

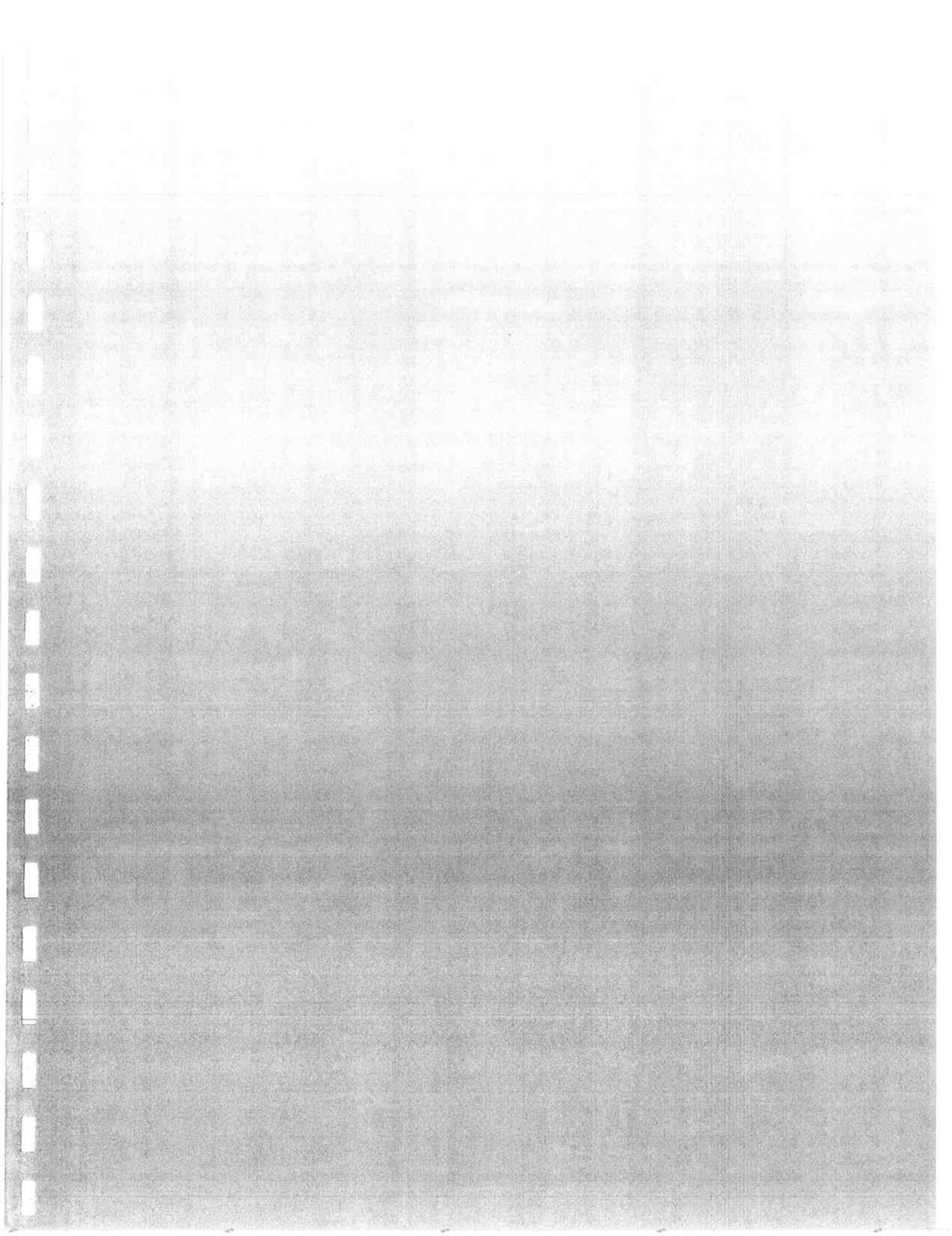
**The Corporation of the
Township of Wellington North
Financial Information
For the year ended December 31, 2010**

The Corporation of the Township of Wellington North
Financial Information
For the year ended December 31, 2010

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Financial Statements
For the year ended December 31, 2010**

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For the year ended December 31, 2010

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Independent Auditor's Report

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

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, 2010, and the consolidated statements of operations and accumulated surplus, changes in net 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, 2010 and the results of its operations, changes in net 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
June 18, 2012

