accumulated Surplus</b> (note 13)	<u>\$ 163,280,364</u>	<u>\$ 166,785,621</u>

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, 2022

	2022 Budget (Note 12b)	2022 Actual	2021 Actual
<b>Revenues</b>			
Taxation	\$ 10,015,215	\$ 9,974,324	\$ 9,249,589
Taxation from other governments	199,100	174,650	170,621
User fees and charges	6,028,298	5,651,968	4,348,561
Government transfer			
Canada	-	91,431	13,935
Ontario	1,159,455	1,359,880	1,397,368
Investment income	695,700	1,229,239	304,331
Interest and penalties on taxes	231,500	189,439	213,920
Other	1,419,459	392,223	206,907
	19,748,727	19,063,154	15,905,232
<b>Expenses</b>			
General government	3,514,254	4,286,718	3,556,921
Protection to persons and property	2,944,672	2,751,634	2,472,719
Transportation services	10,957,152	7,461,903	6,970,524
Environmental services	5,413,783	2,009,018	1,777,785
Health services	83,300	47,523	65,985
Recreation and cultural services	7,643,712	7,049,423	6,045,265
Planning and development	465,188	544,364	610,705
	31,022,061	24,150,583	21,499,904
<b>Net expenses before other income (expense)</b>	<b>(11,273,334)</b>	<b>(5,087,429)</b>	<b>(5,594,672)</b>
<b>Other income (expense)</b>			
Grants and transfers related to capital			
Deferred revenue (utilized) / earned	6,093,560	(2,522,263)	1,669,427
Grants and transfers - Canada	3,401,105	651,588	1,383,664
Grants and transfers - Ontario	1,647,669	1,615,505	614,765
Loss on disposal of tangible capital assets	-	(44,818)	(73,290)
Change in equity in hydro investment	-	373,440	867,613
Gain on merger of hydro utilities	-	1,171,533	-
Donations	131,000	169,488	197,134
Sale of publications, equipment	-	15,005	25,166
Interest earned on reserve funds	-	152,694	43,811
	11,273,334	1,582,172	4,728,290
<b>Annual Deficit</b>	<b>-</b>	<b>(3,505,257)</b>	<b>(866,382)</b>
<b>Accumulated Surplus, beginning of the year</b>		<b>166,785,621</b>	<b>167,652,003</b>
<b>Accumulated Surplus, end of the year</b>		<b>\$ 163,280,364</b>	<b>\$ 166,785,621</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, 2022

	2022 Budget (Note 12b)	2022 Actual	2021 Actual
<b>Annual Deficit</b>	\$ -	\$ (3,505,257)	\$ (866,382)
Amortization of tangible capital assets	-	6,247,553	6,130,853
Acquisition of tangible capital assets	(14,095,000)	(6,178,904)	(5,580,667)
Loss on disposal of tangible capital assets	-	44,818	73,290
Change in inventories and supplies	-	(112,899)	1,568
Change in prepaid expenses	-	(72,069)	(17,224)
<b>Decrease in Net Financial Assets</b>	(14,095,000)	(3,576,758)	(258,562)
<b>Net Financial Assets, beginning of year</b>	35,417,485	35,417,485	35,676,047
<b>Net Financial Assets, end of year</b>	\$ 21,322,485	\$ 31,840,727	\$ 35,417,485

See accompanying notes to financial statements.

# THE CORPORATION OF THE TOWNSHIP OF WILMOT

## Statement of Cash Flows

Year ended December 31, 2022

	2022	2021
<b>Operating activities</b>		
Annual Deficit	\$ (3,505,257)	\$ (866,382)
Sources (uses)		
Taxes receivable	115,845	361,780
Accounts receivable	(857,304)	(472,852)
Accounts payable and accrued liabilities	(266,415)	621,039
Deferred revenue	3,877,062	(72,546)
Inventories and supplies	(112,899)	1,568
Prepaid expenses	(72,069)	(17,224)
	(821,037)	(444,617)
Non-cash charges to operations		
Amortization	6,247,553	6,130,853
Loss on sale of tangible capital assets	44,818	73,290
Gain on merger of hydro utilities	(1,171,533)	-
	4,299,801	5,759,526
<b>Capital activities</b>		
Acquisition of tangible capital assets	(6,178,904)	(5,580,667)
<b>Investing activities</b>		
Net increase in investments	(373,440)	(527,713)
<b>Financing activities</b>		
Long-term debt issuance	8,845,000	-
<b>Net increase (decrease) in cash</b>	<b>6,592,457</b>	<b>(348,854)</b>
<b>Cash, beginning of year</b>	<b>15,617,820</b>	<b>15,966,674</b>
<b>Cash, end of year</b>	<b>\$ 22,210,277</b>	<b>\$ 15,617,820</b>

