The Township of Wellington North

Financial Statements

For the year ended December 31, 2009

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Contents

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Auditors' Report

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

We have audited the consolidated statement of financial position of the Township of Wellington North as at December 31, 2009 and the consolidated statements of financial operations and accumulated surplus, change in net debt and cash flows for the year then ended. These financial statements are the responsibility of the Township's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Township of Wellington North as at December 31, 2009 and the results of its financial activities and changes in financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Canada LLP

Chartered Accountants, Licensed Public Accountants

Owen Sound, Ontario
May 7, 2010, except as to Note 5 which is as of November 23, 2011

The Township of Wellington North
Consolidated Statement of Financial Position

December 31	2009	2008 (Restated Note 16)
Financial assets		
Cash (Note 1)	$ 318,622	$ -
Taxes receivable	1,271,289	1,070,471
Trade and other receivables	5,163,987	9,360,177
Long-term receivables (Note 2)	2,641,736	2,396,868
Long-term investments (Note 3)	3,553,393	3,139,073
	12,949,027	15,966,589
Liabilities		
Bank indebtedness (Note 1)	-	5,118,459
Accounts payable and accrued liabilities	3,289,983	4,113,384
Deferred revenue (Page 27)	922,488	1,889,992
Net long-term liabilities (Note 4)	10,424,420	9,150,043
	14,636,891	20,271,878
Net debt	(1,687,864)	(4,305,289)
Contingencies		
Non financial assets		
Prepaid Expenses	46,364	121,620
Tangible capital assets (Note 5)	117,620,468	119,483,107
	117,666,832	119,604,727
Accumulated surplus (Note 6)	$ 115,978,968	$ 115,299,438

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

The Township of Wellington North
Consolidated Statement of Operations and Accumulated Surplus

For the year ended December 31	2009 Budget	2009 Actual	2008 Actual (Restated Note 16)
Revenue			
Taxation	$ 4,989,256	$ 5,045,288	$ 4,642,594
Fees and user charges	3,766,300	4,360,899	4,130,565
Grants (Note 10)	8,800,449	5,015,894	9,395,464
Other income (Note 8)	977,800	1,380,285	1,231,334
Obligatory reserve fund revenue recognized	-	316,611	547,916
	18,533,805	16,118,977	19,947,873
Expenses			
General government	1,214,683	1,317,892	1,525,329
Protection services	871,416	981,583	947,123
Transportation services	2,430,155	7,498,961	7,810,109
Environmental services			
Water	949,700	1,477,640	1,515,201
Sewer	1,118,281	1,609,589	1,327,151
Health services	31,725	26,274	30,979
Recreation and cultural services	1,611,880	2,144,314	1,498,043
Planning and development	218,400	383,194	342,478
	8,446,240	15,439,447	14,996,413
Annual surplus	10,087,565	679,530	4,951,460
Accumulated surplus, beginning of year	115,299,438	115,299,438	110,347,978
Accumulated surplus, end of year	$125,387,003	$ 115,978,968	$115,299,438

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

The Township of Wellington North
Consolidated Statement of Changes in Net Debt

For the year ended December 31	2009 Budget	2009 Actual	2008 Actual
Annual surplus	$ 10,087,565	$ 679,530	$ 4,951,460
Acquisition of tangible capital assets	(7,833,588)	(4,215,395)	(18,701,855)
Amortization of tangible capital assets	-	5,777,034	5,307,850
Gain on sale of tangible capital assets	-	(24,000)	-
Proceeds on disposal of capital assets	-	325,000	-
	(7,833,588)	1,862,639	(13,394,005)
Change in prepaid expenses	-	75,256	(73,286)
Decrease (increase) in net debt	2,253,977	2,617,425	(8,515,831)
Net financial assets (debt), beginning of the year	(4,305,289)	(4,305,289)	4,210,542
Net debt, end of the year	$ (2,051,312)	$ (1,687,864)	$ (4,305,289)

