

Consolidated Financial Statements of

**THE CORPORATION  
OF THE TOWNSHIP  
OF WOOLWICH**

And Independent Auditor's Report thereon

Year ended December 31, 2023

# THE CORPORATION OF THE TOWNSHIP OF WOOLWICH

## Consolidated Statement of Financial Position

December 31, 2023, with comparative information for 2022

	2023	2022
<b>Financial Assets</b>		
Cash and cash equivalents	\$ 12,251,681	\$ 11,928,809
Investments (note 3)	9,805,713	9,563,443
Taxes receivable	2,533,413	2,115,468
User charges receivable	1,019,022	857,801
Accounts receivable	7,126,585	5,593,963
Development charges receivable (note 4)	6,341	12,682
Investment in Enova Power Corporation (note 5)	55,796,370	55,796,370
<b>Total financial assets</b>	<b>88,539,125</b>	<b>85,868,536</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	\$ 12,724,839	\$ 10,398,172
Deferred revenue - obligatory reserve funds (note 4)	5,763,268	7,355,103
Deferred revenue - other	5,495,676	5,270,266
Net long-term liabilities (note 6)	3,413,768	2,413,718
Post employment benefits (note 7)	1,164,922	1,145,896
<b>Total liabilities</b>	<b>28,562,473</b>	<b>26,583,155</b>
<b>Net financial assets</b>	<b>\$ 59,976,652</b>	<b>\$ 59,285,381</b>
<b>Non-Financial Assets</b>		
Tangible capital assets (note 8)	\$ 214,048,687	\$ 207,292,076
Inventories of supplies	89,282	177,457
Prepaid expenses	111,348	670,649
	214,249,317	208,140,182
<b>Accumulated surplus (note 9)</b>	<b>\$ 274,225,969</b>	<b>\$ 267,425,563</b>

The accompanying notes are an integral part of these consolidated financial statements.

# THE CORPORATION OF THE TOWNSHIP OF WOOLWICH

## Consolidated Statement of Operations

Year ended December 31, 2023, with comparative information for 2022

	Budget (Note 13)	2023	2022
<b>Revenue:</b>			
Taxation	\$ 15,089,259	\$ 15,205,126	\$ 13,787,170
User fees and charges	9,085,408	9,700,266	7,641,935
Government grants	3,859,379	3,132,452	3,449,925
Municipal revenue	226,500	42,065	528,034
Permits, late payment charges and other	1,384,850	1,244,714	1,319,083
Interest, donations and sundry	2,404,522	3,807,086	610,143
Obligatory reserve fund revenue (note 4)	6,909,029	4,568,905	4,203,620
Gain on sale of assets	-	6,189	73,908
Equity earnings from Waterloo North Hydro Holding Corporation (note 5)	-	-	2,601,666
Gain on amalgamation of Waterloo North Hydro Holding Corporation (note 5)	-	-	28,604,234
<b>Total revenue</b>	<b>38,958,947</b>	<b>37,706,803</b>	<b>62,819,718</b>
<b>Expenses:</b>			
General government	1,882,419	2,275,165	1,973,215
Protection to persons and property	3,599,879	4,428,748	4,298,092
Transportation services	3,882,562	8,740,971	8,406,033
Environmental services	2,921,552	5,257,153	4,857,885
Health services	99,839	68,640	111,413
Social and family services	63,227	65,006	85,219
Recreation and cultural	5,722,381	7,902,861	7,030,034
Planning and development	2,540,032	2,167,854	1,789,688
<b>Total expenses</b>	<b>20,711,891</b>	<b>30,906,398</b>	<b>28,551,579</b>
<b>Annual surplus</b>	<b>18,247,056</b>	<b>6,800,405</b>	<b>34,268,139</b>
<b>Accumulated surplus, beginning of year</b>	<b>267,425,563</b>	<b>267,425,563</b>	<b>233,157,424</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 285,672,619</b>	<b>\$ 274,225,968</b>	<b>\$ 267,425,563</b>

The accompanying notes are an integral part of these consolidated financial statements.

# THE CORPORATION OF THE TOWNSHIP OF WOOLWICH

## Consolidated Statement of Change in Net Financial Assets

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Annual surplus	\$ 6,800,405	\$ 34,268,139
Acquisition of tangible capital assets	(13,919,765)	(15,396,004)
Amortization of tangible capital assets	7,156,237	7,048,729
Net gain on disposal of tangible capital assets	(60,000)	(73,908)
Proceeds on sale of tangible capital assets	66,918	73,908
Net change in inventories of supplies	88,175	(118,859)
Net change in prepaid expenses	559,301	(596,302)
	(6,109,134)	(9,062,436)
Change in net financial assets	691,271	25,205,703
Net financial assets, beginning of year	59,285,381	34,079,678
Net financial assets, end of year	\$ 59,976,652	\$ 59,285,381

The accompanying notes are an integral part of these consolidated financial statements.

