

Consolidated Financial Statements of

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

Year ended December 31, 2018

# THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

## Index to Financial Statements

For the year ended December 31, 2018

---

### Consolidated Financial Statements

Independent Auditors' Report.....	2-4
Consolidated Statement of Financial Position.....	5
Consolidated Statement of Operations .....	6
Consolidated Statement of Changes in Net Financial Assets.....	7
Consolidated Statement of Cash Flows .....	8
Notes to Consolidated Financial Statements .....	9-28

### Trust Fund Financial Statements

Independent Auditors' Report.....	29-31
Statement of Financial Position.....	32
Statement of Operations and Changes in Net Financial Assets .....	33
Note to Financial Statements .....	34



KPMG LLP  
115 King Street South  
2<sup>nd</sup> Floor  
Waterloo ON N2J 5A3  
Canada  
Tel 519 747-8800  
Fax 519 747-8830

## INDEPENDENT AUDITORS' REPORT

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

### ***Opinion***

We have audited the consolidated financial statements of The Corporation of the Township of Centre Wellington (the Entity), which comprise:

- the consolidated statement of financial position as at December 31, 2018
- the consolidated statement of operations for the year then ended
- the consolidated statement of changes in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies  
(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2018, and its consolidated results of operations, its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### ***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “***Auditors’ Responsibilities for the Audit of the Financial Statements***” section of our auditors’ report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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



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

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

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

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

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*KPMG LLP*

---

Chartered Professional Accountants, Licensed Public Accountants

Waterloo, Canada

June 17, 2019

# THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

## Consolidated Statement of Financial Position

December 31, 2018, with comparative figures for 2017

	2018	2017
<b>Financial Assets</b>		
Cash (note 2)	\$ 27,839,687	\$ 24,010,573
Short-term investments (note 3)	21,196,719	25,200,701
Taxes receivable	1,846,590	1,970,269
Accounts receivable	6,615,090	4,473,184
Loans receivable (note 4)	2,025,164	2,144,976
Investment in Centre Wellington Energy Inc. (note 5)	13,540,378	13,194,033
Investment in Centre Wellington Communications Inc. (note 5)	229,081	161,885
<b>Total financial assets</b>	<b>73,292,709</b>	<b>71,155,621</b>
<b>Financial Liabilities</b>		
Accounts payable and accrued liabilities	6,348,322	4,471,450
Other liabilities	337,334	256,844
Deferred revenue (note 6)	15,489,330	17,124,432
Employee future benefits (note 7)	763,422	666,838
Net long-term liabilities (note 8)	22,549,159	24,149,636
<b>Total financial liabilities</b>	<b>45,487,567</b>	<b>46,669,200</b>
<b>Net financial assets</b>	<b>27,805,142</b>	<b>24,486,421</b>
<b>Non-Financial Assets</b>		
Tangible capital assets (note 9)	226,956,502	217,601,313
Inventories of supplies	98,053	74,496
Prepaid expenses	612,951	44,289
	<b>227,667,506</b>	<b>217,720,098</b>
Contingencies and commitments (note 17)		
<b>Accumulated surplus (note 13)</b>	<b>\$ 255,472,648</b>	<b>\$ 242,206,519</b>

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, 2018, with comparative figures for 2017

	Budget 2018 (note 12)	Actual 2018	Actual 2017
<b>Revenue:</b>			
Net taxation	\$ 14,484,704	\$ 14,767,345	\$ 13,544,387
Government transfers:			
Provincial	3,498,480	2,878,398	1,859,373
Federal	1,509,200	1,818,973	654,747
Municipal	494,500	450,646	490,897
Development charges earned	3,046,756	6,384,728	3,946,748
Licenses and permits	1,325,300	1,297,368	1,160,622
Fees, rents and concessions	11,967,910	12,544,244	11,664,667
Penalties and interest on taxes	335,000	303,552	325,283
Interest, donations and other	1,121,600	1,736,053	1,357,045
Equity earnings (loss) from Centre Wellington Energy Inc. (note 5)	-	346,345	(372,611)
Equity earnings from Centre Wellington Communications Inc. (note 5)	-	67,196	62,251
Developer contributions	4,747,150	4,156,108	3,459,023
Gaming revenue (note 10)	2,125,000	2,353,150	2,234,049
Gain (loss) on disposal of tangible capital assets	-	(1,267,055)	699,870
<b>Total revenue</b>	<b>44,655,600</b>	<b>47,837,051</b>	<b>41,086,351</b>
<b>Expenses:</b>			
General government	3,093,912	3,324,226	3,418,416
Protection to persons and property	2,920,489	3,298,825	2,890,475
Transportation services	5,119,496	9,587,441	8,884,376
Environmental services	6,909,369	9,541,466	8,944,986
Health services	189,142	173,095	194,693
Social and family services	670,926	788,388	767,102
Recreation and cultural services	5,567,570	6,561,718	6,043,938
Planning and development	1,642,298	1,295,763	1,178,741
<b>Total expenses</b>	<b>26,113,202</b>	<b>34,570,922</b>	<b>32,322,727</b>
Annual surplus	18,542,398	13,266,129	8,763,624
Accumulated surplus, beginning of year	242,206,519	242,206,519	233,442,895
<b>Accumulated surplus, end of year</b>	<b>\$ 260,748,917</b>	<b>\$ 255,472,648</b>	<b>\$242,206,519</b>