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

The Township of Wellington North
Consolidated Statement of Cash Flow

For the year ended December 31	2009	2008 (Restated Note 16)
Cash provided by (used in)		
Operating activities		
Annual surplus	$ 679,530	$ 4,951,460
Items not involving cash		
Equity in loss (income) of Wellington North Power Inc.	(514,320)	6,641
Amortization	5,777,034	5,307,850
Deferred revenue recognized	(1,625,532)	(552,909)
Change in prepaid expenses	75,256	(73,284)
Gain on disposal of capital assets	(24,000)	-
	4,367,968	9,639,758
Changes in non-cash working capital balances		
Taxes receivable	(200,818)	176,514
Trade and other receivables	4,196,190	(4,512,614)
Accounts payable and accrued liabilities	(823,401)	637,548
Deferred revenue received	658,028	2,031,561
	3,829,999	(1,666,991)
	8,197,967	7,972,767
Capital transactions		
Cash used to acquire capital assets	(4,215,395)	(18,701,855)
Proceeds on disposal of capital assets	325,000	-
	(3,890,395)	(18,701,855)
Investing activities		
Increase in long-term receivables	(244,868)	(773,344)
Decrease in long-term investments	100,000	100,000
	(144,868)	(673,344)
Financing activities		
Additions to long-term liabilities	2,166,500	2,000,000
Repayments of long-term liabilities	(892,123)	(445,399)
	1,274,377	1,554,601
Net change in cash and cash equivalents	5,437,081	(9,847,831)
Cash (indebtedness), beginning of year	(5,118,459)	4,729,372
Cash (indebtedness), end of year	$ 318,622	$ (5,118,459)

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

December 31, 2009

Management Responsibility

The consolidated financial statements of the Township of Wellington North are the representation of management. They have been prepared in accordance with Canadian generally accepted 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.

Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. 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 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

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.

Basis of Accounting

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.

Tangible Capital Assets

Tangible capital assets are recorded at cost which 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.

County and School Boards

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

Revenue Recognition

Revenues are reported on the accrual basis of accounting. Revenues are recognized as follows:

a) Tax levies are recognized as revenue when amounts are levied on the municipality's rate payers.

b) Fines and donations are recognized when collected.

c) Other revenues are recorded upon sale of goods or provision of service when collection is reasonably assured.

d) Government transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, and eligibility criteria have been met and reasonable estimates of the amounts can be made.

e) Revenue restricted by legislation, regulation or agreement and not available for general municipal purposes is reported as deferred revenue on the consolidated statement of financial position. The revenue is reported on the consolidated statement of operations and accumulated surplus in the year in which it is used for the specified purpose.

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.

December 31, 2009

1. Cash

	2009	2008
Cash (bank indebtedness)	$ 318,622	$ (5,118,459)

Interest on bank indebtedness is payable monthly and calculated at Royal Bank prime minus 0.50%. At December 31, 2009, the municipality had undrawn credit capacity under this facility of approximately $3,678,000

2. Long-Term Receivables

	2009	2008
Sewer loans, various rates, repayments and due dates	$ 455,449	$ 40,743
Township of Southgate for the Mount Forest and Area Sports Complex, repayable in annual principal payments of $100,925, 0%, due January 1, 2016	706,475	807,400
Medical clinic loan, 6.92%, monthly payments of $4,993 principal and interest, due November 2012	327,159	363,073
Tile drainage loans, 8% or 6%, various repayments and due dates	1,152,653	1,185,653
	$ 2,641,736	$ 2,396,869

3. Investment in Wellington North Power Inc.

	2009	2008
Investment in common shares	$ 1,585,016	$ 1,585,016
Note receivable on demand, interest at 7.25%	1,185,016	1,285,016
Share of accumulated net income	783,361	269,041
	$ 3,553,393	$ 3,139,073

During 2009, the Township of Wellington North received interest of $79,272 (2008 - $85,522) 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 Township of Wellington North owns 96.79% of the outstanding shares of Wellington North Power Inc.

	2009	2008
		(Restated)
Assets	$ 6,771,169	$ 6,167,399
Liabilities	$ 4,327,242	$ 4,216,385
Equity	2,443,927	1,951,014
	$ 6,771,169	$ 6,167,399
Revenues	$ 7,527,784	$ 8,329,876
Expenses	7,034,871	8,336,737
Net loss for the year	$ 492,913	$ (6,861)

4. Long-Term Liabilities

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

	2009	2008
Tile drainage loans payable, 8% or 6%, due from 2010 to 2018	$ 1,152,653	$ 1,185,653
Loan payable, 6.92%, payable $4,993 per month, principal and interest, due November 2012	327,159	363,073
Mortgage payable, 0%, principal repayments annually at declining rate, due September 2011, or due upon 90 days notice by Mortgagor if certain conditions are met	-	200,000
Debenture payable, 5.84%, payable $128,114 semi-annually, principal and interest, due August 2024	2,537,260	2,640,756
Debenture payable, 4.858%, payable $191,153 semi-annually, principal and interest, due August 2017	2,509,348	2,760,561
Debenture payable, 3.85% increasing to 5.00%, principal repayments annually at declining rate, due July 2018	1,898,000	2,000,000
Debenture payable, 1.65% increasing to 4.90%, principal repayments annually at declining rate, due February 2019	2,000,000	-
	$ 10,424,420	$ 9,150,043

