

**The Corporation of the  
Township of Wellington North  
Financial Information  
For the year ended December 31, 2011**

**The Corporation of the Township of Wellington North  
Financial Information  
For the year ended December 31, 2011**

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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**

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, 2011, and the consolidated statements of operations and accumulated surplus, changes in net financial assets (debt) and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Consolidated Financial Statements**

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

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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



## Opinion

In our opinion, the 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, 2011 and the results of its operations, changes in net financial assets (debt) and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*BDO Canada LLP*

Chartered Accountants, Licensed Public Accountants

Owen Sound, Ontario  
October 15, 2012

**The Corporation of the Township of Wellington North**  
**Consolidated Statement of Financial Position**

<b>December 31</b>	<b>2011</b>	<b>2010</b>
<b>Financial assets</b>		
Cash (Note 1)	\$ 6,623,048	\$ 4,374,328
Investments (Note 2)	10,105	-
Taxes receivable	1,425,401	1,291,205
Trade and other receivables	3,323,318	5,917,539
Long-term receivables (Note 3)	2,148,726	2,352,754
Long-term investments (Note 4)	3,459,687	3,648,524
	<u>16,990,285</u>	<u>17,584,350</u>
<b>Financial Liabilities</b>		
Accounts payable and accrued liabilities	2,867,894	4,390,940
Deferred revenue (Page 26)	1,630,988	1,230,686
Long-term liabilities (Note 5)	11,442,139	12,223,327
	<u>15,941,021</u>	<u>17,844,953</u>
<b>Net financial assets (debt)</b>	<u>1,049,264</u>	<u>(260,603)</u>
<b>Non financial assets</b>		
Prepaid expenses and inventory	104,372	39,613
Tangible capital assets (Note 6)	117,661,759	119,502,045
	<u>117,766,131</u>	<u>119,541,658</u>
<b>Accumulated surplus (Note 7)</b>	<u>\$ 118,815,395</u>	<u>\$ 119,281,055</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

**The Corporation of the Township of Wellington North  
Consolidated Statement of Operations and Accumulated Surplus**

<b>For the year ended December 31</b>	2011 Budget (Note 10)	2011 Actual	2010 Actual
<b>Revenue</b>			
Taxation	\$ 5,862,396	\$ 5,920,993	\$ 5,551,560
Fees and user charges	4,809,794	5,143,047	4,828,507
Grants (Note 11)	1,616,025	3,936,122	4,803,703
Other income (Note 9)	693,130	730,942	1,898,658
Obligatory reserve fund revenue recognized	300,000	601,299	344,319
	<u>13,281,345</u>	<u>16,332,403</u>	<u>17,426,747</u>
<b>Expenses</b>			
General government	1,294,865	1,468,329	1,502,395
Protection services	1,006,062	1,399,957	1,027,724
Transportation services	2,629,148	7,963,599	5,950,099
Environmental services			
Water	1,144,310	1,497,629	1,572,530
Sewer	1,189,686	2,017,243	1,652,600
Health services	30,795	42,521	35,509
Recreation and cultural services	1,806,399	1,988,039	1,998,744
Planning and development	246,400	420,746	385,059
	<u>9,347,665</u>	<u>16,798,063</u>	<u>14,124,660</u>
<b>Annual surplus (deficit) (Note 10)</b>	3,933,680	(465,660)	3,302,087
<b>Accumulated surplus, beginning of year</b>	<u>119,281,055</u>	<u>119,281,055</u>	<u>115,978,968</u>
<b>Accumulated surplus, end of year (Note 7)</b>	<u>\$123,214,735</u>	<u>\$ 118,815,395</u>	<u>\$119,281,055</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.



