

Consolidated Financial Statements of

**THE CORPORATION OF
THE TOWNSHIP OF
CENTRE WELLINGTON**

Year ended December 31, 2012

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

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For the year ended December 31, 2012

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of The Corporation of the Township of Centre Wellington ("the Entity"), which comprise the statement of financial position as at December 31, 2012, and the statements of operations, changes in net financial assets, 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 an 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 our 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, we consider 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.



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Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Corporation of the Township of Centre Wellington as at December 31, 2012, and the results of its operations changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Accountants, Licensed Public Accountants

June 17, 2013

Waterloo, Canada

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Consolidated Statement of Financial Position

December 31, 2012, with comparative figures for 2011

	2012	2011
Financial Assets		
Cash (note 5)	\$ 26,644,184	\$ 18,174,777
Short-term investments (note 6)	17,300,937	11,037,208
Taxes receivable	2,346,858	2,649,820
Accounts receivable (note 7)	5,252,936	7,023,414
Investment in Centre Wellington Energy Inc. (note 9)	12,660,814	13,716,317
Investment in Centre Wellington Communications Inc. (note 9)	1	-
Total financial assets	64,205,730	52,601,536
Financial Liabilities		
Accounts payable and accrued liabilities	4,260,066	3,378,787
Other liabilities	105,680	107,796
Deferred revenue (note 12)	10,186,729	8,719,325
Employee future benefits (note 14)	485,451	462,930
Net long-term liabilities (note 8)	21,571,922	14,180,278
Total financial liabilities	36,609,848	26,849,116
Net financial assets	27,595,882	25,752,420
Non-Financial Assets		
Tangible capital assets (note 13)	184,996,821	182,748,137
Inventories of supplies	56,648	57,139
Prepaid expenses	11,507	25,411
	185,064,976	182,830,687
Contingencies and commitments (note 4)		
Accumulated surplus (note 15)	\$ 212,660,858	\$ 208,583,107

The accompanying notes are an integral part of these consolidated financial statements.

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Consolidated Statement of Operations

Year ended December 31, 2012, with comparative figures for 2011

	Budget 2012	Actual 2012	Actual 2011
	(unaudited – note 17)		
Revenue:			
Net taxation	\$ 10,548,350	\$ 10,529,091	\$ 9,822,409
Government transfers:			
Provincial	1,106,700	1,150,721	1,808,392
Federal	799,000	462,768	2,200,793
Municipal	181,000	809,682	1,125,283
Development charges earned	1,330,535	1,983,839	1,396,280
Licenses and permits	843,200	1,107,022	914,496
Fees, rents and concessions	9,358,890	10,018,223	9,495,514
Penalties and interest on taxes	325,000	381,455	401,990
Interest, donations and other	866,450	1,098,304	1,007,230
Equity earnings from Centre Wellington			
Energy Inc. (note 9)	-	144,497	111,680
Developer contributions	1,408,000	2,052,697	687,027
Gaming revenue (note 11)	1,950,000	2,193,134	2,220,916
Gain on disposal of tangible capital assets	-	194,567	106,883
Total revenue	28,717,125	32,126,000	31,298,893
Expenses:			
General government	2,470,855	2,835,015	2,800,348
Protection to persons and property	2,386,734	2,470,398	2,448,106
Transportation services	4,848,438	9,320,855	9,009,178
Environmental services	4,679,122	6,735,859	6,482,492
Health services	174,350	169,712	167,696
Social and family services	391,640	477,061	411,905
Recreation and cultural services	4,279,551	4,983,289	4,894,504
Planning and development	907,492	1,056,060	877,391
Total expenses	20,138,182	28,048,249	27,091,620
Annual surplus	8,578,943	4,077,751	4,207,273
Accumulated surplus, beginning of year	208,583,107	208,583,107	204,375,834
Accumulated surplus, end of year	\$ 217,162,050	\$ 212,660,858	\$ 208,583,107

The accompanying notes are an integral part of these consolidated financial statements.

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Consolidated Statement of Changes in Net Financial Assets

Year ended December 31, 2012, with comparative figures for 2011

	2012	2011
Annual surplus	\$ 4,077,751	\$ 4,207,273
Acquisition of tangible capital assets, including contributed tangible capital assets	(9,333,118)	(12,849,781)
Amortization of tangible capital assets	6,985,641	6,831,494
Gain on disposal of tangible capital assets	(194,567)	(106,883)
Proceeds on sale of tangible capital assets	293,360	247,206
	1,829,067	(1,670,691)
Acquisition of inventories of supplies	(56,648)	(57,139)
Acquisition of prepaid expenses	(11,507)	(25,411)
Consumption of inventories of supplies	57,139	52,912
Use of prepaid expenses	25,411	22,021
Change in net financial assets	1,843,462	(1,678,308)
Net financial assets, beginning of year	25,752,420	27,430,728
Net financial assets, end of year	\$ 27,595,882	\$ 25,752,420

The accompanying notes are an integral part of these consolidated financial statements.