Principal payments for the next 5 fiscal years and thereafter are as follows:

2010	$	766,412
2011	$	1,036,767
2012	$	774,029
2013	$	804,770
2014	$	828,599
Thereafter	$	6,213,843

5. Tangible Capital Assets

								2009
	Land and Land Improvements	Buildings	Machinery and Equipment	Vehicles	Roads	Bridges and Culverts	Water and Sewer Systems	Total
Cost, beginning of year	$ 5,261,849	$ 17,241,602	$ 26,618,556	$ 4,995,082	$ 121,952,723	$ 4,351,211	$ 25,288,229	$ 205,709,252
Additions		448,411	1,492,424	239,748	1,709,846	-	324,966	4,215,395
Disposals	(301,000)	(50,000)	(48,508)	-	-	-	-	399,508
Cost, end of year	4,960,849	17,640,013	28,062,472	5,234,830	123,662,569	4,351,211	25,613,195	209,525,139
Accumulated amortization, beginning of year	396,039	2,994,727	4,954,135	2,424,416	67,965,585	2,343,186	5,148,057	86,226,145
Amortization	19,660	346,349	813,930	307,949	3,874,492	64,531	350,123	5,777,034
Disposals	-	(50,000)	(48,508)	-	-	-	-	(98,508)
Accumulated amortization, end 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
Net carrying amount, end of year	$ 4,545,150	$ 14,348,937	$ 22,342,915	$ 2,502,465	$ 51,822,492	$ 1,943,494	$ 20,115,015	$ 117,620,468

5. Tangible Capital Assets - (continued)

								2008
	Land and Land Improvements	Buildings	Machinery and Equipment	Vehicles	Roads	Bridges and Culverts	Water and Sewer Systems	Total
Cost, beginning of year	$ 5,247,307	$ 11,627,333	$ 17,351,698	$ 4,565,943	$120,886,364	$3,924,725	$ 23,404,027	$ 187,007,397
Additions	14,542	5,614,269	9,266,858	429,139	1,066,359	426,486	1,884,202	18,701,855
Disposals		-	-	-	-	-	-	-
Cost, end of year	5,261,849	17,241,602	26,618,556	4,995,082	121,952,723	4,351,211	25,288,229	205,709,252
Accumulated amortization, beginning of year	376,834	2,826,656	4,371,782	2,137,766	64,103,890	2,286,988	4,814,379	80,918,295
Amortization	19,205	168,071	582,353	286,650	3,861,695	56,198	333,678	5,307,850
Disposals		-	-	-	-	-	-	-
Accumulated amortization, end of year	396,039	2,994,727	4,954,135	2,424,416	67,965,585	2,343,186	5,148,057	86,226,145
Net carrying amount, end of year	$ 4,865,810	$ 14,246,875	$ 21,664,421	$ 2,570,666	$ 53,987,138	$2,008,025	$ 20,140,172	$ 119,483,107

5. 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 $2,772,032 (2008 - $969,304).

$7,509 (2008 - Nil) in contributed (nature of capital assets) capital assets were recognized in the financial statements during the year.

6. Accumulated Surplus

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

	2009	2008 (Restated Note 17)
Invested in tangible capital assets		
Tangible capital assets at cost less amortization	$ 117,620,467	$119,483,108
Unfinanced (unexpended) capital assets	354,139	(4,318,658)
Capital assets financed by long-term liabilities and to be funded in future years	(8,944,608)	(7,601,317)
Total invested in capital assets	109,029,998	107,563,133
General surplus	384,378	357,464
Investment in Wellington North Power Inc.	3,553,393	3,139,073
Water	(1,341,991)	(1,056,026)
Wastewater	576,630	1,590,622
Cemeteries	27,649	28,678
Recreation, community centres and arenas	(7,444)	(8,511)
Streetlighting	(81,078)	(32,597)
Business Improvement Areas	(88,743)	49,435
	112,052,792	111,631,271
Reserves and reserve funds (Note 7)	3,926,176	3,668,167
Accumulated surplus	$ 115,978,968	$115,299,438

