

THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH
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YEAR ENDED DECEMBER 31, 2016

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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, 2016 and the consolidated statements of operations, change 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, 2016 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 black ink that reads 'RLB LLP'.

Fergus, Ontario
August 28, 2017

Chartered Professional Accountants
Licensed Public Accountants

THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2016

	2016	2015
FINANCIAL ASSETS		
Cash (note 2)	\$ 20,917,095	\$ 18,605,545
Investments	10,581	10,524
Taxes receivable	1,493,994	1,371,026
Trade and other receivables	2,624,273	1,942,206
Long term receivables (note 3)	282,761	522,875
Investment in Wellington North Power Inc. (note 4)	<u>4,509,749</u>	<u>4,100,024</u>
	<u>29,838,453</u>	<u>26,552,200</u>
LIABILITIES		
Accounts payable and accrued liabilities	2,451,169	2,218,401
Deferred revenue (note 6)	3,380,088	2,925,161
Long term debt (note 5)	<u>6,225,301</u>	<u>7,263,752</u>
	<u>12,056,558</u>	<u>12,407,314</u>
NET FINANCIAL ASSETS	<u>17,781,895</u>	<u>14,144,886</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (schedule 2)	109,115,443	109,835,579
Prepaid expenses and inventory	<u>87,553</u>	<u>84,325</u>
	<u>109,202,996</u>	<u>109,919,904</u>
ACCUMULATED SURPLUS (schedule 3)	<u>\$126,984,891</u>	<u>\$124,064,790</u>

THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016 Budget	2016 Actual	2015 Actual
REVENUE			
Net taxation/user charges	\$ 7,153,339	\$ 7,203,717	\$ 6,910,028
Fees and service charges	5,693,098	5,664,382	5,617,630
Grants	3,171,953	3,024,480	2,612,109
Other income (note 7)	1,341,125	971,085	732,087
Obligatory reserve funds revenue recognized (note 6)	<u>0</u>	<u>366,239</u>	<u>395,320</u>
	<u>17,359,515</u>	<u>17,229,903</u>	<u>16,267,174</u>
EXPENSES (schedule 1)			
General government	2,090,033	1,285,405	1,337,926
Protection to persons and property	1,170,986	1,262,532	1,158,857
Transportation services	5,623,713	5,863,737	5,642,003
Environmental services	3,773,371	3,566,288	3,370,467
Health services	34,324	43,712	37,890
Recreation and culture	2,019,554	1,969,409	1,915,281
Planning and development	<u>25,483</u>	<u>318,719</u>	<u>340,168</u>
	<u>14,737,464</u>	<u>14,309,802</u>	<u>13,802,592</u>
ANNUAL SURPLUS	<u>\$ 2,622,051</u>	<u>\$ 2,920,101</u>	<u>\$ 2,464,582</u>
ACCUMULATED SURPLUS at beginning of year		\$124,064,790	\$121,600,208
Annual surplus		<u>2,920,101</u>	<u>2,464,582</u>
ACCUMULATED SURPLUS at end of year		<u>\$126,984,891</u>	<u>\$124,064,790</u>

THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016 Budget	2016 Actual	2015 Actual
Annual surplus	\$ 2,622,051	\$ 2,920,101	\$ 2,464,582
Acquisition of tangible capital assets	(4,395,099)	(4,395,099)	(4,548,710)
Amortization of tangible capital assets	4,482,036	4,562,448	4,482,036
Loss on disposal of tangible capital assets	0	530,286	438,137
Proceeds on disposal of tangible capital assets	<u>0</u>	<u>22,500</u>	<u>3,221</u>
	<u>86,937</u>	<u>720,135</u>	<u>374,684</u>
Change in prepaid expenses and inventory	<u>0</u>	<u>(3,227)</u>	<u>19,383</u>
INCREASE IN NET FINANCIAL ASSETS	<u>\$ 2,708,988</u>	3,637,009	2,858,649
NET FINANCIAL ASSETS at beginning of year		<u>14,144,886</u>	<u>11,286,237</u>
NET FINANCIAL ASSETS at end of year		<u>\$ 17,781,895</u>	<u>\$ 14,144,886</u>

THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH
CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016	2015
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Annual surplus for the year	\$ <u>2,920,101</u>	\$ <u>2,464,582</u>
Items not requiring an outlay of cash		
Amortization	4,562,448	4,482,036
Loss on disposal of tangible capital assets	530,286	438,137
Share of income of Wellington North Power Inc.	<u>(409,725)</u>	<u>(236,818)</u>
	<u>4,683,009</u>	<u>4,683,355</u>
	<u>7,603,110</u>	<u>7,147,937</u>
Net changes in non-cash working capital		
Taxes receivable	(122,968)	171,199
Trade and other receivables	(682,067)	(466,280)
Accounts payable and accrued liabilities	232,768	263,732
Prepaid expenses and inventory	(3,227)	19,383
Deferred revenue	<u>454,927</u>	<u>113,513</u>
	<u>(120,567)</u>	<u>101,547</u>
	<u>7,482,543</u>	<u>7,249,484</u>
CASH PROVIDED BY (USED IN) CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(4,395,099)	(4,548,710)
Proceeds on disposal of tangible capital assets	<u>22,500</u>	<u>3,221</u>
	<u>(4,372,599)</u>	<u>(4,545,489)</u>
CASH USED IN FINANCING ACTIVITIES		
Repayment of long term debt	<u>(1,038,451)</u>	<u>(987,107)</u>
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		
Increase in investments	(57)	(82)
Decrease in long term receivables	<u>240,114</u>	<u>203,024</u>
	<u>240,057</u>	<u>202,942</u>
NET INCREASE IN CASH	2,311,550	1,919,830
CASH, beginning of year	<u>18,605,545</u>	<u>16,685,715</u>
CASH, end of year	\$ <u>20,917,095</u>	\$ <u>18,605,545</u>

THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

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 Canadian public sector accounting standards (PSAS) as established by the Public Sector Accounting Board (PSAB) of CPA Canada. Significant accounting policies adopted by The Corporation of the Township of Wellington North are as follows:

(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 accrued liabilities (other receivables).
- (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.

(c) USE OF ESTIMATES

The preparation of financial statements in accordance with PSAS requires management to make estimates and assumptions 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. Significant areas requiring management's estimates include amortization and accrued liabilities. 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.

THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) INVESTMENTS

Investments held by the municipality are recorded at cost.

(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, and any unspent revenue is deferred to the following year.

(g) 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.

(ii) Contributions of tangible capital assets

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

(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.

THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) **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, 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 recognized in the consolidated statement of operations in the year in which it is used for a specific purpose. Reserve fund transfers are recognized as revenue in the year they are used.

(i) **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.

3. LONG TERM RECEIVABLES

	2016	2015
Sewer loans, 6%, various repayment amounts, due in 2016 - 2018	\$ 19,415	\$ 20,538
Township of Southgate for the Mount Forest and Area Sports Complex, repayable in annual principal payments of \$100,925, 0%, due January 1, 2016	0	100,925
Pledge amounts in relation to King Street Playground, 0%, payable in annual principal payments of \$5,000, due 2018	5,000	15,000
Tile drainage loans, 8% or 6%, various repayments, due 2016 - 2022	<u>258,346</u>	<u>386,412</u>
	<u>\$ 282,761</u>	<u>\$ 522,875</u>

THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

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:

	2016	2015
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>1,939,717</u>	<u>1,529,992</u>
	<u>\$ 4,509,749</u>	<u>\$ 4,100,024</u>

During 2016, the Corporation of the Township of Wellington North received interest of \$44,293 (2015 - \$43,439) from Wellington North Power Inc.