# THE CORPORATION OF THE TOWNSHIP OF WOOLWICH

## Consolidated Statement of Cash Flows

Year ended December 31, 2023 with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 6,800,405	\$ 34,268,139
Items not involving cash:		
Amortization of tangible capital assets	7,156,237	7,048,729
Gain on disposal of tangible capital assets	(60,000)	(73,908)
Change in accrued post-retirement benefits obligations	19,026	39,880
Equity earnings from government business enterprise	-	(2,601,666)
Gain on amalgamation of Waterloo North Hydro	-	(28,604,234)
	<u>13,915,668</u>	<u>10,076,940</u>
Change in non-cash assets and liabilities:		
Taxes receivables	(417,945)	(41,777)
User charges receivable	(161,221)	4,773
Accounts receivable	(1,532,622)	(478,857)
Development charges receivable	6,341	-
Accounts payable and accrued liabilities	2,326,667	(1,925,441)
Deferred revenue – obligatory reserve funds (note 4)	(1,591,835)	(1,334,506)
Deferred revenue – other	225,410	367,502
Inventories of supplies	88,175	(118,859)
Prepaid expenses	559,301	(596,302)
Net change in cash from operating activities	<u>13,417,939</u>	<u>5,953,473</u>
Capital activities:		
Cash used to acquire tangible capital assets	(13,919,765)	(15,396,004)
Proceeds on sale of tangible capital assets	66,918	73,908
Net change in cash from capital activities	<u>(13,852,847)</u>	<u>(15,322,096)</u>
Investing activities:		
Change in investments	(242,270)	(203,200)
Dividends received from Waterloo North Hydro Holding Corporation	-	1,182,912
Net change in cash from investing activities	<u>(242,270)</u>	<u>979,712</u>
Financing activities:		
Debt issued and assumed	1,190,000	-
Principle repayment of long-term debt	(189,950)	(224,848)
Net change in cash from financing activities	<u>1,000,050</u>	<u>(224,848)</u>
Net change in cash	<u>322,872</u>	<u>(8,613,759)</u>
Cash and cash equivalents, beginning of year	11,928,809	20,542,568
Cash and cash equivalents, end of year	<u>\$ 12,251,681</u>	<u>\$ 11,928,809</u>

The accompanying notes are an integral part of these consolidated financial statements.

# THE CORPORATION OF THE TOWNSHIP OF WOOLWICH

Notes to Consolidated Financial Statements

Year ended December 31, 2023

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## 1. Significant accounting policies:

The consolidated financial statements of The Corporation of the Township of Woolwich (the "Township") are the representation of management prepared in accordance with accounting policies prescribed for Ontario municipalities by the Ministry of Municipal Affairs and Housing and the standards established by the Public Sector Accounting and Auditing Board (PSAB) of the Chartered Professional Accountants of Canada. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgments.

The focus of PSAB financial statements is on the financial position of the Township and the changes thereto. The consolidated statement of financial position includes all assets and liabilities of the Township. Financial assets are those assets which could provide resources to discharge existing liabilities or finance future operations. Municipal position represents the financial position and is the difference between assets and liabilities. This provides information about the Township's overall future revenue requirements and its ability to finance activities and meet its obligations.

### (a) Basis of consolidation:

#### (i) Consolidated statements:

These consolidated statements reflect the assets, liabilities, revenues and expenses of the reporting entity. The reporting entity include the activities of all committees of Council and the following boards, municipal enterprises and utilities which are under the control of Council except for the Township's government business enterprise which is accounted for on a modified equity basis of accounting:

- Woolwich Sewer and Water Systems
- Elmira Business Improvement Area Board of Management
- St. Jacobs Business Improvement Area Board of Management

Inter-organizational transactions and balances between these entities have been eliminated.

#### (ii) Non-consolidated entities:

Government business enterprises and partnerships are separate legal entities which do not rely on the municipality for funding. Investments in government business enterprises are accounted for using the modified equity method. The following government business enterprise is reflected in the consolidated financial statements:

- Enova Power Corporation (prior to September 1, 2022 – see note 5)

# THE CORPORATION OF THE TOWNSHIP OF WOOLWICH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

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## 1. Significant accounting policies (continued):

### (a) Basis of consolidation (continued):

#### (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 Region of Waterloo are not reflected in these consolidated financial statements. Overlevies (underlevies) are reported on the consolidated financial statement of financial position as "other liabilities" "other assets".