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Consolidated Statement of Cash Flows

Year ended December 31, 2012 with comparative figures for 2011

	2012	2011
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 4,077,751	\$ 4,207,273
Items not involving cash:		
Amortization	6,985,641	6,831,494
Gain on sale of tangible capital assets	(194,567)	(106,883)
Change in employee benefits and other liabilities	22,521	24,158
Equity earnings from Centre Wellington Energy Inc.	(144,497)	(111,680)
Change in non-cash assets and liabilities:		
Taxes receivable	302,962	602,494
Accounts receivable	1,770,478	514,194
Inventories of supplies	491	(4,227)
Prepaid expenses	13,904	(3,390)
Accounts payable and accrued liabilities	881,279	(181,144)
Other liabilities	(2,116)	(32,451)
Deferred revenue	1,467,404	2,510,011
Net change in cash from operating activities	15,181,251	14,249,849
Capital activities:		
Proceeds on sale of tangible capital assets	293,360	247,206
Cash used to acquire tangible capital assets	(9,333,118)	(12,849,781)
Net change in cash from capital activities	(9,039,758)	(12,602,575)
Investing activities:		
Purchase of short-term investments	(16,297,895)	(11,037,208)
Redemption of short-term investments	10,034,166	4,031,019
Investment in Centre Wellington Communications Inc.	(1)	-
Dividend from Centre Wellington Energy Inc.	1,200,000	-
Net change in cash from investing activities	(5,063,730)	(7,006,189)
Financing activities:		
Long-term debt repaid	(3,391,720)	(1,143,121)
Long-term debt issued	10,783,364	-
Net change in cash from financing activities	7,391,644	(1,143,121)
Net change in cash position during the year	8,469,407	(6,502,036)
Cash position, beginning of year	18,174,777	24,676,813
Cash position, end of year	\$ 26,644,184	\$ 18,174,777
Cash paid for interest	\$ 641,837	\$ 734,380
Cash received from interest	882,191	849,381

The accompanying notes are an integral part of these consolidated financial statements.

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements

Year ended December 31, 2012

1. Accounting policies:

The consolidated financial statements of The Corporation of the Township of Centre Wellington (“the Township”) are prepared by management in accordance with Canadian public sector accounting standards for governments as recommended by the Public Sector Accounting Board (“PSAB”) of the Canadian Institute of Chartered Accountants. Significant accounting policies adopted by the Township are as follows:

(a) Basis of consolidation:

(i) Consolidated entities:

These consolidated statements reflect the assets, liabilities, revenues and expenses of the reporting entity. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Township and which are owned or controlled by the Township except for the Township’s government business enterprise which is accounted for on the modified equity basis of accounting.

These entities and organizations include:

- Fergus – Business Improvement Area Board
- Elora – Business Improvement Area Board

Inter-organizational transactions and balances between these entities have been eliminated.

(ii) Investment in Government Business Enterprises:

The Township’s investments in Centre Wellington Energy Inc. and Centre Wellington Communications Inc. are accounted for on a modified equity basis, consistent with Canadian public sector accounting standards as recommended by PSAB for investments in government business enterprises. Under the modified equity basis, Centre Wellington Energy Inc.’s and Centre Wellington Communications Inc.’s accounting policies are not adjusted to conform to those of the municipality and inter-organizational transactions and balances are not eliminated. The Township recognizes its equity interest in the annual income or loss of Centre Wellington Energy Inc. and Centre Wellington Communications Inc. in its consolidated statement of operations with a corresponding increase or decrease in its investment asset account. Any dividends that the Township may receive from Centre Wellington Energy Inc. or Centre Wellington Communications Inc. will be reflected as reductions in the investment asset account.

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2012

1. Accounting policies (continued):

(a) Basis of consolidation (continued):

(iii) 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 these consolidated financial statements.

(iv) Trust funds:

Trust funds and their related operations administered by the Township are not consolidated, but are reported separately on the trust funds statement of operations and financial position.

(b) Basis of accounting:

The Township follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

(c) Deferred revenue:

In accordance with PSAB requirements obligatory reserve funds are reported as a component of deferred revenue. The Township has obligatory development charge reserve funds in the amount of \$6,376,697 (2011 - \$5,253,630). These funds have been set aside, as required by the Development Charges Act, to finance a portion of the cost of growth-related projects. Revenue recognition occurs after the funds have been collected and when the Township has incurred the expenditures for the capital works for which the development charges were raised.

Unexpended funds of \$628,030 (2011 - \$266,835) received by the Township subject to a Municipal Funding Agreement for the Transfer of Federal Gas Tax Revenues Under the New Deal for Cities and Communities are reported as deferred revenue and will be recognized as revenue in the fiscal year in which the eligible expenditures are incurred.

(d) Government transfers:

Government transfers received relate to social services, general government activities and various capital projects. Transfers are recognized in the consolidated financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2012

1. Accounting policies (continued):

(e) 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.

(i) Tangible capital assets

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost is amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Useful Life - Years
Land	N/A
Land improvements	20 - 60
Buildings	5 - 50
Vehicles	6 - 20
Equipment	3 - 15
Water and wastewater infrastructure	20 - 80
Road and structure infrastructure	20 - 50

No amortization is charged in the year of acquisition. In the year of disposal, a full year of amortization is charged. 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 at the date of receipt and also are recorded as revenue.

(iii) Works of art and cultural and historic assets

Works of art and cultural and historic assets are not recorded as assets in these consolidated financial statements.

(iv) Interest capitalization

The Township does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.

