

**THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

**THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH**  
**INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2021**

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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

### **Opinion**

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, 2021 and the consolidated statements of operations, change in net financial assets and cash flow for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of The Corporation of the Township of Wellington North as at December 31, 2021 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### **Basis of Opinion**

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

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

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

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

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

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Guelph, Ontario  
July 25, 2022

Chartered Professional Accountants  
Licensed Public Accountants

**THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2021**

|  | <b>2021</b>          | <b>2020</b>          |
|--|----------------------|----------------------|
| <b>FINANCIAL ASSETS</b>                            |                      |                      |
| Cash (note 3)                                      | \$ 26,424,290        | \$ 21,253,419        |
| Investments  | 5,010,646            | 10,646               |
| Taxes receivable                                   | 917,700              | 1,067,803            |
| Trade and other receivables                        | 2,393,130            | 2,227,323            |
| Long term receivables (note 4)                     | 232,688              | 177,380              |
| Investment in Wellington North Power Inc. (note 5) | <u>5,935,153</u>     | <u>5,477,987</u>     |
|  | <u>40,913,607</u>    | <u>30,214,558</u>    |
| <b>LIABILITIES</b>                                 |                      |                      |
| Accounts payable and accrued liabilities           | 4,517,624            | 4,493,625            |
| Deferred revenue (note 6)                          | 4,456,561            | 2,245,764            |
| Long term debt (note 7)                            | <u>5,467,909</u>     | <u>992,123</u>       |
|  | <u>14,442,094</u>    | <u>7,731,512</u>     |
| <b>NET FINANCIAL ASSETS</b>                        | <u>26,471,513</u>    | <u>22,483,046</u>    |
| <b>NON-FINANCIAL ASSETS</b>                        |                      |                      |
| Tangible capital assets (schedule 2)               | 122,459,005          | 121,569,450          |
| Prepaid expenses                                   | <u>45,898</u>        | <u>34,479</u>        |
|  | <u>122,504,903</u>   | <u>121,603,929</u>   |
| <b>ACCUMULATED SURPLUS</b> (schedule 3)            | <u>\$148,976,416</u> | <u>\$144,086,975</u> |

**THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

|   | <b>2021<br/>Budget<br/>(note 9)</b> | <b>2021<br/>Actual</b> | <b>2020<br/>Actual</b> |
|---|-------------------------------------|------------------------|------------------------|
| <b>REVENUE</b>  |                                     |                        |                        |
| Net taxation/user charges                               | \$ 8,136,438                        | \$ 8,193,211           | \$ 8,173,959           |
| Fees and service charges                                | 5,709,103                           | 5,814,757              | 5,623,175              |
| Grants  | 5,659,183                           | 4,485,143              | 3,014,429              |
| Other income (note 8)                                   | 1,071,791                           | 2,008,923              | 1,199,603              |
| Obligatory reserve funds revenue<br>recognized (note 6) | <u>0</u>                            | <u>841,287</u>         | <u>687,012</u>         |
|   | <u>20,576,515</u>                   | <u>21,343,321</u>      | <u>18,698,178</u>      |
| <b>EXPENSES (schedule 1)</b>                            |                                     |                        |                        |
| General government                                      | 1,601,991                           | 1,332,596              | 1,175,458              |
| Protection to persons and property                      | 1,654,452                           | 1,644,585              | 1,628,781              |
| Transportation services                                 | 6,700,543                           | 6,776,594              | 6,356,632              |
| Environmental services                                  | 3,927,969                           | 3,875,368              | 3,712,593              |
| Health services   | 133,499                             | 129,239                | 140,841                |
| Recreation and cultural services                        | 2,496,358                           | 2,075,137              | 1,909,846              |
| Planning and development                                | <u>586,371</u>                      | <u>620,361</u>         | <u>664,585</u>         |
|   | <u>17,101,183</u>                   | <u>16,453,880</u>      | <u>15,588,736</u>      |
| <b>ANNUAL SURPLUS</b>                                   | <u>\$ 3,475,332</u>                 | <u>\$ 4,889,441</u>    | <u>\$ 3,109,442</u>    |
| <b>ACCUMULATED SURPLUS at beginning of year</b>         |                                     | \$144,086,975          | \$140,977,533          |
| Annual surplus  |                                     | <u>4,889,441</u>       | <u>3,109,442</u>       |
| <b>ACCUMULATED SURPLUS at end of year</b>               |                                     | <u>\$148,976,416</u>   | <u>\$144,086,975</u>   |

THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH  
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2021

|  | 2021<br>Budget<br>(note 9) | 2021<br>Actual       | 2020<br>Actual       |
|--|----------------------------|----------------------|----------------------|
| <b>Annual surplus</b>                              | \$ <u>3,475,332</u>        | \$ <u>4,889,441</u>  | \$ <u>3,109,442</u>  |
| Acquisition of tangible capital assets             | (15,116,742)               | (6,684,639)          | (11,599,265)         |
| Amortization of tangible capital assets            | 5,214,352                  | 5,484,903            | 5,214,352            |
| Loss (gain) on disposal of tangible capital assets | (15,000)                   | 113,181              | 111,686              |
| Proceeds on disposal of tangible capital assets    | <u>0</u>                   | <u>197,000</u>       | <u>181,641</u>       |
|  | <u>(9,917,390)</u>         | <u>(889,555)</u>     | <u>(6,091,586)</u>   |
| Change in prepaid expenses                         | <u>0</u>                   | <u>(11,419)</u>      | <u>(6,631)</u>       |
| <b>(DECREASE) INCREASE IN NET FINANCIAL ASSETS</b> | \$ <u>(6,442,058)</u>      | 3,988,467            | (2,988,775)          |
| <b>NET FINANCIAL ASSETS at beginning of year</b>   |                            | <u>22,483,046</u>    | <u>25,471,821</u>    |
| <b>NET FINANCIAL ASSETS at end of year</b>         |                            | \$ <u>26,471,513</u> | \$ <u>22,483,046</u> |

**THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH**  
**CONSOLIDATED STATEMENT OF CASH FLOW**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

|  | <b>2021</b>          | <b>2020</b>          |
|--|----------------------|----------------------|
| <b>CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b> |                      |                      |
| Annual surplus for the year                            | \$ <u>4,889,441</u>  | \$ <u>3,109,442</u>  |
| Items not requiring an outlay of cash                  |                      |                      |
| Amortization   | 5,484,903            | 5,214,352            |
| Loss (gain) on disposal of tangible capital assets     | 113,181              | 111,686              |
| Share of income of Wellington North Power Inc.         | <u>(457,166)</u>     | <u>(202,030)</u>     |
|  | <u>5,140,918</u>     | <u>5,124,008</u>     |
|  | <u>10,030,359</u>    | <u>8,233,450</u>     |
| Net changes in non-cash working capital                |                      |                      |
| Taxes receivable                                       | 150,103              | (62,219)             |
| Trade and other receivables                            | (165,807)            | 342,047              |
| Accounts payable and accrued liabilities               | 23,999               | 1,267,695            |
| Prepaid expenses                                       | (11,419)             | (6,631)              |
| Deferred revenue                                       | <u>2,210,797</u>     | <u>339,290</u>       |
|  | <u>2,207,673</u>     | <u>1,880,182</u>     |
|  | <u>12,238,032</u>    | <u>10,113,632</u>    |
| <b>CASH PROVIDED BY (USED IN) CAPITAL ACTIVITIES</b>   |                      |                      |
| Acquisition of tangible capital assets                 | (6,684,639)          | (11,599,265)         |
| Proceeds on disposal of tangible capital assets        | <u>197,000</u>       | <u>181,641</u>       |
|  | <u>(6,487,639)</u>   | <u>(11,417,624)</u>  |
| <b>CASH USED IN FINANCING ACTIVITIES</b>               |                      |                      |
| Net issuance (repayment) of long term debt             | <u>4,475,786</u>     | <u>(1,407,345)</u>   |
| <b>CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b> |                      |                      |
| Increase in investments                                | (5,000,000)          | 0                    |
| Net change in long term receivables                    | <u>(55,308)</u>      | <u>68,535</u>        |
|  | <u>(5,055,308)</u>   | <u>68,535</u>        |
| <b>NET INCREASE (DECREASE) IN CASH</b>                 | 5,170,871            | (2,642,802)          |
| <b>CASH, beginning of year</b>                         | <u>21,253,419</u>    | <u>23,896,221</u>    |
| <b>CASH, end of year</b>                               | <u>\$ 26,424,290</u> | <u>\$ 21,253,419</u> |



**THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements of The Corporation of the Township of Wellington North are the representation of management prepared in accordance with Canadian public sector accounting standards (PSAS) as established by the Public Sector Accounting Board (PSAB) of CPA Canada. Significant accounting policies adopted by The Corporation of the Township of Wellington North are as follows:

(a) **ACKNOWLEDGEMENT OF RESPONSIBILITY**

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

(b) **BASIS OF CONSOLIDATION**

(i) These consolidated statements reflect the assets, liabilities, revenues and expenses of the current fund, capital fund, reserves and reserve funds of all municipal organizations, committees and boards which are controlled by Council. All interfund assets and liabilities and revenues and expenses have been eliminated on consolidation. The following board has been reflected in the consolidated financial statements:

Mount Forest Business Improvement Area 100%

Government business enterprises and partnerships are separate legal entities which do not rely on the municipality for funding. Investments in government business enterprises are accounted for using the modified equity method. The following government business enterprise is reflected in the consolidated financial statements:

Wellington North Power Inc. 96.71%

(ii) **Accounting for County and School Board Transactions:**

The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards and the County of Wellington are not reflected in the municipal fund balances of these financial statements. Overlevies (underlevies) are reported on the Consolidated Statement of Financial Position as accrued liabilities (other receivables). See note 12.

(iii) Trust funds and their related operations administered by the municipality are not consolidated, but are reported separately on the Trust Funds Statement of Financial Position and Continuity.

(c) **BASIS OF ACCOUNTING**

(i) Sources of financing and expenditures are reported on the accrual basis of accounting.

(ii) The accrual basis of accounting recognizes revenues as they become available and measurable. Expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

**THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

(d) USE OF ESTIMATES

The preparation of financial statements in accordance with PSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring management's estimates include amortization of tangible capital assets and accrued liabilities. By their nature, these estimates are subject to measurement uncertainty and actual results could differ from management's best estimates as additional information becomes available in the future.

(e) INVESTMENTS

Investments held by the municipality are recorded at cost.

(f) LONG TERM RECEIVABLES

Long term receivables are recorded at cost.

(g) DEFERRED REVENUE

The revenue is reported on the consolidated statement of operations in the year in which it is used for the specified purpose, and any unspent revenue is deferred to the following year.

(h) FINANCIAL INSTRUMENTS

Measurement of financial instruments

The company initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

The company subsequently measures all its financial assets and financial liabilities at amortized cost.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. If an impairment has occurred, the carrying amount of financial assets measured at amortized cost is reduced to the greater of the discounted future cash flows expected or the proceeds that could be realized from the sale of the financial asset. The amount of the write-down is recognized in net earnings. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net earnings.

Transaction costs

The company recognizes its transaction costs in net income in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) NON-FINANCIAL ASSETS

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the Change in Net Financial Assets for the year.

(i) Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributed to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital asset is amortized on a straight-line basis over its estimated useful life as follows:

|                         |                |
|-------------------------|----------------|
| Land improvements       | 30 to 75 years |
| Buildings               | 20 to 50 years |
| Machinery and equipment | 5 to 50 years  |
| Vehicles                | 10 to 20 years |
| Roads                   | 30 years       |
| Bridges and culverts    | 50 years       |
| Water and sewer systems | 70 years       |

Assets under construction are not amortized until the asset is available for productive use.

(ii) Contributions of tangible capital assets

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

(iii) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

(j) POST-EMPLOYMENT BENEFITS

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

(k) REVENUE RECOGNITION

Revenues are recognized as follows:

- (i) Taxation, user charges, and penalties and interest on taxation are recognized as revenue when the amounts are levied on the municipality's ratepayers.
- (ii) Other fines and penalties, and donations are recognized when collected.
- (iii) Fees and services charges, and other income are recorded upon sale of goods or provision of service when collection is reasonably assured.

**THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

(k) REVENUE RECOGNITION (continued)

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

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

**2. FINANCIAL INSTRUMENTS**

Unless otherwise noted, it is management's opinion that the corporation is not exposed to significant interest, credit, currency, liquidity, or other price risks arising from its financial instruments.

The extent of the corporation's exposure to these risks did not change in 2021 compared to the previous period.

The corporation does not have a significant exposure to any individual customer or counterpart.

**3. CASH**

The Township of Wellington North has an undrawn credit facility of \$1,000,000 for operating purposes.

The municipality's deposits are held with a Canadian Chartered Bank. The Canadian Deposit Insurance Corporation insures deposits up to a maximum of \$100,000 per depositor.