# THE CORPORATION OF THE TOWNSHIP OF WILMOT

## Notes to Financial Statements

Year ended December 31, 2022

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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 4.49% of 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, 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, 2022

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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, 2022

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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, 2022

### 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, net of write-offs, are comprised of the following:

	School Boards	Region
Taxation and user charges	\$ 6,867,800	\$ 19,533,536
Share of payments in lieu of taxes	-	122,718
	6,867,800	19,656,254
Payment	6,867,800	19,656,254
Overlevies (underlevies) end of year	\$ -	\$ -

### 4. Trust Funds:

Further to note 2(a)(iv), trust fund assets administered by the Township amounting to \$895,995 (2021 - \$806,525) 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 2022 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 2022 was \$619,446 (2021 - \$541,787) 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, 2022. At that time the plan reported a \$6.7 billion actuarial deficit (2021 - \$3.1 billion), based on actuarial liabilities of \$130.3 billion (2021 - \$120.8 billion) and actuarial assets of \$123.6 billion (2021 - \$117.7 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 2022.

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, 2022

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### 6. Investment in Enova Energy Corporation / Kitchener Power Corp.:

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

On January 12, 2022, a Merger Participation Agreement ("MPA") was signed between: the Corporation of the City of Kitchener ("Kitchener"); the Corporation of the Township of Wilmot ("Wilmot"); the Corporation of the City of Waterloo ("Waterloo"); the Corporation of the Township of Woolwich ("Woolwich"); the Corporation of the Township of Wellesley ("Wellesley"); Kitchener-Wilmot Hydro Inc., ("KWHI"); Kitchener Energy Services Inc. ("KESI"); Waterloo North Hydro Inc. ("WNHI"); Waterloo North Hydro Holding Corporation ("WNHHC"); and Alliance Metering Solutions Inc. ("AMS"). WNHHC is the parent company of WNHI and AMS.

The MPA provided the terms and conditions under which KPC and WNHHC would amalgamate (the "MergeCo Amalgamation"), followed immediately by the amalgamation of the KWHI and WNHI ("LDC Amalgamation"). The LDC Amalgamation was subject to the approval of the Ontario Energy Board ("OEB") based on a Mergers, Acquisitions, Amalgamations and Divestitures Application ("MAADs Application") process. The MAADs Application included a request for OEB approval for the continuation of regulated rates and charges of the predecessor LDCs of the Corporation. On June 28, 2022, the OEB issued a Decision and Order approving the LDC Amalgamation.

The MergeCo Amalgamation occurred on August 31, 2022 (the "closing date") and the parent Corporation continues as Enova Energy Corporation, a corporation amalgamated under the laws of Ontario. On September 1, 2022, immediately following the MergeCo Amalgamation, the KWHI and WNHI legally amalgamated and continues as Enova Power Corp., a corporation amalgamated under the laws of Ontario.

Until August 31, 2022, Wilmot held 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. 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 the transaction, the Township recorded a gain on merger from its prior interest in Kitchener Power Corp. of \$1,171,533.



# THE CORPORATION OF THE TOWNSHIP OF WILMOT

## Notes to Financial Statements, continued

Year ended December 31, 2022

### 6. Investment in Enova Energy Corporation / Kitchener Power Corp. (continued):

The investment in Enova Energy Corporation (2021 – Kitchener Power Corp.) is comprised of the following:

	2022	2021
Kitchener Power Corp. common shares, initial valuation	\$ -	\$ 5,113,962
Kitchener-Wilmot Hydro Inc. long-term notes receivable	-	5,964,566
Enova Energy Corporation common shares, initial valuation	14,648,535	-
Enova Energy Corporation long-term notes receivable	5,964,566	-
Accumulated equity increase	383,850	8,373,450
	<u>\$ 20,996,951</u>	<u>\$ 19,451,978</u>

The continuity of the Township's investment in Enova Energy Corporation (2021 – Kitchener Power Corp.) is as follows:

	2022	2021
Balance, beginning of year	\$ 19,451,978	\$ 18,924,265
Share of net income of Kitchener Power Corp. for the period	529,790	867,613
Dividends received from Kitchener Power Corp. for the period	(540,200)	(339,900)
	<u>19,441,568</u>	<u>19,451,978</u>
Gain on merger of hydro utilities	1,171,533	-
Share of net income of Enova Energy Corporation for the period	383,850	-
Dividends received from Enova Energy Corporation for the period	-	-
	<u>\$ 20,996,951</u>	<u>\$ 19,451,978</u>

The Enova Energy Corporation (2021 – Kitchener Power Corp.) 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. As of December 31, 2022, the redemption value has not been set.