The following is selected financial information from the December 31, 2016 audited financial statements of Wellington North Power Inc.

	2016	2015
Assets	<u>\$ 13,311,267</u>	<u>\$ 12,134,152</u>
Liabilities	\$ 8,865,399	\$ 7,852,340
Equity	3,737,149	3,313,485
Regulatory balances	<u>708,719</u>	<u>968,327</u>
	<u>\$ 13,311,267</u>	<u>\$ 12,134,152</u>
Revenues	\$ 16,923,431	\$ 15,679,033
Expenses	<u>16,499,767</u>	<u>15,434,159</u>
Net income for the year	<u>\$ 423,664</u>	<u>\$ 244,874</u>

5. LONG TERM DEBT

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

	2016	2015
Tile drainage loans payable, 8% or 6%, due from 2016 - 2022	\$ 258,346	\$ 386,412
Debenture payable, 5.84%, payable \$128,114 semi-annually, principal and interest, due August 2024	1,619,140	1,773,995
Debenture payable, 4.858%, payable \$191,153 semi-annually, principal and interest, due December 2017	368,815	720,345
Debenture payable, 3.85% increasing to 5%, principal repayments annually at declining rate, due July 2018	1,085,000	1,216,000
Debenture payable, 1.65% increasing to 4.90%, principal repayments annually at declining rate, due February 2019	1,213,000	1,338,000
Debenture payable, 1.60% increasing to 4.85%, principal repayments annually at declining rate, due June 2020	<u>1,681,000</u>	<u>1,829,000</u>
	<u>\$ 6,225,301</u>	<u>\$ 7,263,752</u>

THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2016

5. LONG TERM DEBT (continued)

Principal repayments, in aggregate, are due as follows:

2017	\$ 954,845
2018	1,422,750
2019	1,300,045
2020	1,386,950
2021	206,502
Thereafter	<u>954,209</u>
	<u>\$ 6,225,301</u>

6. DEFERRED REVENUE

	DEC 31/15	CONTRI- BUTIONS RECEIVED	INVEST- MENT INCOME	REVENUE RECOGNIZED	DEC 31/16
OBLIGATORY RESERVE FUNDS					
Development charges	\$ 2,279,599	\$ 405,230	\$ 22,948	\$ 0	\$ 2,707,777
Recreational land	89,885	53,000	1,221	0	144,106
Gas tax	<u>482,991</u>	<u>348,937</u>	<u>3,980</u>	<u>(366,239)</u>	<u>469,669</u>
	2,852,475	807,167	28,149	(366,239)	3,321,552
OTHER					
Municipal roads and bridges	<u>72,686</u>	<u>58,536</u>	<u>0</u>	<u>(72,686)</u>	<u>58,536</u>
	<u>\$ 2,925,161</u>	<u>\$ 865,703</u>	<u>\$ 28,149</u>	<u>\$ (438,925)</u>	<u>\$ 3,380,088</u>

7. OTHER INCOME

	2016 Budget	2016 Actual	2015 Actual
Penalties and interest on taxation	\$ 201,000	\$ 203,563	\$ 210,826
Miscellaneous	86,085	157,273	112,709
Other fines and penalties	1,500	2,381	667
Investment income	158,283	258,731	265,814
Rents, concessions and franchises	856,257	469,678	343,370
Donations	0	20	20
Loss on disposal of land and other assets	38,000	(530,286)	(438,137)
Government business enterprise	<u>0</u>	<u>409,725</u>	<u>236,818</u>
	<u>\$ 1,341,125</u>	<u>\$ 971,085</u>	<u>\$ 732,087</u>

THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

8. PENSION AGREEMENTS

The municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 39 (2015 - 39) 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 2016 by the municipality was \$211,993 (2015 - \$216,500). The contribution rate for 2016 was 9.0% to 14.6% depending on age and income level, which is consistent with 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, 2016. At that time, the plan reported a \$5.7 billion actuarial deficit (2015 - \$7.0 billion actuarial deficit), based on accrued pension obligations of \$87.0 billion (2015 - \$81.9 billion) and net assets available for benefits of \$85.4 billion (2015 - \$77.2 billion).

