

Consolidated Financial Statements of

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

Year ended December 31, 2014

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

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For the year ended December 31, 2014

Consolidated Financial Statements

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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, 2014, 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, 2014, 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 Professional Accountants, Licensed Public Accountants

June 22, 2015

Waterloo, Canada

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Consolidated Statement of Financial Position

December 31, 2014, with comparative figures for 2013

	2014	2013
Financial Assets		
Cash (note 4)	\$ 13,227,189	\$ 11,449,227
Short-term investments (note 5)	23,569,231	20,644,991
Taxes receivable	2,428,885	2,879,250
Accounts receivable (note 6)	5,967,548	5,939,081
Investment in Centre Wellington Energy Inc. (note 8)	13,572,714	12,988,338
Investment in Centre Wellington Communications Inc. (note 8)	-	-
Total financial assets	58,765,567	53,900,887
Financial Liabilities		
Accounts payable and accrued liabilities	3,527,385	6,044,647
Other liabilities	108,465	107,012
Deferred revenue (note 12)	9,305,015	8,991,268
Employee future benefits (note 14)	613,889	510,077
Net long-term liabilities (note 7)	29,198,109	20,400,696
Total financial liabilities	42,752,863	36,053,700
Net financial assets	16,012,704	17,847,187
Non-Financial Assets		
Tangible capital assets (note 13)	202,374,018	196,947,328
Inventories of supplies	107,464	59,474
Prepaid expenses	15,751	11,640
	202,497,233	197,018,442
Contingencies and commitments (note 3)		
Accumulated surplus (note 15)	\$ 218,509,937	\$ 214,865,629

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, 2014, with comparative figures for 2013

	Budget 2014 (note 16)	Actual 2014	Actual 2013
Revenue:			
Net taxation	\$ 11,403,302	\$ 11,514,131	\$ 11,100,296
Government transfers:			
Provincial	867,600	1,229,799	1,026,335
Federal	1,773,000	1,572,900	1,378,396
Municipal	331,000	609,646	521,184
Development charges earned	2,335,466	2,617,815	2,545,711
Licenses and permits	856,200	841,720	926,129
Fees, rents and concessions	9,838,682	10,112,275	9,892,650
Penalties and interest on taxes	340,000	366,074	370,668
Interest, donations and other	1,134,400	1,393,593	1,376,837
Equity earnings from Centre Wellington			
Energy Inc. (note 8)	-	584,376	327,524
Equity loss from Centre Wellington			
Communications Inc. (note 8)	-	-	(1)
Developer contributions	853,000	585,247	763,898
Gaming revenue (note 11)	2,150,000	2,024,420	2,081,222
Loss on disposal of tangible capital assets	-	(259,117)	(1,729,683)
Total revenue	31,882,650	33,192,879	30,581,166
Expenses:			
General government	2,727,340	2,943,959	3,041,698
Protection to persons and property	2,286,690	2,703,699	2,427,224
Transportation services	4,391,266	9,296,241	9,126,762
Environmental services	5,629,165	7,835,451	7,355,813
Health services	186,525	202,045	170,229
Social and family services	431,360	480,245	448,747
Recreation and cultural services	4,520,674	5,183,443	4,966,353
Planning and development	926,031	903,488	839,569
Total expenses	21,099,051	29,548,571	28,376,395
Annual surplus	10,783,599	3,644,308	2,204,771
Accumulated surplus, beginning of year	214,865,629	214,865,629	212,660,858
Accumulated surplus, end of year	\$ 225,649,228	\$ 218,509,937	\$ 214,865,629

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, 2014, with comparative figures for 2013

	Budget (note 16)	2014	2013
Annual surplus	\$ 10,783,599	\$ 3,644,308	\$ 2,204,771
Acquisition of tangible capital assets, including contributed tangible capital assets	(12,601,890)	(12,994,189)	(20,841,375)
Amortization of tangible capital assets	-	7,253,837	7,052,452
Loss on disposal of tangible capital assets	-	259,117	1,729,683
Proceeds on sale of tangible capital assets	-	54,545	108,733
	(1,818,291)	(1,782,382)	(9,745,736)
Acquisition of inventories of supplies	-	(107,464)	(59,474)
Acquisition of prepaid expenses	-	(15,751)	(11,640)
Consumption of inventories of supplies	-	59,474	56,648
Use of prepaid expenses	-	11,640	11,507
Change in net financial assets	(1,818,291)	(1,834,483)	(9,748,695)
Net financial assets, beginning of year	17,847,187	17,847,187	27,595,882
Net financial assets, end of year	\$ 16,028,896	\$ 16,012,704	\$ 17,847,187