# THE CORPORATION OF THE TOWNSHIP OF WILMOT

## Notes to Financial Statements, continued

Year ended December 31, 2022

### 6. Investment in Enova Energy Corporation / Kitchener Power Corp. (continued):

The following table provides condensed financial information in respect of Enova Energy Corporation at December 31, 2022 and Kitchener Power Corp. at December 31, 2021:

	2022	2021
	(in thousands)	(in thousands)
Current assets	\$ 93,352	\$ 46,263
Long-term assets	783,381	317,220
<b>Total assets</b>	<b>\$ 876,733</b>	<b>\$ 363,483</b>
Current liabilities	71,051	42,578
Long-term liabilities	362,378	142,332
<b>Total liabilities</b>	<b>433,429</b>	<b>184,910</b>
<b>Net assets</b>	<b>\$ 443,304</b>	<b>\$ 178,573</b>

	2022	2021
	8 months	12 months
	(in thousands)	(in thousands)
Results of operations - Kitchener Power Corp.:		
Revenues	\$ 183,730	\$ 256,287
Operating expenses	(176,894)	(245,092)
<b>Net income</b>	<b>\$ 6,836</b>	<b>\$ 11,195</b>
<b>Township's share of net income - 7.75%</b>	<b>\$ 530</b>	<b>\$ 868</b>

	2022	2021
	4 months	
	(in thousands)	
Results of operations - Enova Energy Corporation:		
Revenues	\$ 155,208	\$ -
Operating expenses	(146,659)	-
<b>Net income</b>	<b>\$ 8,549</b>	<b>\$ -</b>
<b>Township's share of net income - 4.49%</b>	<b>\$ 384</b>	<b>\$ -</b>

# THE CORPORATION OF THE TOWNSHIP OF WILMOT

## Notes to Financial Statements, continued

Year ended December 31, 2022

### 7. Tangible Capital Assets:

There were no tangible capital assets contributed to the Township in 2022. 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 \$6,247,553 (\$6,130,853 in 2021).

2022	Land	Land Improvements	Buildings	Machinery & Equipment	Infrastructure	Vehicles	Total
<b>Cost</b>							
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	4,556,375
Disposals	-	(34,974)	(9,618)	-	(119,742)	(295,992)	(460,326)
<b>Cost, end of year</b>	<b>10,315,370</b>	<b>6,392,637</b>	<b>35,728,139</b>	<b>5,827,834</b>	<b>175,744,413</b>	<b>7,910,821</b>	<b>241,919,214</b>
<b>Accumulated amortization</b>							
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
<b>Accumulated amortization, end of year</b>	<b>-</b>	<b>3,227,767</b>	<b>14,649,920</b>	<b>3,869,339</b>	<b>90,873,426</b>	<b>5,186,564</b>	<b>117,807,016</b>
<b>Work in Progress</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,962,044</b>
<b>Net Book Value, end of year</b>	<b>\$ 10,315,370</b>	<b>\$ 3,164,870</b>	<b>\$ 21,078,219</b>	<b>\$ 1,958,495</b>	<b>\$ 84,870,987</b>	<b>\$ 2,724,257</b>	<b>\$ 131,074,242</b>
<b>2021</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	\$ 4,866,368	\$ 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)
<b>Cost, end of year</b>	<b>10,315,370</b>	<b>6,030,411</b>	<b>34,802,102</b>	<b>5,457,679</b>	<b>174,461,855</b>	<b>6,755,748</b>	<b>237,823,165</b>
<b>Accumulated amortization</b>							
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
<b>Accumulated amortization, end of year</b>	<b>-</b>	<b>2,901,323</b>	<b>13,759,320</b>	<b>3,352,895</b>	<b>86,881,872</b>	<b>5,079,561</b>	<b>111,974,970</b>
<b>Work in Progress</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,339,514</b>
<b>Net Book Value, end of year</b>	<b>\$ 10,315,370</b>	<b>\$ 3,129,088</b>	<b>\$ 21,042,783</b>	<b>\$ 2,104,784</b>	<b>\$ 87,579,983</b>	<b>\$ 1,676,187</b>	<b>\$ 131,187,709</b>

# THE CORPORATION OF THE TOWNSHIP OF WILMOT

## Notes to Financial Statements, continued

Year ended December 31, 2022

### 8. Deferred revenue:

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

	2022	2021
Community Services	\$ 863,649	\$ 616,916
Development Services	2,190,446	1,622,257
Fire Services	-	11,910
Infrastructure Services	691,081	280,282
Other	162,572	522,184
	<u>\$ 3,907,748</u>	<u>\$ 3,053,549</u>

(b) Deferred revenues include funding support from senior levels of government resulting from the COVID-19 pandemic \$0 (2021 – \$467,222).