**The Corporation of the Township of Wellington North**  
**Consolidated Statement of Changes in Net Financial Assets (Debt)**

<b>For the year ended December 31</b>	2011 Budget (Note 10)	2011 Actual	2010 Actual
Annual surplus (deficit) (Page 6)	\$ 3,933,680	\$ (465,660)	\$ 3,302,087
Acquisition of tangible capital assets	(2,401,000)	(3,009,209)	(7,443,630)
Amortization of tangible capital assets	-	4,842,905	5,020,233
Gain on sale of tangible capital assets	-	(31,339)	(869,281)
Proceeds on disposal of capital assets	-	37,929	1,411,101
	<u>(2,401,000)</u>	<u>1,840,286</u>	<u>(1,881,577)</u>
Change in prepaid expenses	-	(64,759)	6,751
<b>Increase in net financial assets</b>	1,532,680	1,309,867	1,427,261
<b>Net financial assets (debt), beginning of the year</b>	<u>(260,603)</u>	<u>(260,603)</u>	<u>(1,687,864)</u>
<b>Net financial assets (debt), end of the year</b>	<u>\$ 1,272,077</u>	<u>\$ 1,049,264</u>	<u>\$ (260,603)</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

**The Corporation of the Township of Wellington North**  
**Consolidated Statement of Cash Flow**

<b>For the year ended December 31</b>	<b>2011</b>	<b>2010</b>
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Annual surplus (deficit) (Page 6)	\$ (465,660)	\$ 3,302,087
Items not involving cash		
Share of loss (income) of Wellington North Power Inc.	88,837	(195,131)
Amortization	4,842,905	5,020,233
Deferred revenue recognized	(609,299)	(344,319)
Gain on sale of capital assets	(31,339)	(869,281)
	<u>3,825,444</u>	<u>6,913,589</u>
<b>Changes in non-cash working capital balances</b>		
Taxes receivable	(134,196)	(19,916)
Trade and other receivables	2,594,221	(753,552)
Accounts payable and accrued liabilities	(1,523,046)	1,100,956
Deferred revenue received	1,009,601	652,517
Prepaid expenses and inventory	(64,759)	6,751
	<u>1,881,821</u>	<u>986,756</u>
	<u>5,707,265</u>	<u>7,900,345</u>
<b>Capital transactions</b>		
Cash used to acquire capital assets	(3,009,209)	(7,443,630)
Proceeds on sale of capital assets	37,929	1,411,101
	<u>(2,971,280)</u>	<u>(6,032,529)</u>
<b>Investing activities</b>		
Acquisition of investments	(10,105)	-
Decrease in long-term receivables	204,028	288,983
Decrease in long-term investments	100,000	100,000
	<u>293,923</u>	<u>388,983</u>
<b>Financing activities</b>		
Additions to long-term liabilities	138,300	2,573,000
Repayments of long-term liabilities	(919,488)	(774,093)
	<u>(781,188)</u>	<u>1,798,907</u>
<b>Net change in cash and cash equivalents</b>	<b>2,248,720</b>	<b>4,055,706</b>
<b>Cash, beginning of year</b>	<b>4,374,328</b>	<b>318,622</b>
<b>Cash, end of year</b>	<b>\$ 6,623,048</b>	<b>\$ 4,374,328</b>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

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## The Corporation of the Township of Wellington North Summary of Significant Accounting Policies

December 31, 2011

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### Basis of Accounting

The consolidated financial statements of the Corporation of the Township of Wellington North are the representation of management. They have been prepared in accordance with Canadian Public Accounting Standards established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants as prescribed by the Ontario Ministry of Municipal Affairs and Housing.

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenses 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.

### Use of Estimates

The preparation of financial statements in accordance with Canadian Public Accounting Standards requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Estimates are used when accounting for items such as accrued grant receivables, accrued liabilities and useful lives of tangible capital assets. 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.

### Basis of Consolidation

The 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 owned or 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%
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Government business enterprises and partnerships are separate legal entities which do not rely on the township 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	96.79%
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## The Corporation of the Township of Wellington North Summary of Significant Accounting Policies

**December 31, 2011**

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<b>Revenue Recognition</b>	<p>Revenues are reported on the accrual basis of accounting. Revenues are recognized as follows:</p> <ul style="list-style-type: none"><li>a) Tax revenue is recognized when amounts are levied on the township's ratepayers.</li><li>b) Fines and donations are recognized when collected.</li><li>c) Other revenues are recorded upon sale of goods or provision of service when collection is reasonably assured.</li><li>d) Revenue restricted by legislation, regulation or agreement and not available for general municipal purposes is reported as deferred revenue on the consolidated statement of financial position. The revenue is reported on the consolidated statement of financial activities in the year in which it is used for the specified purpose.</li><li>e) Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfers occur, providing the transfers are authorized, and eligibility criteria have been met and reasonable estimates of the amounts can be made.</li></ul>
<b>Investments</b>	<p>Investments are recorded at cost unless there has been a decline in the market value which is other than temporary in nature in which case the investments are written down to market.</p>
<b>Long-term Receivables</b>	<p>Long-term receivables are recorded at cost.</p>
<b>Inventory</b>	<p>Inventory held for consumption is recorded at the lower of cost or replacement cost.</p>