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

December 31	2010	2009
Financial assets		
Cash (Note 1)	\$ 4,374,328	\$ 318,622
Taxes receivable	1,291,205	1,271,289
Trade and other receivables	5,917,539	5,163,987
Long-term receivables (Note 2)	2,352,754	2,641,736
Long-term investments (Note 3)	3,648,524	3,553,393
	<u>17,584,350</u>	<u>12,949,027</u>
Financial Liabilities		
Accounts payable and accrued liabilities	4,390,940	3,289,983
Deferred revenue (Page 27)	1,230,686	922,488
Net long-term liabilities (Note 4)	12,223,327	10,424,420
	<u>17,844,953</u>	<u>14,636,891</u>
Net debt	<u>(260,603)</u>	<u>(1,687,864)</u>
Contingencies		
Non financial assets		
Prepaid Expenses and inventory	39,613	46,364
Tangible capital assets (Note 5)	119,502,045	117,620,468
	<u>119,541,658</u>	<u>117,666,832</u>
Accumulated surplus (Note 6)	<u>\$ 119,281,055</u>	<u>\$ 115,978,968</u>

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

For the year ended December 31	2010	2010	2009
	Budget (Note 9)	Actual	Actual
Revenue			
Taxation	\$ 5,538,493	\$ 5,551,560	\$ 5,045,288
Fees and user charges	3,964,830	4,828,507	4,360,899
Grants (Note 10)	3,260,399	4,803,703	5,015,894
Other income (Note 8)	578,849	1,895,325	1,380,285
Obligatory reserve fund revenue recognized	252,000	344,319	316,611
	<u>13,594,571</u>	<u>17,423,414</u>	<u>16,118,977</u>
Expenses			
General government	1,425,982	1,499,062	1,317,892
Protection services	889,252	1,027,724	981,583
Transportation services	2,595,635	5,950,099	7,498,961
Environmental services			
Water	1,061,458	1,572,530	1,477,640
Sewer	1,115,611	1,652,600	1,609,589
Health services	30,312	35,509	26,274
Recreation and cultural services	1,710,727	1,998,744	2,144,314
Planning and development	267,052	385,059	383,194
	<u>9,096,029</u>	<u>14,121,327</u>	<u>15,439,447</u>
Annual surplus (Note 9)	4,498,542	3,302,087	679,530
Accumulated surplus, beginning of year	115,978,968	15,978,968	115,299,438
Accumulated surplus, end of year (Note 6)	<u>\$ 120,477,510</u>	<u>\$ 119,281,055</u>	<u>\$ 115,978,968</u>

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

<u>For the year ended December 31</u>	2010 Budget (Note 9)	2010 Actual	2009 Actual
Annual surplus (Page 6)	\$ 4,498,542	\$ 3,302,087	\$ 679,530
Acquisition of tangible capital assets	(7,833,588)	(7,443,630)	(4,215,395)
Amortization of tangible capital assets	-	5,020,233	5,777,034
Gain on sale of tangible capital assets	-	(869,281)	(24,000)
Proceeds on disposal of capital assets	-	1,411,101	325,000
	<u>(7,833,588)</u>	<u>(1,881,577)</u>	<u>1,862,639</u>
Change in prepaid expenses	-	6,751	75,256
Decrease (increase) in net debt	(3,335,046)	1,427,261	2,617,425
Net debt, beginning of the year	<u>(1,687,864)</u>	<u>(1,687,864)</u>	<u>(4,305,289)</u>
Net debt, end of the year	<u>\$ (5,022,910)</u>	<u>\$ (260,603)</u>	<u>\$ (1,687,864)</u>

