

THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH
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YEAR ENDED DECEMBER 31, 2018

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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

Opinion

We have audited the accompanying financial statements of The Corporation of the Township of Wellington North, which comprise the consolidated statement of financial position as at December 31, 2018 and the consolidated statements of operations, change in net financial assets and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of The Corporation of the Township of Wellington North as at December 31, 2018 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis of Opinion

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

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

Management is responsible for the preparation and fair presentation of the consolidated 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.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

A further description of the auditor's responsibilities for the audit of the consolidated financial statements is located at RLB LLP's website at: www.rlb.ca/additional-auditor-responsibilities-consolidated. This description forms part of our auditor's report.

The image shows a handwritten signature in black ink that reads "RLB LLP". The letters are stylized and cursive.

Guelph, Ontario
June 24, 2019

Chartered Professional Accountants
Licensed Public Accountants

THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018

	2018	2017 (note 12)
FINANCIAL ASSETS		
Cash (note 2)	\$ 24,108,534	\$ 22,937,435
Investments	10,646	10,646
Taxes receivable	1,027,207	1,571,340
Trade and other receivables	3,258,237	2,394,982
Long term receivables (note 3)	83,453	122,858
Investment in Wellington North Power Inc. (note 4)	<u>5,081,419</u>	<u>4,810,836</u>
	<u>33,569,496</u>	<u>31,848,097</u>
LIABILITIES		
Accounts payable and accrued liabilities	3,102,218	2,414,715
Deferred revenue (note 6)	4,087,815	4,332,180
Long term debt (note 5)	<u>3,656,692</u>	<u>5,115,347</u>
	<u>10,846,725</u>	<u>11,862,242</u>
NET FINANCIAL ASSETS	<u>22,722,771</u>	<u>19,985,855</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (schedule 2)	110,548,720	109,282,480
Prepaid expenses	<u>25,193</u>	<u>17,915</u>
	<u>110,573,913</u>	<u>109,300,395</u>
ACCUMULATED SURPLUS (schedule 3)	<u>\$133,296,684</u>	<u>\$129,286,250</u>

THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2018

	2018 Budget	2018 Actual	2017 Actual
REVENUE			
Net taxation/user charges	\$ 7,460,075	\$ 7,496,379	\$ 7,402,283
Fees and service charges	5,651,161	5,647,657	5,558,369
Grants	4,135,578	3,708,559	2,614,394
Other income (note 7)	2,016,416	1,756,263	1,563,878
Obligatory reserve funds revenue recognized (note 6)	<u>0</u>	<u>1,459,998</u>	<u>383,047</u>
	<u>19,263,230</u>	<u>20,068,856</u>	<u>17,521,971</u>
EXPENSES (schedule 1)			
General government	2,549,116	1,527,923	1,700,773
Protection to persons and property	1,364,149	1,558,272	1,372,590
Transportation services	6,044,953	7,360,259	6,253,385
Environmental services	2,679,789	3,271,463	3,347,031
Health services	56,999	51,960	52,310
Recreation and cultural services	2,072,945	1,934,823	2,206,824
Planning and development	<u>28,516</u>	<u>353,722</u>	<u>287,699</u>
	<u>14,796,467</u>	<u>16,058,422</u>	<u>15,220,612</u>
ANNUAL SURPLUS	<u>\$ 4,466,763</u>	<u>\$ 4,010,434</u>	<u>\$ 2,301,359</u>
ACCUMULATED SURPLUS at beginning of year		\$129,286,250	\$126,984,891
Annual surplus		<u>4,010,434</u>	<u>2,301,359</u>
ACCUMULATED SURPLUS at end of year		<u>\$133,296,684</u>	<u>\$129,286,250</u>

THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2018

	2018 Budget	2018 Actual	2017 Actual
Annual surplus	\$ 4,466,763	\$ 4,010,434	\$ 2,301,359
Acquisition of tangible capital assets	(6,574,272)	(6,574,274)	(5,385,625)
Amortization of tangible capital assets	5,128,425	4,993,694	5,128,426
Loss on disposal of tangible capital assets	0	30,012	61,701
Proceeds on disposal of tangible capital assets	0	284,328	28,461
	<u>(1,445,847)</u>	<u>(1,266,240)</u>	<u>(167,037)</u>
Change in prepaid expenses	0	(7,278)	69,638
INCREASE IN NET FINANCIAL ASSETS	<u>\$ 3,020,916</u>	2,736,916	2,203,960
NET FINANCIAL ASSETS at beginning of year		<u>19,985,855</u>	<u>17,781,895</u>
NET FINANCIAL ASSETS at end of year		<u>\$ 22,722,771</u>	<u>\$ 19,985,855</u>

THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH
CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED DECEMBER 31, 2018

	2018	2017
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Annual surplus for the year	\$ <u>4,010,434</u>	\$ <u>2,301,359</u>
Items not requiring an outlay of cash		
Amortization	4,993,694	5,128,426
Loss on disposal of tangible capital assets	30,012	61,701
Share of income of Wellington North Power Inc.	<u>(317,045)</u>	<u>(301,087)</u>
	<u>4,706,661</u>	<u>4,889,040</u>
	<u>8,717,095</u>	<u>7,190,399</u>
Net changes in non-cash working capital		
Taxes receivable	544,133	(77,346)
Trade and other receivables	(863,255)	229,291
Accounts payable and accrued liabilities	687,503	35,309
Prepaid expenses and inventory	(7,278)	69,638
Deferred revenue	<u>(244,365)</u>	<u>880,329</u>
	<u>116,738</u>	<u>1,137,221</u>
	<u>8,833,833</u>	<u>8,327,620</u>
CASH PROVIDED BY (USED IN) CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(6,574,274)	(5,385,625)
Proceeds on disposal of tangible capital assets	<u>284,328</u>	<u>28,461</u>
	<u>(6,289,946)</u>	<u>(5,357,164)</u>
CASH USED IN FINANCING ACTIVITIES		
Repayment of long term debt	<u>(1,458,655)</u>	<u>(1,109,954)</u>
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		
Increase in investments	0	(65)
Decrease in long term receivables	39,405	159,903
(Advances to) received from Wellington North Power Inc.	<u>0</u>	<u>0</u>
Dividends received from Wellington North Power Inc.	<u>46,462</u>	<u>0</u>
	<u>85,867</u>	<u>159,838</u>
NET INCREASE IN CASH	1,171,099	2,020,340
CASH, beginning of year	<u>22,937,435</u>	<u>20,917,095</u>
CASH, end of year	\$ <u>24,108,534</u>	\$ <u>22,937,435</u>

THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

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) **ACKNOWLEDGEMENT OF RESPONSIBILITY**

The management of The Corporation of the Township of Wellington North acknowledges its responsibility for the creation and compilation of the consolidated financial statements and the following significant accounting policy decisions and related policy notes.

(b) **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). See note 9.

(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.

(c) **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, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) 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 of tangible capital assets 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.

(e) INVESTMENTS

Investments held by the municipality are recorded at cost.

(f) LONG TERM RECEIVABLES

Long term receivables are recorded at cost.

(g) 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.

(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.

(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.

THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) NON-FINANCIAL ASSETS (continued)

(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.

(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, 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 the specified 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 \$1,000,000 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, 2018

3. LONG TERM RECEIVABLES

	2018	2017
Sewer loans, 6%, various repayment amounts, due from 2021 to 2023	\$ 16,004	\$ 19,504
Tile drainage loans, 6%, various repayments, due from 2019 to 2022	<u>67,449</u>	<u>103,354</u>
	<u>\$ 83,453</u>	<u>\$ 122,858</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:

	2018	2017
Investment in common shares	\$ 1,585,016	\$ 1,585,016
Note receivable on demand, interest at 4.54%	985,016	985,016
Share of accumulated net income	<u>2,511,387</u>	<u>2,240,804</u>
	<u>\$ 5,081,419</u>	<u>\$ 4,810,836</u>

During 2018, the Corporation of the Township of Wellington North received interest of \$44,720 (2017 - \$44,720) and dividends of \$46,462 (2017 - \$0) from Wellington North Power Inc.