December 31, 2009

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

	2009	2008
Reserves		
Working funds	$ 1,040,329	$ 1,054,941
Current purposes	31,091	26,091
Capital purposes	493,795	537,497
	1,565,215	1,618,529
Reserve funds		
Capital purposes	2,360,961	2,049,638
Reserves and reserve funds set aside for specific purpose by Council	$ 3,926,176	$ 3,668,167

8. Other Income

	2009 Budget	2009 Actual	2008 Actual
Penalties and interest on taxation	$ 100,000	$ 171,381	$ 166,779
Other fines and penalties	1,200	2,702	2,286
Investment income	166,170	118,609	353,910
Licenses, permits and rents	325,400	291,305	274,107
Donations	30	193,117	156,484
Prepaid special charges	-	50,351	-
Sale of equipment and other assets	385,000	42,540	27,500
Sale of land	-	-	144,408
Government business enterprise	-	514,320	(6,641)
Other	-	(4,040)	112,501
	$ 977,800	$ 1,380,285	$ 1,231,334

9. Budgets

Under Canadian generally accepted accounting principles, budget amounts are to be reported on the consolidated statement of operations and changes in net debt for comparative purposes. The 2009 budget amounts for 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. The budget figures have not been audited.

	2009 Budget	**2009 Actual**	2008 Actual
Annual surplus	$ 10,087,565	**$ 679,530**	$ 4,951,460
Prior year general surplus	-	**357,468**	703,843
Transfers (to) from reserves	(240,000)	**(258,009)**	(623,910)
Capital acquisitions, disposals and write-down	(7,918,588)	**(3,914,395)**	(18,701,855)
Amortization	-	**5,777,034**	5,307,850
Proceeds from long-term debt	-	**2,000,000**	2,000,000
Debt principal repayments	(553,694)	**(656,709)**	(437,147)
Change in other surpluses	(129,275)	**1,072,258**	(843,745)
	1,246,008	**5,057,177**	(7,643,504)
Capital projects not funded	-	**-**	8,000,972
Prior year capital projects funded	(1,246,008)	**(4,672,797)**	-
	$ -	**$ 384,380**	$ 357,468

December 31, 2009

10. Grants

	Budget	2009	2008
Operating			
Province of Ontario			
Ontario Municipal Partnership Fund (OMPF)	$ 1,285,001	$ 1,285,000	$ 1,285,000
Conditional - Roads	25,000	52,618	45,186
- Sewer and Water	-	-	353,612
- Other	8,560	31,615	9,634
	1,318,561	1,369,233	1,693,432
Other Municipalities			
- Other	243,125	146,449	934,523
Total operating grants	1,561,686	1,515,682	2,627,955
Capital			
Province of Ontario			
Conditional - Roads	1,884,182	1,761,769	1,002,445
- Sewer and water	1,450,207	642,469	2,820,788
- Other	30,052	133,139	8,577
	3,364,441	2,537,377	3,831,810
Government of Canada			
Conditional - Roads	249,063	183,454	114,911
- Sewer and water	1,450,207	642,469	2,820,788
- Other	5,052	128,812	-
	1,704,322	954,735	2,935,699
Other Municipalities			
Conditional - Roads	150,000	-	-
- Other	2,020,000	8,100	-
	2,170,000	8,100	-
Total capital grants	7,238,763	3,500,212	6,767,509
Total grants	$ 8,800,449	$ 5,015,894	$ 9,395,464

11. 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 amount contributed to OMERS for 2009 was $127,952 (2008 - $120,994). The contribution rate for 2009 was 6.3% to 12.8% depending on age and income level (2008 - 6.5% to 10.7%).

OMERS is a multi-employer plan, therefore any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. 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, 2009. At that time the plan reported a $1.5 billion actuarial deficit (2008 - $0.3 billion deficit), based on actuarial liabilities of $54.2 billion (2008 - $50.1 billion) and actuarial assets of $52.7 billion (2008 - $49.8 billion). Ongoing adequacy of the current contribution rates will need to be monitored and the recent severe decline in the financial markets may lead to increased future funding requirements.

12. 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:

	2009	2008
School Boards	$ 3,410,888	$ 3,427,668
County of Wellington	6,890,185	6,735,720
	$ 10,301,073	$ 10,163,388

13. Trust Funds

The trust funds administered by the municipality amounting to $246,932 (2008 - $235,868) have not been included in the consolidated statement of financial position nor have the operations been included in the consolidated statement of financial activities.