9. 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:

	2016	2015
School Boards	\$ 3,496,132	\$ 3,436,179
County of Wellington	<u>8,412,134</u>	<u>8,091,936</u>
	<u>\$ 11,908,266</u>	<u>\$ 11,528,115</u>

10. TRUST FUNDS

The trust funds administered by the municipality amounting to \$328,879 (2015 - \$328,621) have not been included in the statement of financial position, nor have the operations been included in the statement of operations.

11. 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 residents 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 segment relates to the governance and operations of the municipality itself and cannot be directly attributed to another 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 residents 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.

THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

11. SEGMENTED INFORMATION (continued)

Transportation Services

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

Environmental Services

This segment provides the municipality's drinking water, processes and cleans sewage and ensures the municipality's water systems meet all provincial standards.

Health Services

Health services includes contributions to the operations of local cemeteries.

Recreation and Cultural Services

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

Planning and Development

This segment 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, 2016

Schedule 1

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation and Cultural Services	Planning and Development	2016	2015
EXPENSES									
Salaries and benefits	\$ 819,994	\$ 472,767	\$ 1,257,372	\$ 594,168	\$ 22,177	\$ 722,862	\$ 111,186	\$ 4,000,526	\$ 3,901,902
Materials	301,641	645,898	1,644,641	1,315,199	18,512	752,393	163,383	4,841,667	4,496,115
Contracted services	0	0	0	430,316	0	0	20,354	450,670	427,732
Rents and financial expenses	89,719	0	0	0	0	0	0	89,719	84,684
Interest on long term debt	0	0	12,775	165,032	0	151,563	23,796	353,166	389,446
Amortization	62,445	143,867	2,948,949	1,061,573	3,023	342,591	0	4,562,448	4,482,036
Other	<u>11,606</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>11,606</u>	<u>20,677</u>
	<u>\$ 1,285,405</u>	<u>\$ 1,262,532</u>	<u>\$ 5,863,737</u>	<u>\$ 3,566,288</u>	<u>\$ 43,712</u>	<u>\$ 1,969,409</u>	<u>\$ 318,719</u>	<u>\$14,309,802</u>	<u>\$13,802,592</u>

See notes to the consolidated financial statements

THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2016

Schedule 2

	Land	Buildings	Machinery and Equipment	Vehicles	Roads	Bridges and Culverts	Water works/ Sanitary sewer	2016	2015
COST									
Balance, beginning of year	\$ 5,042,763	\$ 18,470,571	\$ 32,339,217	\$ 7,132,518	\$ 131,034,147	\$ 5,053,723	\$ 29,184,797	\$ 228,257,736	\$ 224,729,290
Additions during the year	60,032	119,348	160,608	0	1,510,813	2,013,874	530,424	4,395,099	4,548,710
Disposals during the year	<u>0</u>	<u>(106,043)</u>	<u>0</u>	<u>(174,283)</u>	<u>(1,169,423)</u>	<u>(29,803)</u>	<u>(401,041)</u>	<u>(1,880,593)</u>	<u>(1,020,264)</u>
Balance, end of year	<u>5,102,795</u>	<u>18,483,876</u>	<u>32,499,825</u>	<u>6,958,235</u>	<u>131,375,537</u>	<u>7,037,794</u>	<u>29,314,180</u>	<u>230,772,242</u>	<u>228,257,736</u>
ACCUMULATED AMORTIZATION									
Balance, beginning of year	506,814	5,703,926	10,676,462	3,795,365	86,981,299	2,728,083	8,030,208	118,422,157	114,519,027
Amortization for the year	18,794	381,568	439,903	351,320	2,518,108	89,424	763,331	4,562,448	4,482,036
Accumulated amortization on disposals	<u>0</u>	<u>(60,332)</u>	<u>0</u>	<u>(148,141)</u>	<u>(958,308)</u>	<u>(29,803)</u>	<u>(131,222)</u>	<u>(1,327,806)</u>	<u>(578,906)</u>
Balance, end of year	<u>525,608</u>	<u>6,025,162</u>	<u>11,116,365</u>	<u>3,998,544</u>	<u>88,541,099</u>	<u>2,787,704</u>	<u>8,662,317</u>	<u>121,656,799</u>	<u>118,422,157</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS									
	<u>\$ 4,577,187</u>	<u>\$ 12,458,714</u>	<u>\$ 21,383,460</u>	<u>\$ 2,959,691</u>	<u>\$ 42,834,438</u>	<u>\$ 4,250,090</u>	<u>\$ 20,651,863</u>	<u>\$ 109,115,443</u>	<u>\$ 109,835,579</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 \$2,767,224 (2015 - \$3,054,946).