### 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:

	2022	2021
Recreational parkland (The Planning Act)	\$ 1,680,111	\$ 1,599,806
Development charges and sub-dividers contributions	(384,350)	(3,727,430)
Federal Gas Tax	105,731	104,692
Building Department (Bill 124)	(1,685,800)	(1,284,239)
	<u>\$ (284,308)</u>	<u>\$ (3,307,171)</u>

# THE CORPORATION OF THE TOWNSHIP OF WILMOT

## Notes to Financial Statements, continued

Year ended December 31, 2022

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

(b) Continuity schedule:

	2022	2021
Revenue		
Development charges and user fees	\$ 585,011	\$ 261,075
Federal Gas Tax funding	651,588	1,277,978
Investment income	(84,414)	(16,933)
	1,152,185	1,522,120
Deferred revenue recognized	1,870,678	(2,948,975)
Change in deferred revenue	3,022,863	(1,426,855)
Deferred revenue, beginning of year	(3,307,171)	(1,880,316)
Deferred revenue, end of year	\$ (284,308)	\$ (3,307,171)

### 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:

	2022	2021
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	\$ 9,407,152	\$ 686,968
Of the long-term liabilities shown above, the responsibility for payment of principal and interest charges that has been assumed by individuals amounts to	(562,152)	(686,968)
Net long-term liabilities at end of year	\$ 8,845,000	\$ nil

# THE CORPORATION OF THE TOWNSHIP OF WILMOT

## Notes to Financial Statements, continued

Year ended December 31, 2022

### 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:

	2023 to 2027	2028 and thereafter	Total
From general municipal revenues	\$ 452,974	\$ 2,041,765	\$ 2,494,739
From development charges	1,153,026	5,197,235	6,350,261
From benefiting landowners	562,152	-	562,152
	\$2,168,152	\$ 7,239,000	\$ 9,407,152

- (c) The long-term liabilities included above, issued in the name of the Township, have been approved by By-Law. The annual principal and interest payments required to service these liabilities are within the annual limit prescribed by the Ministry of Municipal Affairs and Housing.
- (d) Interest charges for 2022 on net long-term liabilities were nil. Interest on the long-term debt is 4.20% for 2023.
- (e) During the year, the Township incurred \$8,845,000 of new debt to finance various capital projects. The debt matures in 2042 and is available to be re-financed in 2032.
- (f) 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, 2022 is \$562,152 (2021 - \$686,968).

### 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 (2021 - \$10,000) for any individual claim and \$10,000 (2021 - \$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 \$60,132 (2021 - \$49,343) were settled and insurance premiums of \$225,660 (2021 - \$219,154) 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, 2022

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### 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:

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	2022	2021
Salaries, wages and employee benefits	\$ 10,530,718	\$ 8,885,725
Materials	6,426,590	5,871,292
Amortization	6,247,553	6,130,853
Contracted services	878,558	553,788
External transfers	67,164	58,246
	<hr/> \$ 24,150,583	<hr/> 21,499,904

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# THE CORPORATION OF THE TOWNSHIP OF WILMOT

## Notes to Financial Statements, continued

Year ended December 31, 2022

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

#### (b) Budget Figures

Budget figures reported on the Statement of Operations and Accumulated Surplus are based on the 2022 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.

	2022	2021
Annual Deficit under PSAB	\$(3,505,257)	\$ (866,382)
Less:		
Grants and transfer related to capital	759,612	2,337,150
Deferred Revenue, net change	(810,217)	(2,341,515)
Contribution from Developers	(2,926,491)	1,390,867
Tangible capital assets additions	6,178,904	5,580,667
Increase in Government Business Enterprises	1,544,973	527,713
	4,746,781	7,494,882
Add:		
Amortization	6,247,553	6,130,853
Capital expenses	1,959,667	2,157,121
Loss on disposal of capital assets	44,818	73,290
	8,252,038	8,361,264
Budget Surplus, Council approved	\$ -	\$ -