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, 2014, with comparative figures for 2013

	2014	2013
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 3,644,308	\$ 2,204,771
Items not involving cash:		
Amortization	7,253,837	7,052,452
Loss on sale of tangible capital assets	259,117	1,729,683
Change in employee benefits and other liabilities	103,812	24,626
Equity earnings from Centre Wellington Energy Inc.	(584,376)	(327,524)
Equity loss from Centre Wellington Communications Inc.	-	1
Contributed tangible capital assets	-	(333,672)
Change in non-cash assets and liabilities:		
Taxes receivable	450,365	(532,392)
Accounts receivable	(28,467)	(686,145)
Inventories of supplies	(47,990)	(2,826)
Prepaid expenses	(4,111)	(133)
Accounts payable and accrued liabilities	(2,517,262)	1,784,581
Other liabilities	1,453	1,332
Deferred revenue	313,747	(1,195,461)
Net change in cash from operating activities	8,844,433	9,719,293
Capital activities:		
Proceeds on sale of tangible capital assets	54,545	108,733
Cash used to acquire tangible capital assets	(12,994,189)	(20,507,703)
Net change in cash from capital activities	(12,939,644)	(20,398,970)
Investing activities:		
Purchase of short-term investments	(12,270,966)	(20,644,991)
Redemption of short-term investments	9,346,726	17,300,937
Net change in cash from investing activities	(2,924,240)	(3,344,054)
Financing activities:		
Long-term debt repaid	(1,202,587)	(1,237,375)
Long-term debt issued	10,000,000	66,149
Net change in cash from financing activities	8,797,413	(1,171,226)
Net change in cash position during the year	1,777,962	(15,194,957)
Cash position, beginning of year	11,449,227	26,644,184
Cash position, end of year	\$ 13,227,189	\$ 11,449,227

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, 2014

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 Chartered Professional Accountants of Canada. 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 enterprises which are 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, 2014

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. Property tax revenue is recognized on the accrual basis using the approved mill rates and the anticipated assessment related to the current year.

(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 \$5,817,647 (2013 - \$5,596,974). 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 \$38,418 (2013 - \$64,864) 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, 2014

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, 2014

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.

(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.

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2014

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	\$ 9,396,216	\$ 23,591,438

3. 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) Minimum annual lease payments:

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

2015	\$ 22,920
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(c) 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, 2014

4. Cash:

At December 31, 2014, the Township had undrawn capacity under a credit facility of \$7,000,000. Interest on the credit facility is at prime less 0.25%.

5. Short-term investments:

Short-term investments consist of the following:

	2014	2013
Guaranteed investment certificates held at a credit union	\$ 23,569,206	\$ 20,644,966
Credit union shares	25	25
	\$ 23,569,231	\$ 20,644,991

The guaranteed investment certificates held at a credit union earn interest at rates ranging from 2% to 2.2% (2013 - 2.05% to 2.2%) and mature in April 2015 and November 2015 respectively. The short-term investment balance includes accrued interest earned on the guaranteed investment certificates of \$84,385 (2013 - \$103,665).

6. 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 \$42,274 (2013 - \$44,943).

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.

	2014	2013
Loan receivable – Part A	\$ 409,046	\$ 409,046
Loan receivable – Part B	815,567	870,387
	\$ 1,224,613	\$ 1,279,433

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2014

7. 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.

	2014	2013
Total long-term liabilities incurred by the Township with varying maturities up to 2034 and weighted average interest rate of 3.23% (2013 - 3.86%)	\$ 29,262,152	\$ 20,487,349
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.	(64,043)	(86,653)
Net long-term liabilities at end of year	\$ 29,198,109	\$ 20,400,696

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

	Principal	Interest	Total
2015	\$ 1,658,004	\$ 2,636,457	\$ 4,294,461
2016	1,598,613	2,520,098	4,118,711
2017	1,656,644	2,518,515	4,175,159
2018	1,715,558	2,515,676	4,231,234
2019	1,776,591	2,512,383	4,288,974
2020 and thereafter	20,792,699	23,566,852	44,359,551
Total	\$ 29,198,109	\$ 36,269,981	\$ 65,468,090

- (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 \$755,965 (2013 - \$793,188). The long-term liabilities carry interest rates ranging from 0% to 5.136%. 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, 2014

8. 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. and 100% of the outstanding shares of 2352187 Ontario Inc. Centre Wellington Hydro Ltd. commenced operations on November 1, 2000. 2352187 Ontario Inc. was incorporated December 3, 2012.