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

For the year ended December 31	2010	2009
Cash provided by (used in)		
Operating activities		
Annual surplus (Page 6)	\$ 3,302,087	\$ 679,530
Items not involving cash		
Equity in income of Wellington North Power Inc.	(195,131)	(514,320)
Amortization	5,020,233	5,777,034
Deferred revenue recognized	(344,319)	(1,625,532)
Gain on sale of capital assets	(869,281)	(24,000)
	<u>6,913,589</u>	<u>4,292,712</u>
Changes in non-cash working capital balances		
Taxes receivable	(19,916)	(200,818)
Trade and other receivables	(753,552)	4,196,190
Accounts payable and accrued liabilities	1,100,957	(823,401)
Deferred revenue received	652,517	658,028
Prepaid expenses	6,751	75,256
	<u>986,757</u>	<u>3,905,255</u>
	<u>7,900,346</u>	<u>8,197,967</u>
Capital transactions		
Cash used to acquire capital assets	(7,443,630)	(4,215,395)
Proceeds on sale of capital assets	1,411,101	325,000
	<u>(6,032,529)</u>	<u>(3,890,395)</u>
Investing activities		
Increase (decrease) in long-term receivables	288,982	(244,868)
Increase in long-term investments	100,000	100,000
	<u>388,982</u>	<u>(144,868)</u>
Financing activities		
Additions to long-term liabilities	2,573,000	2,166,500
Repayments of long-term liabilities	(774,093)	(892,123)
	<u>1,798,907</u>	<u>1,274,377</u>
Net change in cash and cash equivalents	<u>4,055,706</u>	<u>5,437,081</u>
Cash, beginning of year	<u>318,622</u>	<u>(5,118,459)</u>
Cash, end of year	<u>\$ 4,374,328</u>	<u>\$ 318,622</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

Summary of Significant Accounting Policies

December 31, 2010

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. Actual results could differ from management's best estimates as additional information becomes available in the future. Estimates are used when accounting for items such as accrued grant receivables, accrued liabilities and useful lives of tangible capital assets.

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

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.

The Corporation of the Township of Wellington North

Summary of Significant Accounting Policies

December 31, 2010

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.

Revenue Recognition

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

- a) Tax revenue is recognized when amounts are levied on the municipality's ratepayers.
- 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) 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.
- 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.

The Corporation of the Township of Wellington North

Summary of Significant Accounting Policies

December 31, 2010

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.

The Corporation of the Township of Wellington North

Notes to Financial Statements

December 31, 2010

1. Cash

	2010	2009
Cash	\$ 4,374,328	\$ 318,622

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

On December 31, 2010, the municipality had deposits of \$4,384,961 in a Canadian Chartered bank. The Canadian Deposit Insurance Corporation insures deposits up to a maximum of \$100,000 per depositor.

2. Long-Term Receivables

	2010	2009
Sewer loans, various rates, repayments and due dates	\$ 386,290	\$ 455,449
Township of Southgate for the Mount Forest and Area Sports Complex, repayable in annual principal payments of \$100,925, 0%, due January 1, 2016	605,550	706,475
Medical clinic loan, 6.92%, monthly payments of \$4,993 principal and interest, due November 2011	288,680	327,159
Tile drainage loans, 8% or 6%, various repayments and due dates	1,072,234	1,152,653
	<u>\$ 2,352,754</u>	<u>\$ 2,641,736</u>

The Corporation of the Township of Wellington North

Notes to Financial Statements

December 31, 2010

3. Investment in Wellington North Power Inc.

	2010	2009
Investment in common shares	\$ 1,585,016	\$ 1,585,016
Note receivable on demand, interest at 7.25%	1,085,016	1,185,016
Share of accumulated net income	978,492	783,361
	<u>\$ 3,648,524</u>	<u>\$ 3,553,393</u>

During 2010, the Corporation of the Township of Wellington North received interest of \$73,022 (2009 - \$79,272) 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.

	2010	2009
		(Restated)
Assets	<u>\$ 8,567,911</u>	<u>\$ 7,025,554</u>
Liabilities	<u>\$ 5,922,379</u>	<u>\$ 4,581,627</u>
Equity	<u>2,645,532</u>	<u>2,443,927</u>
	<u>\$ 8,567,911</u>	<u>\$ 7,025,554</u>
Revenues	<u>\$ 10,061,012</u>	<u>\$ 8,951,470</u>
Expenses	<u>9,859,407</u>	<u>8,458,557</u>
Net income for the year	<u>\$ 201,605</u>	<u>\$ 492,913</u>