14. Subdivision Agreements

As part of various subdivision agreements, the municipality has received Letters of Credit to cover developers' responsibilities in completing the projects as well as covering unpaid municipal levies. Letters of Credit held by the municipality at December 31, 2009 amount to $1,627,427 (2008 - $1,806,475)

15. Commitments

The Township of Wellington North has committed to completing repairs on Egremont Street. The estimated total cost of repairs is $2,597,000. As of December 31, 2009, a total of $172,000 has been spent.

The Township of Wellington North has committed to purchasing a pumper fire truck for an estimated cost of $448,000. It should be delivered late 2010 or early 2011.

The Township of Wellington North has committed to completing construction on the Cork Street Pumping Station. The total estimated costs are $1,011,000.

16. Change in Accounting Principles

On January 1, 2009 the municipality adopted the revised accounting standards Section 1000 - Financial Statement Concepts, Section 1100 - Financial Statement Objectives, Section 1200 - Financial Statement Presentation and the new accounting standard Section 3150 - Tangible Capital Assets. As a result of the adoption, the presentation of the financial statements changed from the prior year. In addition, the new tangible capital assets standard required the recognition of all tangible capital assets as assets in the financial statements. This change in accounting policy has been applied retroactively with the restatement of the prior period. The impact of adopting the tangible capital asset standard was as follows:

Increase in non-financial assets - tangible capital assets	$ 119,483,107
Increase in operating expenses:	
General government	98,108
Protection services	166,130
Transportation services	5,488,010
Environmental services	798,154
Health services	2,039
Recreational and cultural services	199,407
Planning and development	51,172
Decrease in capital expenses	(20,197,024)
Increase in annual surplus	13,394,004
Increase in opening accumulated surplus	106,089,103
Increase in accumulated surplus	$ 119,483,107

17. Segmented Information

The is a diversified municipal government institution that provides a wide range of services to its citizens 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 item related to the revenues and expenses that relate to the governance and operations of the municipality itself and cannot be directly attributed to a specific segment.

Protection to Persons and Property

Protection is comprised of 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 municipality's roadways, bridges, and streetlighting.

Sewer and Water

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

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 municipality's citizens. The municipality operates and maintains parks, arenas, a swimming pool, and community centres. The municipality also provides recreational programs.

17. **Segmented Information** - (continued)

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, and payments-in-lieu	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.

For the year ended December 31, 2009	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation and Cultural Services	Planning and Development	2009 Total
Revenue								
Taxation	$ 252,264	$ 554,982	$ 1,765,851	$ 1,614,492	$ -	$ 756,793	$ 100,906	$ 5,045,288
Fees and user charges	60,151	36,078	46,378	3,406,116	34,281	675,608	102,287	4,360,899
Specific grants	15,266	127,268	2,579,012	703,766	-	274,719	30,863	3,730,894
OMPF grant	64,250	141,350	449,750	411,200	-	192,750	25,700	1,285,000
Other revenue	845,142	39,451	6,540	-	3,554	188,117	297,481	1,380,285
Transfers from obligatory reserve	-	-	316,611	-	-	-	-	316,611
	1,237,073	899,129	5,164,142	6,135,574	37,835	2,087,987	557,237	16,118,977
Expenses								
Salaries and benefits	720,486	449,230	954,495	458,534	16,338	660,940	57,606	3,317,629
Interest on debt	23,997	-	-	150,881	-	297,530	72,084	544,492
Materials and supplies	396,551	373,105	2,309,863	1,027,583	10,665	844,255	231,767	5,193,789
Contracted services	-	-	-	356,468	-	-	21,738	378,206
Other transfers	26,454	122,116	-	-	-	-	-	148,570
Rents and financial expenses	75,441	-	-	-	-	750	-	76,191
Amortization	17,664	128,632	4,234,602	1,067,563	2,271	329,838	-	5,780,570
	1,260,593	1,073,083	7,498,960	3,061,029	29,274	2,133,313	383,195	15,439,447
Annual surplus (deficit)	***$ (23,520)***	***$ (173,954)***	***$ (2,334,818)***	***$ 3,074,545***	***$ 8,561***	***$ (45,326)***	***$ 174,042***	***$ 679,530***