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:

	2014	2013
Assets	\$ 20,989,487	\$ 17,698,552
Other liabilities	12,463,526	9,756,967
Net assets	8,525,961	7,941,585
Promissory note due to the Township of Centre Wellington	5,046,753	5,046,753
Investment in Centre Wellington Energy Inc.	\$ 13,572,714	12,988,338

	2014	2013
Revenues	\$ 19,763,959	\$ 19,265,352
Expenditures	19,179,583	18,937,828
Net earnings for the year	584,376	327,524
Retained earnings, beginning of year	2,906,519	2,578,995
Dividends paid to the Township	-	-
Retained earnings, end of year	\$ 3,490,895	\$ 2,906,519

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2014

8. Government business enterprises (continued):

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

	2014	2013
Assets	\$ 1,041,082	\$ 1,103,046
Other liabilities	1,048,429	1,153,793
Net assets	\$ (7,347)	\$ (50,747)

	2014	2013
Revenues	\$ 246,056	\$ 114,657
Expenditures	202,656	135,566
Net earnings (loss) for the year	43,400	(20,909)
Retained earnings, beginning of year	(50,747)	(29,838)
Retained earnings, end of year	\$ (7,347)	\$ (50,747)

9. Trust funds:

Trust funds administered by the municipality amounting to \$848,161 (2013 - \$821,760) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations.

10. Pension agreements:

The Township makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of members of its staff. This 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. Employees and employers contribute jointly to the plan.

Because OMERS is a multi-employer pension plan, any pension plan surpluses or deficits are the joint responsibility of Ontario municipal organizations and their employees. As a result, the Township does not recognize any share of the OMERS pension surplus or deficit. The amount contributed to OMERS for 2014 was \$760,360 (2013 - \$713,421) for current service. The contribution rate for 2014 was 9% to 15.9% (2013 - 9% to 15.9%) depending on age and level of income level.

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2014

10. Pension agreements (continued):

The latest available report for the OMERS plan was December 31, 2014. At that time the plan reported a \$7.1 billion actuarial deficit (2013 - \$8.6 billion deficit), based on actuarial liabilities of \$76.9 billion (2013 - \$73.0 billion) and actuarial assets of \$69.8 billion (2013 - \$64.4 billion). Ongoing adequacy of the current contribution rates will need to be monitored and may lead to increased future funding requirements.

11. Gaming revenue:

Effective April 1, 2013, the Township entered into a new Municipality Contribution Agreement with the Ontario Lottery and Gaming Corporation (OLGC). As part of the agreement, OLGC provides quarterly payments to the Township, based on revenue at the Grand River Raceway, as follows:

- (a) 5.25% of the electronic games revenue that is less than \$65,000,000; plus
- (b) 3.00% of the electronic games revenue that is between \$65,000,000 and \$200,000,000; plus
- (c) 2.50% of the electronic games revenue that is between \$200,000,000 and \$500,000,000; plus
- (d) 0.50% of the electronic games revenue that is greater than \$500,000,000; plus
- (e) 4.00% of live table games revenue.

Pursuant to an agreement between the Township and the County of Wellington, 21% of the gross quarterly proceeds due to the Township were paid to the County of Wellington. This payment was designed to cover additional costs incurred by the County of Wellington due to the Grand River Raceway. With the expiration of the previous agreement with the OLGC on March 31, 2013, the Township ceased quarterly payments to the County of Wellington.