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## The Corporation of the Township of Wellington North Summary of Significant Accounting Policies

December 31, 2011

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### Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Amortization is provided over the estimated useful life of the assets, using the straight-line method. The useful life of the assets is based on estimates made by management. The following rates are used:

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

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

### Post-employment benefits

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

### County and School Boards

The township collects taxation revenue on behalf of the school boards and the County of Wellington. The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards and the County of Wellington are not reflected in these financial statements.

### Trust Funds

Funds held in trust by the township, and their related operations, are not included in these financial statements. The financial activity and position of the trust funds are reported separately on the trust funds statement of continuity and balance sheet.

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**The Corporation of the Township of Wellington North**  
**Notes to Financial Statements**

**December 31, 2011**

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**1. Cash**

	2011	2010
Cash	\$ 6,623,048	\$ 4,374,328

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

On December 31, 2011, the township had deposits of \$6,673,000 in a Canadian Chartered bank. The Canadian Deposit Insurance Corporation insures deposits up to a maximum of \$100,000 per depositor.

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**2. Investments**

	2011	2010
One Fund - Public Sector Group of Funds	\$ 10,105	\$ -

Investments have a market value of \$10,105 at the end of the year.

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**3. Long-Term Receivables**

	2011	2010
Sewer loans, 6%, various repayment amounts, due 2013 to 2018	\$ 331,726	\$ 386,290
Township of Southgate for the Mount Forest and Area Sports Complex, repayable in annual principal payments of \$100,925, 0%, due January 1, 2016	504,625	605,550
Medical clinic loan, 6.92%, monthly payments of \$4,993 principal and interest, due November 2012	247,451	288,680
Tile drainage loans, 8% or 6%, various repayments, due 2012 to 2021	1,064,924	1,072,234
	\$ 2,148,726	\$ 2,352,754

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**The Corporation of the Township of Wellington North**  
**Notes to Financial Statements**

**December 31, 2011**

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**4. Investment in Wellington North Power Inc.**

	2011	2010
Investment in common shares	\$ 1,585,016	\$ 1,585,016
Note receivable on demand, interest at 7.25%	985,016	1,085,016
Share of accumulated net income	889,655	978,492
	\$ 3,459,687	\$ 3,648,524

During 2011, the Corporation of the Township of Wellington North received interest of \$67,293 (2010 - \$73,022) from 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:

**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 96.79% of the outstanding shares of Wellington North Power Inc.

	2011	2010
Assets	\$ 8,654,924	\$ 8,567,911
Liabilities	\$ 6,101,176	\$ 5,922,379
Equity	2,553,748	2,645,532
	\$ 8,654,924	\$ 8,567,911
Revenues	\$ 10,934,603	\$ 10,061,012
Expenses	11,026,387	9,859,407
Net income (loss) for the year	\$ (91,784)	\$ 201,605

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**The Corporation of the Township of Wellington North**  
**Notes to Financial Statements**

**December 31, 2011**

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**5. Long-Term Liabilities**

The balance of long-term liabilities reported on the consolidated statement of financial position is made up of the following:

	2011	2010
Tile drainage loans payable, 8% or 6%, due from 2012 to 2021	\$ 1,064,924	\$ 1,072,234
Loan payable, 6.92%, payable \$4,993 per month, principal and interest, due November 2012	247,451	288,680
Debenture payable, 5.84%, payable \$128,114 semi-annually, principal and interest, due August 2024	2,311,505	2,427,629
Debenture payable, 4.858%, payable \$191,153 semi-annually, principal and interest, due December 2017	1,969,259	2,245,784
Debenture payable, 3.85% increasing to 5%, principal repayments annually at declining rate, due July 2018	1,685,000	1,793,000
Debenture payable, 1.65% increasing to 4.90%, principal repayments annually at declining rate, due February 2019	1,791,000	1,896,000
Debenture payable, 1.60% increasing to 4.85%, principal repayments annually at declining rate, due June 2020	2,373,000	2,500,000
	\$ 11,442,139	\$ 12,223,327

The gross interest paid relating to the above long-term debt was \$601,414.