#### (iv) Trust funds:

Trust funds and their related operations administered by the Township are not consolidated, but are reported separately on the trust funds statement of financial operations and financial position.

### (b) Basis of accounting:

The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

### (c) Government transfers:

Government transfers received relate to social services, child care, housing and health programs, transportation and environmental services. Government transfers paid relate to social services programs. Transfers are recognized in the consolidated financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

### (d) Deferred revenue - other:

Deferred revenues represent licenses, permits and other fees which have been collected, but for which the related services or inspections have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

### (e) Investment income:

Investment income is reported as revenue in the period earned. When required by the funding government or related Act, investment income earned on deferred revenue is added to the investment and forms part of the deferred revenue balance.

### (f) Cash equivalents:

Cash equivalents include short-term highly liquid investments with a term to maturity of 90 days or less at acquisition.

### (g) Land held for resale:

Land held for resale is recorded at the lower of cost and net realizable value. Cost includes amounts for improvements to prepare the land for sale or servicing.

# THE CORPORATION OF THE TOWNSHIP OF WOOLWICH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

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## 1. Significant accounting policies (continued):

### (h) Investments:

Financial instruments are recorded at fair value on initial recognition. Derivative instruments and equity instruments that are quoted in an active market are reported at fair value. All other financial instruments are subsequently recorded at cost or amortized cost.

The Township's financial instruments include cash and short-term investments, taxes receivable, accounts receivable, investments, accounts payable and accrued liabilities, deferred revenue, long-term liabilities, and capital lease obligation. With the exception of derivative and equity investments, the carrying value approximates fair value due to the short-term nature of these financial assets and liabilities.

Unrealized changes in fair value of derivative and equity investments are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of operations.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations and any unrealized gain is adjusted through the statement of remeasurement gains and losses.

Financial instruments that are subsequently measured at fair value are classified based on the observability of inputs as follows:

Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities;

Level 2 - Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

Principal protected notes within investments are measured as level 1 financial instruments.

### (i) Long-term debt:

Long-term debt is recorded net of related sinking fund balances.

### (j) Employee future benefits:

The costs of multi-employer defined contribution pension plan benefits, such as the Ontario Municipal Employees Retirement System ("OMERS") pensions, are the employer's contributions due to the plan in the period.



# THE CORPORATION OF THE TOWNSHIP OF WOOLWICH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

(k) Non-financial assets:

Non-financial assets are not 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. Inventories of supplies held for consumption are recorded at the lower of cost and replacement cost.

(l) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land, are amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Useful Life - Years
Land improvements	5 - 50
Buildings and building improvements	25 - 50
Vehicles	5 - 30
Machinery and equipment	5 - 30
Water and wastewater infrastructure	15 - 100
Roads infrastructure - Base	50
- Surface	15

# THE CORPORATION OF THE TOWNSHIP OF WOOLWICH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

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## 1. Significant accounting policies (continued):

### (l) Tangible capital assets (continued):

No amortization will be charged in the year of acquisition. In the year of disposal, the balance of amortization is removed. Assets under construction (capital work in progress) are not amortized until the asset is available for productive use or placed in service.

#### (i) Contributions of tangible capital assets:

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and are recorded as revenue.

#### (ii) Natural resources:

Natural resources that have not been purchased are not recognized as assets in the consolidated financial statements.

#### (iii) Works of art and cultural and historic assets:

Works of art and cultural and historic assets are not recorded as assets in these consolidated financial statements.

#### (iv) Interest capitalization:

The Township does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.

#### (v) Leased tangible capital assets:

Leases which transfer substantially all the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

### (m) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Significant estimates include assumptions used in estimating provisions for accrued liabilities and the historical cost of useful lives of tangible capital assets.

Actual results could differ from these estimates.

### (n) Adoption of new accounting standards:

#### (i) PS - 3450 Financial Instruments and Related Standards:

On January 1, 2023, the Township adopted PS 3450 Financial Instruments ("PS 3450"), PS 2601 Foreign Currency Translation, PS 1201 Financial Statement Presentation and PS 3041 Portfolio Investments. The standards were adopted prospectively from the date of adoption. The new standards provide comprehensive requirements for the recognition, measurement, presentation and disclosure of financial instruments and foreign currency transactions.

# THE CORPORATION OF THE TOWNSHIP OF WOOLWICH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Under PS 3450, all financial instruments, including derivatives, are included on the Statement of Financial Position and are measured amortized cost.

In accordance with the provisions of this new standard, as at January 1, 2023, the Township assessed that no adjustments needed to be recorded to comply with the standard.