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

	2014	2013
Gross gaming proceeds	\$ 2,024,420	\$ 2,081,222
Less: payments to the County of Wellington	-	(101,425)
Net proceeds	\$ 2,024,420	\$ 1,979,797

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2014

12. Deferred revenue:

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

2014	Contributions		Investment Income	Revenue Recognized	Ending
	Opening	Received (Refunded)			
Obligatory:					
Development charges	\$ 5,596,974	\$ 2,714,899	\$ 123,589	\$(2,617,815)	\$ 5,817,647
Recreational land	185,761	99,298	3,790	(20,000)	268,849
Parking revenues	54,290	-	976	-	55,266
Subdivider contributions	618,430	(57,901)	8,120	-	568,649
Building code	-	126,294	-	-	126,294
Federal gas tax funding	64,864	794,255	2,199	(822,900)	38,418
Other:					
Grading and damage deposits	1,374,952	97,102	-	-	1,472,054
Builder and other deposits	1,052,292	(157,428)	-	-	894,864
Other	43,705	62,974	-	(43,705)	62,974
	\$ 8,991,268	\$ 3,679,493	\$ 138,674	\$(3,504,420)	\$ 9,305,015

2013	Contributions		Investment Income	Revenue Recognized	Ending
	Opening	Received (Refunded)			
Obligatory:					
Development charges	\$ 6,376,697	\$ 1,639,434	\$ 126,554	\$(2,545,711)	\$ 5,596,974
Recreational land	119,629	113,936	2,196	(50,000)	185,761
Parking revenues	53,342	-	948	-	54,290
Subdivider contributions	618,059	(7,612)	7,983	-	618,430
Lot levies	36,987	-	45	(37,032)	-
Federal gas tax funding	628,030	799,053	7,886	(1,370,105)	64,864
Other:					
Grading and damage deposits	1,403,997	(29,045)	-	-	1,374,952
Builder and other deposits	892,175	160,117	-	-	1,052,292
Other	57,813	43,705	-	(57,813)	43,705
	\$10,186,729	\$ 2,719,588	\$ 145,612	\$(4,060,661)	\$ 8,991,268

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2014

13. Tangible capital assets:

Cost	Balance at December 31, 2013	Additions	Disposals	Balance at December 31, 2014
Land	\$ 2,188,222	\$ -	\$ -	\$ 2,188,222
Land improvements	4,082,458	43,405	-	4,125,863
Buildings	20,884,800	557,577	(81,896)	21,360,481
Vehicles	9,973,347	1,351,476	(691,764)	10,633,059
Equipment	5,678,893	1,377,268	(195,287)	6,860,874
Water and wastewater infrastructure	83,567,857	23,802,497	(1,887,479)	105,482,875
Road and structure infrastructure	166,411,316	2,238,836	(321,373)	168,328,779
Assets under construction	18,393,207	1,414,463	(17,791,334)	2,016,336
Total	\$ 311,180,100	\$ 30,785,522	\$ (20,969,133)	\$ 320,996,489

Accumulated amortization	Balance at December 31, 2013	Disposals	Amortization	Balance at December 31, 2014
Land	\$ -	\$ -	\$ -	\$ -
Land improvements	1,343,802	-	106,287	1,450,089
Buildings	6,436,899	(74,952)	564,137	6,926,084
Vehicles	5,293,714	(691,764)	713,209	5,315,159
Equipment	2,958,439	(195,287)	390,401	3,153,553
Water and wastewater infrastructure	26,760,719	(1,643,371)	1,699,404	26,816,752
Road and structure infrastructure	71,439,199	(258,764)	3,780,399	74,960,834
Assets under construction	-	-	-	-
Total	\$ 114,232,772	\$ (2,864,138)	\$ 7,253,837	\$ 118,622,471

	Net book value December 31, 2013	Net book value December 31, 2014
Land	\$ 2,188,222	\$ 2,188,222
Land improvements	2,738,656	2,675,774
Buildings	14,447,901	14,434,397
Vehicles	4,679,633	5,317,900
Equipment	2,720,454	3,707,321
Water and wastewater infrastructure	56,807,138	78,666,123
Road and structure infrastructure	94,972,117	93,367,945
Assets under construction	18,393,207	2,016,336
Total	\$ 196,947,328	\$ 202,374,018

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2014

13. Tangible Capital Assets (continued):

(a) Assets under construction:

Assets under construction having a value of \$2,016,336 (2013 - \$18,393,207) 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 (2013 - \$333,672).

(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 (2013 - \$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, 2014.

	2014	2013
Post employment benefits	\$ 454,412	\$ 350,269
Future payments required to WSIB	159,477	159,808
	<u>\$ 613,889</u>	<u>\$ 510,077</u>

(a) Post employment benefits:

The Township pays health, dental, travel 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, dental, travel and life insurance benefits on behalf of its non-management employees for early retirees to age 65.

