

**THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH**  
**INDEX TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**

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## INDEPENDENT AUDITOR'S REPORT

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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, 2017 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, 2017 and the results of its operations and its cash flow for the year then ended in accordance with Canadian public sector accounting standards.



Guelph, Ontario  
June 25, 2018

Chartered Professional Accountants  
Licensed Public Accountants

**THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2017**

	2017	2016
<b>FINANCIAL ASSETS</b>		
Cash (note 2)	\$ 22,937,435	\$ 20,917,095
Investments	10,646	10,581
Taxes receivable	1,571,340	1,493,994
Trade and other receivables	2,394,982	2,624,273
Long term receivables (note 3)	122,858	282,761
Investment in Wellington North Power Inc. (note 4)	<u>4,810,836</u>	<u>4,509,749</u>
	<u>31,848,097</u>	<u>29,838,453</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	2,486,478	2,451,169
Deferred revenue (note 6)	4,260,417	3,380,088
Long term debt (note 5)	<u>5,115,347</u>	<u>6,225,301</u>
	<u>11,862,242</u>	<u>12,056,558</u>
<b>NET FINANCIAL ASSETS</b>	<u>19,985,855</u>	<u>17,781,895</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (schedule 2)	109,282,480	109,115,443
Prepaid expenses	<u>17,915</u>	<u>87,553</u>
	<u>109,300,395</u>	<u>109,202,996</u>
<b>ACCUMULATED SURPLUS</b> (schedule 3)	<u>\$129,286,250</u>	<u>\$126,984,891</u>

**THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	<b>2017 Budget</b>	<b>2017 Actual</b>	<b>2016 Actual</b>
<b>REVENUE</b>			
Net taxation/user charges	\$ 7,392,804	\$ 7,402,283	\$ 7,203,717
Fees and service charges	5,670,200	5,558,369	5,664,382
Grants	3,853,263	2,614,394	3,024,480
Other income (note 7)	989,516	1,563,878	971,085
Obligatory reserve funds revenue recognized (note 6)	<u>0</u>	<u>383,047</u>	<u>366,239</u>
	<u>17,905,783</u>	<u>17,521,971</u>	<u>17,229,903</u>
<b>EXPENSES (schedule 1)</b>			
General government	2,143,384	1,700,773	1,285,405
Protection to persons and property	1,299,224	1,372,590	1,262,532
Transportation services	6,186,680	6,253,385	5,863,737
Environmental services	3,667,732	3,347,031	3,566,288
Health services	41,014	52,310	43,712
Recreation and cultural services	2,105,313	2,206,824	1,969,409
Planning and development	<u>26,475</u>	<u>287,699</u>	<u>318,719</u>
	<u>15,469,822</u>	<u>15,220,612</u>	<u>14,309,802</u>
<b>ANNUAL SURPLUS</b>	<u>\$ 2,435,961</u>	<u>\$ 2,301,359</u>	<u>\$ 2,920,101</u>
<b>ACCUMULATED SURPLUS at beginning of year</b>		\$126,984,891	\$124,064,790
Annual surplus		<u>2,301,359</u>	<u>2,920,101</u>
<b>ACCUMULATED SURPLUS at end of year</b>		<u>\$129,286,250</u>	<u>\$126,984,891</u>

THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH  
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2017

	2017 Budget	2017 Actual	2016 Actual
<b>Annual surplus</b>	\$ <u>2,435,961</u>	\$ <u>2,301,359</u>	\$ <u>2,920,101</u>
Acquisition of tangible capital assets	(5,385,624)	(5,385,625)	(4,395,099)
Amortization of tangible capital assets	4,562,448	5,128,426	4,562,448
Loss on disposal of tangible capital assets	0	61,701	530,286
Proceeds on disposal of tangible capital assets	<u>0</u>	<u>28,461</u>	<u>22,500</u>
	<u>(823,176)</u>	<u>(167,037)</u>	<u>720,135</u>
Change in prepaid expenses	<u>0</u>	<u>69,638</u>	<u>(3,227)</u>
<b>INCREASE IN NET FINANCIAL ASSETS</b>	\$ <u>1,612,785</u>	2,203,960	3,637,009
<b>NET FINANCIAL ASSETS at beginning of year</b>		<u>17,781,895</u>	<u>14,144,886</u>
<b>NET FINANCIAL ASSETS at end of year</b>		\$ <u>19,985,855</u>	\$ <u>17,781,895</u>

**THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH**  
**CONSOLIDATED STATEMENT OF CASH FLOW**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	<b>2017</b>	<b>2016</b>
<b>CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
Annual surplus for the year	\$ <u>2,301,359</u>	\$ <u>2,920,101</u>
Items not requiring an outlay of cash		
Amortization	5,128,426	4,562,448
Loss on disposal of tangible capital assets	61,701	530,286
Share of income of Wellington North Power Inc.	<u>(301,087)</u>	<u>(409,725)</u>
	<u>4,889,040</u>	<u>4,683,009</u>
	<u>7,190,399</u>	<u>7,603,110</u>
Net changes in non-cash working capital		
Taxes receivable	(77,346)	(122,968)
Trade and other receivables	229,291	(682,067)
Accounts payable and accrued liabilities	35,309	232,768
Prepaid expenses and inventory	69,638	(3,227)
Deferred revenue	<u>880,329</u>	<u>454,927</u>
	<u>1,137,221</u>	<u>(120,567)</u>
	<u>8,327,620</u>	<u>7,482,543</u>
<b>CASH PROVIDED BY (USED IN) CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(5,385,625)	(4,395,099)
Proceeds on disposal of tangible capital assets	<u>28,461</u>	<u>22,500</u>
	<u>(5,357,164)</u>	<u>(4,372,599)</u>
<b>CASH USED IN FINANCING ACTIVITIES</b>		
Repayment of long term debt	<u>(1,109,954)</u>	<u>(1,038,451)</u>
<b>CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>		
Increase in investments	(65)	(57)
Decrease in long term receivables	<u>159,903</u>	<u>240,114</u>
	<u>159,838</u>	<u>240,057</u>
<b>NET INCREASE IN CASH</b>	2,020,340	2,311,550
<b>CASH, beginning of year</b>	<u>20,917,095</u>	<u>18,605,545</u>
<b>CASH, end of year</b>	\$ <u>22,937,435</u>	\$ <u>20,917,095</u>

**THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

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**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).

(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, 2017**

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**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 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, 2017**

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**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, 2017**

**3. LONG TERM RECEIVABLES**

	<b>2017</b>	<b>2016</b>
Sewer loans, 6%, various repayment amounts, due from 2018 to 2021	\$ 19,504	\$ 19,415
Pledge amounts in relation to King Street Playground, 0%, payable in annual principal payments of \$5,000, collected in 2017	0	5,000
Tile drainage loans, 6%, various repayments, due from 2018 to 2022	<u>103,354</u>	<u>258,346</u>
	<u>\$ 122,858</u>	<u>\$ 282,761</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:

	<b>2017</b>	<b>2016</b>
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>2,240,804</u>	<u>1,939,717</u>
	<u>\$ 4,810,836</u>	<u>\$ 4,509,749</u>

During 2017, the Corporation of the Township of Wellington North received interest of \$44,720 (2016 - \$44,293) from Wellington North Power Inc.

The following is selected financial information from the December 31, 2017 audited financial statements of Wellington North Power Inc.

	<b>2017</b>	<b>2016</b>
Assets	<u>\$ 13,563,130</u>	<u>\$ 13,311,267</u>
Liabilities	\$ 8,669,374	\$ 8,865,399
Equity	4,056,478	3,737,149
Regulatory balances	<u>837,278</u>	<u>708,719</u>
	<u>\$ 13,563,130</u>	<u>\$ 13,311,267</u>
Revenues	\$ 15,964,067	\$ 16,923,431
Expenses	<u>15,644,738</u>	<u>16,499,767</u>
Net income for the year	<u>\$ 319,329</u>	<u>\$ 423,664</u>

**THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**5. LONG TERM DEBT**

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

	<b>2017</b>	<b>2016</b>
Tile drainage loans payable, 6%, due from 2018 to 2022	\$ 103,354	\$ 258,346
Debenture payable, 5.84%, payable \$128,114 semi-annually, principal and interest, due August 2024	1,454,993	1,619,140
Debenture payable, 4.858%, payable \$191,153 semi-annually, principal and interest, due December 2017	0	368,815
Debenture payable, 3.85% increasing to 5%, principal repayments annually at declining rate, due July 2018	949,000	1,085,000
Debenture payable, 1.65% increasing to 4.90%, principal repayments annually at declining rate, due February 2019	1,082,000	1,213,000
Debenture payable, 1.60% increasing to 4.85%, principal repayments annually at declining rate, due June 2020	<u>1,526,000</u>	<u>1,681,000</u>
	<u>\$ 5,115,347</u>	<u>\$ 6,225,301</u>

Principal repayments, in aggregate, are due as follows:

2018	\$ 1,458,654
2019	1,328,919
2020	1,403,712
2021	220,342
2022	226,710
Thereafter	<u>477,010</u>
	<u>\$ 5,115,347</u>