The Corporation of the Township of Wellington North

Notes to Financial Statements

December 31, 2010

4. Long-Term Liabilities

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

	2010	2009
	<u>2010</u>	<u>2009</u>
Tile drainage loans payable, 8% or 6%, due from 2011 to 2018	\$ 1,072,234	\$ 1,152,653
Loan payable, 6.92%, payable \$4,993 per month, principal and interest, due November 2011	288,680	327,159
Debenture payable, 5.84%, payable \$128,114 semi-annually, principal and interest, due August 2024	2,427,629	2,537,260
Debenture payable, 4.858%, payable \$191,153 semi-annually, principal and interest, due December 2017	2,245,784	2,509,348
Debenture payable, 3.85% increasing to 5.00%, principal repayments annually at declining rate, due July 2018	1,793,000	1,898,000
Debenture payable, 1.65% increasing to 4.90%, principal repayments annually at declining rate, due February 2019	1,896,000	2,000,000
Debenture payable, 1.60% increasing to 4.85%, principal repayments annually at declining rate, due June 2020	<u>2,500,000</u>	-
	<u>\$ 12,223,327</u>	<u>\$ 10,424,420</u>

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

2011	\$ 1,166,940
2012	\$ 907,344
2013	\$ 941,233
2014	\$ 972,195
2015	\$ 1,016,968
Thereafter	\$ 7,218,647

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

5. Tangible Capital Assets

	2010						
	Land and Land Improvements	Buildings	Machinery and Equipment	Vehicles	Roads	Bridges and Culverts	Water and Sewer Systems
Cost, beginning of year	\$ 4,960,849	\$ 17,640,013	\$ 28,062,472	\$ 5,234,830	\$ 123,662,569	\$ 4,351,211	\$ 25,613,195
Additions	132,566	552,400	2,234,647	244,569	3,880,035	59,964	339,449
Disposals	(401,795)	(267,792)	-	(119,252)	-	-	-
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
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
Amortization	15,837	354,767	707,217	312,250	3,190,251	65,998	373,913
Disposals	-	(133,345)	-	(113,674)	-	-	-
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
Net carrying amount, end of year	\$ 4,260,084	\$ 14,412,123	\$ 23,870,345	\$ 2,429,206	\$ 52,512,276	\$ 1,937,460	\$ 20,080,551
							\$ 119,502,045

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

5. Tangible Capital Assets - (continued)

	2009						
	Land and Land Improvements	Buildings	Machinery and Equipment	Vehicles	Roads	Bridges and Culverts	Water and Sewer Systems
Cost, beginning of year	\$ 5,261,849	\$7,241,602	\$ 26,618,556	\$ 4,995,082	\$ 121,952,723	\$ 4,351,211	\$ 25,288,229
Additions	-	448,411	1,492,424	239,748	1,709,846	-	324,966
Disposals	(301,000)	(50,000)	(48,508)	-	-	-	-
Cost, end of year	4,960,849	7,640,013	28,062,472	5,234,830	123,662,569	4,351,211	25,613,195
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
Amortization	19,660	346,349	813,930	307,949	3,874,492	64,531	350,123
Disposals	-	(50,000)	(48,508)	-	-	-	-
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
Net carrying amount, end of year	\$ 4,545,150	\$4,348,937	\$ 22,342,915	\$ 2,502,465	\$ 51,822,492	\$ 1,943,494	\$ 20,115,015
							\$ 117,620,468

The Corporation of the Township of Wellington North

Notes to Financial Statements

December 31, 2010

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 \$6,481,812 (2009 - \$2,772,032).

\$Nil (2009 - \$7,509) in contributed 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:

	2010	2009
Invested in tangible capital assets		
Tangible capital assets at cost less amortization	\$ 119,502,045	\$117,620,468
Unexpended capital financing	1,312,253	354,139
Capital assets financed by long-term liabilities and to be funded in future years	(10,862,414)	(8,944,608)
Total invested in capital assets	109,951,884	109,029,999
General surplus	251,477	384,378
Investment in Wellington North Power Inc.	3,648,524	3,553,393
Water	(1,294,921)	(1,341,991)
Wastewater	1,092,329	576,630
Cemeteries	56,208	27,649
Recreation, community centres and arenas	(8,590)	(7,444)
Streetlighting	(62,213)	(81,079)
Business Improvement Areas	(76,748)	(88,743)
	113,557,950	112,052,792
Reserves and reserve funds (Note 7)	5,723,105	3,926,176
Accumulated surplus	\$ 119,281,055	\$115,978,968