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, 2016

	2016	2015
SURPLUSES		
Invested in tangible capital assets		
Tangible capital assets at cost less amortization	\$109,115,443	\$109,835,579
Unexpended capital financing	2,503,630	772,328
Capital assets financed by long term debt and to be funded in future periods	<u>(5,966,955)</u>	<u>(6,877,340)</u>
	105,652,118	103,730,567
General surplus	1,196,192	1,100,592
Investment in Wellington North Power Inc.	4,509,749	4,100,024
Cemeteries	52,020	52,470
Recreation, community centres and arenas	(19,521)	(14,339)
Streetlighting	42,033	11,309
Business improvement areas	<u>(695)</u>	<u>(21,368)</u>
	<u>111,431,896</u>	<u>108,959,255</u>
RESERVE FUNDS		
Capital purposes	<u>5,305,770</u>	<u>5,638,889</u>
RESERVES		
Working funds	806,923	599,392
Current purposes	4,785,112	4,929,109
Capital purposes	<u>4,655,190</u>	<u>3,938,145</u>
	<u>10,247,225</u>	<u>9,466,646</u>
	<u>\$126,984,891</u>	<u>\$124,064,790</u>



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 funds of The Corporation of the Township of Wellington North as at December 31, 2016, 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, 2016 and for the year then ended in accordance with Canadian public sector accounting standards.

Fergus, Ontario
August 28, 2017

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, 2016

	Subdividers	Cemetery Care and Maintenance	History Books
STATEMENT OF FINANCIAL POSITION			
Assets			
Cash	\$ 2,381	\$ 269,676	\$ 7,949
Investments (note 2)	0	65,908	0
Due from Township	<u>0</u>	<u>906</u>	<u>0</u>
	<u>\$ 2,381</u>	<u>\$ 336,490</u>	<u>\$ 7,949</u>
Liabilities			
Due to Township	\$ 0	\$ 4,541	\$ 0
Deferred revenue (prepaid plots)	<u>0</u>	<u>13,400</u>	<u>0</u>
	0	17,941	0
Fund balance	<u>2,381</u>	<u>318,549</u>	<u>7,949</u>
	<u>\$ 2,381</u>	<u>\$ 336,490</u>	<u>\$ 7,949</u>
STATEMENT OF CONTINUITY			
Fund balance, beginning of year	\$ <u>2,360</u>	\$ <u>318,384</u>	\$ <u>7,877</u>
Receipts			
Interest earned	21	0	72
Share of plot sales	0	(2,135)	0
Monument fees	<u>0</u>	<u>2,300</u>	<u>0</u>
	21	165	72
Fund balance, end of year	<u>\$ 2,381</u>	<u>\$ 318,549</u>	<u>\$ 7,949</u>

THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH - TRUST FUNDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

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 \$65,908 (2015 - \$64,825) reported on the statement of financial position at cost have a market value of \$64,921 (2015 - \$66,112).