### (ii) PS - 3280 Asset Retirement Obligations :

On January 1, 2023, the Township also adopted Public Accounting Standard PS 3280 Asset Retirement Obligations ("PS 3280"). The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in buildings.

The new accounting standard was adopted on a prospective basis.

In accordance with the provisions of this new standard, as at January 1, 2023, the Township assessed that there are no current obligations under the standard.

## 2. Operations of School Boards and the Region of Waterloo:

Further to note 1(a) (iii), the taxation, other revenues, expenditures and overlevies for the School Boards and The Region of Waterloo are comprised of the following:

	School Boards	Region
Taxation and user charges	\$ 13,160,758	\$ 33,529,967
Requisitions paid	(13,160,758)	(33,529,967)
(Under)/overlevies, end of year	\$ -	\$ -

## 3. Investments:

The total of investments of \$9,805,713 (2022 - \$9,563,443) reported on the consolidated statement of financial position at cost, have a fair value of \$9,742,231 (2022 - \$9,425,066) at the end of the year.

# THE CORPORATION OF THE TOWNSHIP OF WOOLWICH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

## 4. Deferred revenue - obligatory reserve funds:

A requirement of the public sector accounting principles 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. The ending balance for development charges includes \$6,341 of development charges receivable for which collection has been deferred in accordance with Section 26.1 of the Development Charges Act, 1997.

The balances in the obligatory reserve funds of the Township are summarized below:

	2023	2022
Building administration	\$ 877,975	\$ 1,278,735
Development charges	4,912,928	5,801,794
Canada Community – Building Fund	17,398	387,618
Park fund	(45,033)	(113,044)
	<b>\$ 5,763,268</b>	<b>\$ 7,355,103</b>

Continuity of deferred revenue is as follows:

	2023	2022
Balance, beginning of year:		
Building administration	\$ 1,278,735	\$ 1,656,226
Development charges	5,801,794	6,387,297
Canada Community – Building Fund	387,618	981,947
Park fund	(113,044)	(335,861)
	<b>7,355,103</b>	<b>8,689,609</b>
Developer contributions received	1,682,321	1,609,508
Capital grants received	827,550	793,069
Other	219,154	275,000
Interest earned	248,044	191,537
Total revenue	<b>2,977,069</b>	<b>2,869,114</b>
Contributions used	<b>(4,568,904)</b>	<b>(4,203,620)</b>
Balance, end of year	<b>\$ 5,763,268</b>	<b>\$ 7,355,103</b>

# THE CORPORATION OF THE TOWNSHIP OF WOOLWICH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

## 5. Government business enterprises:

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 Energy Corporation, a corporation amalgamated under the laws of Ontario.

Until August 31, 2022, the Township held 20.2% of the common shares of Waterloo North Hydro Holding Corporation and a \$3,355,689 in long-term notes payable by subsidiaries and investees of Waterloo North Hydro Inc.

Following the merger, the Township holds 8.5% of the common shares of Enova Energy Corp. and \$3,355,689 in long-term notes payable of Enova Energy Corp.

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

	2023	2022
Enova Energy Corporation debt	\$ 3,355,689	\$ 3,355,689
Enova Energy Corporation common shares	52,440,681	52,440,681
Balance, end of year	\$ 55,796,370	\$ 55,796,370

# THE CORPORATION OF THE TOWNSHIP OF WOOLWICH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

## 6. Net long-term liabilities:

- (a) The balance of long-term liabilities reported on the Consolidated Statement of Financial Position consists of the following:

	2023	2022
Ontario Strategic Infrastructure Financing Authority Water drainage \$685,000 20-year loan (OSIFA04-02) issued December 2004 with an annual interest rate of 2.7891% - interest and principal repayable in semi- annual installments	\$ 43,924	\$ 86,658
Township, through the Region of Waterloo, issued a \$3,720,000 25-year capital program debenture (ID09-61) December 1, 2009 with an annual interest rate of 4.88% - interest repayable in semi-annual installments and Principal repayable annually	2,179,843	2,327,060
Township, through the Region of Waterloo, issued a \$1,190,000 10-year capital program debenture (CDS23-10) October 17, 2023, with the option to renew for another 10-years with a varying annual interest rate of 4.75% to 5.60% - interest repayable in semi-annual installments and principal repayable annually	1,190,000	0
<b>Net long-term liabilities, end of year</b>	<b>\$ 3,413,767</b>	<b>\$ 2,413,718</b>

- (b) The long-term liabilities in (a) 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 debt repayment prescribed by the Ministry of Municipal Affairs and Housing.
- (c) Interest paid during the year on long-term liabilities amounted to \$115,667.00 (2022 - \$125,006). Principal paid during the year on long-term liabilities amounted to \$189,950 (2022 - \$224,848).