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

December 31, 2010

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

	<u>2010</u>	<u>2009</u>
Reserves		
Working funds	\$ 1,050,329	\$ 1,040,329
Current purposes	-	31,091
Capital purposes	<u>531,844</u>	<u>493,795</u>
	1,582,173	1,565,215
Reserve funds		
Capital purposes	<u>4,140,932</u>	<u>2,360,961</u>
Reserves and reserve funds set aside for specific purpose by Council	<u>\$ 5,723,105</u>	<u>\$ 3,926,176</u>

8. Other Income

	<u>2010</u>	<u>2010</u>	<u>2009</u>
	Budget	Actual	Actual
Penalties and interest on taxation	\$ 160,000	\$ 185,459	\$ 171,381
Other fines and penalties	2,000	3,039	2,702
Investment income	127,500	130,922	118,609
Licenses, permits and rents	289,319	327,830	291,305
Donations	30	154,565	193,117
Prepaid special charges	-	36,504	50,351
Sale of equipment and other assets	-	861,875	42,540
Government business enterprise	-	195,131	514,320
Other	-	-	(4,040)
	<u>\$ 578,849</u>	<u>\$ 1,895,325</u>	<u>\$ 1,380,285</u>

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

December 31, 2010

9. Budgets

The budget adopted by Council was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. The budget figures anticipated the use of reserves accumulated in previous years to reduce current year expenses in excess of revenues to \$Nil. In addition, the budget expensed all tangible capital expenses rather than including amortization expense. The following is a reconciliation of the budget approved by Council. The budget figures have not been audited.

	2010 Budget	2010 Actual	2009 Actual
Annual surplus (Page 6)	\$ 4,498,542	\$ 3,302,087	\$ 679,530
Prior year general surplus	125,000	384,378	357,468
Transfers to (from) reserves	(387,500)	(1,796,929)	(258,009)
Capital acquisitions, disposals and write-down	(7,142,276)	(6,901,810)	(3,914,395)
Amortization	-	5,020,233	5,777,034
Proceeds from long-term debt	2,889,792	2,500,000	2,000,000
Debt principal repayments	(582,195)	(582,194)	(656,709)
Change in other surpluses	1,637	(716,174)	1,072,256
	(597,000)	1,209,591	5,057,175
Prior year capital projects funded	597,000	(958,114)	(4,672,797)
	\$ -	\$ 251,477	\$ 384,378

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

December 31, 2010

10. Grants

	Budget	2010	2009
Operating			
Province of Ontario			
Ontario Municipal Partnership Fund (OMPF)	\$ 1,028,000	\$ 1,028,000	\$ 1,285,000
Conditional - Roads	40,000	43,204	52,618
- Other	12,800	29,437	31,615
	<u>1,080,800</u>	<u>1,100,641</u>	<u>1,369,233</u>
Government of Canada			
Conditional - Other	-	1,469	-
Other Municipalities			
- Other	250,015	149,785	146,449
Total operating grants	<u>1,330,815</u>	<u>1,251,895</u>	<u>1,515,682</u>
Capital			
Province of Ontario			
Conditional - Roads	-	664,881	1,761,769
- Sewer and water	964,792	1,046,248	642,469
- Other	-	92,418	133,139
	<u>964,792</u>	<u>1,803,547</u>	<u>2,537,377</u>
Government of Canada			
Conditional - Roads	-	602,212	183,454
- Sewer and water	964,792	1,046,248	642,469
- Other	-	89,154	128,812
	<u>964,792</u>	<u>1,737,614</u>	<u>954,735</u>
Other Municipalities			
- Other	-	10,647	8,100
Total capital grants	<u>1,929,584</u>	<u>3,551,808</u>	<u>3,500,212</u>
Total grants	<u>\$ 3,260,399</u>	<u>\$ 4,803,703</u>	<u>\$ 5,015,894</u>

The Corporation of the Township of Wellington North

Notes to Financial Statements

December 31, 2010

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 2010 was \$127,952 (2009 - \$127,952). The contribution rate for 2010 was 6.4% to 13.1% depending on age and income level (2009 - 6.3% to 12.8%).

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, 2010. At that time the plan reported a \$4.4 billion actuarial deficit (2009 - \$1.5 billion actuarial deficit), based on actuarial liabilities of \$60.0 billion (2009 - \$54.2 billion) and actuarial assets of \$55.6 billion (2009 - \$52.7 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.

