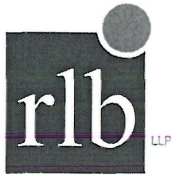


THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH
INDEX TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014

	Page
THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH	
INDEPENDENT AUDITOR'S REPORT	3
FINANCIAL STATEMENTS	
Consolidated Statement of Financial Position	4
Consolidated Statement of Operations	5
Consolidated Statement of Change in Net Financial Assets	6
Consolidated Statement of Cash Flow	7
Notes to the Consolidated Financial Statements	8 - 14
Schedule of Segmented Disclosure	15
Consolidated Schedule of Tangible Capital Assets	16
Schedule of Accumulated Surplus	17
TRUST FUNDS	
INDEPENDENT AUDITOR'S REPORT	18
Statement of Financial Position and Continuity	19
Notes to the Financial Statements	20



Chartered Accountants
and Business Advisors

People Count.

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of The Corporation of the Township of Wellington North, which comprise the consolidated statement of financial position as at December 31, 2014 and the consolidated statements of operations, changes in net financial assets and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of The Corporation of the Township of Wellington North as at December 31, 2014 and the results of its operations and its cash flow for the year then ended in accordance with Canadian public sector accounting standards.

A handwritten signature in dark ink that reads 'RLB LLP'.

Fergus, Ontario
July 13, 2015

Chartered Professional Accountants
Licensed Public Accountants

THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2014

	2014	2013
FINANCIAL ASSETS		
Cash (note 2)	\$ 16,685,715	\$ 12,901,363
Investments	10,442	10,353
Taxes receivable	1,542,225	1,399,854
Trade and other receivables	1,475,926	1,907,034
Long term receivables (note 3)	725,899	1,120,642
Investment in Wellington North Power Inc. (note 4)	<u>3,863,206</u>	<u>3,671,897</u>
	<u>24,303,413</u>	<u>21,011,143</u>
LIABILITIES		
Accounts payable and accrued liabilities	1,954,669	2,121,007
Deferred revenue (note 6)	2,811,648	2,531,072
Long term debt (note 5)	<u>8,250,859</u>	<u>9,323,409</u>
	<u>13,017,176</u>	<u>13,975,488</u>
NET FINANCIAL ASSETS	<u>11,286,237</u>	<u>7,035,655</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (schedule 2)	110,210,263	113,204,473
Prepaid expenses and inventory	<u>103,708</u>	<u>62,835</u>
	<u>110,313,971</u>	<u>113,267,308</u>
ACCUMULATED SURPLUS (schedule 3)	<u>\$ 121,600,208</u>	<u>\$ 120,302,963</u>

THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2014

	2014 Budget (note 8)	2014 Actual	2013 Actual
REVENUE			
Net taxation/user charges	\$ 6,541,415	\$ 6,667,162	\$ 6,420,196
Fees and service charges	5,542,277	5,538,174	5,667,988
Grants	1,249,675	1,364,503	2,006,591
Other income (note 7)	715,967	1,263,596	1,059,122
Obligatory reserve funds revenue recognized (note 6)	<u>0</u>	<u>345,000</u>	<u>255,654</u>
	<u>14,049,334</u>	<u>15,178,435</u>	<u>15,409,551</u>
EXPENSES (schedule 1)			
General government	2,006,321	1,283,781	1,254,533
Protection to persons and property	993,190	1,220,272	1,238,008
Transportation services	5,751,545	5,614,022	5,933,845
Environmental services	3,686,605	3,514,662	3,379,121
Health services	34,203	29,876	31,766
Recreation and culture	1,986,836	1,886,749	1,892,823
Planning and development	<u>38,300</u>	<u>331,828</u>	<u>411,083</u>
	<u>14,497,000</u>	<u>13,881,190</u>	<u>14,141,179</u>
ANNUAL (DEFICIT) SURPLUS	<u>\$ (447,666)</u>	<u>\$ 1,297,245</u>	<u>\$ 1,268,372</u>
ACCUMULATED SURPLUS at beginning of year		\$ 120,302,963	\$ 119,034,591
Annual surplus		<u>1,297,245</u>	<u>1,268,372</u>
ACCUMULATED SURPLUS at end of year		<u>\$ 121,600,208</u>	<u>\$ 120,302,963</u>

THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2014

	2014 Budget (note 8)	2014 Actual	2013 Actual
Annual surplus	\$ <u>(447,666)</u>	\$ <u>1,297,245</u>	\$ <u>1,268,372</u>
Acquisition of tangible capital assets	(1,771,928)	(1,789,824)	(2,976,421)
Amortization of tangible capital assets	4,817,834	4,643,508	4,817,834
Loss on disposal of tangible capital assets	0	86,971	41,362
Proceeds on disposal of tangible capital assets	<u>0</u>	<u>53,556</u>	<u>0</u>
	<u>3,045,906</u>	<u>2,994,211</u>	<u>1,882,775</u>
Change in prepaid expenses and inventory	<u>0</u>	<u>(40,874)</u>	<u>32,467</u>
INCREASE IN NET FINANCIAL ASSETS	\$ <u>2,598,240</u>	4,250,582	3,183,614
NET FINANCIAL ASSETS at beginning of year		<u>7,035,655</u>	<u>3,852,041</u>
NET FINANCIAL ASSETS at end of year		\$ <u>11,286,237</u>	\$ <u>7,035,655</u>

THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH
CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED DECEMBER 31, 2014

	2014	2013
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Annual surplus for the year	\$ 1,297,245	\$ 1,268,372
Items not requiring an outlay of cash		
Amortization	4,643,508	4,817,834
Loss on disposal of tangible capital assets	86,971	41,362
Share of income of Wellington North Power Inc.	(191,309)	(192,285)
	<u>4,539,170</u>	<u>4,666,911</u>
	<u>5,836,415</u>	<u>5,935,283</u>
Net changes in non-cash working capital		
Taxes receivable	(142,371)	(78,943)
Accounts receivable	431,108	(255,487)
Accounts payable and accrued liabilities	(166,339)	697,182
Prepaid expenses and inventory	(40,873)	32,467
Deferred revenue	280,576	543,884
	<u>362,101</u>	<u>939,103</u>
	<u>6,198,516</u>	<u>6,874,386</u>
CASH PROVIDED BY (USED IN) CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(1,789,824)	(2,976,421)
Proceeds on disposal of tangible capital assets	53,556	0
	<u>(1,736,268)</u>	<u>(2,976,421)</u>
CASH (USED IN) FINANCING ACTIVITIES		
Repayment of long term debt	(1,072,550)	(847,561)
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		
Acquisition of investments	(89)	(102)
Decrease in long term receivables	394,743	243,146
	<u>394,654</u>	<u>243,044</u>
NET INCREASE IN CASH	3,784,352	3,293,448
CASH, beginning of year	<u>12,901,363</u>	<u>9,607,915</u>
CASH, end of year	<u>\$ 16,685,715</u>	<u>\$ 12,901,363</u>

THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of The Corporation of the Township of Wellington North 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 Board (PSAB) of the CPA 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.

(a) BASIS OF CONSOLIDATION

- (i) These consolidated statements reflect the assets, liabilities, revenues and expenses of the current fund, capital fund, reserves and reserve funds of all municipal organizations, committees and boards which are controlled by Council. All interfund assets and liabilities and revenues and expenses have been eliminated on consolidation. The following board has been reflected in the consolidated financial statements:

Mount Forest Business Improvement Area 100%

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:

Wellington North Power Inc 96.71%

- (ii) Accounting for County and School Board Transactions:
The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards and the County of Wellington are not reflected in the municipal fund balances of these financial statements. Overlevies (underlevies) are reported on the Consolidated Statement of Financial Position as Other Current Liabilities (Other Current Assets).
- (iii) Trust funds and their related operations administered by the municipality are not consolidated, but are reported separately on the Trust Funds Statement of Financial Position and Continuity.

(b) BASIS OF ACCOUNTING

- (i) Sources of financing and expenditures are reported on the accrual basis of accounting.
- (ii) 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.

THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) **USE OF ESTIMATES**

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and actual results could differ from management's best estimates as additional information becomes available in the future.

(d) **INVESTMENTS**

Investments are recorded at cost unless there has been a decline in the market value which is other than temporary in nature, in which case the investments are written down to market.

(e) **LONG TERM RECEIVABLES**

Long term receivables are recorded at cost.

(f) **DEFERRED REVENUE**

The revenue is reported on the Consolidated Statement of Operations in the year in which it is used for the specified purpose.

(g) **TRUST FUNDS**

Funds held in trust by the municipality, and their related operations, are not included in these financial statements. The financial activity and position of the trust funds are reported separately on the Trust Funds Statement of Financial Position and Continuity.