# THE CORPORATION OF THE TOWNSHIP OF WOOLWICH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

## 6. Net long-term liabilities (continued):

(a) The total Township principal and interest repayments in each of the next five years and thereafter are due as follows:

	Principal	Interest
2024	\$ 240,326	\$ 167,117
2025	200,936	156,400
2026	210,839	146,489
2027	221,127	136,171
2028	231,819	125,393
Thereafter	2,308,720	418,942
	<u>\$ 3,413,767</u>	<u>\$ 1,150,512</u>

## 7. Post employment benefits:

The Township provides certain benefits, including post-employment benefits of extended health and dental benefits and sick leave benefits, to its employees. The post-employment benefit at December 31, 2023, includes the following components:

	2023	2022
Extended health and dental benefits	\$ 749,128	\$ 734,475
Sick leave	233,022	260,378
	<u>982,150</u>	<u>994,853</u>
Unamortized actuarial gains	182,772	151,043
	<u>\$ 1,164,922</u>	<u>\$ 1,145,896</u>

Actuarial valuations for accounting purposes are performed using the projected benefit method, pro-rated on services. The most recent actuarial report was prepared as at December 31, 2023.

The actuarial valuation was based on a number of assumptions about future events, such as inflation rates, medical inflation rates, wage increases, employee turnover and mortality rates. The assumptions used reflect management's best estimates. The post-employment benefit liability was determined using a discount rate of 4.20% (2022 – 4.50%). The sick leave liability was determined using a discount rate of 3.90% (2022 – 2.00%). For extended health care costs, a 5.60% annual rate of increase, decreasing by 0.25% annually to an ultimate rate of 3.57% was assumed. For dental costs, a 5.00% annual rate of increase increasing by 0.40% annually to an ultimate rate of 3.57% was assumed.

The liability for sick leave benefits includes a provision for non-vested benefits. Under the sick leave benefit plan, unused sick leave can accumulate but employees leaving the Township's employment are not entitled to a cash payment.

# THE CORPORATION OF THE TOWNSHIP OF WOOLWICH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

## 8. Tangible capital assets:

	2023							
	Land	Landfill and Land Improvements	Building and Building Improvements	Vehicles, Machinery and Equipment	Water and Wastewater Infrastructure	Roads Infrastructure	Assets Under Construction	Total
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Cost</b>								
Balance, beginning of year	17,962,331	7,879,430	42,003,472	16,559,579	82,918,443	114,271,750	27,693,889	309,288,894
Additions	–	422,109	34,085	2,211,517	–	–	11,312,054	13,979,765
Disposals	–	(48,894)	(21,000)	(230,025)	(137,275)	(223,305)	–	(660,499)
<b>Balance, end of year</b>	<b>17,962,331</b>	<b>8,252,645</b>	<b>42,016,557</b>	<b>18,541,071</b>	<b>82,781,168</b>	<b>114,048,445</b>	<b>39,005,943</b>	<b>322,608,160</b>
<b>Accumulated amortization</b>								
Balance, beginning of year	–	3,925,532	15,269,136	8,178,051	21,020,991	53,603,108	–	101,996,818
Disposals	–	311,909	1,115,390	1,087,483	1,398,043	3,243,411	–	7,156,236
Amortization expense	–	(36,680)	(6,300)	(190,020)	(137,275)	(223,305)	–	(593,580)
<b>Balance, end of year</b>	<b>–</b>	<b>4,200,761</b>	<b>16,378,226</b>	<b>9,075,514</b>	<b>22,281,759</b>	<b>56,623,214</b>	<b>–</b>	<b>108,559,474</b>
<b>Net book value, end of year</b>	<b>17,962,331</b>	<b>4,501,884</b>	<b>25,638,331</b>	<b>9,465,557</b>	<b>60,499,409</b>	<b>57,425,231</b>	<b>39,005,943</b>	<b>214,048,686</b>