The following is selected financial information from the December 31, 2018 audited financial statements of Wellington North Power Inc.

	2018	2017
Assets	<u>\$ 14,771,280</u>	<u>\$ 13,563,130</u>
Liabilities	\$ 9,770,030	\$ 8,669,374
Equity	4,391,215	4,056,478
Regulatory balances	<u>610,035</u>	<u>837,278</u>
	<u>\$ 14,771,280</u>	<u>\$ 13,563,130</u>
Revenues	\$ 14,866,370	\$ 15,964,067
Expenses	<u>14,483,734</u>	<u>15,644,738</u>
Net income for the year	<u>\$ 382,636</u>	<u>\$ 319,329</u>

THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

5. LONG TERM DEBT

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

	2018	2017
Tile drainage loans payable, 6%, due from 2019 to 2022	\$ 67,449	\$ 103,354
Debenture payable, 5.84%, payable \$128,114 semi-annually, principal and interest, due August 2024	1,281,243	1,454,993
Debenture payable, 3.85% increasing to 5%, principal repayments annually at increasing rate, due July 2018	0	949,000
Debenture payable, 1.65% increasing to 4.90%, principal repayments annually at increasing rate, due February 2019	944,000	1,082,000
Debenture payable, 1.60% increasing to 4.85%, principal repayments annually at increasing rate, due June 2020	<u>1,364,000</u>	<u>1,526,000</u>
	<u>\$ 3,656,692</u>	<u>\$ 5,115,347</u>

Principal repayments, in aggregate, are due as follows:

2019	\$ 1,328,919
2020	1,403,712
2021	220,342
2022	226,710
2023	231,698
Thereafter	<u>245,311</u>
	<u>\$ 3,656,692</u>

6. DEFERRED REVENUE

	DEC 31/17	CONTRI- BUTIONS RECEIVED	INVEST- MENT INCOME	REVENUE RECOGNIZED	DEC 31/18
OBLIGATORY RESERVE FUNDS					
Development charges	\$ 3,241,948	\$ 723,238	\$ 58,134	\$ (694,251)	\$ 3,329,069
Recreational land	187,024	7,000	3,233	(28,359)	168,898
Main St. revitalization	0	48,185	873	0	49,058
Gas tax	<u>808,541</u>	<u>365,553</u>	<u>12,184</u>	<u>(737,388)</u>	<u>448,890</u>
	4,237,513	1,143,976	74,424	(1,459,998)	3,995,915
OTHER	<u>94,667</u>	<u>92,097</u>	<u>0</u>	<u>(94,864)</u>	<u>91,900</u>
	<u>\$ 4,332,180</u>	<u>\$ 1,236,073</u>	<u>\$ 74,424</u>	<u>\$(1,554,862)</u>	<u>\$ 4,087,815</u>

THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

7. OTHER INCOME

	2018 Budget	2018 Actual	2017 Actual
Penalties and interest on taxation	\$ 205,000	\$ 168,893	\$ 193,223
Miscellaneous	54,400	99,717	68,131
Other fines and penalties	1,800	650	641
Investment income (note 4)	182,500	520,418	320,930
Rents, concessions and franchises	1,338,616	608,119	556,013
Donations	185,000	33,040	185,054
Gain (loss) on disposal of tangible capital assets	49,100	(30,012)	(61,201)
Developer contributions	0	38,393	0
Government business enterprise (note 4)	<u>0</u>	<u>317,045</u>	<u>301,087</u>
	<u>\$ 2,016,416</u>	<u>\$ 1,756,263</u>	<u>\$ 1,563,878</u>

8. PENSION AGREEMENTS

The municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 44 (2017 - 41) 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 2018 by the municipality was \$229,530 (2017 - \$207,123). The contribution rate for 2018 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, 2018. At that time, the plan reported a \$4.2 billion actuarial deficit (2017 - \$5.4 billion actuarial deficit), based on accrued pension obligations of \$99.1 billion (2017 - \$93.6 billion) and net assets available for benefits of \$97.4 billion (2017 - \$95.2 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:

	2018	2017
School Boards	\$ 3,591,108	\$ 3,575,656
County of Wellington	<u>9,222,183</u>	<u>8,864,350</u>
	<u>\$ 12,813,291</u>	<u>\$ 12,440,006</u>

10. TRUST FUNDS

The trust funds administered by the municipality amounting to \$344,478 (2017 - \$335,896) have not been included in the statement of financial position, nor have the operations been included in the statement of operations.

THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

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 fire, sewer, water, recreational 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 fire protection, conservation authority, emergency measures, animal control and building and structural inspection. 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 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.

12. COMPARATIVE FIGURES

Certain figures presented for comparative purposes have been reclassified to conform to the current year's presentation.

THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH
SCHEDULE OF SEGMENTED DISCLOSURE
FOR THE YEAR ENDED DECEMBER 31, 2018

Schedule 1

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation and Cultural Services	Planning and Development	2018	2017
EXPENSES									
Salaries and benefits	\$ 1,049,333	\$ 646,695	\$ 1,334,445	\$ 511,119	\$ 23,997	\$ 713,774	\$ 94,736	\$ 4,374,099	\$ 4,171,126
Materials	325,580	610,670	2,757,540	1,074,751	24,940	746,009	244,620	5,784,110	4,912,633
Contracted services	0	0	0	438,387	0	0	14,366	452,753	464,270
Rents and financial expenses	83,600	0	0	0	0	0	0	83,600	69,821
Interest on long term debt	0	0	14,350	131,157	0	72,454	0	217,961	323,524
Amortization	67,777	150,335	3,253,924	1,116,049	3,023	402,586	0	4,993,694	5,128,426
Other	<u>1,633</u>	<u>150,572</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>152,205</u>	<u>150,812</u>
	<u>\$ 1,527,923</u>	<u>\$ 1,558,272</u>	<u>\$ 7,360,259</u>	<u>\$ 3,271,463</u>	<u>\$ 51,960</u>	<u>\$ 1,934,823</u>	<u>\$ 353,722</u>	<u>\$16,058,422</u>	<u>\$15,220,612</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, 2018

Schedule 2

	Land and Land Improvements	Buildings	Machinery and Equipment	Vehicles	Roads	Bridges and Culverts	Water and Sewer Systems	2018	2017
COST									
Balance, beginning of year	\$ 5,161,115	\$ 18,994,188	\$ 32,752,816	\$ 7,395,189	\$ 133,323,752	\$ 7,050,465	\$ 30,943,456	\$ 235,620,981	\$ 230,772,242
Additions during the year	256,655	97,980	165,516	1,479,208	2,688,625	446,200	1,440,090	6,574,274	5,385,625
Disposals during the year	<u>(106,127)</u>	<u>(35,530)</u>	<u>0</u>	<u>(542,381)</u>	<u>0</u>	<u>0</u>	<u>(381,423)</u>	<u>(1,065,461)</u>	<u>(536,886)</u>
Balance, end of year	<u>5,311,643</u>	<u>19,056,638</u>	<u>32,918,332</u>	<u>8,332,016</u>	<u>136,012,377</u>	<u>7,496,665</u>	<u>32,002,123</u>	<u>241,129,794</u>	<u>235,620,981</u>
ACCUMULATED AMORTIZATION									
Balance, beginning of year	545,454	6,709,380	11,535,720	4,072,958	91,171,480	2,883,113	9,420,396	126,338,501	121,656,799
Amortization for the year	20,886	423,100	402,793	388,910	2,854,013	96,233	807,759	4,993,694	5,128,426
Accumulated amortization on disposals	<u>0</u>	<u>(35,530)</u>	<u>0</u>	<u>(542,383)</u>	<u>0</u>	<u>0</u>	<u>(173,208)</u>	<u>(751,121)</u>	<u>(446,724)</u>
Balance, end of year	<u>566,340</u>	<u>7,096,950</u>	<u>11,938,513</u>	<u>3,919,485</u>	<u>94,025,493</u>	<u>2,979,346</u>	<u>10,054,947</u>	<u>130,581,074</u>	<u>126,338,501</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS									
	<u>\$ 4,745,303</u>	<u>\$ 11,959,688</u>	<u>\$ 20,979,819</u>	<u>\$ 4,412,531</u>	<u>\$ 41,986,884</u>	<u>\$ 4,517,319</u>	<u>\$ 21,947,176</u>	<u>\$ 110,548,720</u>	<u>\$ 109,282,480</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 \$929,559 (2017 - \$2,586,908).