(v) Leased tangible capital assets

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

(vi) Inventories of supplies

Inventories of supplies held for consumption are recorded at the lower of cost and replacement cost.

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2012

1. Accounting policies (continued):

(f) Use of estimates:

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Significant estimates include assumptions used in estimating provisions for accrued liabilities, actuarial valuations of employee future benefits and the historical cost and useful lives of tangible capital assets.

Actual results could differ from these estimates.

(g) Employee future benefits:

(i) The Township provides certain employee benefits which will require funding in future periods. These benefits include sick leave, benefits under the Workplace Safety and Insurance Board ("WSIB") Act, and life insurance, extended health and dental benefits for early retirees.

The costs of benefits under the WSIB Act and life insurance, extended health and dental benefits are actuarially determined using management's best estimate of salary escalation, insurance and health care cost trends, long-term inflation rates and discount rates.

For self-insured retirement and other employee future benefits that vest or accumulate over the periods of service provided by employees, such as retirement gratuities, compensated absences and health, dental and life insurance benefits for retirees, the cost is actuarially determined using the projected benefits method prorated on service. Under this method, the benefit costs are recognized over the expected average service life of the employee group. Any actuarial gains and losses related to the past service of employees are amortized over the expected average remaining service life of the employee group.

For those self-insured benefit obligations that arise from specific events that occur from time to time, such as obligations for workers' compensation and life insurance and health care benefits for those on disability leave, the cost is recognized immediately in the period the events occur. Any actuarial gains and losses that are related to these benefits are recognized immediately in the period they arise.

(ii) The costs of multi-employer defined contribution pension plan benefits, such as the Ontario Municipal Employees Retirement System ("OMERS") pensions, are the employer's contributions due to the plan in the period.

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2012

1. Accounting policies (continued):

(h) Investment income:

Investment income is reported as revenue in the period earned. When required by the funding government or related Act, investment income earned on deferred revenue is added to the investment and forms part of the deferred revenue balance.

2. Operations of School Boards and the County of Wellington:

Further to note 1(a)(iii), the taxation and other revenues for the School Boards and the County of Wellington are comprised of the following:

	School Boards	County
Taxation and user charges	\$ 9,161,415	\$ 21,562,193

3. Trust funds:

Trust funds administered by the municipality amounting to \$794,508 (2011 - \$763,471) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations.

4. Contingencies and commitments:

(a) The Township is contingently liable for long-term liabilities with respect to tile drainage loans and for those for which the responsibility for payment of principal and interest has been assumed by school boards and the County of Wellington.

(b) The Township has an outstanding contractual obligation of approximately \$18,370,000 (2011 - \$nil) for the expansion of a wastewater treatment plant. Township council has authorized the financing of this obligation.

(c) Minimum annual lease payments:

The Township rents premises with minimum annual lease payments as follows:

2013	\$ 21,600
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(d) From time to time, the Township is subject to claims and other lawsuits that arise in the ordinary course of business, some of which may seek damages in substantial amounts. These claims may be covered by the Township's insurance up to a maximum of \$15,000,000 per occurrence. Liability for these claims and lawsuits are recorded to the extent that the probability of a loss is likely and it is estimable.

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2012

5. Cash:

At December 31, 2012, the Township had undrawn capacity under a credit facility of \$7,000,000. Interest on the credit facility is at prime less 0.25%.

6. Short-term investments:

Short-term investments consist of the following:

	2012	2011
Term deposits held at a credit union	\$ 16,283,426	\$ 10,034,166
Investment in money market fund	1,017,486	1,003,017
Credit union shares	25	25
	<u>\$ 17,300,937</u>	<u>\$ 11,037,208</u>

The term deposits held at a credit union earn interest at rates ranging from 2.05% to 2.2% (2011 – 1.7% to 2.0%) and mature in October 2013. The short-term investment balance includes accrued interest earned on the term deposits of \$80,014 (2011 - \$34,169).

The market value of the money market fund at December 31, 2012 was \$1,012,207 (2011 - \$1,001,837).

7. Accounts receivable:

Accounts receivable includes an amount owing from Centre Wellington Community Medical Offices, a related party. The Township and Centre Wellington Community Medical Offices are related parties as the Township has the ability to appoint 2 of the 5 members of the Board of Directors. The loans and related interest charged are in the normal course of operations and are measured at the exchange amount, being the amounts agreed to by the related parties. Interest earned on the loans during the year was \$47,481 (2011 - \$49,896).

The Township entered into an agreement with Centre Wellington Community Medical Offices in 2005 to provide a loan to a maximum of \$1,700,000. 75% of the draws (Part B) bear interest at a rate of 5%. Repayment is due in monthly blended payments of \$8,091 and is due November 2025. The remaining 25% of the draws (Part A) are non-interest bearing, and principal repayments are due in equal monthly installments over five years, with the first payment due following repayment of Part B.

	2012	2011
Loan receivable – Part A	\$ 409,046	\$ 409,046
Loan receivable – Part B	922,540	972,155
	<u>\$ 1,331,586</u>	<u>\$ 1,381,201</u>

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2012

8. Net long-term liabilities:

(a) The balance of net long-term liabilities reported on the consolidated statement of financial position is made up of the following.