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2014

14. Employee benefits and other liabilities (continued):

(a) Post employment benefits (continued)

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, 2014.

Information about the post employment benefit plan is as follows:

	2014	2013
Accrued benefit obligation:		
Balance, beginning of year	\$ 364,389	\$ 344,293
Current benefit cost	22,980	21,611
Plan amendment	82,032	-
Interest	15,600	14,746
Actuarial gain	(8,593)	-
Expected benefit payments	(17,647)	(16,261)
Expected accrued benefit obligation, end of year	458,761	364,389
Unamortized actuarial loss	(4,349)	(14,120)
Liability for post employment benefits	\$ 454,412	\$ 350,269

The unamortized actuarial loss is amortized over the expected average service life of 15 years (2013 – 14 years).

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

(i) Interest (discount rate):

The obligation as at December 31, 2014, of the present value of future liabilities and the expense for the 12 months ended December 31, 2014, were determined using a discount rate of 4.75% (2013 - 4.25%).

(ii) Medical costs:

Medical costs were assumed to increase at the rate of 5.1% for 2015 and 2016, reducing by 0.4% 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% (2013 - 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 \$62,370 (2013 - \$62,787).

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2014

14. Employee benefits and other liabilities (continued):

(b) WSIB:

With respect to responsibilities under provisions of the 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, 2013.

Information about the WSIB liability is as follows:

	2014	2013
Accrued benefit obligation:		
Balance, beginning of year	\$ 99,195	\$ 148,800
Current benefit cost	12,563	20,046
Interest	4,442	6,961
Expected benefit payments	(13,509)	(24,560)
Actuarial gain	-	(52,052)
Expected accrued benefit obligation, end of year	102,691	99,195
Unamortized actuarial gain	56,786	60,613
WSIB liability	\$ 159,477	\$ 159,808

Included in expenses is \$3,827 (2013 - \$905) for amortization of the actuarial gain. The unamortized actuarial gain on future payments required to the WSIB is amortized over the expected period of the liability which is 11 years (2013 - 11 years).

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

(i) Interest (discount rate):

The obligation as at December 31, 2014, of the present value of future liabilities and the expense for the 12 months ended December 31, 2014, were determined using a discount rate of 4.5% (2013 - 4.5%).

(ii) Administration costs:

Administration costs were assumed to be 38% (2013 - 38%) 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 (1.50%) to 4.00% (2013 - (1.50%) to 4.00%) 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 \$541,815 (2013 - \$521,343).

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2014

15. Accumulated surplus:

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

	2014	2013
Surplus:		
Invested in tangible capital assets	\$ 202,374,018	\$ 196,947,328
General purposes	6,532,790	2,307,939
Investment in Centre Wellington Energy Inc.	13,572,714	12,988,338
Investment in Centre Wellington Communications Inc.	-	-
Amounts to be recovered:		
Post employment benefits	(454,412)	(350,269)
WSIB	(159,477)	(159,808)
Net long-term liabilities	(29,198,109)	(20,400,696)
Total surplus	192,667,524	191,332,832
Reserves set aside by Council for:		
Capital works - Wastewater	4,521,917	2,895,887
Working capital	1,109,662	1,109,662
Capital works - Roads	547,173	409,050
Replacement of equipment	2,086,237	2,139,499
Capital works - Waterworks	6,729,077	6,000,824
Other	4,757,273	4,683,745
Capital works - Cultural	24,887	20,994
Capital works - Fire	15,066	13,316
Planning	58,594	61,790
Contingencies	127,324	162,974
Total reserves	19,977,210	17,497,741
Reserve funds set aside for specific purposes by Council for:		
Capital works - Other	2,060,304	2,023,837
Capital works - Social services	57,998	164,859
Capital works - Roads	12,867	12,695
Capital works - Wastewater	2,374,230	2,419,282
Capital works - Waterworks	1,359,804	1,414,383
Total reserve funds	5,865,203	6,035,056
Accumulated surplus	\$ 218,509,937	\$ 214,865,629

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2014

16. Budget data:

The budget data presented in these consolidated financial statements is based upon the 2014 operating and capital budgets approved by Council on February 19, 2014. Amortization was not contemplated on development of the budget and, as such, has not been included. The chart below reconciles the approved budget to the budget figures reported in these consolidated financial statements.