# THE CORPORATION OF THE TOWNSHIP OF WOOLWICH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

## 8. Tangible capital assets (continued):

	2022							
	Land	Landfill and Land Improvements	Building and Building Improvements	Vehicles, Machinery and Equipment	Water and Wastewater Infrastructure	Roads Infrastructure	Assets Under Construction	Total
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Cost</b>								
Balance, beginning of year	17,962,331	7,556,470	42,003,472	15,683,911	82,006,810	112,694,519	16,075,487	293,983,000
Additions	–	330,413	–	915,919	981,473	1,588,348	11,618,402	15,434,555
Disposals	–	(7,453)	–	(40,251)	(69,840)	(11,117)	–	(128,661)
<b>Balance, end of year</b>	<b>17,962,331</b>	<b>7,879,430</b>	<b>42,003,472</b>	<b>16,559,579</b>	<b>82,918,443</b>	<b>114,271,750</b>	<b>27,693,889</b>	<b>309,288,894</b>
<b>Accumulated amortization</b>								
Balance, beginning of year	–	3,619,413	14,153,746	7,182,517	19,666,670	50,415,853	–	95,038,199
Disposals	–	(2,981)	–	(40,251)	(35,759)	(11,118)	–	(90,109)
Amortization expense	–	309,100	1,115,390	1,035,785	1,390,080	3,198,373	–	7,048,728
<b>Balance, end of year</b>	<b>–</b>	<b>3,925,532</b>	<b>15,269,136</b>	<b>8,178,051</b>	<b>21,020,991</b>	<b>53,603,108</b>	<b>–</b>	<b>101,996,818</b>
<b>Net book value, end of year</b>	<b>17,962,331</b>	<b>3,953,898</b>	<b>26,734,336</b>	<b>8,381,528</b>	<b>61,897,452</b>	<b>60,668,642</b>	<b>27,693,889</b>	<b>207,292,076</b>

# THE CORPORATION OF THE TOWNSHIP OF WOOLWICH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

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## 8. Tangible capital assets (continued):

a) Assets under construction:

Assets under construction having a value of \$39,005,943 (2022 - \$27,693,887) have not been amortized. Amortization of these assets will commence when the asset is put into service.

b) Contributed tangible capital assets:

Contributed capital assets during the year were \$nil (2022 - \$nil).

c) Works of art and historical treasures:

The Township of Woolwich manages and controls various works of art and non-operational historical cultural assets including buildings, artifacts, paintings and sculptures located at Township sites and public display areas. These assets are not recorded as tangible capital assets and are not amortized.

d) Write-down of tangible capital assets:

The write-down of tangible capital assets during the year was \$nil (2022 - \$nil).

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# THE CORPORATION OF THE TOWNSHIP OF WOOLWICH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

## 9. Accumulated surplus:

	2023	2022
Surplus:		
Invested in tangible capital assets	\$ 214,048,686	\$ 207,292,076
General (surplus)/deficit	(952,992)	(2,868,630)
Unfunded:		
Employee benefits -sick leave	(1,164,922)	(1,145,896)
Debenture - long-term	(3,413,767)	(2,413,718)
Equity in Government Business Enterprise	55,796,370	55,796,370
<b>Total surplus</b>	<b>264,313,375</b>	<b>256,660,202</b>
Reserves set aside by Council:		
Operating budget contingency	588,912	553,127
Working capital	1,927,806	1,927,806
Insurance	152,992	90,479
Capital budget contingency	194,411	215,782
Ontario Municipal Board legal	162,244	133,693
Special circumstance funding	310,486	536,461
Winter stabilization	20,428	20,428
<b>Total reserves</b>	<b>3,355,279</b>	<b>3,477,776</b>
Reserve funds set aside for specific purposes by Council:		
Equipment replacement	842,403	1,052,351
Infrastructure investment	1,372,120	1,210,701
Recreation fitness centre	24,982	24,055
Recreation Facilities	95,812	-
Water	1,551,923	2,909,624
Sewer	998,237	539,007
Property building	198,136	309,879
Parking lot	15,114	14,553
Development administration	78,004	190,631
Transient Accommodation Tax	767,038	455,292
Walter Bean Trail Fund	312,985	302,427
Greening/Climate Action	300,562	279,065
<b>Total reserve funds</b>	<b>6,557,315</b>	<b>7,287,585</b>
<b>Accumulated surplus</b>	<b>\$ 274,225,969</b>	<b>\$ 267,425,563</b>

# THE CORPORATION OF THE TOWNSHIP OF WOOLWICH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

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## 10. Public liability insurance:

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. Outside coverage is in place for claims in excess of these limits.

The Township has made provision for a reserve for self insurance which, as at December 31, 2023, amounted to \$152,992 (2022 - \$90,479) and is reported on the consolidated statement of financial position. The provision for the year amounted to \$362,426 (2022 - \$345,550). During the year, claims amounting to \$58,540 (2022 - \$121,523) were settled and insurance premiums of \$333,731 (2022 - \$296,106) were paid. Both amounts are reported as an expenditure on the consolidated statement of operations and have been funded from the reserve.

## 11. Pension agreements:

The Township makes contributions to OMERS which is a multi-employer plan, on behalf of members of its staff. 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 and rates of pay. Contributions to OMERS in 2023 were \$718,381 (2022 - \$594,070).