**6. DEFERRED REVENUE**

	<b>DEC 31/16</b>	<b>CONTRI- BUTIONS RECEIVED</b>	<b>INVEST- MENT INCOME</b>	<b>REVENUE RECOGNIZED</b>	<b>DEC 31/17</b>
<b>OBLIGATORY RESERVE FUNDS</b>					
Development charges	\$ 2,707,777	\$ 864,331	\$ 33,248	\$ (363,408)	\$ 3,241,948
Recreational land	144,106	41,000	1,918	0	187,024
Gas tax	<u>469,669</u>	<u>355,115</u>	<u>3,396</u>	<u>(19,639)</u>	<u>808,541</u>
	3,321,552	1,260,446	38,562	(383,047)	4,237,513
<b>OTHER</b>	<u>58,536</u>	<u>13,083</u>	<u>0</u>	<u>(48,715)</u>	<u>22,904</u>
	<u>\$ 3,380,088</u>	<u>\$ 1,273,529</u>	<u>\$ 38,562</u>	<u>\$ (431,762)</u>	<u>\$ 4,260,417</u>

**THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**7. OTHER INCOME**

	<b>2017 Budget</b>	<b>2017 Actual</b>	<b>2016 Actual</b>
Penalties and interest on taxation	\$ 205,000	\$ 193,223	\$ 203,563
Miscellaneous	56,400	68,131	157,273
Other fines and penalties	1,800	641	2,381
Investment income	167,500	320,930	258,731
Rents, concessions and franchises	413,816	556,013	469,678
Donations	140,000	185,054	20
Gain (loss) on disposal of tangible capital assets	5,000	(61,201)	(530,286)
Government business enterprise	<u>0</u>	<u>301,087</u>	<u>409,725</u>
	<u>\$ 989,516</u>	<u>\$ 1,563,878</u>	<u>\$ 971,085</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 41 (2016 - 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 2017 by the municipality was \$207,123 (2016 - \$211,993). The contribution rate for 2017 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, 2017. At that time, the plan reported a \$5.4 billion actuarial deficit (2016 - \$5.7 billion actuarial deficit), based on accrued pension obligations of \$93.6 billion (2016 - \$87.0 billion) and net assets available for benefits of \$95.2 billion (2016 - \$85.4 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:

	<b>2017</b>	<b>2016</b>
School Boards	\$ 3,575,656	\$ 3,496,132
County of Wellington	<u>8,864,350</u>	<u>8,412,134</u>
	<u>\$ 12,440,006</u>	<u>\$ 11,908,266</u>

**10. TRUST FUNDS**

The trust funds administered by the municipality amounting to \$335,896 (2016 - \$328,879) 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, 2017**

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**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.

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, 2017**

*Schedule 1*

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation and Cultural Services	Planning and Development	2017	2016 (note 13)
<b>EXPENSES</b>									
Salaries and benefits	\$ 886,468	\$ 511,989	\$ 1,256,416	\$ 515,501	\$ 29,800	\$ 884,567	\$ 86,385	\$ 4,171,126	\$ 4,000,526
Materials	386,426	570,491	1,808,212	1,137,497	19,487	819,677	170,843	4,912,633	4,695,802
Contracted services	0	0	0	449,551	0	0	14,719	464,270	450,670
Rents and financial expenses	69,821	0	0	0	0	0	0	69,821	89,719
Interest on long term debt	0	0	11,811	150,330	0	145,631	15,752	323,524	353,166
Amortization	356,494	140,862	3,176,946	1,094,152	3,023	356,949	0	5,128,426	4,562,448
Other	<u>1,564</u>	<u>149,248</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>150,812</u>	<u>157,471</u>
	<u>\$ 1,700,773</u>	<u>\$ 1,372,590</u>	<u>\$ 6,253,385</u>	<u>\$ 3,347,031</u>	<u>\$ 52,310</u>	<u>\$ 2,206,824</u>	<u>\$ 287,699</u>	<u>\$15,220,612</u>	<u>\$14,309,802</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, 2017**