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, 2018, with comparative figures for 2017

	Budget (note 11)	2018	2017
Annual surplus	\$ 18,542,398	\$ 13,266,129	\$ 8,763,624
Acquisition of tangible capital assets, including contributed tangible capital assets	(18,346,800)	(19,467,945)	(16,339,853)
Amortization of tangible capital assets	-	8,540,608	8,200,049
Loss (gain) on disposal of tangible capital assets	-	1,267,055	(699,870)
Proceeds on sale of tangible capital assets	-	305,093	964,177
	195,598	3,910,940	888,127
Change in inventories of supplies	-	(23,557)	(2,410)
Change in prepaid expenses	-	(568,662)	27,834
Change in net financial assets	195,598	3,318,721	913,551
Net financial assets, beginning of year	24,486,421	24,486,421	23,572,870
Net financial assets, end of year	\$ 24,682,019	\$ 27,805,142	\$ 24,486,421

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, 2018, with comparative figures for 2017

	2018	2017
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 13,266,129	\$ 8,763,624
Items not involving cash:		
Amortization	8,540,608	8,200,049
Loss (gain) on sale of tangible capital assets	1,267,055	(699,870)
Change in employee benefits and other liabilities	96,584	25,732
Equity (earnings) loss from Centre Wellington Energy Inc.	(346,345)	372,611
Equity (earnings) from Centre Wellington Communications Inc.	(67,196)	(62,251)
Contributed tangible capital assets	(3,705,822)	(3,986,622)
Change in non-cash assets and liabilities:		
Taxes receivable	123,679	199,310
Accounts receivable	(2,141,906)	(171,333)
Inventories of supplies	(23,557)	(2,410)
Prepaid expenses	(568,662)	27,834
Accounts payable and accrued liabilities	1,876,872	(687,544)
Other liabilities	80,490	77,530
Deferred revenue	(1,635,102)	5,387,540
<b>Net change in cash from operating activities</b>	<b>16,762,827</b>	<b>17,444,200</b>
Capital activities:		
Proceeds on sale of tangible capital assets	305,093	964,177
Cash used to acquire tangible capital assets	(15,762,123)	(12,353,231)
<b>Net change in cash from capital activities</b>	<b>(15,457,030)</b>	<b>(11,389,054)</b>
Investing activities:		
Purchase of short-term investments	(21,196,719)	(25,200,701)
Redemption of short-term investments	25,200,701	24,478,537
Net change in loans receivable	119,812	125,200
<b>Net change in cash from investing activities</b>	<b>4,123,794</b>	<b>(596,964)</b>
Financing activities:		
Long-term debt repaid	(1,706,738)	(1,648,876)
Long-term debt acquired	106,261	-
<b>Net change in cash from financing activities</b>	<b>(1,600,477)</b>	<b>(1,648,876)</b>
<b>Net change in cash position during the year</b>	<b>3,829,114</b>	<b>3,809,306</b>
Cash position, beginning of year	24,010,573	20,201,267
<b>Cash position, end of year</b>	<b>\$ 27,839,687</b>	<b>\$ 24,010,573</b>

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, 2018

---

### 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, 2018

---

## 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 that 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 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, 2018

---

## 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.

# THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2018

---

## 1. Accounting policies (continued):

### (e) Non-financial assets (continued):

#### (vi) Inventories of supplies

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

### (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, contaminated site liability, 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, 2018

## 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.

### (i) Contaminated sites:

Contaminated sites are defined as the result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard. The Standard relates to sites that are not in productive use and sites in productive use where an unexpected event resulted in contamination.

A liability for remediation of contaminated sites is recognized, net of any expected recoveries, when all of the following criteria are met:

- (i) an environmental standard exists
- (ii) contamination exceeds the environmental standard
- (iii) the organization is directly responsible or accepts responsibility for the liability
- (iv) future economic benefits will be given up, and
- (v) a reasonable estimate of the liability can be made.