	2012	2011
Total long-term liabilities incurred by the Township with varying maturities up to 2026 and weighted average interest rate of 3.85% (2011 - 4.90%)	\$ 21,648,840	\$ 14,244,122
Of the long-term liabilities shown above, the responsibility for payment of principal and interest charges for tile drainage loans has been assumed by individuals.	(76,918)	(63,844)
Net long-term liabilities at end of year	\$ 21,571,922	\$ 14,180,278

(b) Principal and interest payments for the next five years and thereafter by the Township are as follows:

	Principal	Interest	Total
2013	\$ 1,237,375	\$ 872,442	\$ 2,109,817
2014	1,195,972	827,329	2,023,301
2015	1,240,229	780,522	2,020,751
2016	1,172,668	731,726	1,904,394
2017	1,222,093	680,716	1,902,809
2018 and thereafter	15,503,585	2,697,106	18,200,691
Total	\$ 21,571,922	\$ 6,589,841	\$ 28,161,763

(c) The long-term liabilities in (a) issued in the name of the municipality have received approval of the Ontario Municipal Board (or approval by private legislation) for those approved on or before December 31, 1992. Those approved after January 1, 1993, have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

(d) Total interest on long-term liabilities, which are reported on the consolidated statement of operations, amounted to \$675,577 (2011 - \$729,846). The long-term liabilities carry interest rates ranging from 0% to 7.25%. The interest on long-term liabilities assumed by individuals for tile drainage loans is not reflected in the consolidated financial statements.

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2012

9. Government business enterprises:

Centre Wellington Energy Inc. is a corporation, incorporated under the laws of the Province of Ontario on December 4, 2008, providing municipal electrical distribution services. The Corporation of the Township of Centre Wellington owns 100% of the outstanding shares of Centre Wellington Energy Inc. Centre Wellington Energy Inc. owns 100% of the outstanding shares of Centre Wellington Hydro Ltd. Centre Wellington Hydro Ltd. commenced operations on November 1, 2000.

Centre Wellington Communications Inc. is a corporation, incorporated under the laws of the Province of Ontario on May 8, 2012, providing municipal high speed communications services through a fibre optic system in Centre Wellington. The Corporation of the Township of Centre Wellington owns 100% of the outstanding shares of Centre Wellington Communications Inc.

The following summarizes the financial position and operations of Centre Wellington Energy Inc. which has been reported in these consolidated financial statements using the modified equity method:

	2012	2011
Assets	\$ 16,219,301	\$ 16,878,063
Other liabilities	8,605,240	8,208,499
Net assets	7,614,061	8,669,564
Promissory note due to the Township of Centre Wellington	5,046,753	5,046,753
Investment in Centre Wellington Energy Inc.	\$ 12,660,814	\$ 13,716,317

	2012	2011
Revenues	\$ 17,516,869	\$ 15,335,096
Expenditures	17,372,372	15,223,416
Net earnings for the year	144,497	111,680
Retained earnings, beginning of year	3,634,498	3,522,818
Dividends paid to the Township	(1,200,000)	-
Retained earnings, end of year	\$ 2,578,995	\$ 3,634,498

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2012

10. Pension agreements:

The Township makes contributions to the OMERS Fund, which is a multi-employer plan, on behalf of members of its staff. The plan is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees, based on the length of service and rates of pay. The amount contributed to OMERS in 2012 was \$595,234 (2011 - \$519,250) for current service and past service costs and is included as an expense on the consolidated statement of operations.

11. Gaming revenue:

The Township has entered into a Racetrack Municipality Contribution Agreement with the Ontario Lottery and Gaming Corporation (OLGC). As part of the agreement, OLGC provides quarterly payments to the Township in the amount of 5% of the net proceeds derived from the slot machines at the Grand River Raceway.

Pursuant to an agreement between the Township and the County of Wellington, 21% of the gross quarterly proceeds due to the Township are paid to the County of Wellington. This payment is designed to cover additional costs incurred by the County of Wellington due to the Grand River Raceway.

The net proceeds are placed in a Township reserve fund. A summary of gaming revenue is as follows:

	2012	2011
Gross gaming proceeds	\$ 2,193,134	\$ 2,220,916
Less: payments to the County of Wellington	(460,558)	(466,392)
Net proceeds	\$ 1,732,576	\$ 1,754,524

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2012

12. Deferred revenue:

The deferred revenues, reported on the consolidated statement of financial position, consist of the following:

2012	Opening	Contributions Received	Investment Income	Revenue Recognized	Ending
Obligatory:					
Development charges	\$ 5,253,630	\$ 3,006,452	\$ 100,454	\$(1,983,839)	\$ 6,376,697
Recreational land	130,774	23,066	2,091	(36,302)	119,629
Parking revenues	52,497	-	845	-	53,342
Subdivider contributions	556,556	54,267	7,236	-	618,059
Lot levies	36,401	-	586	-	36,987
Federal gas tax funding	266,835	799,053	4,223	(442,081)	628,030
Other:					
Grading and damage deposits	590,573	284,455	-	-	875,028
Builder and other deposits	1,782,804	(361,660)	-	-	1,421,144
Other	49,255	57,813	-	(49,255)	57,813
	\$ 8,719,325	\$ 3,863,446	\$ 115,435	\$(2,511,477)	\$10,186,729