OMERS is a multi-employer plan, therefore any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the municipality does not recognize any share of the OMERS pension surplus or deficit. The last available report for the OMERS plan was December 31, 2023. At that time, the plan reported a \$4.2 billion actuarial deficit (2022 - \$6.7 billion actuarial deficit), based on actuarial liabilities of \$136.2 billion (2022 - \$130.3 billion) and actuarial net assets of \$132 billion (2022 - \$123.6 billion). Ongoing adequacy of the current contribution rate will need to be monitored as the fluctuations in the financial markets may lead to increased future funding requirements.

## 12. Cemetery trust funds:

Cemetery trust funds administered by the Township amounting to \$454,434 (2022 - \$428,154) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations.

## 13. Budget data:

The budget data presented in these consolidated financial statements is based upon the 2023 operating and capital budgets approved by Council. Amortization was not contemplated on development of the budget and, as such, has not been included.

# THE CORPORATION OF THE TOWNSHIP OF WOOLWICH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

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## 14. Segmented information:

Segmented information has been identified based on 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 that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

(i) Protection:

Protection is comprised of the Fire and By-law Enforcement departments. The Fire department is responsible to provide fire suppression services, fire prevention programs; training and development related to prevention; and detection or extinguishment of fires. The mandate of the By-law Enforcement department is to enforce the By-laws passed by the Council of the Township of Woolwich.

(ii) Public Works - Transportation:

The Public Works department is responsible for the delivery of municipal public works services related to the planning, development and maintenance of roadway systems, bridges and culverts, sidewalks, the maintenance of parks and open space, and street lighting.

(iii) Public Works - Environment:

The Township is responsible for environmental programs and the operation of Water and Wastewater Systems, specifically the distribution and collection systems; and storm collection systems.

(iv) Recreation and Cultural Services:

The Recreation and Facilities department is responsible for the planning, development, delivery and maintenance of all Township recreation programs, services and facilities.

Certain allocation methodologies are employed in the preparation of segmented financial information. Taxation and payments-in-lieu of taxes are allocated to the segments based on the segment's budgeted net expenditure. User charges and other revenue have been allocated to the segments based upon the segment that generated the revenue. Government grants have been allocated to the segment based upon the purpose for which the grant was made.

# THE CORPORATION OF THE TOWNSHIP OF WOOLWICH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

## 14. Segmented information (continued):

	2023					
	Protection	Public Works – Transportation	Public Works – Environmental	Recreation and Cultural Services	Other and Unallocated	Total
	\$	\$	\$	\$	\$	\$
<b>Revenues:</b>						
Taxation	2,695,901	5,784,770	-	3,064,593	3,659,861	15,205,125
User fees and charges	264,609	32,395	4,896,514	2,502,809	2,003,939	9,700,266
Government grants	-	1,292,195	34,169	1,298,105	507,985	3,132,454
Municipal revenue	36,270	5,795	-	-	-	42,065
Permits, late payment, other	45,270	-	-	1,998	1,197,446	1,244,714
Interest, donations, sundry	207,700	1,438,886	317,167	481,502	1,361,831	3,807,086
Obligatory reserve fund recognized	574,469	908,173	1,880,861	710,357	495,044	4,568,904
Equity from Enova Power Corporation	-	-	-	-	-	-
Gain on disposal of assets	-	-	-	-	6,189	6,189
Contributed assets	-	-	-	-	-	-
<b>Total revenues</b>	<b>3,824,219</b>	<b>9,462,214</b>	<b>7,128,711</b>	<b>8,059,364</b>	<b>9,232,295</b>	<b>37,706,803</b>
<b>Expenses:</b>						
Salaries, wages and employee benefits	2,487,005	1,614,363	1,092,003	3,199,382	3,566,454	11,959,207
Materials	788,137	2,130,231	503,355	2,285,157	1,678,685	7,385,565
Contracted services	208,602	2,039,596	686,439	582,748	666,048	4,183,433
Rents and financial expenses	-	14,164	-	1,848	25,273	41,285
External transfers	-	-	-	-	65,006	65,006
Debt services	-	-	2,107	113,561	-	115,668
Amortization	630,617	3,638,478	1,408,055	1,231,060	248,027	7,156,237
Inter-functional adjustments/Program allocation	320,695	(698,228)	1,565,426	486,886	(1,674,779)	-
<b>Total expenses</b>	<b>4,435,056</b>	<b>8,738,604</b>	<b>5,257,385</b>	<b>7,900,642</b>	<b>4,574,714</b>	<b>30,906,401</b>
<b>Annual surplus (deficit)</b>	<b>(610,837)</b>	<b>723,610</b>	<b>1,871,326</b>	<b>158,722</b>	<b>4,657,581</b>	<b>6,800,402</b>