The gross interest expensed during the year was \$592,510.

Principal payments for the next five fiscal years and thereafter are as follows:

2012	\$	1,165,288
2013		952,355
2014		983,985
2015		1,029,466
2016		1,048,559
Thereafter		6,262,486
	\$	11,442,139

Long-term liabilities include denominated in U.S. dollars.



**The Corporation of the Township of Wellington North**  
**Notes to Financial Statements**

	2011							
	Land and Land Improvements	Buildings	Machinery and Equipment	Vehicles	Roads	Bridges and Culverts	Water and Sewer Systems	Total
Cost, beginning of year	\$ 4,691,620	\$ 17,924,621	\$ 30,297,119	\$ 5,360,147	\$ 127,542,604	\$ 4,411,175	\$ 25,952,644	\$ 216,179,930
Additions	103,950	50,604	1,539,394	643,562	84,353	11,686	575,660	3,009,209
Disposals	(6,482)	-	-	(289,371)	-	-	-	(295,853)
Cost, end of year	4,789,088	17,975,225	31,836,513	5,714,338	127,626,957	4,422,861	26,528,304	218,893,286
Accumulated amortization, beginning of year	431,536	3,512,498	6,426,774	2,930,941	75,030,328	2,473,715	5,872,093	96,677,885
Amortization	12,012	356,589	1,115,025	320,764	2,575,780	64,783	397,952	4,842,905
Disposals	-	-	-	(289,263)	-	-	-	(289,263)
Accumulated amortization, end of year	443,548	3,869,087	7,541,799	2,962,442	77,606,108	2,538,498	6,270,045	101,231,527
Net carrying amount, end of year	\$ 4,345,540	\$ 14,106,138	\$ 24,294,714	\$ 2,751,896	\$ 50,020,849	\$ 1,884,363	\$ 20,258,259	\$ 117,661,759

**The Corporation of the Township of Wellington North**  
**Notes to Financial Statements**

	2010							
	Land and Land Improvements	Buildings	Machinery and Equipment	Vehicles	Roads	Bridges and Culverts	Water and Sewer Systems	Total
Cost, beginning of year	\$ 4,960,849	\$7,640,013	\$ 28,062,472	\$ 5,234,830	\$ 123,662,569	\$ 4,351,211	\$ 25,613,195	\$ 209,525,139
Additions	132,566	552,400	2,234,647	244,569	3,880,035	59,964	339,449	7,443,630
Disposals	(401,795)	(267,792)	-	(119,252)	-	-	-	(788,839)
Cost, end of year	4,691,620	17,924,621	30,297,119	5,360,147	127,542,604	4,411,175	25,952,644	216,179,930
Accumulated amortization, beginning of year	415,699	3,291,076	5,719,557	2,732,365	71,840,077	2,407,717	5,498,180	91,904,671
Amortization	15,837	354,767	707,217	312,250	3,190,251	65,998	373,913	5,020,233
Disposals	-	(133,345)	-	(113,674)	-	-	-	(247,019)
Accumulated amortization, end of year	431,536	3,512,498	6,426,774	2,930,941	75,030,328	2,473,715	5,872,093	96,677,885
Net carrying amount, end of year	\$ 4,260,084	\$4,412,123	\$ 23,870,345	\$ 2,429,206	\$ 52,512,276	\$ 1,937,460	\$ 20,080,551	\$ 119,502,045

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**The Corporation of the Township of Wellington North**  
**Notes to Financial Statements**

**December 31, 2011**

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**6. Tangible Capital Assets - (continued)**

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 \$312,219 (2010 - \$1,474,267).

\$Nil (2010 - Nil) in contributed capital assets were recognized in the financial statements during the year.