**4. LONG TERM RECEIVABLES**

|  | <b>2021</b>       | <b>2020</b>       |
|--|-------------------|-------------------|
| Sewer loans, 6%, various repayment amounts, due from 2022 to 2023  | \$ 13,504         | \$ 17,504         |
| VTB mortgage, no interest, annual payments of \$20,000, due 2023   | 40,000            | 60,000            |
| Arthur BIA, 2.45% interest on \$102,000 principal with no interest on the balance, equal instalments from 2022 to 2031 | 107,000           | 10,000            |
| Tile drainage loans, 6%, various repayments, due from 2022 to 2028   | <u>72,184</u>     | <u>89,876</u>     |
|  | <u>\$ 232,688</u> | <u>\$ 177,380</u> |

**THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

**5. INVESTMENT IN WELLINGTON NORTH POWER INC.**

Wellington North Power Inc. is a corporation incorporated under the laws of the Province of Ontario and provides municipal electrical services. The Corporation of the Township of Wellington North owns 96.71% of the outstanding shares of Wellington North Power Inc.

The following summarizes the financial position and operations of the government business enterprise which has been reported in these financial statements using the modified equity method:

|  | <b>2021</b>         | <b>2020</b>         |
|--|---------------------|---------------------|
| Investment in common shares                  | \$ 1,585,016        | \$ 1,585,016        |
| Note receivable on demand, interest at 4.54% | 985,016             | 985,016             |
| Share of accumulated net income              | <u>3,365,121</u>    | <u>2,907,955</u>    |
|  | <u>\$ 5,935,153</u> | <u>\$ 5,477,987</u> |

During 2021, The Corporation of the Township of Wellington North received interest of \$44,720 (2020 - \$44,720), grants of \$0 (2020 - \$40,275) and dividends of \$0 (2020 - \$0) from Wellington North Power Inc. The municipality paid service fees of \$102,740 (2020 - \$101,174) and other expenses of \$44,480 (2020 - \$9,173) to Wellington North Power Inc.

The following is selected financial information from the December 31, 2021 audited financial statements of Wellington North Power Inc.

|                         | <b>2021</b>          | <b>2020</b>          |
|-------------------------|----------------------|----------------------|
| Assets                  | <u>\$ 15,971,612</u> | <u>\$ 15,891,570</u> |
| Liabilities             | \$ 10,528,191        | \$ 10,388,343        |
| Equity                  | 5,437,520            | 4,862,301            |
| Regulatory balances     | <u>5,901</u>         | <u>640,926</u>       |
|                         | <u>\$ 15,971,612</u> | <u>\$ 15,891,570</u> |
| Revenues                | \$ 14,716,870        | \$ 15,372,745        |
| Expenses                | <u>14,141,651</u>    | <u>15,158,878</u>    |
| Net income for the year | <u>\$ 575,219</u>    | <u>\$ 213,867</u>    |

**6. DEFERRED REVENUE**

|                                 | <b>DEC 31/20</b>    | <b>CONTRI-<br/>BUTIONS<br/>RECEIVED</b> | <b>INVEST-<br/>MENT<br/>INCOME</b> | <b>REVENUE<br/>RECOGNIZED</b> | <b>DEC 31/21</b>    |
|---------------------------------|---------------------|---|------------------------------------|-------------------------------|---------------------|
| <b>OBLIGATORY RESERVE FUNDS</b> |                     |   |                                    |                               |                     |
| Development charges             | \$ 1,467,876        | \$ 2,138,447                            | \$ 9,018                           | \$ (788,596)                  | \$ 2,826,745        |
| Recreational land               | 239,815             | 107,000                                 | 1,473                              | (52,691)                      | 295,597             |
| Gas tax                         | <u>431,115</u>      | <u>741,096</u>                          | <u>2,649</u>                       | <u>0</u>                      | <u>1,174,860</u>    |
|                                 | 2,138,806           | 2,986,543                               | 13,140                             | (841,287)                     | 4,297,202           |
| <b>OTHER</b>                    | <u>106,958</u>      | <u>209,318</u>                          | <u>0</u>                           | <u>(156,917)</u>              | <u>159,359</u>      |
|                                 | <u>\$ 2,245,764</u> | <u>\$ 3,195,861</u>                     | <u>\$ 13,140</u>                   | <u>\$ (998,204)</u>           | <u>\$ 4,456,561</u> |

**THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

**7. LONG TERM DEBT**

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

|  | <b>2021</b>                | <b>2020</b>              |
|--|----------------------------|--------------------------|
| Tile drainage loans payable, 6%, due from 2022 to 2028   | \$ 72,184                  | \$ 89,876                |
| Debenture payable, 5.84%, payable \$128,114 semi-annually, principal and interest, due August 2024 | 695,746                    | 902,247                  |
| Debenture payable, 3.65%, payable \$282,626 semi-annually, principal and interest, due July 2031   | <u>4,699,979</u>           | <u>0</u>                 |
|  | <b><u>\$ 5,467,909</u></b> | <b><u>\$ 992,123</u></b> |