2011	Opening	Contributions Received	Investment Income	Revenue Recognized	Ending
Obligatory:					
Development charges	\$ 3,440,149	\$ 3,143,186	\$ 66,575	\$(1,396,280)	\$ 5,253,630
Recreational land	171,512	32,705	1,557	(75,000)	130,774
Parking revenues	51,821	-	676	-	52,497
Subdivider contributions	520,498	29,274	6,784	-	556,556
Lot levies	35,932	-	469	-	36,401
Federal gas tax funding	194,096	799,053	989	(727,303)	266,835
Other:					
Grading and damage deposits	287,291	303,282	-	-	590,573
Builder and other deposits	1,418,315	364,489	-	-	1,782,804
Other	89,700	49,255	-	(89,700)	49,255
	\$ 6,209,314	\$ 4,721,244	\$ 77,050	\$(2,288,283)	\$ 8,719,325

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2012

13. Tangible capital assets:

Cost	Balance at December 31, 2011	Additions	Disposals	Balance at December 31, 2012
Land	\$ 2,034,321	\$ 36,302	\$ (1)	\$ 2,070,622
Land improvements	3,722,612	53,537	-	3,776,149
Buildings	20,644,853	236,126	(67,516)	20,813,463
Vehicles	9,538,624	630,649	(423,584)	9,745,689
Equipment	5,082,360	427,575	(247,145)	5,262,790
Water and wastewater infrastructure	81,309,839	999,409	(57,105)	82,252,143
Road and structure infrastructure	160,937,633	3,333,531	(376,877)	163,894,287
Assets under construction	2,756,678	5,361,809	(1,745,820)	6,372,667
Total	\$ 286,026,920	\$ 11,078,938	\$ (2,918,048)	\$ 294,187,810

Accumulated amortization	Balance at December 31, 2011	Disposals	Amortization	Balance at December 31, 2012
Land	\$ -	\$ -	\$ -	\$ -
Land improvements	1,146,293	-	97,356	1,243,649
Buildings	5,399,249	(61,915)	547,857	5,885,191
Vehicles	4,759,753	(416,633)	717,706	5,060,826
Equipment	2,744,351	(231,584)	373,358	2,886,125
Water and wastewater infrastructure	23,600,031	(41,767)	1,608,652	25,166,916
Road and structure infrastructure	65,629,106	(321,536)	3,640,712	68,948,282
Assets under construction	-	-	-	-
Total	\$ 103,278,783	\$ (1,073,435)	\$ 6,985,641	\$ 109,190,989

	Net book value December 31, 2011	Net book value December 31, 2012
Land	\$ 2,034,321	\$ 2,070,622
Land improvements	2,576,319	2,532,500
Buildings	15,245,604	14,928,272
Vehicles	4,778,871	4,684,863
Equipment	2,338,009	2,376,665
Water and wastewater infrastructure	57,709,808	57,085,227
Road and structure infrastructure	95,308,527	94,946,005
Assets under construction	2,756,678	6,372,667
Total	\$ 182,748,137	\$ 184,996,821

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2012

13. Tangible capital assets (continued):

Cost	Balance at December 31, 2010	Additions	Disposals	Balance at December 31, 2011
Land	\$ 1,985,897	\$ 48,424	\$ -	\$ 2,034,321
Land improvements	3,421,732	300,880	-	3,722,612
Buildings	20,427,436	239,569	(22,152)	20,644,853
Vehicles	8,986,046	1,177,405	(624,827)	9,538,624
Equipment	4,690,079	582,372	(190,091)	5,082,360
Water and wastewater infrastructure	75,169,899	6,240,495	(100,555)	81,309,839
Road and structure infrastructure	155,457,427	6,269,108	(788,902)	160,937,633
Assets under construction	4,765,150	2,171,567	(4,180,039)	2,756,678
Total	\$ 274,903,666	\$ 17,029,820	\$ (5,906,566)	\$ 286,026,920

Accumulated amortization	Balance at December 31, 2010	Disposals	Amortization	Balance at December 31, 2011
Land	\$ -	\$ -	\$ -	\$ -
Land improvements	1,058,883	-	87,410	1,146,293
Buildings	4,880,859	(21,044)	539,434	5,399,249
Vehicles	4,659,636	(610,708)	710,825	4,759,753
Equipment	2,414,703	(190,091)	519,739	2,744,351
Water and wastewater infrastructure	22,210,689	(85,165)	1,474,507	23,600,031
Road and structure infrastructure	62,808,723	(679,196)	3,499,579	65,629,106
Assets under construction	-	-	-	-
Total	\$ 98,033,493	\$ (1,586,204)	\$ 6,831,494	\$ 103,278,783

	Net book value December 31, 2010	Net book value December 31, 2011
Land	\$ 1,985,897	\$ 2,034,321
Land improvements	2,362,849	2,576,319
Buildings	15,546,577	15,245,604
Vehicles	4,326,410	4,778,871
Equipment	2,275,376	2,338,009
Water and wastewater infrastructure	52,959,210	57,709,808
Road and structure infrastructure	92,648,704	95,308,527
Assets under construction	4,765,150	2,756,678
Total	\$ 176,870,173	\$ 182,748,137

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2012

13. Tangible Capital Assets (continued):

(a) Assets under construction

Assets under construction having a value of \$6,372,667 (2011 - \$2,756,678) have not been amortized. Amortization of these assets will commence when the asset is put into service.