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**7. Accumulated Surplus**

Accumulated surplus consists of individual fund surplus (deficit) and reserves as follows:

	2011	2010
Invested in tangible capital assets		
Tangible capital assets at cost less amortization	\$ 117,661,759	\$ 119,502,045
Unexpended capital financing	711,113	1,312,253
Capital assets financed by long-term liabilities and to be funded in future years	<u>(10,129,764)</u>	<u>(10,862,414)</u>
Total invested in capital assets	108,243,108	109,951,884
General surplus (Note 10)	7,815	251,477
Investment in Wellington North Power Inc.	3,459,687	3,648,524
Water	(809,973)	(1,294,921)
Wastewater	1,848,990	1,092,329
Cemeteries	38,944	56,208
Recreation, community centres and arenas	(8,077)	(8,590)
Streetlighting	(20,131)	(62,213)
Business Improvement Areas	<u>(60,753)</u>	<u>(76,748)</u>
	112,699,610	113,557,950
Reserves and reserve funds (Note 8)	<u>6,115,785</u>	<u>5,723,105</u>
Accumulated surplus	<u>\$ 118,815,395</u>	<u>\$ 119,281,055</u>

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**The Corporation of the Township of Wellington North**  
**Notes to Financial Statements**

**December 31, 2011**

**8. Reserves and Reserve Funds Set Aside for Specific Purpose by Council**

	2011	2010
<b>Reserves</b>		
Working funds	\$ 1,141,035	\$ 1,050,329
Current purposes	11,000	-
Capital purposes	643,752	531,844
	1,795,787	1,582,173
<b>Reserve funds</b>		
Capital purposes	4,319,998	4,140,932
<b>Reserves and reserve funds set aside for specific purpose by Council</b>	<b>\$ 6,115,785</b>	<b>\$ 5,723,105</b>

**9. Other Income**

	2011	2011	2010
	Budget	Actual	Actual
Penalties and interest on taxation	\$ 176,000	\$ 192,624	\$ 185,459
Other fines and penalties	3,200	2,434	3,039
Investment income	91,500	172,413	130,922
Licenses, permits and rents	353,390	318,634	331,163
Donations	69,040	68,460	154,565
Prepaid special charges	-	32,864	36,504
Sale of equipment and other assets	-	32,350	861,875
Government business enterprise	-	(88,837)	195,131
	\$ 693,130	\$ 730,942	\$ 1,898,658

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**The Corporation of the Township of Wellington North**  
**Notes to Financial Statements**

**December 31, 2011**

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**10. Budgets**

Under Canadian public sector accounting standards, budget amounts are to be reported on the consolidated statement of operations and changes in net debt for comparative purposes. The 2011 budget amounts for the Corporation of the Township of Wellington North approved by Council have been restated to conform to the presentation of the consolidated statements of operations and changes in net debt. The following is a reconciliation of the budget approved by Council.

	2011 Budget	2011 Actual	2010 Actual
Annual surplus (deficit) (Page 6)	\$ 3,933,680	\$ (465,660)	\$ 3,302,087
Prior year general surplus	-	251,477	384,378
Transfers to (from) reserves	(175,544)	(392,680)	(1,796,929)
Capital acquisitions, disposals and write-down	(2,401,000)	(3,002,619)	(6,901,810)
Amortization	-	4,842,905	5,020,233
Proceeds from long-term debt	-	-	2,500,000
Debt principal repayments	(752,265)	(732,650)	(582,194)
Change in other surpluses	(604,871)	(1,094,098)	(716,174)
	-	(593,325)	1,209,591
Capital projects not funded	-	601,140	-
Prior year capital projects funded	-	-	(958,114)
	\$ -	\$ 7,815	\$ 251,477

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**The Corporation of the Township of Wellington North**  
**Notes to Financial Statements**