Principal repayments, in aggregate, are due as follows:

|            |                            |
|------------|----------------------------|
| 2022       | \$ 628,046                 |
| 2023       | 652,204                    |
| 2024       | 681,320                    |
| 2025       | 452,643                    |
| 2026       | 469,362                    |
| Thereafter | <u>2,584,334</u>           |
|            | <b><u>\$ 5,467,909</u></b> |

**8. OTHER INCOME**

|  | <b>2021<br/>Budget<br/>(note 9)</b> | <b>2021<br/>Actual</b>     | <b>2020<br/>Actual</b>     |
|--|-------------------------------------|----------------------------|----------------------------|
| Penalties and interest on taxation                 | \$ 150,000                          | \$ 153,914                 | \$ 158,264                 |
| Miscellaneous                                      | 38,900                              | 163,933                    | 49,829                     |
| Other fines and penalties                          | 1,250                               | 2,899                      | 1,928                      |
| Investment income (note 5)                         | 172,000                             | 205,392                    | 316,945                    |
| Rents, concessions and franchises                  | 586,068                             | 908,755                    | 559,608                    |
| Donations  | 104,473                             | 228,045                    | 22,685                     |
| Gain (loss) on disposal of tangible capital assets | 15,000                              | (113,181)                  | (111,686)                  |
| Developer contributions                            | 4,100                               | 2,000                      | 0                          |
| Government business enterprise (note 5)            | <u>0</u>                            | <u>457,166</u>             | <u>202,030</u>             |
|  | <b><u>\$ 1,071,791</u></b>          | <b><u>\$ 2,008,923</u></b> | <b><u>\$ 1,199,603</u></b> |

**THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

**9. BUDGET AMOUNTS**

The budget figures are presented for comparison purposes as prepared and approved by Council, reclassified to confirm to the current financial statement presentation. The budgeted figures are prepared on the cash basis of accounting and have been restated to confirm to the accrual basis of accounting on which the actual figures are reported. The following chart reconciles the approved budget with the budget figures as presented in these consolidated financial statements:

|  |                     |
|--|---------------------|
| <b>Revenue</b>   |                     |
| Approved Budget  | \$ 32,946,177       |
| Transfer from reserve funds, net   | (7,873,069)         |
| Prior year carried forward   | <u>(4,496,593)</u>  |
| <b>Total revenues</b>  | <u>20,576,515</u>   |
| <b>Expenses</b>  |                     |
| Approved Budget  | 32,946,177          |
| Acquisition of tangible capital assets                                     | (15,116,742)        |
| Debt principal repayments  | (934,166)           |
| Amortization   | 5,214,352           |
| Contribution to Operating from Capital Fund,<br>Reserves and Reserve Funds | <u>(5,008,438)</u>  |
| <b>Total expenses</b>  | <u>17,101,183</u>   |
| <b>Annual surplus</b>  | <u>\$ 3,475,332</u> |

**10. PENSION AGREEMENTS**

The municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 44 (2020 - 41) members of its staff. This plan is a defined benefit plan which specifies the amount of the retirement entitlement to be received by the employees based on the length of service and rates of pay. Employees and employers contribute jointly to the plan. The employer amount contributed to OMERS for 2021 by the municipality was \$274,322 (2020 - \$278,881). The contribution rate for 2021 was 9.0% to 14.6%, depending on age and income level, which is consistent with the previous year. OMERS is a multi-employer plan, therefore any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the municipality does not recognize any share of the OMERS pension surplus or deficit. The last available report for the OMERS plan was December 31, 2021. At that time, the plan reported a \$3.1 billion actuarial deficit (2020 - \$3.2 billion actuarial deficit), based on accrued pension obligations of \$119.3 billion (2020 - \$111.8 billion) and net assets available for benefits of \$120.9 billion (2020 - \$105.6 billion).

**11. OPERATIONS OF THE SCHOOL BOARDS AND THE COUNTY OF WELLINGTON**

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

|                      | <b>2021</b>          | <b>2020</b>          |
|----------------------|----------------------|----------------------|
| School Boards        | \$ 3,679,539         | \$ 3,942,140         |
| County of Wellington | <u>10,640,318</u>    | <u>10,452,892</u>    |
|                      | <u>\$ 14,319,857</u> | <u>\$ 14,395,032</u> |

**12. TRUST FUNDS**

The trust funds administered by the municipality amounting to \$370,841 (2020 - \$353,381) have not been included in the statement of financial position, nor have the operations been included in the statement of operations.

**THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

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**13. SEGMENTED INFORMATION**

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

General Government

This segment relates to the governance and operations of the municipality itself and cannot be directly attributed to another specific segment.