(b) Contributed tangible capital assets

Contributed capital assets have been recognized at fair market value at the date of contribution. The value of contributed assets received during the year is \$nil (2011 - \$nil).

(c) Tangible capital assets disclosed at nominal values

Where an estimate of fair value could not be made, the tangible capital asset was recognized at a nominal value. Land and buildings are the only categories where nominal values were assigned.

(d) Write-down of tangible capital assets

The write-down of tangible capital assets during the year was \$nil (2011 - \$nil).

14. Employee benefits and other liabilities:

The Township provides certain employee benefits, which will require funding in future periods. An actuarial estimate of the future liabilities for these benefits has been completed as at December 31, 2012.

	2012	2011
Post employment benefits	\$ 328,996	\$ 308,807
Future payments required to WSIB	156,455	154,123
	\$ 485,451	\$ 462,930

(a) Post employment benefits:

The Township pays health, dental and life insurance benefits on behalf of its eligible senior management early retirees to age 65. Senior management are eligible for retiree benefits if they retire on an OMERS pension, before the age of 65.

The Township pays health and dental insurance benefits on behalf of its non-management employees for early retirees to age 65. Non-management members are eligible for retiree benefits if they retire on an OMERS pension after 55 years of age with at least 25 years service.

The most recent actuarial valuation was performed as at December 31, 2011 and extrapolated to December 31, 2012.

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2012

14. Employee benefits and other liabilities (continued):

(a) Post employment benefits (continued)

Information about the post employment benefit plan is as follows:

	2012	2011
Accrued benefit obligation:		
Balance, beginning of year	\$ 325,282	\$ 285,467
Current benefit cost	20,324	18,843
Increase due to plan amendment	-	-
Interest	13,932	14,494
Expected benefit payments	(15,245)	(9,997)
Actuarial loss	-	16,475
Expected accrued benefit obligation, end of year	344,293	325,282
Unamortized actuarial loss	(15,297)	(16,475)
Liability for post employment benefits	\$ 328,996	\$ 308,807

The unamortized actuarial loss is amortized over the expected average service life of 14 years (2011 – 14 years).

The main actuarial assumptions employed for the valuation are as follows:

(i) Interest (discount rate):

The obligation as at December 31, 2012, of the present value of future liabilities and the expense for the 12 months ended December 31, 2012, were determined using a discount rate of 4.25% (2011 – 4.25%).

(ii) Medical costs:

Medical costs were assumed to increase at the rate of 6.142% for 2012 and 2013, reducing by 0.357% per year to 4.0% in 2019 and 4.0% per year thereafter.

(iii) Dental costs:

Dental costs were assumed to increase at the rate of 4.0% (2011 – 4.0%) per year.

The Township has established a reserve to mitigate the future impact of the post employment benefits obligation. The balance at the end of the year is \$55,725 (2011 - \$48,863).

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2012

14. Employee benefits and other liabilities (continued):

(b) WSIB:

With respect to responsibilities under provisions of the Workplace Safety and Insurance Board (WSIB) Act the Township has elected to be treated as a Schedule 2 employer and remits payments to the WSIB as required to fund disability payments. An actuarial estimate of future liabilities has been completed and forms the basis for the estimated liability reported in these financial statements. The most recent actuarial valuation was performed as at December 31, 2010 and extrapolated to December 31, 2011 and 2012.

Information about the WSIB liability is as follows:

	2012	2011
Accrued benefit obligation:		
Balance, beginning of year	\$ 147,373	\$ 147,459
Current benefit cost	19,416	18,811
Interest	6,871	6,840
Expected benefit payments	(24,860)	(25,737)
Expected accrued benefit obligation, end of year	148,800	147,373
Unamortized actuarial gain	7,655	6,750
WSIB liability	\$ 156,455	\$ 154,123

Included in expenses is \$905 (2011 - \$905) for amortization of the actuarial loss. The unamortized actuarial loss on future payments required to WSIB is amortized over the expected period of the liability which is 10 years (2011 – 10 years).

The main actuarial assumptions employed for the valuation are as follows:

(i) Interest (discount rate):

The obligation as at December 31, 2012, of the present value of future liabilities and the expense for the 12 months ended December 31, 2012, were determined using a discount rate of 4.75% (2011 – 4.75%).

(ii) Administration costs:

Administration costs were assumed to be 24% (2011 – 24%) of the compensation expense.

(iii) Compensation expense:

Compensation costs, which include loss of earnings benefits, health care costs and non-economic loss awards, were assumed to increase at rates ranging from (1.25%) to 4.75% (2011 – (1.25%) to 4.75%) depending on the benefit type.

The Township has established a reserve to mitigate the future impact of the WSIB obligation. The balance at the end of the year is \$121,958 (2011 - \$100,256).