## 2. Cash:

At December 31, 2018, the Township had undrawn capacity under a credit facility of \$7,000,000. Interest on the credit facility is at prime less 0.25%.

## 3. Short-term investments:

Short-term investments consist of the following:

	2018	2017
Guaranteed investment certificates held at a credit union	\$ 21,196,718	\$ 25,200,700
Credit union shares	1	1
	\$ 21,196,719	\$ 25,200,701

The guaranteed investment certificates held at a credit union earn interest at rates ranging from 2.75% to 2.9% (2017 - 1.8% to 2.1%) and mature in April, June and December 2019. The short-term investment balance includes accrued interest earned on the guaranteed investment certificates of \$196,719 (2017 - \$200,700).

# THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2018

## 4. Loans receivable:

	2018	2017
Centre Wellington Community Medical Offices		
Loan receivable – Part A	\$ 409,046	\$ 409,046
Loan receivable – Part B	566,766	633,696
	975,812	1,042,742
Centre Wellington Communications Inc. – interest of 7%, blended principal and interest payments of \$7,811 (July 1 to September 1, 2013), \$8,585 (October 1, 2013 to December 1, 2014), \$8,185 January 1, 2015 until maturity, due June 1, 2033	898,600	933,502
Water and Sewer Connection Loans – notes receivable from Township ratepayers bearing interest between 2.65% to 3.96%, blended principal and interest payments ranging from \$983 to \$2,297, maturing from 2019 to 2029	150,752	168,732
<b>Total loans receivable</b>	<b>\$ 2,025,164</b>	<b>\$ 2,144,976</b>

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 \$30,165 (2017 - \$33,422).

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.

The Township and Centre Wellington Communications Inc. are related parties as the Township owns 100% of the outstanding shares of Centre Wellington Communications Inc. The loan 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 loan during the year was \$63,121 (2017 - \$65,455).

# THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2018

## 5. 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., 100% of the outstanding shares of 2352187 Ontario Inc., and 100% of the outstanding shares of Centre Wellington Energy Innovations Inc. Centre Wellington Hydro Ltd. commenced operations on November 1, 2000, 2352187 Ontario Inc. was incorporated December 3, 2012, and Centre Wellington Energy Innovations Inc. was incorporated December 1, 2015.

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:

	2018	2017
Assets	\$ 26,105,320	\$ 24,179,848
Other liabilities	17,611,695	16,032,568
Net assets	8,493,625	8,147,280
Promissory note due to the Township of Centre Wellington	5,046,753	5,046,753
Investment in Centre Wellington Energy Inc.	\$ 13,540,378	13,194,033

	2018	2017
Revenues	\$ 22,609,978	\$ 21,469,073
Expenditures	22,263,633	21,841,684
Net earnings (loss) for the year	346,345	(372,611)
Retained earnings, beginning of year	3,112,214	3,484,825
Retained earnings, end of year	\$ 3,458,559	\$ 3,112,214

# THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2018

## 5. 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:

	2018	2017
Assets	\$ 1,409,916	\$ 1,266,270
Other liabilities	1,180,835	1,104,385
Net assets	\$ 229,081	\$ 161,885

	2018	2017
Revenue	\$ 268,271	\$ 283,849
Expenditures	201,075	221,598
Net earnings for the year	67,196	62,251
Retained earnings, beginning of year	161,885	99,634
Retained earnings, end of year	\$ 229,081	\$ 161,885

# THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2018

## 6. Deferred revenue:

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

2018	Contributions		Investment Income	Revenue Recognized	Ending
	Opening	Received (Refunded)			
Obligatory:					
Development charges	\$ 8,576,801	\$ 4,630,383	\$ 198,974	\$(6,384,728)	\$ 7,021,430
Recreational land	503,789	33,323	12,265	-	549,377
Parking revenues	26,729	-	644	-	27,373
Subdivider contributions	462,772	69,061	8,980	-	540,813
Building code	1,428,850	436,993	33,620	(44,468)	1,854,995
Federal gas tax funding	653,903	850,198	10,632	(1,294,595)	220,138
Other:					
Grading and damage deposits	2,715,898	106,705	-	-	2,822,603
Builder and other deposits	2,538,544	(210,831)	-	-	2,327,713
Other	217,146	124,888	-	(217,146)	124,888
	\$17,124,432	\$ 6,040,720	\$ 265,115	\$(7,940,937)	\$ 15,489,330