Protection to Persons and Property

Protection is comprised of fire protection, conservation authority, emergency measures, animal control and building and structural inspection. The fire department is responsible to provide fire suppression service, fire prevention programs, training and education. The members of the fire department consist of volunteers. The building department provides a number of services including maintenance and enforcement of building and construction codes and review of all property development plans through its application process.

Transportation Services

Transportation services is responsible for construction and maintenance of the municipality's roadways, bridges, parking areas and streetlights.

Environmental Services

This segment provides the municipality's drinking water, processes and cleans sewage and ensures the municipality's water systems meet all provincial standards.

Health Services

Health services includes contributions to the operations of local cemeteries.

Recreation and Cultural Services

This segment provides services meant to improve the health and development of the municipality's residents. The municipality operates and maintains parks, arenas, swimming pools and community centres. The municipality also provides recreational programs.

Planning and Development

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

**14. MATERIAL UNCERTAINTY DUE TO THE NOVEL CORONAVIRUS (COVID-19)**

During the year and subsequent to year end, the Novel Coronavirus (COVID-19) significantly impacted the economy in Canada and globally. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of business disruption and the related financial impact cannot be reasonably estimated at this time. This may impact the timing and amounts realized on the corporation's assets and its future ability to deliver all services.



THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH  
 SCHEDULE OF SEGMENTED DISCLOSURE  
 FOR THE YEAR ENDED DECEMBER 31, 2021

Schedule 1

|                                 | General<br>Government | Protection<br>Services | Transportation<br>Services | Environmental<br>Services | Health<br>Services | Recreation and<br>Cultural Services | Planning and<br>Development | 2021                | 2020                |
|---------------------------------|-----------------------|------------------------|----------------------------|---------------------------|--------------------|-------------------------------------|-----------------------------|---------------------|---------------------|
| <b>EXPENSES</b>                 |                       |                        |                            |                           |                    |                                     |                             |                     |                     |
| Salaries and benefits           | \$ 533,536            | \$ 679,633             | \$ 1,483,977               | \$ 675,673                | \$ 32,663          | \$ 742,420                          | \$ 94,142                   | \$ 4,242,044        | \$ 4,101,279        |
| Materials                       | 398,744               | 535,225                | 1,607,183                  | 1,148,251                 | 90,452             | 779,927                             | 319,545                     | 4,879,327           | 4,807,266           |
| Contracted services             | 193,515               | 72,682                 | 109,104                    | 721,036                   | 2,877              | 146,456                             | 206,674                     | 1,452,344           | 1,133,263           |
| Rents and financial<br>expenses | 97,637                | 0                      | 0                          | 0                         | 0                  | 0                                   | 0                           | 97,637              | 89,288              |
| Interest on long term<br>debt   | 0                     | 0                      | 0                          | 128,765                   | 0                  | 0                                   | 0                           | 128,765             | 81,422              |
| Amortization                    | 107,786               | 189,563                | 3,576,330                  | 1,201,643                 | 3,247              | 406,334                             | 0                           | 5,484,903           | 5,214,352           |
| Other                           | <u>1,378</u>          | <u>167,482</u>         | <u>0</u>                   | <u>0</u>                  | <u>0</u>           | <u>0</u>                            | <u>0</u>                    | <u>168,860</u>      | <u>161,866</u>      |
|                                 | <u>\$ 1,332,596</u>   | <u>\$ 1,644,585</u>    | <u>\$ 6,776,594</u>        | <u>\$ 3,875,368</u>       | <u>\$ 129,239</u>  | <u>\$ 2,075,137</u>                 | <u>\$ 620,361</u>           | <u>\$16,453,880</u> | <u>\$15,588,736</u> |