	Budget Amount
Revenues:	
Operating budget	\$ 28,085,650
Capital budget	13,032,890
Less:	
Transfers from other funds	(5,735,890)
Proceeds on debt issue	(3,500,000)
Total revenue	31,882,650
Expenses:	
Operating budget	28,085,650
Capital budget	13,032,890
Less:	
Transfers to other funds	(6,221,627)
Capital expenses	(12,601,890)
Debt principal payments	(1,195,972)
Total expenses	21,099,051
Annual surplus	\$ 10,783,599

17. 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 \$25,000 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 \$48,992 (2013 - \$39,844).

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2014

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	2014 Consolidated
Revenues									
Taxation	\$ 2,360,795	\$ 1,407,905	\$ 4,215,684	\$ -	\$ 51,936	\$ 334,320	\$ 2,399,950	\$ 743,541	\$ 11,514,131
Government transfers	774,900	471,411	883,697	1,208,830	-	58,930	1,500	13,077	3,412,345
Development charges earned	54,090	21,160	630,746	1,313,349	-	-	566,320	32,150	2,617,815
Licences and permits	27,502	814,218	-	-	-	-	-	-	841,720
Fees, rents and concessions	176,302	44,341	108,221	7,513,663	121,815	160,684	1,882,446	104,803	10,112,275
Penalties and interest on taxes	366,074	-	-	-	-	-	-	-	366,074
Interest, donations and other	1,067,328	18,242	12,900	95,675	31,353	8,586	148,592	10,917	1,393,593
Equity earnings from Centre Wellington Energy Inc.	584,376	-	-	-	-	-	-	-	584,376
Equity earnings from Centre Communications Inc.	-	-	-	-	-	-	-	-	-
Developer contributions	-	-	148,045	413,569	-	-	23,500	133	585,247
Gaming revenue	-	-	2,024,420	-	-	-	-	-	2,024,420
Loss on disposal of tangible capital assets	-	2,500	(47,332)	(207,341)	(410)	-	(6,534)	-	(259,117)
Total Revenues	\$ 5,411,367	\$ 2,779,777	\$ 7,976,381	\$ 10,337,745	\$ 204,694	\$ 562,520	\$ 5,015,774	\$ 904,621	\$ 33,192,879
Expenses									
Salaries and benefits	\$ 1,620,510	\$ 1,759,276	\$ 1,724,588	\$ 2,534,231	\$ 79,265	\$ 241,525	\$ 2,541,416	\$ 738,024	\$ 11,238,835
Goods and services	1,066,922	586,608	3,225,374	2,828,364	118,147	221,285	1,699,232	134,912	9,880,844
Transfer payments	-	107,118	-	180,138	-	-	45,420	-	332,676
Interest and rental	31,749	15,067	27,354	489,383	-	-	248,274	30,552	842,379
Amortization	224,778	235,630	4,318,925	1,803,335	4,633	17,435	649,101	-	7,253,837
Total Expenses	\$ 2,943,959	\$ 2,703,699	\$ 9,296,241	\$ 7,835,451	\$ 202,045	\$ 480,245	\$ 5,183,443	\$ 903,488	\$ 29,548,571