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:

	2010	2009
School Boards	\$ 3,370,968	\$ 3,410,888
County of Wellington	7,055,091	6,890,185
	<u>\$ 10,426,059</u>	<u>\$ 10,301,073</u>

13. Trust Funds

The trust funds administered by the municipality amounting to \$263,858 (2009 - \$246,933) have not been included in the consolidated statement of financial position nor have the operations been included in the consolidated statement of financial activities.

The Corporation of the Township of Wellington North

Notes to Financial Statements

December 31, 2010

14. Commitments

The Township of Wellington North has committed to completing repairs on Egremont Street. The estimated total cost of repairs is \$1,042,000. As of December 31, 2010, a total of \$649,000 has been spent.

The Township of Wellington North has committed to purchasing a pumper fire truck for an estimated cost of \$509,000. It should be delivered early 2011.

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, 2010, a total of \$4,465,000 has been spent.

The Township of Wellington North has committed to completing construction of Normandy Street and repairs to the Durham pump station. the estimated total cost of repairs is \$1,383,000. As of December 31, 2010, a total of \$649,000 has been spent.

The Corporation of the Township of Wellington North

Notes to Financial Statements

December 31, 2010

15. 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.

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

December 31, 2010

15. 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, payments-in-lieu
and penalties and interest**

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

OMPF Grants

Allocated to segments based on the net surplus for the year.

The Corporation of the Township of Wellington North

Notes to Financial Statements

For the year ended December 31	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation and Cultural Services	Planning and Development	2010 Total
Revenue								
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	1,479,797	256,460	5,028	(5,066)	3,660	120,342	35,103	1,895,324
Transfers from obligatory reserve	-	-	269,610	-	-	74,709	-	344,319
	2,440,532	790,894	4,804,250	5,870,918	63,388	2,871,317	582,115	17,423,414
Expenses								
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	528,244	422,176	1,383,869	1,219,761	18,214	738,625	228,745	4,539,634
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
	1,424,848	1,119,524	5,947,318	3,222,044	38,508	1,984,026	385,059	14,121,327
Annual surplus (deficit)	\$ 1,015,684	\$ (328,630)	\$ (1,143,068)	\$ 2,648,874	\$ 24,880	\$ 887,291	\$ 197,056	\$ 3,302,087