See notes to the consolidated financial statements

**THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH  
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

*Schedule 2*

|  | Land and Land<br>Improvements | Buildings            | Machinery<br>and Equipment | Vehicles            | Roads                | Bridges<br>and Culverts | Water and<br>Sewer Systems | 2021                  | 2020                  |
|--|-------------------------------|----------------------|----------------------------|---------------------|----------------------|-------------------------|----------------------------|-----------------------|-----------------------|
| <b>COST</b>  |                               |                      |                            |                     |                      |                         |                            |                       |                       |
| Balance, beginning of year                           | \$ 5,335,361                  | \$ 19,405,438        | \$ 33,599,345              | \$ 9,051,247        | \$ 144,162,481       | \$ 8,402,367            | \$ 41,646,688              | \$ 261,602,927        | \$ 251,061,335        |
| Additions during the year                            | 224,832                       | 1,169,189            | 846,214                    | 192,616             | 3,537,538            | 112,089                 | 602,161                    | 6,684,639             | 11,599,265            |
| Disposals during the year                            | <u>0</u>                      | <u>(473,761)</u>     | <u>(79,086)</u>            | <u>(6,650)</u>      | <u>(259,066)</u>     | <u>0</u>                | <u>(198,476)</u>           | <u>(1,017,039)</u>    | <u>(1,057,673)</u>    |
| Balance, end of year                                 | <u>5,560,193</u>              | <u>20,100,866</u>    | <u>34,366,473</u>          | <u>9,237,213</u>    | <u>147,440,953</u>   | <u>8,514,456</u>        | <u>42,050,373</u>          | <u>267,270,527</u>    | <u>261,602,927</u>    |
| <b>ACCUMULATED AMORTIZATION</b>                      |                               |                      |                            |                     |                      |                         |                            |                       |                       |
| Balance, beginning of year                           | 631,181                       | 7,888,656            | 12,685,568                 | 4,019,775           | 99,929,280           | 3,413,211               | 11,465,806                 | 140,033,477           | 135,583,471           |
| Amortization for the year                            | 28,669                        | 414,228              | 488,914                    | 506,514             | 2,947,866            | 211,380                 | 887,332                    | 5,484,903             | 5,214,352             |
| Accumulated amortization<br>on disposals             | <u>0</u>                      | <u>(282,191)</u>     | <u>(79,086)</u>            | <u>(3,800)</u>      | <u>(259,066)</u>     | <u>0</u>                | <u>(82,715)</u>            | <u>(706,858)</u>      | <u>(764,346)</u>      |
| Balance, end of year                                 | <u>659,850</u>                | <u>8,020,693</u>     | <u>13,095,396</u>          | <u>4,522,489</u>    | <u>102,618,080</u>   | <u>3,624,591</u>        | <u>12,270,423</u>          | <u>144,811,522</u>    | <u>140,033,477</u>    |
| <b>NET BOOK VALUE OF TANGIBLE<br/>CAPITAL ASSETS</b> |                               |                      |                            |                     |                      |                         |                            |                       |                       |
|  | <u>\$ 4,900,343</u>           | <u>\$ 12,080,173</u> | <u>\$ 21,271,077</u>       | <u>\$ 4,714,724</u> | <u>\$ 44,822,873</u> | <u>\$ 4,889,865</u>     | <u>\$ 29,779,950</u>       | <u>\$ 122,459,005</u> | <u>\$ 121,569,450</u> |

The net book value of tangible capital assets not being amortized because they are under construction (or development or have been removed from service) is \$1,372,280 (2020 - \$10,642,470).

No contributed capital assets were recognized in the financial statements during the year.

THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH

SCHEDULE OF ACCUMULATED SURPLUS

Schedule 3

AS AT DECEMBER 31, 2021

|   | 2021                  | 2020                  |
|---|-----------------------|-----------------------|
| <b>SURPLUSES</b>  |                       |                       |
| Invested in tangible capital assets   |                       |                       |
| Tangible capital assets at cost less amortization                               | \$ 122,459,005        | \$ 121,569,450        |
| Unexpended capital financing  | 5,477,738             | 2,457,521             |
| Capital assets financed by long term debt and<br>to be funded in future periods | <u>(695,746)</u>      | <u>(902,247)</u>      |
|   | 127,240,997           | 123,124,724           |
| <br>  |                       |                       |
| Investment in Wellington North Power Inc.                                       | 5,935,153             | 5,477,987             |
| Recreation, community centres and arenas  | 5,390                 | 9,494                 |
| Business improvement areas  | 62,733                | 56,132                |
| Other   | <u>19,226</u>         | <u>20,422</u>         |
|   | <u>133,263,499</u>    | <u>128,688,759</u>    |
| <br>  |                       |                       |
| <b>RESERVE FUNDS</b>  |                       |                       |
| Capital purposes  | <u>13,665,351</u>     | <u>13,524,106</u>     |
| <br>  |                       |                       |
| <b>RESERVES</b>   |                       |                       |
| Working funds   | 1,500,000             | 1,449,544             |
| Current purposes  | 539,926               | 421,926               |
| Capital purposes  | <u>7,640</u>          | <u>2,640</u>          |
|   | <u>2,047,566</u>      | <u>1,874,110</u>      |
|   | <u>\$ 148,976,416</u> | <u>\$ 144,086,975</u> |

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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

### **Opinion**

We have audited the accompanying financial statements of The Corporation of the Township of Wellington North trust funds, which comprise the statement of financial position as at December 31, 2021 and the statement of continuity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these financial statements present fairly, in all material respects, the financial position of The Corporation of the Township of Wellington North trust funds as at December 31, 2021 and the results of their operations for the year then ended in accordance with Canadian public sector accounting standards.