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2014

19. Segmented information (continued):

	General Government	Protection	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation & Culture	Planning & Development	2013 Consolidated
Revenues									
Taxation	\$ 2,303,833	\$ 1,408,710	\$ 4,067,585	\$ -	\$ 43,038	\$ 321,916	\$ 2,316,213	\$ 639,001	\$ 11,100,296
Government transfers	899,800	179,053	1,435,403	336,472	-	65,191	4,883	5,113	2,925,915
Development charges earned	165,879	21,160	590,718	1,131,348	-	36,100	592,271	8,235	2,545,711
Licences and permits	25,593	900,536	-	-	-	-	-	-	926,129
Fees, rents and concessions	183,880	42,051	76,694	7,317,425	113,545	135,783	1,888,081	135,191	9,892,650
Penalties and interest on taxes	370,668	-	-	-	-	-	-	-	370,668
Interest, donations and other	987,140	22,545	11,469	95,233	30,186	8,364	206,237	15,663	1,376,837
Equity earnings from Centre Wellington Energy Inc.	327,524	-	-	-	-	-	-	-	327,524
Equity earnings from Centre Communications Inc.	(1)	-	-	-	-	-	-	-	(1)
Developer contributions	745	19,550	203,695	364,530	-	-	172,550	2,828	763,898
Gaming revenue	-	-	2,081,222	-	-	-	-	-	2,081,222
Loss on disposal of tangible capital assets	17,660	-	(1,718,591)	(29,917)	-	-	1,165	-	(1,729,683)
Total Revenues	\$ 5,282,721	\$ 2,593,605	\$ 6,748,195	\$ 9,215,091	\$ 186,769	\$ 567,354	\$ 5,181,400	\$ 806,031	\$ 30,581,166
Expenses									
Salaries and benefits	\$ 1,558,102	\$ 1,744,371	\$ 1,634,845	\$ 2,293,280	\$ 68,862	\$ 225,028	\$ 2,404,346	\$ 604,713	\$ 10,533,547
Goods and services	1,258,477	328,608	3,229,867	2,629,789	96,643	205,063	1,638,015	204,603	9,591,065
Transfer payments	-	100,135	-	182,413	-	-	42,040	-	324,588
Interest and rental	28,010	15,937	33,031	502,585	-	-	264,927	30,253	874,743
Amortization	197,109	238,173	4,229,019	1,747,746	4,724	18,656	617,025	-	7,052,452
Total Expenses	\$ 3,041,698	\$ 2,427,224	\$ 9,126,762	\$ 7,355,813	\$ 170,229	\$ 448,747	\$ 4,966,353	\$ 839,569	\$ 28,376,395



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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, 2014 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, 2014, and the results of its operations for the year then ended in accordance with Canadian public sector accounting standards.

A handwritten signature in black ink that reads 'KPMG LLP' in a cursive, slanted font. A horizontal line is drawn underneath the signature.

Chartered Professional Accountants, Licensed Public Accountants

June 22, 2015
Waterloo, Canada

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Trust Funds - Statement of Financial Position

As at December 31, 2014, with comparative figures for 2013

	Elora Cemetery Perpetual Care	Fergus Cemetery Perpetual Care	Mount Carmel Cemetery Perpetual Care	M.W. Baptie Scholarship	2014 Total	2013 Total
Assets:						
Cash	\$ 44,101	\$ 34,909	\$ 3,811	\$ 4,400	\$ 87,221	\$ 94,128
Term deposit certificates	257,325	465,472	34,242	1,000	758,039	741,825
CIBC stock - at cost	-	1,299	-	-	1,299	1,299
Due from Township	2,469	-	-	-	2,469	8,389
	\$ 303,895	\$ 501,680	\$ 38,053	\$ 5,400	\$ 849,028	\$ 845,641
Liabilities:						
Due to Township	\$ -	\$ 867	\$ -	\$ -	\$ 867	\$ 23,881
Net financial assets and accumulated surplus	\$ 303,895	\$ 500,813	\$ 38,053	\$ 5,400	\$ 848,161	\$ 821,760

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, 2014, with comparative figures for 2013

	Elora Cemetery Perpetual Care	Fergus Cemetery Perpetual Care	Mount Carmel Cemetery Perpetual Care	M.W. Baptie Scholarship	2014 Total	2013 Total
Revenue:						
Sale of plots and cemetery fees	\$ 10,627	\$ 14,748	\$ 1,021	\$ -	\$ 26,396	\$ 27,247
Investment income	5,999	15,019	776	55	21,849	21,336
	16,626	29,767	1,797	55	48,245	48,583
Expenses:						
Reimbursement to Township	5,999	15,019	-	-	21,018	20,526
Reimbursement to Mount Carmel Cemetery	-	-	776	-	776	755
Scholarships	-	-	-	50	50	50
	5,999	15,019	776	50	21,844	21,331
Surplus	10,627	14,748	1,021	5	26,401	27,252
Net financial assets and accumulated surplus, beginning of year	293,268	486,065	37,032	5,395	821,760	794,508
Net financial assets and accumulated surplus, end of year	\$ 303,895	\$ 500,813	\$ 38,053	\$ 5,400	\$ 848,161	\$ 821,760

See accompanying notes to financial statements.

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Trust Funds

Note to Financial Statements

Year ended December 31, 2014

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.