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

AS AT DECEMBER 31, 2018

	2018	2017 (note 12)
SURPLUSES		
Invested in tangible capital assets		
Tangible capital assets at cost less amortization	\$110,548,720	\$109,282,480
Unexpended capital financing	876,824	1,064,893
Capital assets financed by long term debt and to be funded in future periods	<u>(3,589,243)</u>	<u>(5,011,993)</u>
	107,836,301	105,335,380
General surplus	0	2,524,118
Investment in Wellington North Power Inc.	5,081,419	4,810,836
Recreation, community centres and arenas	7,495	6,903
Business improvement areas	<u>37,033</u>	<u>18,776</u>
	<u>112,962,248</u>	<u>112,696,013</u>
RESERVE FUNDS		
Capital purposes	<u>18,347,090</u>	<u>15,664,621</u>
RESERVES		
Working funds	1,594,780	794,011
Current purposes	285,926	125,930
Capital purposes	<u>106,640</u>	<u>5,675</u>
	<u>1,987,346</u>	<u>925,616</u>
	<u>\$133,296,684</u>	<u>\$129,286,250</u>

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of The Corporation of the Township of Wellington North trust funds, which comprise the statement of financial position as at December 31, 2018 and the statement of continuity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these financial statements present fairly, in all material respects, the financial position of The Corporation of the Township of Wellington North trust funds as at December 31, 2018 and the results of their operations for the year then ended in accordance with Canadian public sector accounting standards.

Basis of Opinion

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

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

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

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

Those charged with governance are responsible for overseeing the trust funds' financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

A further description of the auditor's responsibilities for the audit of the financial statements is located at RLB LLP's website at: www.rlb.ca/additional-auditor-responsibilities. This description forms part of our auditor's report.

The image shows a handwritten signature in black ink that reads "RLB LLP". The letters are stylized and cursive.

Guelph, Ontario
June 24, 2019

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, 2018

	Subdividers	Cemetery Care and Maintenance	History Books
STATEMENT OF FINANCIAL POSITION			
Assets			
Cash	\$ 2,446	\$ 284,732	\$ 8,166
Investments (note 2)	0	68,140	0
Due from Township	<u>0</u>	<u>805</u>	<u>0</u>
	<u>\$ 2,446</u>	<u>\$ 353,677</u>	<u>\$ 8,166</u>
Liabilities			
Due to Township	\$ 0	\$ 9,461	\$ 0
Deferred revenue (prepaid plots)	<u>0</u>	<u>10,350</u>	<u>0</u>
	0	19,811	0
Fund balance	<u>2,446</u>	<u>333,866</u>	<u>8,166</u>
	<u>\$ 2,446</u>	<u>\$ 353,677</u>	<u>\$ 8,166</u>
STATEMENT OF CONTINUITY			
Fund balance, beginning of year	\$ <u>2,406</u>	\$ <u>325,456</u>	\$ <u>8,034</u>
Receipts			
Interest earned	40	0	132
Share of plot sales	0	7,310	0
Monument fees	<u>0</u>	<u>1,100</u>	<u>0</u>
	40	8,410	132
Fund balance, end of year	<u>\$ 2,446</u>	<u>\$ 333,866</u>	<u>\$ 8,166</u>

THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH - TRUST FUNDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

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 \$68,140 (2017 - \$67,037) reported on the statement of financial position at cost have a market value of \$66,550 (2017 - \$65,555).