**December 31, 2011**

**11. Grants**

	Budget	2011	2010
<b>Operating</b>			
Province of Ontario			
Ontario Municipal Partnership Fund (OMPF)	\$ 970,600	\$ 970,600	\$ 1,028,000
Conditional - Roads	40,000	1,350,074	43,204
- Sewer and Water	-	279	-
- Other	33,500	41,994	29,437
	<u>1,044,100</u>	<u>2,362,947</u>	<u>1,100,641</u>
Government of Canada			
Conditional - Sewer and Water	-	279	-
- Other	-	345,000	1,469
	<u>-</u>	<u>345,279</u>	<u>1,469</u>
Other Municipalities			
- Other	249,925	123,054	149,785
	<u>249,925</u>	<u>123,054</u>	<u>149,785</u>
<b>Total operating grants</b>	<u>1,294,025</u>	<u>2,831,280</u>	<u>1,251,895</u>
<b>Capital</b>			
Province of Ontario			
Conditional - Roads	312,000	384,274	664,881
- Sewer and water	-	160,634	1,046,248
- Other	10,000	12,483	92,418
	<u>322,000</u>	<u>557,391</u>	<u>1,803,547</u>
Government of Canada			
Conditional - Roads	-	384,274	602,212
- Sewer and water	-	160,634	1,046,248
- Other	-	-	89,154
	<u>-</u>	<u>544,908</u>	<u>1,737,614</u>
Other Municipalities			
- Other	-	2,543	10,647
	<u>-</u>	<u>2,543</u>	<u>10,647</u>
<b>Total capital grants</b>	<u>322,000</u>	<u>1,104,842</u>	<u>3,551,808</u>
<b>Total grants</b>	<u>\$ 1,616,025</u>	<u>\$ 3,936,122</u>	<u>\$ 4,803,703</u>

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## The Corporation of the Township of Wellington North

### Notes to Financial Statements

**December 31, 2011**

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#### 12. Pension Agreements

The Township makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 36 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 2011 by the Township was \$148,499 (2010 - \$127,952). The contribution rate for 2011 was 7.4% to 14.1% depending on age and income level (2010 - 6.4% to 13.1%).

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 township does not recognize any share of the OMERS pension surplus or deficit. The last available report for the OMERS plan was December 31, 2011. At that time the plan reported a \$7.3 billion actuarial deficit (2010 - \$4.4 billion actuarial deficit), based on actuarial liabilities of \$64.5 billion (2010 - \$60 billion) and actuarial assets of \$57.2 billion (2010 - \$55.6 billion). Ongoing adequacy of the current contribution rate will need to be monitored as the recent severe decline in the financial markets may lead to increased future funding requirements.

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#### 13. Operations of School Boards and the County of Wellington

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

	2011	2010
School Boards	\$ 3,329,812	\$ 3,370,968
County of Wellington	7,140,684	7,055,091
	<u>\$ 10,470,496</u>	<u>\$ 10,426,059</u>

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#### 14. Trust Funds

The trust funds administered by the township amounting to \$273,419 (2010 - \$263,858) have not been included in the consolidated statement of financial position nor have the operations been included in the consolidated statement of financial activities.

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## The Corporation of the Township of Wellington North

### Notes to Financial Statements

**December 31, 2011**

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#### 15. Commitments

The Township of Wellington North has committed to completing construction on the Cork Street Pumping Station. The total estimated costs are \$5,590,000. As of December 31, 2011, a total of 4,698,194 has been spent.

The Township of Wellington North has committed to purchasing an emergency generator for the Arthur Fire Station for an estimated cost of \$54,000. Delivery is expected in early 2012.

The Township of Wellington North has committed to the Concession 4 River Bank Erosion Project the estimated total cost is \$215,000. As of December 31, 2011, a total of \$11,686 has been spent.

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#### 16. Segmented Information

The is a diversified municipal government institution that provides a wide range of services to its citizens such as fire, sewer, water, recreation, and planning. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

##### **General Government**

This item related to the revenues and expenses that relate to the governance and operations of the township itself and cannot be directly attributed to a 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**

Transportation is responsible for construction and maintenance of the township's roadways, bridges, and streetlighting.

##### **Sewer and Water**

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



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**The Corporation of the Township of Wellington North**  
**Notes to Financial Statements**

**December 31, 2011**

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**16. Segmented Information - continued**

**Health**

Health services includes the operations of local cemeteries.

**Recreational and Cultural Services**

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

**Planning and Development**

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

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. Amounts that are directly attributable to a number of segment have been allocated on a reasonable basis as follows:

**Taxation, payments-in-lieu  
and penalties and interest**

Allocated to those segments that are funded by these amounts based on the budget for the year.

**OMPF Grants**

Allocated to segments based on the budget for the year.