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2012

15. Accumulated surplus:

Accumulated surplus consists of individual fund surplus and reserves and reserve funds as follows:

	2012	2011
Surplus:		
Invested in tangible capital assets	\$ 184,996,821	\$ 182,748,137
General purposes	16,331,489	8,114,658
Investment in Centre Wellington Energy Inc.	12,660,814	13,716,317
Investment in Centre Wellington Communications Inc.	1	-
Amounts to be recovered:		
Post employment benefits	(328,996)	(308,807)
WSIB	(156,455)	(154,123)
Net long-term liabilities	(21,571,922)	(14,180,278)
Total surplus	191,931,752	189,935,904
Reserves set aside by Council for:		
Capital works - Wastewater	3,348,572	3,250,124
Working capital	1,109,662	1,109,662
Capital works - Roads	300,089	215,761
Replacement of equipment	1,637,375	1,311,200
Capital works - Waterworks	4,574,516	3,997,362
Other	3,534,419	2,667,634
Capital works - Cultural	16,486	12,398
Capital works - Fire	13,316	10,316
Planning	61,790	65,375
Capital works - Parks and recreation	17,566	-
Contingencies	52,132	130,100
Total reserves	14,665,923	12,769,932
Reserve funds set aside for specific purposes by Council for:		
Capital works - Other	1,783,988	1,803,479
Capital works - Social services	126,121	104,618
Capital works - Roads	12,537	12,381
Capital works - Wastewater	2,596,552	2,526,747
Capital works - Waterworks	1,543,985	1,430,046
Total reserve funds	6,063,183	5,877,271
Accumulated surplus	\$ 212,660,858	\$ 208,583,107

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2012

16. Comparative amounts:

The comparative amounts have been reclassified to conform to the current year's presentation.

17. Budget data:

The unaudited budget data presented in these consolidated financial statements is based upon the 2012 operating and capital budgets approved by Council on April 11, 2012. Amortization was not contemplated on development of the budget and, as such, has not been included.

18. Public liability insurance:

The Township has undertaken a portion of the risk for public liability as a means of achieving efficient and cost effective risk management. The Township has opted for a self insured retention or deductible, of \$10,000 for each occurrence involving public liability claims. In excess of the self insured retention, the Township insurance program carries limits up to \$25,000,000 per occurrence.

The Township has established a reserve for allocated self insurance claims. The balance at the end of the year is \$22,303 (2011 - \$13,790).

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2012

19. Segmented information:

The Township of Centre Wellington is a diversified municipal government institution that provides a wide range of services to its citizens, including roads, water and wastewater services, planning, parks and recreation, fire, administration of the building code, stray animal control, cemetery operations and various cultural and social activities. For management reporting purposes, the Township's operations and activities are reported by fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

Township services are provided by departments and their activities are reported in these funds. Certain departments have been separately disclosed in the segmented information in the following schedule.

	General Government	Protection	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation & Culture	Planning & Development	2012 Consolidated
Revenues									
Taxation	\$ 2,174,699	\$ 1,394,707	\$ 3,827,784	\$ -	\$ 41,327	\$ 301,083	\$ 2,192,522	\$ 596,969	\$ 10,529,091
Government transfers	999,700	155,800	863,803	294,301	-	75,734	31,048	2,785	2,423,171
Development charges earned	460,198	53,088	299,157	792,197	-	-	352,084	27,115	1,983,839
Licences and permits	24,353	1,082,669	-	-	-	-	-	-	1,107,022
Fees, rents and concessions	176,298	27,184	95,608	7,413,179	118,864	139,202	1,897,599	150,289	10,018,223
Penalties and interest on taxes	381,455	-	-	-	-	-	-	-	381,455
Interest, donations and other	842,874	19,734	15,349	98,547	29,648	8,108	68,253	15,791	1,098,304
Equity earnings from Centre Wellington Energy Inc.	144,497	-	-	-	-	-	-	-	144,497
Developer contributions	5,600	-	1,454,907	468,506	-	-	36,802	86,882	2,052,697
Gaming revenue	-	-	1,893,134	-	-	-	300,000	-	2,193,134
Loss on disposal of tangible capital assets	210,933	10,657	(12,069)	(9,353)	-	-	(5,601)	-	194,567
Total Revenues	\$ 5,420,607	\$ 2,743,839	\$ 8,437,673	\$ 9,057,377	\$ 189,839	\$ 524,127	\$ 4,872,707	\$ 879,831	\$ 32,126,000
Expenses									
Salaries and benefits	\$ 1,628,476	\$ 1,768,213	\$ 1,537,071	\$ 2,002,507	\$ 69,043	\$ 231,203	\$ 2,387,031	\$ 527,010	\$ 10,150,554
Goods and services	965,164	326,049	3,544,257	2,507,811	95,945	227,202	1,649,926	499,729	9,816,083
Transfer payments	-	124,596	-	152,288	-	-	53,775	-	330,659
Interest and rental	26,672	16,814	77,378	334,379	-	-	280,748	29,321	765,312
Amortization	214,703	234,726	4,162,149	1,738,874	4,724	18,656	611,809	-	6,985,641
Total Expenses	\$ 2,835,015	\$ 2,470,398	\$ 9,320,855	\$ 6,735,859	\$ 169,712	\$ 477,061	\$ 4,983,289	\$ 1,056,060	\$ 28,048,249