# THE CORPORATION OF THE TOWNSHIP OF WOOLWICH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

## 14. Segmented information (continued):

	2022					
	Protection	Public Works – Transportation	Public Works – Environmental	Recreation and Cultural Services	Other and Unallocated	Total
	\$	\$	\$	\$	\$	\$
<b>Revenues:</b>						
Taxation	2,442,621	5,322,897	-	2,873,079	3,148,573	13,787,170
User fees and charges	241,685	87,551	3,691,192	1,999,847	1,621,660	7,641,935
Government grants	-	2,015,703	3,589	761,323	669,310	3,449,925
Municipal revenue	36,270	489,764	-	2,000	-	528,034
Permits, late payment, other	36,659	-	-	94	1,282,330	1,319,083
Interest, donations, sundry	(43,301)	325,656	76,349	33,825	217,614	610,143
Obligatory reserve fund recognized	57,650	2,285,679	1,058,054	333,791	468,446	4,203,620
Equity from Waterloo North Hydro	-	-	-	-	2,601,666	2,601,666
Gain on amalgamation of Waterloo North Hydro	-	-	-	-	28,604,234	28,604,234
Gain on disposal of assets	18,408	52,958	-	2,542	-	73,908
Contributed assets	-	-	-	-	-	-
<b>Total revenues</b>	<b>2,789,992</b>	<b>10,580,208</b>	<b>4,829,184</b>	<b>6,006,501</b>	<b>38,613,833</b>	<b>62,819,718</b>
<b>Expenses:</b>						
Salaries, wages and employee benefits	2,421,624	1,373,302	932,713	2,658,321	3,209,028	10,594,988
Materials	719,159	1,711,142	414,981	2,028,176	1,583,714	6,457,172
Contracted services	204,557	2,178,283	838,140	555,224	437,038	4,213,242
Rents and financial expenses	-	14,317	-	1,336	11,570	27,223
External transfers	-	-	-	-	85,219	85,219
Debt services	-	1,330	3,266	120,410	-	125,006
Amortization	628,725	3,522,634	1,400,091	1,228,122	269,157	7,048,729
Inter-functional adjustments/Program allocation	324,027	(394,975)	1,268,694	438,446	(1,636,192)	-
<b>Total expenses</b>	<b>4,298,092</b>	<b>8,406,033</b>	<b>4,857,885</b>	<b>7,030,035</b>	<b>3,959,534</b>	<b>28,551,579</b>
<b>Annual surplus (deficit)</b>	<b>(1,508,100)</b>	<b>2,174,175</b>	<b>(28,701)</b>	<b>(1,023,534)</b>	<b>34,654,299</b>	<b>34,268,139</b>

# CEMETERY TRUST FUNDS OF THE CORPORATION OF THE TOWNSHIP OF WOOLWICH

## Statement of Financial Position

December 31, 2023, with comparative information for 2022

	2023	2022
<b>Assets</b>		
Cash	\$ 618,034	\$ 587,208
Accrued interest receivable	2,865	2,293
Accounts receivable	26,281	-
	647,180	589,501
<b>Liabilities</b>		
Due to the Township of Woolwich	192,745	161,347
Net assets	\$ 454,435	\$ 428,154

See accompanying notes to financial statements.



# CEMETERY TRUST FUNDS OF THE CORPORATION OF THE TOWNSHIP OF WOOLWICH

## Statement of Operations

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Revenues:		
Sale of plots	\$ 26,281	\$ 17,790
Interest earned	31,398	13,904
	57,679	31,694
Expenditures:		
Cemetery care	31,398	13,904
Net revenue	26,281	17,790
Net assets, beginning of year	428,154	410,364
Net assets, end of year	\$ 454,435	\$ 428,154

See accompanying notes to financial statements.

# CEMETERY TRUST FUNDS OF THE CORPORATION OF THE TOWNSHIP OF WOOLWICH

## Statement of Cash Flows

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operations:		
Net revenues	\$ 26,281	\$ 17,790
Sources (uses) of cash:		
Accrued interest receivable	(572)	(1,952)
Accounts Receivable	(26,281)	-
Due to the Township of Woolwich	31,398	1,7002
Increase in cash	30,826	17,540
Cash, beginning of year	587,208	569,668
Cash, end of year	\$ 618,034	\$ 587,208

See accompanying notes to financial statements.

# CEMETERY TRUST FUNDS OF THE CORPORATION OF THE TOWNSHIP OF WOOLWICH

Notes to Financial Statements

Year ended December 31, 2023

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## 1. Accounting policy:

Basis of accounting:

Revenue and expenditures are reported on the accrual basis of accounting which recognizes expenditures as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

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