*Schedule 2*

	Land and Land Improvements	Buildings	Machinery and Equipment	Vehicles	Roads	Bridges and Culverts	Water and Sewer Systems	2017	2016
<b>COST</b>									
Balance, beginning of year	\$ 5,102,795	\$ 18,483,876	\$ 32,499,825	\$ 6,958,235	\$ 131,375,537	\$ 7,037,794	\$ 29,314,180	\$ 230,772,242	\$ 228,257,736
Additions during the year	58,320	510,312	258,074	719,458	2,129,291	12,671	1,697,499	5,385,625	4,395,099
Disposals during the year	<u>0</u>	<u>0</u>	<u>(5,083)</u>	<u>(282,504)</u>	<u>(181,076)</u>	<u>0</u>	<u>(68,223)</u>	<u>(536,886)</u>	<u>(1,880,593)</u>
Balance, end of year	<u>5,161,115</u>	<u>18,994,188</u>	<u>32,752,816</u>	<u>7,395,189</u>	<u>133,323,752</u>	<u>7,050,465</u>	<u>30,943,456</u>	<u>235,620,981</u>	<u>230,772,242</u>
<b>ACCUMULATED AMORTIZATION</b>									
Balance, beginning of year	525,608	6,025,162	11,116,365	3,998,544	88,541,099	2,787,704	8,662,317	121,656,799	118,422,157
Amortization for the year	19,846	684,218	424,438	334,342	2,772,697	95,409	797,476	5,128,426	4,562,448
Accumulated amortization on disposals	<u>0</u>	<u>0</u>	<u>(5,083)</u>	<u>(259,928)</u>	<u>(142,316)</u>	<u>0</u>	<u>(39,397)</u>	<u>(446,724)</u>	<u>(1,327,806)</u>
Balance, end of year	<u>545,454</u>	<u>6,709,380</u>	<u>11,535,720</u>	<u>4,072,958</u>	<u>91,171,480</u>	<u>2,883,113</u>	<u>9,420,396</u>	<u>126,338,501</u>	<u>121,656,799</u>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>									
	<u>\$ 4,615,661</u>	<u>\$ 12,284,808</u>	<u>\$ 21,217,096</u>	<u>\$ 3,322,231</u>	<u>\$ 42,152,272</u>	<u>\$ 4,167,352</u>	<u>\$ 21,523,060</u>	<u>\$ 109,282,480</u>	<u>\$ 109,115,443</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 \$2,586,908 (2016 - \$2,767,224).

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, 2017

	2017	2016
<b>SURPLUSES</b>		
Invested in tangible capital assets		
Tangible capital assets at cost less amortization	\$109,282,480	\$109,115,443
Unexpended capital financing	1,064,893	2,503,630
Capital assets financed by long term debt and to be funded in future periods	<u>(5,011,993)</u>	<u>(5,966,955)</u>
	105,335,380	105,652,118
General surplus	2,550,154	1,196,192
Investment in Wellington North Power Inc.	4,810,836	4,509,749
Cemeteries	31,914	52,020
Recreation, community centres and arenas	(19,133)	(19,521)
Streetlighting	115,100	42,033
Business improvement areas	<u>18,776</u>	<u>(695)</u>
	<u>112,843,027</u>	<u>111,431,896</u>
<b>RESERVE FUNDS</b>		
Capital purposes	<u>5,933,456</u>	<u>5,305,770</u>
<b>RESERVES</b>		
Working funds	780,587	806,923
Current purposes	5,697,537	4,785,112
Capital purposes	<u>4,031,643</u>	<u>4,655,190</u>
	<u>10,509,767</u>	<u>10,247,225</u>
	<u>\$129,286,250</u>	<u>\$126,984,891</u>



Chartered  
Professional  
Accountants

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## INDEPENDENT AUDITOR'S REPORT

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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 statement of financial position of The Corporation of the Township of Wellington North trust funds as at December 31, 2017, and the statement of continuity of the trust funds 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, 2017 and the continuity of the trust funds for the year then ended in accordance with Canadian public sector accounting standards.

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

Guelph, Ontario  
June 25, 2018

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, 2017

	Subdividers	Cemetery Care and Maintenance	History Books
<b>STATEMENT OF FINANCIAL POSITION</b>			
<b>Assets</b>			
Cash	\$ 2,406	\$ 274,690	\$ 8,034
Investments (note 2)	0	67,037	0
Due from Township	<u>0</u>	<u>906</u>	<u>0</u>
	<u>\$ 2,406</u>	<u>\$ 342,633</u>	<u>\$ 8,034</u>
<b>Liabilities</b>			
Due to Township	\$ 0	\$ 4,177	\$ 0
Deferred revenue (prepaid plots)	<u>0</u>	<u>13,000</u>	<u>0</u>
	0	17,177	0
<b>Fund balance</b>	<u>2,406</u>	<u>325,456</u>	<u>8,034</u>
	<u>\$ 2,406</u>	<u>\$ 342,633</u>	<u>\$ 8,034</u>
<b>STATEMENT OF CONTINUITY</b>			
<b>Fund balance, beginning of year</b>	\$ <u>2,381</u>	\$ <u>318,549</u>	\$ <u>7,949</u>
<b>Receipts</b>			
Interest earned	25	0	85
Share of plot sales	0	5,807	0
Monument fees	<u>0</u>	<u>1,100</u>	<u>0</u>
	<u>25</u>	<u>6,907</u>	<u>85</u>
<b>Fund balance, end of year</b>	<u>\$ 2,406</u>	<u>\$ 325,456</u>	<u>\$ 8,034</u>

**THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH - TRUST FUNDS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

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**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 \$67,037 (2016 - \$65,908) reported on the statement of financial position at cost have a market value of \$65,555 (2016 - \$64,921).