The Corporation of the Township of Wellington North

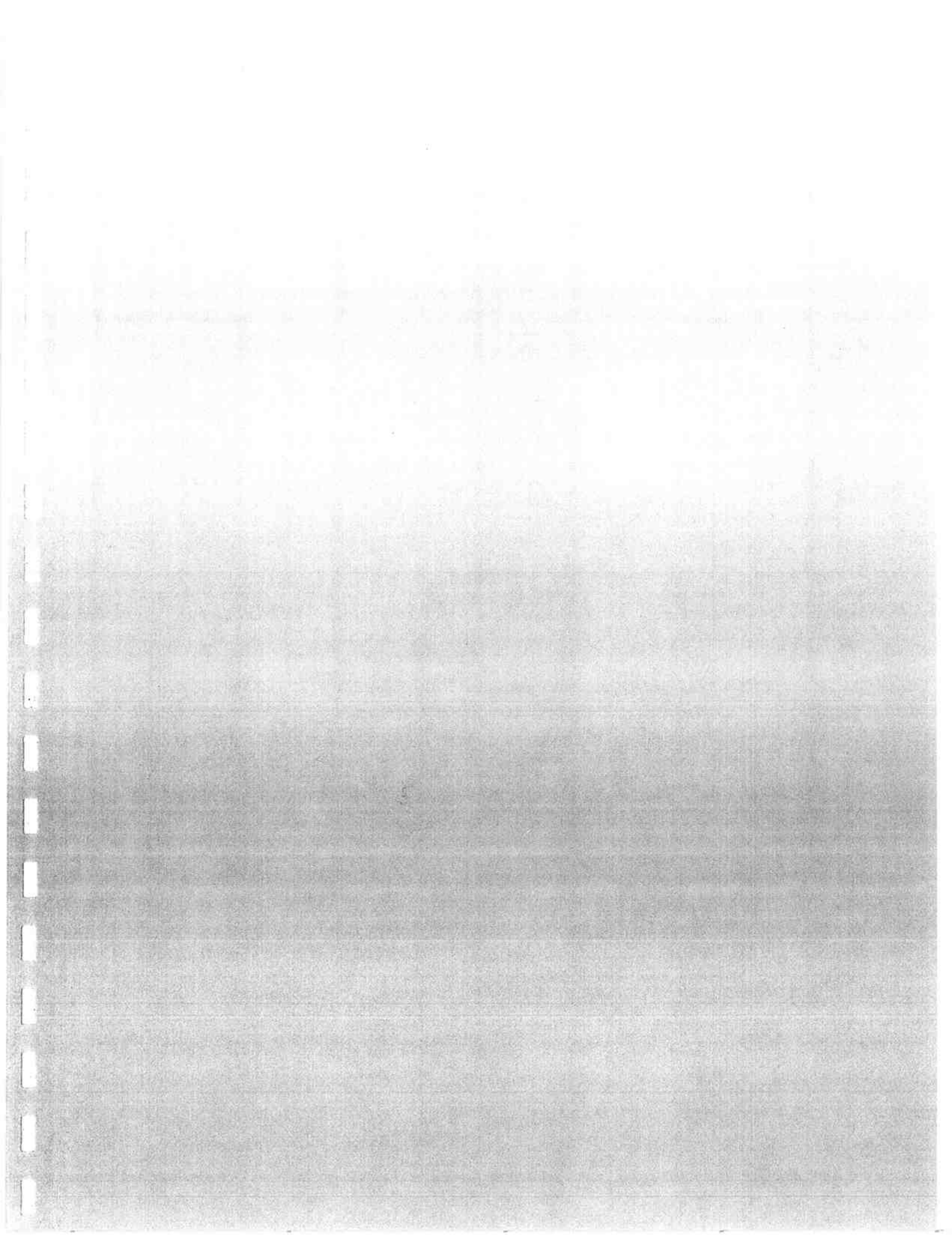
Notes to Financial Statements

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

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

For the year ended December 31, 2010

	Opening	Contributions Received	Investment Income	Revenue Recognized	Ending
Obligatory Reserve Funds					
Development charges	\$ 401,273	\$ 284,079	\$ 4,504	\$ -	\$ 689,856
Federal gas tax	397,239	343,971	3,626	(269,610)	475,226
Recreational land	74,597	8,000	337	(74,709)	8,225
	873,109	636,050	8,467	(344,319)	1,173,307
Other					
Municipal roads and bridges	49,379	-	-	-	49,379
Other	-	8,000	-	-	8,000
	\$ 922,488	\$ 644,050	\$ 8,467	\$ (344,319)	\$ 1,230,686



**The Corporation of the
Township of Wellington North
Trust Funds
Financial Statements
For the year ended December 31, 2010**



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Independent Auditor's Report

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

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, 2010, 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, 2010 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

June 18, 2012

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

December 31, 2010

	Total	Subdividers	Cemetery Care and Maintenance	History Books
Assets				
Cash	\$ 200,407	\$ 2,216	\$ 190,786	\$ 7,405
Investments (Note 2)	66,930	-	66,930	-
Accrued Interest	1,086	-	1,086	-
	\$ 268,423	\$ 2,216	\$ 258,802	\$ 7,405
Liabilities				
Due to Township	\$ 4,565	\$ -	\$ 4,565	\$ -
Fund balance	263,858	2,216	254,237	7,405
	\$ 268,423	\$ 2,216	\$ 258,802	\$ 7,405

Statement of Continuity

For the year ended December 31, 2010

	Total	Subdividers	Cemetery Care and Maintenance	History Books
Balance, beginning of year	\$ 246,932	\$ 2,201	\$ 237,377	\$ 7,354
Receipts				
Interest earned	66	15	-	51
Monument fees	2,550	-	2,550	-
Share of plot sales	14,310	-	14,310	-
	16,926	15	16,860	51
Balance, end of the year	\$ 263,858	\$ 2,216	\$ 254,237	\$ 7,405

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

December 31, 2010

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 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 (2009 - \$66,930) reported on the Balance Sheet at cost have a market value of \$67,372 (2009 - \$66,930) at the end of the year.