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**The Corporation of the Township of Wellington North**  
**Notes to Financial Statements**

For the year ended December 31, 2011	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation and Cultural Services	Planning and Development	2011 Total
<b>Revenue</b>								
Taxation	\$ 414,468	\$ 1,006,569	\$ 2,960,497	-	-	\$ 1,361,829	\$ 177,630	\$ 5,920,993
Fees and user charges	61,688	47,918	58,285	4,150,658	31,555	698,604	94,339	5,143,047
Specific grants	3,250	473,585	2,118,621	321,826	-	2,800	45,440	2,965,522
OMPF grant	67,942	165,002	485,300	-	-	223,238	29,118	970,600
Other revenue	379,762	257,610	41,460	-	3,953	27,459	20,698	730,942
Transfers from obligatory reserve	-	-	601,299	-	-	-	-	601,299
	<b>927,110</b>	<b>1,950,684</b>	<b>6,265,462</b>	<b>4,472,484</b>	<b>35,508</b>	<b>2,313,930</b>	<b>367,225</b>	<b>16,332,403</b>
<b>Expenses</b>								
Salaries and benefits	746,494	513,067	1,076,574	476,812	15,038	697,294	55,833	3,581,112
Interest on debt	18,683	-	15,820	222,833	-	269,761	65,413	592,510
Materials and supplies	478,926	440,995	3,877,848	1,103,166	30,212	681,756	262,775	6,875,678
Contracted services	-	-	-	370,808	-	-	18,227	389,035
Other transfers	21,829	390,342	-	-	-	-	19,998	432,169
Rents and financial expenses	84,653	-	-	-	-	-	-	84,653
Amortization	47,224	147,752	2,994,356	1,326,253	2,271	325,050	-	4,842,906
	<b>1,397,809</b>	<b>1,492,156</b>	<b>7,964,598</b>	<b>3,499,872</b>	<b>47,521</b>	<b>1,973,861</b>	<b>422,246</b>	<b>16,798,063</b>
<b>Annual surplus (deficit)</b>	<b>\$ (470,699)</b>	<b>\$ 458,528</b>	<b>\$ (1,699,136)</b>	<b>\$ 972,612</b>	<b>\$ (12,013)</b>	<b>\$ 340,069</b>	<b>\$ (55,021)</b>	<b>\$ (465,660)</b>

**The Corporation of the Township of Wellington North**  
**Notes to Financial Statements**

For the year ended December 31, 2010	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation and Cultural Services	Planning and Development	2010 Total
<b>Revenue</b>								
Taxation	\$ 721,702	\$ 333,094	\$ 2,664,749	-	-	\$ 1,498,921	\$ 333,094	\$ 5,551,560
Fees and user charges	92,878	32,669	61,126	3,783,488	59,728	678,499	120,119	4,828,507
Specific grants	12,515	106,991	1,310,297	2,092,496	-	221,286	32,119	3,775,704
OMPF grant	133,640	61,680	493,440	-	-	277,560	61,680	1,028,000
Other revenue	1,483,130	256,460	5,028	(5,066)	3,660	120,342	35,103	1,898,657
Transfers from obligatory reserve	-	-	269,610	-	-	74,709	-	344,319
	<u>2,443,865</u>	<u>790,894</u>	<u>4,804,250</u>	<u>5,870,918</u>	<u>63,388</u>	<u>2,871,317</u>	<u>582,115</u>	<u>17,426,747</u>
<b>Expenses</b>								
Salaries and benefits	732,132	443,975	983,472	494,128	18,023	657,166	63,814	3,392,710
Interest on debt	21,432	-	9,345	194,177	-	257,616	71,253	553,823
Materials and supplies	531,577	422,176	1,383,869	1,219,761	18,214	738,625	228,745	4,542,967
Contracted services	-	-	-	360,716	-	450	21,247	382,413
Other transfers	19,335	122,451	-	-	-	-	-	141,786
Rents and financial expenses	87,503	-	2,926	-	-	300	-	90,729
Amortization	36,202	130,922	3,567,706	953,262	2,271	329,869	-	5,020,232
	<u>1,428,181</u>	<u>1,119,524</u>	<u>5,947,318</u>	<u>3,222,044</u>	<u>38,508</u>	<u>1,984,026</u>	<u>385,059</u>	<u>14,124,660</u>
<b>Annual surplus (deficit)</b>	<b>\$ 1,015,684</b>	<b>\$ (328,630)</b>	<b>\$ (1,143,068)</b>	<b>\$ 2,648,874</b>	<b>\$ 24,880</b>	<b>\$ 887,291</b>	<b>\$ 197,056</b>	<b>\$ 3,302,087</b>