# THE CORPORATION OF THE TOWNSHIP OF WILMOT

## Notes to Financial Statements, continued

Year ended December 31, 2022

### 13. Accumulated surplus:

	2022	2021
<b>Reserve and Reserve Funds</b>		
Baden West Noise Wall	75,625	73,683
Elections	-	56,222
Hamilton Road Noise Wall	149,614	145,773
Heritage Lighting	6,083	5,927
Infrastructure Reserve - Cemetery	(39,651)	(60,538)
Infrastructure Reserve - Equipment	35,211	211,675
Infrastructure Reserve - Facilities	212,673	420,667
Infrastructure Reserve - Sanitary Sewers	1,112,370	1,341,032
Infrastructure Reserve - Street Lighting	-	(41,402)
Infrastructure Reserve - Transportation	51,421	347,506
Infrastructure Reserve - Water	2,320,545	2,436,130
Infrastructure Reserve - Water Meter	826,268	682,254
Municipal Accomodation Tax	7,813	2,774
Self-Insurance	20,545	20,146
Winter Maintenance	58,482	151,775
Working Funds	648,550	502,139
<b>Total Reserves and Reserve Funds</b>	<b>5,485,547</b>	<b>6,295,763</b>
<b>Surplus</b>		
Invested in tangible capital assets	131,074,242	131,187,709
Operating Fund	26,720,575	29,302,149
<b>Total Surplus</b>	<b>157,794,817</b>	<b>160,489,858</b>
Accumulated Surplus	163,280,364	\$ 166,785,621

# THE CORPORATION OF THE TOWNSHIP OF WILMOT

## Notes to Financial Statements, continued

Year ended December 31, 2022

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### 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. 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.

(i) General Government:

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

(ii) Protection Services – Fire:

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

(iii) Transportation Services:

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

(iv) Environmental Services:

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

(v) Health Services:

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

(vi) Recreation and Cultural Services:

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

(vii) Development Services:

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

# THE CORPORATION OF THE TOWNSHIP OF WILMOT

## Notes to Financial Statements, continued

Year ended December 31, 2022

### 14. Segmented Information (continued):

Year Ended December 31, 2022	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation & Culture	Development Services	Total
<b>Revenue</b>								
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	-	651,588	-	-	47,713	-	743,019
Ontario	548,659	104,504	1,875,462	-	-	373,235	73,524	2,975,385
Investment income	540,374	260,472	703,991	242,140	15,698	1,007,333	156,897	2,926,906
Interest and penalty on taxes	189,439	-	-	-	-	-	-	189,439
Other	89,471	454,110	(1,816,154)	(1,466,996)	-	607,150	142,054	(1,990,365)
<b>Total Revenue</b>	<b>3,811,603</b>	<b>1,837,276</b>	<b>4,965,697</b>	<b>1,707,967</b>	<b>110,725</b>	<b>7,105,362</b>	<b>1,106,696</b>	<b>20,645,326</b>
<b>Expenses</b>								
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	-
<b>Total Expenditures</b>	<b>3,983,525</b>	<b>2,056,521</b>	<b>6,900,143</b>	<b>2,949,558</b>	<b>91,163</b>	<b>7,017,983</b>	<b>1,151,690</b>	<b>24,150,583</b>
<b>Annual surplus (deficit)</b>	<b>\$ (171,922)</b>	<b>\$ (219,245)</b>	<b>\$ (1,934,446)</b>	<b>\$ (1,241,591)</b>	<b>\$ 19,562</b>	<b>\$ 87,379</b>	<b>\$ (44,994)</b>	<b>\$ (3,505,257)</b>
Year Ended December 31, 2021	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation & Culture	Development Services	Total
<b>Revenue</b>								
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
<b>Total Revenue</b>	<b>2,690,893</b>	<b>1,444,845</b>	<b>6,479,432</b>	<b>3,753,637</b>	<b>83,898</b>	<b>4,668,242</b>	<b>1,512,575</b>	<b>20,633,522</b>
<b>Expenses</b>								
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	-
<b>Total Expenditures</b>	<b>3,253,943</b>	<b>1,842,651</b>	<b>6,538,604</b>	<b>2,542,169</b>	<b>109,405</b>	<b>6,015,275</b>	<b>1,190,731</b>	<b>21,499,904</b>
<b>Annual surplus (deficit)</b>	<b>\$ (563,050)</b>	<b>\$ (397,806)</b>	<b>\$ (59,172)</b>	<b>\$ 1,204,342</b>	<b>\$ (25,507)</b>	<b>\$ (1,347,033)</b>	<b>\$ 321,844</b>	<b>\$ (866,382)</b>