(h) **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. The change in non-financial assets during the year, together with the excess 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 attributed to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital asset is amortized on a straight-line basis over its estimated useful life as follows:

Land improvements	30 to 75 years
Buildings	20 to 50 years
Machinery and equipment	5 to 50 years
Vehicles	10 to 20 years
Roads	30 years
Bridges and culverts	50 years
Water and sewer systems	70 years

Assets under construction are not amortized until the asset is available for productive use.

THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) **NON-FINANCIAL ASSETS (continued)**

- (ii) **Contributions of tangible capital assets**
Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.
- (iii) **Leases**
Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.
- (iv) **Inventories**
Inventories held for consumption are recorded at the lower of cost and replacement cost.

(i) **REVENUE RECOGNITION**

Revenues are recognized as follows:

- (i) Tax revenue is recognized as revenue when the amounts are levied on the municipality's ratepayers.
- (ii) Fines and donations are recognized when collected.
- (iii) Other revenues are recorded upon sale of goods or provision of service when collection is reasonably assured.
- (iv) Government transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur providing the transfers are authorized, and eligibility criteria have been met and reasonable estimates of the amounts can be made.
- (v) Revenue restricted by legislation, regulation or agreement and not available for general municipal purposes is reported as deferred revenue on the consolidated statement of financial position. The revenue is reported on the consolidated statement of operations in the year in which it is used for a specific purpose.

(j) **POST-EMPLOYMENT BENEFITS**

The contributions to the Ontario Municipal Employees Retirement System ("OMERS"), a multi-employer defined benefit plan, are expensed when contributions are due.

2. CASH

The Township of Wellington North has an undrawn credit facility of \$3,678,000 for operating purposes.

The municipality's deposits are held with a Canadian Chartered Bank. The Canadian Deposit Insurance Corporation insures deposits up to a maximum of \$100,000 per depositor.

THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

3. LONG TERM RECEIVABLES

	2014	2013
Sewer loans, 6%, various repayment amounts, due in 2015 - 2018	\$ 18,778	\$ 48,414
Township of Southgate for the Mount Forest and Area Sports Complex, repayable in annual principal payments of \$100,925, 0%, due January 1, 2016	201,850	302,775
Playground loan, 0%, repayable in annual principal payments of \$10,000, due 2014	0	20,000
Tile drainage loans, 8% or 6%, various repayments, due 2015 - 2022	<u>505,271</u>	<u>749,453</u>
	<u>\$ 725,899</u>	<u>\$ 1,120,642</u>

4. INVESTMENT IN WELLINGTON NORTH POWER INC.

Wellington North Power Inc. is a corporation incorporated under the laws of the Province of Ontario and provides municipal electrical services. The Corporation of the Township of Wellington North owns 96.71% of the outstanding shares of Wellington North Power Inc.

The following summarizes the financial position and operations of the government business enterprise which has been reported in these financial statements using the modified equity method:

	2014	2013
Investment in common shares	\$ 1,585,016	\$ 1,585,016
Note receivable on demand, interest at 4.41%	985,016	985,016
Share of accumulated net income	<u>1,293,174</u>	<u>1,101,865</u>
	<u>\$ 3,863,206</u>	<u>\$ 3,671,897</u>

During 2014, the Corporation of the Township of Wellington North received interest of \$43,439 (2013 - \$43,439) from Wellington North Power Inc.

The following is selected financial information from the December 31, 2014 audited financial statements of Wellington North Power Inc.

	2014	2013
Assets	<u>\$ 10,832,121</u>	<u>\$ 10,078,682</u>
Liabilities	\$ 7,739,958	\$ 7,265,890
Equity	<u>3,092,163</u>	<u>2,812,792</u>
	<u>\$ 10,832,121</u>	<u>\$ 10,078,682</u>
Revenues	\$ 12,799,222	\$ 13,925,923
Expenses	<u>12,601,404</u>	<u>13,727,097</u>
Net income for the year	<u>\$ 197,818</u>	<u>\$ 198,826</u>

THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

5. LONG TERM DEBT

The balance of long term liabilities on the Consolidated Statement of Financial Position is made up of the following:

	2014	2013
Tile drainage loans payable, 8% or 6%, due from 2015 - 2022	\$ 505,271	\$ 749,453
Debenture payable, 5.84%, payable \$128,114 semi-annually, principal and interest, due August 2024	1,920,188	2,058,203
Debenture payable, 4.858%, payable \$191,153 semi-annually, principal and interest, due December 2017	1,055,400	1,374,753
Debenture payable, 3.85% increasing to 5%, principal repayments annually at declining rate, due July 2018	1,340,000	1,459,000
Debenture payable, 1.65% increasing to 4.90%, principal repayments annually at declining rate, due February 2019	1,457,000	1,572,000
Debenture payable, 1.60% increasing to 4.85%, principal repayments annually at declining rate, due June 2020	<u>1,973,000</u>	<u>2,110,000</u>
	\$ 8,250,859	\$ 9,323,409

Principal repayments, in aggregate, are due as follows:

2015	\$ 975,050
2016	1,007,876
2017	1,051,044
2018	1,478,199
2019	1,349,636
Thereafter	<u>2,389,054</u>
	\$ 8,250,859

6. DEFERRED REVENUE

	DEC 31/13	CONTRI- BUTIONS RECEIVED	INVEST- MENT INCOME	REVENUE RECOGNIZED	DEC 31/14
OBLIGATORY RESERVE FUNDS					
Development charges	\$ 1,756,406	\$ 305,542	\$ 24,653	\$ 0	\$ 2,086,601
Recreational land	47,055	29,500	546	0	77,101
Gas tax	<u>307,967</u>	<u>341,480</u>	<u>3,530</u>	<u>(345,000)</u>	<u>307,977</u>
	<u>2,111,428</u>	<u>676,522</u>	<u>28,729</u>	<u>(345,000)</u>	<u>2,471,679</u>
OTHER					
Municipal roads and bridges	404,344	49,533	0	(113,908)	339,969
Other	<u>15,300</u>	<u>0</u>	<u>0</u>	<u>(15,300)</u>	<u>0</u>
	<u>419,644</u>	<u>49,533</u>	<u>0</u>	<u>(129,208)</u>	<u>339,969</u>
	\$ 2,531,072	\$ 726,055	\$ 28,729	\$ (474,208)	\$ 2,811,648

THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

7. OTHER INCOME

	2014	2013
Penalties and interest on taxation	\$ 213,664	\$ 196,810
Miscellaneous	198,346	82,588
Other fines and penalties	2,005	3,437
Investment income	241,908	215,591
Rents, concessions and franchises	344,125	397,261
Donations	26,266	3,570
Loss on disposal of land and other assets	(86,971)	(40,061)
Prepaid special charges	132,944	7,641
Government business enterprise	<u>191,309</u>	<u>192,285</u>
	<u>\$ 1,263,596</u>	<u>\$ 1,059,122</u>

8. BUDGET AMOUNTS

The budgeted figures are presented for comparison purposes as prepared and approved by council, reclassified to conform to the current financial statement presentation. They have not been audited or reviewed by the auditor. The budget figures have been adjusted from the cash basis of accounting as originally prepared, and restated to conform to the accrual basis of accounting.

9. PENSION AGREEMENTS

The municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 40 (2013 - 38) members of its staff. This plan is a defined benefit plan which specifies the amount of the retirement entitlement to be received by the employees based on the length of service and rates of pay. Employees and employers contribute jointly to the plan. The employer amount contributed to OMERS for 2014 by the municipality was \$198,076 (2013 - \$187,991). The contribution rate for 2014 was 9.0% to 14.6% depending on age and income level, which is increased from the previous year. 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, 2014. At that time, the plan reported a \$7.1 billion actuarial deficit (2013 - \$8.6 billion actuarial deficit), based on accrued pension obligations of \$76.9 billion (2013 - \$73.0 billion) and net assets available for benefits of \$72.1 billion (2013 - \$65.1 billion). Ongoing adequacy of the current contribution rate will need to be monitored as the recent severe decline in the financial markets may lead to increased future funding requirements.

10. OPERATIONS OF THE SCHOOL BOARDS AND THE COUNTY OF WELLINGTON

During the year, the following taxation revenue was raised and remitted to the school boards and County of Wellington:

	2014	2013
School Boards	\$ 3,386,606	\$ 3,318,353
County of Wellington	<u>7,807,311</u>	<u>7,530,372</u>
	<u>\$ 11,193,917</u>	<u>\$ 10,848,725</u>

11. TRUST FUNDS

The trust funds administered by the municipality amounting to \$323,683 (2013 - \$309,024) have not been included in the statement of financial position, nor have the operations been included in the statement of financial activities.

THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

12. SEGMENTED INFORMATION

The Corporation of the Township of Wellington North is a diversified municipal government institution that provides a wide range of services to its citizens such as police, fire, sewer, water, waste collection, disposal and recycling, recreational, library and planning. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

General Government

This item relates to the revenues and expenses that relate to the governance and operations of the municipality itself and cannot be directly attributed to a specific segment.

Protection to Persons and Property

Protection is comprised of police services, fire protection, conservation authority, emergency measures, animal control and building and structural inspection. The police services ensure the safety and protection of the citizens and their property. The fire department is responsible to provide fire suppression service, fire prevention programs, training and education. The members of the fire department consist of volunteers. The building department provides a number of services including maintenance and enforcement of building and construction codes and review of all property development plans through its application process.

Transportation

Transportation is responsible for construction and maintenance of the municipality's roadways, bridges, parking areas and streetlights.

Environmental Services

This service provides the municipality's drinking water. They process and clean sewage and ensure the municipality's water systems meets all Provincial standards.

Health

Health services includes contributions to the operations of local cemeteries.

Recreation and Cultural Services

This service area provides services meant to improve the health and development of the municipality's citizens. The municipality operates and maintains parks, arenas, a swimming pool and community centres. The municipality also provides recreational programs.

Planning and Development

This department is responsible for planning and zoning, including the Official Plan. This service area also includes tourist information and promotion, economic development, business improvement area and drainage.

THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH
SCHEDULE OF SEGMENTED DISCLOSURE
FOR THE YEAR ENDED DECEMBER 31, 2014

Schedule 1

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation and Cultural Services	Planning and Development	2014	2013
EXPENSES									
Salaries and benefits	\$ 836,143	\$ 527,559	\$ 1,115,021	\$ 558,961	\$ 18,390	\$ 678,158	\$ 71,915	\$ 3,806,147	\$ 3,771,747
Materials	344,360	543,329	1,610,299	1,133,677	9,085	657,498	183,682	4,481,930	4,547,210
Contracted services	0	0	0	407,489	0	0	31,429	438,918	456,327
Rents and financial expenses	32,922	0	0	0	0	0	0	32,922	79,780
Interest on long term debt	0	0	13,448	198,172	0	212,203	44,802	468,625	458,859
Amortization	61,216	149,384	2,875,254	1,216,363	2,401	338,890	0	4,643,508	4,817,834
Other	<u>9,140</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>9,140</u>	<u>9,422</u>
	<u>\$ 1,283,781</u>	<u>\$ 1,220,272</u>	<u>\$ 5,614,022</u>	<u>\$ 3,514,662</u>	<u>\$ 29,876</u>	<u>\$ 1,886,749</u>	<u>\$ 331,828</u>	<u>\$13,881,190</u>	<u>\$14,141,179</u>

THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2014

Schedule 2

	Land	Buildings	Machinery and Equipment	Vehicles	Roads	Bridges and Culverts	Water works/ Sanitary sewer	2014	2013
COST									
Balance, beginning of year	\$ 4,956,301	\$ 18,271,705	\$ 32,215,110	\$ 6,544,357	\$ 129,514,568	\$ 4,384,774	\$ 27,637,957	\$ 223,524,772	\$ 220,847,754
Additions during the year	165,840	161,293	38,506	385,799	374,276	568,491	95,619	1,789,824	2,976,421
Disposals during the year	(25,055)	0	(23,161)	(78,477)	(269,406)	(19,411)	(169,796)	(585,306)	(299,403)
Balance, end of year	<u>5,097,086</u>	<u>18,432,998</u>	<u>32,230,455</u>	<u>6,851,679</u>	<u>129,619,438</u>	<u>4,933,854</u>	<u>27,563,780</u>	<u>224,729,290</u>	<u>223,524,772</u>
ACCUMULATED AMORTIZATION									
Balance, beginning of year	474,822	4,606,989	9,619,420	3,320,894	82,577,020	2,646,242	7,074,912	110,320,299	105,760,506
Amortization for the year	13,290	730,302	642,067	348,487	2,425,652	70,249	413,461	4,643,508	4,817,834
Accum amortization on disposals	0	0	(20,647)	(78,477)	(269,406)	(19,411)	(56,839)	(444,780)	(258,041)
Balance, end of year	<u>488,112</u>	<u>5,337,291</u>	<u>10,240,840</u>	<u>3,590,904</u>	<u>84,733,266</u>	<u>2,697,080</u>	<u>7,431,534</u>	<u>114,519,027</u>	<u>110,320,299</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS									
	<u>\$ 4,608,974</u>	<u>\$ 13,095,707</u>	<u>\$ 21,989,615</u>	<u>\$ 3,260,775</u>	<u>\$ 44,886,172</u>	<u>\$ 2,236,774</u>	<u>\$ 20,132,246</u>	<u>\$ 110,210,263</u>	<u>\$ 113,204,473</u>

The net book value of tangible capital assets not being amortized because they are under construction (or development or have been removed from service) is \$87,354 (2013 - \$1,367,293)

No contributed capital assets were recognized in the financial statements during the year.

THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH

SCHEDULE OF ACCUMULATED SURPLUS

Schedule 3

FOR THE YEAR ENDED DECEMBER 31, 2014

	2014	2013
SURPLUSES		
Invested in tangible capital assets		
Tangible capital assets at cost less amortization	\$ 110,210,263	\$ 113,204,473
Unexpended capital financing	(116,306)	1,535,659
Capital assets financed by long-term liabilities		
and to be funded in future periods	<u>(7,745,588)</u>	<u>(8,573,956)</u>
	102,348,369	106,166,176
 General surplus (deficit)	249,524	(449,937)
Investment in Wellington North Power Inc.	3,863,206	3,671,897
Water	0	584,692
Wastewater	0	2,987,468
Cemeteries	61,034	55,237
Recreation, community centres and arenas	(5,477)	(6,179)
Streetlighting	13,073	(8,805)
Business Improvement Areas	<u>(16,712)</u>	<u>(32,556)</u>
	<u>106,513,017</u>	<u>112,967,993</u>
 RESERVE FUNDS		
Capital purposes	<u>4,714,108</u>	<u>4,317,436</u>
 RESERVES		
Working funds	1,454,912	1,018,680
Current purposes	4,996,627	330,443
Capital purposes	<u>3,921,544</u>	<u>1,668,411</u>
	<u>10,373,083</u>	<u>3,017,534</u>
	<u>\$ 121,600,208</u>	<u>\$ 120,302,963</u>



Chartered Accountants
and Business Advisors

People Count.

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of: The Corporation of the Township of Wellington North

Report on the Financial Statements

We have audited the accompanying statements of financial position and continuity of the trust fund of The Corporation of the Township of Wellington North as at December 31, 2014, and for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the trust funds of The Corporation of the Township of Wellington North as at December 31, 2014 and for the year then ended in accordance with Canadian public sector accounting standards.

Fergus, Ontario
July 13, 2015


Chartered Professional Accountants
Licensed Public Accountants

THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH - TRUST FUNDS
 STATEMENTS OF FINANCIAL POSITION AND CONTINUITY
 AS AT DECEMBER 31, 2014

	Subdividers	Cemetery Care and Maintenance	History Books
STATEMENT OF FINANCIAL POSITION			
Assets			
Cash	\$ 2,336	\$ 249,849	\$ 7,798
Investments (note 2)	<u>0</u>	<u>63,700</u>	<u>0</u>
	<u>\$ 2,336</u>	<u>\$ 313,549</u>	<u>\$ 7,798</u>
Liabilities			
Due to Township	\$ 0	\$ 535	\$ 0
Fund balance	<u>2,336</u>	<u>313,014</u>	<u>7,798</u>
	<u>\$ 2,336</u>	<u>\$ 313,549</u>	<u>\$ 7,798</u>

STATEMENT OF CONTINUITY

Fund balance, beginning of year	<u>\$ 2,316</u>	<u>\$ 285,447</u>	<u>\$ 7,730</u>
Receipts			
Interest earned	20	2,505	68
Share of plot sales	0	22,768	0
Monument fees	<u>0</u>	<u>2,294</u>	<u>0</u>
	<u>20</u>	<u>27,567</u>	<u>68</u>
Fund balance, end of year	<u>\$ 2,336</u>	<u>\$ 313,014</u>	<u>\$ 7,798</u>

THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH - TRUST FUNDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the trust funds of The Corporation of the Township of North Wellington are the representation of management prepared in accordance with accounting policies prescribed for Ontario municipalities by the Ministry of Municipal Affairs and Housing and Canadian public sector accounting standards. 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.

(a) BASIS OF ACCOUNTING

- (i)** Sources of financing and expenditures are reported on the accrual basis of accounting.
- (ii)** 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.

2. INVESTMENTS

Total investments of \$63,700 (2013 - \$62,573) reported on the statement of financial position at cost have a market value of \$65,763 (2013 - \$60,855).