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**The Corporation of the Township of Wellington North  
Schedule of Deferred Revenue**

**For the year ended December 31, 2011**

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	Opening	Contributions Received	Investment Income	Revenue Recognized	Ending
<b>Obligatory Reserve Funds</b>					
Development charges	\$ 689,856	\$ 194,394	\$ 8,252	\$ -	\$ 892,502
Federal gas tax	475,226	342,793	4,118	(601,299)	220,838
Recreational land	8,225	20,750	188	-	29,163
	1,173,307	557,937	12,558	(601,299)	1,142,503
<b>Other</b>					
Municipal roads and bridges	49,379	422,742	-	-	472,121
Other	8,000	16,364	-	(8,000)	16,364
	\$ 1,230,686	\$ 997,043	\$ 12,558	\$ (609,299)	\$1,630,988

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**The Corporation of the  
Township of Wellington North  
Trust Funds  
Financial Statements  
For the year ended December 31, 2011**



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PO Box 397  
Owen Sound ON N4K 5P7 Canada

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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**

We have audited the accompanying financial information for the trust funds of the Corporation of the Township of Wellington North, which comprise the balance sheet as at December 31, 2011, the statement of continuity for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Financial Information**

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

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on this financial information 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 information is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial information. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial information, 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 information 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 information.

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



## Opinion

In our opinion, the financial information presents fairly, in all material respects, the balance sheet for the trust funds of the Corporation of the Township of Wellington North as at December 31, 2011 and the statement of continuity for the year then ended in accordance with Canadian public sector accounting standards.

*BDO Canada LLP*

Chartered Accountants, Licensed Public Accountants

Owen Sound, Ontario  
October 15, 2012

**The Corporation of the Township of Wellington North**  
**Trust Funds**  
**Balance Sheet**

**December 31, 2011**

	Total	Subdividers	Cemetery Care and Maintenance	History Books
<b>Assets</b>				
Cash	\$ 218,572	\$ 2,249	\$ 208,813	\$ 7,510
Investments (Note 2)	59,579	-	59,579	-
Accrued Interest	779	-	779	-
	<b>\$ 278,930</b>	<b>\$ 2,249</b>	<b>\$ 269,171</b>	<b>\$ 7,510</b>
<b>Liabilities</b>				
Due to Township	\$ 5,511	\$ -	\$ 5,511	\$ -
<b>Fund balance</b>	<b>273,419</b>	<b>2,249</b>	<b>263,660</b>	<b>7,510</b>
<b>Fund Balance</b>	<b>\$ 278,930</b>	<b>\$ 2,249</b>	<b>\$ 269,171</b>	<b>\$ 7,510</b>

**Statement of Continuity**

**For the year ended December 31, 2011**

	Total	Subdividers	Cemetery Care and Maintenance	History Books
<b>Balance, beginning of year</b>	<b>\$ 263,858</b>	<b>\$ 2,216</b>	<b>\$ 254,237</b>	<b>\$ 7,405</b>
<b>Receipts</b>				
Interest earned	341	33	203	105
Monument fees	1,450	-	1,450	-
Share of plot sales	7,770	-	7,770	-
	<b>9,561</b>	<b>33</b>	<b>9,423</b>	<b>105</b>
<b>Balance, end of the year</b>	<b>\$ 273,419</b>	<b>\$ 2,249</b>	<b>\$ 263,660</b>	<b>\$ 7,510</b>



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**The Corporation of the Township of Wellington North**  
**Trust Funds**  
**Notes to Financial Statements**

**December 31, 2011**

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**1. Summary of Significant Accounting Policies**

**Management Responsibility** The consolidated financial statements of the Corporation of the Township of Wellington North Trust Funds are the representation of management. They have been prepared in accordance with accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants as prescribed by the Ontario Ministry of Municipal Affairs and Housing.

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

**Accrual Basis of Accounting** Revenue and expenses are reported on the accrual basis of accounting.

The accrual basis of accounting recognizes revenues as they become available and measurable; expenses 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.

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**2. Investments**

The total investments of \$59,579 (2010 - \$66,930) reported on the Balance Sheet at cost have a market value of \$60,359 (2010 - \$67,372) at the end of the year.

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