### **Basis of Opinion**

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

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

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

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 trust funds' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the trust funds' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the trust funds to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Guelph, Ontario  
July 25, 2022

Chartered Professional Accountants  
Licensed Public Accountants

THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH - TRUST FUNDS  
 STATEMENTS OF FINANCIAL POSITION AND CONTINUITY  
 AS AT DECEMBER 31, 2021

|  | Subdividers     | Cemetery<br>Care and<br>Maintenance | History<br>Books | 2021              | 2020              |
|--|-----------------|-------------------------------------|------------------|-------------------|-------------------|
| <b>STATEMENT OF FINANCIAL POSITION</b> |                 |                                     |                  |                   |                   |
| <b>Assets</b>                          |                 |                                     |                  |                   |                   |
| Cash                                   | \$ 2,529        | \$ 320,778                          | \$ 8,443         | \$ 331,750        | \$ 279,040        |
| Investments (note 2)                   | 0               | 40,147                              | 0                | 40,147            | 69,612            |
| Due from Township                      | <u>0</u>        | <u>0</u>                            | <u>0</u>         | <u>0</u>          | <u>5,479</u>      |
|  | <u>\$ 2,529</u> | <u>\$ 360,925</u>                   | <u>\$ 8,443</u>  | <u>\$ 371,897</u> | <u>\$ 354,131</u> |
| <b>Liabilities</b>                     |                 |                                     |                  |                   |                   |
| Due to Township                        | \$ 0            | \$ 306                              | \$ 0             | \$ 306            | \$ 0              |
| Prepaid plots                          | <u>0</u>        | <u>750</u>                          | <u>0</u>         | <u>750</u>        | <u>750</u>        |
| <b>Fund balance</b>                    | <u>2,529</u>    | <u>359,869</u>                      | <u>8,443</u>     | <u>370,841</u>    | <u>353,381</u>    |
|  | <u>\$ 2,529</u> | <u>\$ 360,925</u>                   | <u>\$ 8,443</u>  | <u>\$ 371,897</u> | <u>\$ 354,131</u> |

**STATEMENT OF CONTINUITY**

|  |                 |                   |                 |                   |                   |
|--|-----------------|-------------------|-----------------|-------------------|-------------------|
| <b>Fund balance, beginning of year</b> | \$ <u>2,515</u> | \$ <u>342,469</u> | \$ <u>8,397</u> | \$ <u>353,381</u> | \$ <u>348,127</u> |
| <b>Receipts</b>                        |                 |                   |                 |                   |                   |
| Interest earned                        | \$ 14           | \$ 1,881          | \$ 46           | \$ 1,941          | \$ 3,434          |
| Share of plot sales                    | 0               | 14,995            | 0               | 14,995            | 4,425             |
| Monument fees                          | 0               | 1,900             | 0               | 1,900             | 725               |
| Miscellaneous                          | <u>0</u>        | <u>505</u>        | <u>0</u>        | <u>505</u>        | <u>0</u>          |
|  | <u>14</u>       | <u>19,281</u>     | <u>46</u>       | <u>19,341</u>     | <u>8,584</u>      |
| <b>Disbursements</b>                   |                 |                   |                 |                   |                   |
| Transfer to municipality               | <u>0</u>        | <u>1,881</u>      | <u>0</u>        | <u>1,881</u>      | <u>3,330</u>      |
| <b>Fund balance, end of year</b>       | <u>\$ 2,529</u> | <u>\$ 359,869</u> | <u>\$ 8,443</u> | <u>\$ 370,841</u> | <u>\$ 353,381</u> |

**THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH - TRUST FUNDS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the trust funds of The Corporation of the Township of North Wellington are the representation of management prepared in accordance with accounting policies prescribed for Ontario municipalities by the Ministry of Municipal Affairs and Housing and Canadian public sector accounting standards. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgments.

(a) **BASIS OF ACCOUNTING**

- (i) Sources of financing and expenditures are reported on the accrual basis of accounting.
- (ii) The accrual basis of accounting recognizes revenues as they become available and measurable. Expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

**2. INVESTMENTS**

Total investments of \$40,147 (2020 - \$69,612) reported on the statement of financial position at cost have a market value of \$38,346 (2020 - \$67,790).