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2012

19. Segmented information (continued):

	General Government	Protection	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation & Culture	Planning & Development	2011 Consolidated
Revenues									
Taxation	\$ 2,026,177	\$ 1,388,888	\$ 3,532,737	\$ -	\$ 36,185	\$ 269,974	\$ 2,008,737	\$ 559,711	\$ 9,822,409
Government transfers	1,115,030	143,196	3,059,412	254,053	-	39,999	504,036	18,742	5,134,468
Development charges earned	17,385	201,160	175,216	696,902	-	-	300,494	5,123	1,396,280
Licences and permits	23,989	890,507	-	-	-	-	-	-	914,496
Fees, rents and concessions	186,747	37,984	71,264	7,003,469	110,218	126,166	1,813,898	145,768	9,495,514
Penalties and interest on taxes	401,990	-	-	-	-	-	-	-	401,990
Interest, donations and other	772,632	12,214	13,729	71,158	47,021	13,857	74,591	2,028	1,007,230
Equity earnings from Centre Wellington Energy Inc.	111,680	-	-	-	-	-	-	-	111,680
Developer contributions	25,995	-	524,415	-	-	-	80,495	56,122	687,027
Gaming revenue	-	310,000	1,910,916	-	-	-	-	-	2,220,916
Loss on disposal of tangible capital assets	186,414	-	(66,001)	(14,421)	-	-	891	-	106,883
Total Revenues	\$ 4,868,039	\$ 2,983,949	\$ 9,221,688	\$ 8,011,161	\$ 193,424	\$ 449,996	\$ 4,783,142	\$ 787,494	\$ 31,298,893
Expenses									
Salaries and benefits	\$ 1,397,821	\$ 1,775,188	\$ 1,577,203	\$ 1,912,443	\$ 55,888	\$ 208,424	\$ 2,337,601	\$ 486,217	\$ 9,750,785
Goods and services	997,989	318,818	3,339,896	2,482,625	108,602	184,825	1,620,380	362,798	9,415,933
Transfer payments	-	120,705	-	147,540	-	-	51,300	-	319,545
Interest and rental	19,995	17,557	86,251	323,640	-	-	298,044	28,376	773,863
Amortization	384,543	215,838	4,005,828	1,616,244	3,206	18,656	587,179	-	6,831,494
Total Expenses	\$ 2,800,348	\$ 2,448,106	\$ 9,009,178	\$ 6,482,492	\$ 167,696	\$ 411,905	\$ 4,894,504	\$ 877,391	\$ 27,091,620



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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the trust funds of The Corporation of the Township of Centre Wellington which comprise the statement of financial position as at December 31, 2012 and the statement of operations and changes in net financial assets of the trust funds for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



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Basis for Qualified Opinion

In common with many not-for-profit organizations, the trust funds of the Corporation of the Township of Centre Wellington derives revenue from sundry sources, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the entity and we were not able to determine whether any adjustments might be necessary to revenue, surplus, assets, net financial assets and accumulated surplus.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the trust funds of The Corporation of the Township of Centre Wellington as at December 31, 2012, and the results of its operations for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Accountants, Licensed Public Accountants

June 17, 2013
Waterloo, Canada

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Trust Funds - Statement of Financial Position

As at December 31, 2012, with comparative figures for 2011

	Elora Cemetery Perpetual Care	Fergus Cemetery Perpetual Care	Mount Carmel Cemetery Perpetual Care	M.W. Baptie Scholarship	2012 Total	2011 Total
Assets:						
Cash	\$ 32,550	\$ 30,179	\$ 2,666	\$ 4,390	\$ 69,785	\$ 52,272
Term deposit certificates	246,394	445,698	32,787	1,000	725,879	710,813
CIBC stock – at cost	-	1,299	-	-	1,299	1,299
Due from Township	507	-	-	-	507	545
	\$ 279,451	\$ 477,176	\$ 35,453	\$ 5,390	\$ 797,470	\$ 764,929
Liabilities:						
Due to Township	\$ -	\$ 2,962	\$ -	\$ -	\$ 2,962	\$ 1,458
Net financial assets and accumulated surplus	\$ 279,451	\$ 474,214	\$ 35,453	\$ 5,390	\$ 794,508	\$ 763,471

See accompanying notes to financial statements.

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Trust Funds - Statement of Operations and Changes in Net Financial Assets

Year ended December 31, 2012, with comparative figures for 2011

	Elora Cemetery Perpetual Care	Fergus Cemetery Perpetual Care	Mount Carmel Cemetery Perpetual Care	M.W. Baptie Scholarship	2012 Total	2011 Total
Revenue:						
Sale of plots and cemetery fees	\$ 6,162	\$ 24,543	\$ 840	\$ -	\$ 31,545	\$ 30,132
Investment income	5,836	13,389	693	55	19,973	16,739
	11,998	37,932	1,533	55	51,518	46,871
Expenses:						
Reimbursement to Township	5,836	13,389	-	-	19,225	16,170
Reimbursement to Mount Carmel Cemetery	-	-	1,206	-	1,206	260
Scholarships	-	-	-	50	50	50
	5,836	13,389	1,206	50	20,481	16,480
Surplus	6,162	24,543	327	5	31,037	30,391
Net financial assets and accumulated surplus, beginning of year	273,289	449,671	35,126	5,385	763,471	733,080
Net financial assets and accumulated surplus, end of year	\$ 279,451	\$ 474,214	\$ 35,453	\$ 5,390	\$ 794,508	\$ 763,471

See accompanying notes to financial statements.

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Trust Funds

Note to Financial Statements

Year ended December 31, 2012

1. Accounting policy:

Basis of accounting:

Expenditures, receipts, and income are reported on the accrual basis of accounting, which recognizes expenditures as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.