For the year ended December 31, 2008	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation and Cultural Services	Planning and Development	2008 Total
Revenue								
Taxation	$ 789,241	$ 464,259	$ 2,507,001	$ -	$ -	$ 835,667	$ 46,426	$ 4,642,594
Fees and user charges	50,764	28,427	63,637	3,224,181	35,430	570,299	157,827	4,130,565
Specific grants	2,861	96,172	3,905,960	3,258,380	-	846,997	94	8,110,464
OMPF grant	218,450	128,500	693,900	-	-	231,300	12,850	1,285,000
Other revenue	517,527	35,019	91,857	65,925	8,308	166,984	345,714	1,231,334
Transfers from obligatory reserve	-	9,296	-	460,688	-	77,932	-	547,916
	1,578,843	761,673	7,262,355	7,009,174	43,738	2,729,179	562,911	19,947,873
Expenses								
Salaries and benefits	639,183	415,861	928,930	450,346	17,767	608,426	73,559	3,134,072
Interest on debt	26,464	-	-	155,831	-	59,857	72,108	314,260
Materials and supplies	730,159	370,223	2,742,960	1,052,022	14,172	656,204	163,626	5,729,366
Contracted services	-	-	-	364,803	-	-	32,215	397,018
Other transfers	20,522	113,954	-	-	-	-	-	134,476
Rents and financial expenses	(20,861)	-	-	-	-	232	-	(20,629)
Amortization	76,061	134,484	4,138,218	794,152	2,039	161,925	971	5,307,850
	1,471,528	1,034,522	7,810,108	2,817,154	33,978	1,486,644	342,479	14,996,413
Annual surplus (deficit)	*$ 107,315*	*$ (272,849)*	*$ (547,753)*	*$ 4,192,020*	*$ 9,760*	*$ 1,242,535*	*$ 220,432*	*$ 4,951,460*

The Township of Wellington North
Schedule of Deferred Revenue

For the year ended December 31, 2009

	Opening	Contributions Received	Investment Income	Revenue Recognized	Ending
Obligatory Reserve Funds					
Development charges	$ 116,769	$ 283,502	$ 1,002	$ -	$ 401,273
Federal gas tax	345,102	367,335	1,413	(316,611)	397,239
Recreational land	69,821	4,500	276	-	74,597
	531,692	655,337	2,691	(316,611)	873,109
Other					
Investing in Ontario	623,955	-	-	(623,955)	-
Municipal roads & bridges	733,945	-	-	(684,566)	49,379
Other	400	-	-	(400)	-
	$ 1,889,992	$ 655,337	$ 2,691	$ (1,625,532)	$ 922,488

The Township of Wellington North

Trust Funds

Financial Statements

For the year ended December 31, 2009

BDO

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BDO Canada LLP
1717 2nd Avenue E, Third Floor
PO Box 397
Owen Sound ON N4K 5P7 Canada

Auditors' Report

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

We have audited the balance sheet of the trust funds of the Township of Wellington North as at December 31, 2009 and the statement of continuity of the trust funds for the year then ended. These financial statements are the responsibility of the Township's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the trust funds of the Township of Wellington North as at December 31, 2009 and the continuity of the trust funds for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Canada LLP

Chartered Accountants, Licensed Public Accountants

Owen Sound, Ontario
May 7, 2010

The Township of Wellington North
Trust Funds
Balance Sheet

December 31, 2009

	Total	Subdividers	Cemetery Care and Maintenance	History Books
Assets				
Cash	$ 180,718	$ 2,201	$ 171,162	$ 7,354
Investments (Note 2)	66,930	-	66,930	-
Accrued Interest	1,086	-	1,086	-
	$ 248,734	$ 2,201	$ 239,178	$ 7,354
Liabilities				
Due to Township	$ 1,801	$ -	$ 1,801	$ -
Fund balance	246,932	2,201	237,377	7,354
	$ 248,733	$ 2,201	$ 239,178	$ 7,354

Statement of Continuity

For the year ended December 31, 2009

	Total	Subdividers	Cemetery Care and Maintenance	History Books
Balance, beginning of year	$ 235,868	$ 2,186	$ 226,377	$ 7,304
Receipts				
Interest earned	65	15	-	50
Monument fees	2,000	-	2,000	-
Share of plot sales	9,000	-	9,000	-
	11,065	15	11,000	50
Balance, end of the year	$ 246,933	$ 2,201	$ 237,377	$ 7,354

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

December 31, 2009

1. Summary of Significant Accounting Policies

Management Responsibility

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

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.

2. Investments

The total investments of $66,930 (2008 - $66,166) reported on the Balance Sheet at cost have a market value of $66,930 (2008 - $66,166) at the end of the year.