2017	Contributions		Investment Income	Revenue Recognized	Ending
	Opening	Received (Refunded)			
Obligatory:					
Development charges	\$ 5,694,197	\$ 6,720,183	\$ 109,169	\$(3,946,748)	\$ 8,576,801
Recreational land	429,760	66,423	7,606	-	503,789
Parking revenues	26,286	-	443	-	26,729
Subdivider contributions	405,154	53,118	4,500	-	462,772
Building code	1,014,081	450,544	16,725	(52,500)	1,428,850
Federal gas tax funding	440,790	825,919	7,145	(619,951)	653,903
Other:					
Grading and damage deposits	2,281,967	433,931	-	-	2,715,898
Builder and other deposits	1,229,483	1,309,061	-	-	2,538,544
Other	215,174	217,146	-	(215,174)	217,146
	\$11,736,892	\$10,076,325	\$ 145,588	\$(4,834,373)	\$ 17,124,432

# THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2018

## 7. 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, 2018.

	2018	2017
Post-employment benefits	\$ 614,656	\$ 509,236
Future payments required to WSIB	148,766	157,602
	\$ 763,422	\$ 666,838

### (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.

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 Township has a sick leave plan that does not provide a sick leave payout upon termination, death or retirement. Members are granted 12 days at the start of each year. The maximum number of carryover days is 10, regardless of the number of days at the start of the year. Therefore, the maximum number of days at the start of any year is 22 (12 new days and 10 days carried over). The most recent actuarial valuation was performed as at December 31, 2017, which is extrapolated to December 31, 2018.

Information about the post-employment benefit plan is as follows:

	2018	2017
Accrued benefit obligation:		
Balance, beginning of year	\$ 653,436	\$ 483,951
Accumulated benefit obligation for sick leave plan	83,704	-
Current benefit cost	42,649	25,179
Interest	29,136	23,100
Benefit payments	(60,117)	(20,457)
Actuarial loss	-	141,663
Expected accrued benefit obligation, end of year	748,808	653,436
Unamortized actuarial loss	(134,152)	(144,200)
Liability for post-employment benefits	\$ 614,656	\$ 509,236

# THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2018

## 7. Employee benefits and other liabilities (continued):

### (a) Post-employment benefits (continued):

Included in expenses is \$10,048 (2017 - \$604) for amortization of the actuarial loss. The unamortized actuarial loss is amortized over the expected average service life of 13 and 15 years (2017 – 13 and 15 years).

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

#### (i) Interest (discount rate):

The obligation as at December 31, 2018, of the present value of future liabilities and the expense for the 12 months ended December 31, 2018, were determined using a discount rate of 4.0% (2017 - 4.0%).

#### (ii) Medical costs:

Medical costs were assumed to increase at the rate of 6.4% for 2019, reducing by 0.3% per year to 3.75% in 2027 and 3.75% per year thereafter.

#### (iii) Dental costs:

Dental costs were assumed to increase at the rate of 3.75% (2017 - 3.75%) 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 \$64,378 (2017 - \$72,700).

### (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, 2016, which is extrapolated to December 31, 2018.

Information about the WSIB liability is as follows:

	2018	2017
Accrued benefit obligation:		
Balance, beginning of year	\$ 71,058	\$ 65,799
Plan amendment	-	497
Current benefit cost	9,751	9,437
Interest	2,691	2,528
Benefit payments	(8,363)	(7,203)
Expected accrued benefit obligation, end of year	75,137	71,058
Unamortized actuarial gain	73,629	86,544
WSIB liability	\$ 148,766	\$ 157,602

# THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2018

---

## 7. Employee benefits and other liabilities (continued):

### (b) WSIB (continued):

Included in expenses is gain of \$12,915 (2017 - \$7,953) 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 (2017 - 11 years).

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

#### (i) Interest (discount rate):

The obligation as at December 31, 2018, of the present value of future liabilities and the expense for the 12 months ended December 31, 2018, were determined using a discount rate of 3.75% (2017 - 3.75%).

#### (ii) Administration costs:

Administration costs were assumed to be 38% (2017 - 38%) of the compensation expense.

#### (iii) Compensation expense:

Compensation costs, which include loss of earnings benefits, health care costs, survivor awards and non-economic loss awards, were assumed to increase at rates ranging from (2.50%) to 0.25% (2017 - (2.50%) to 0.25%) 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 \$495,747 (2017 - \$324,612).

# THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2018

## 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.

	2018	2017
Federation of Canadian Municipalities loan payable, bearing interest at 2.0%, semi-annual payments of \$304,545 including interest, due November 3, 2034	\$ 8,305,117	\$ 8,741,573
TD loan payable, bearing interest at 5.136%, monthly payments of \$72,993 including interest, due April 26, 2025	4,728,298	5,344,099
County of Wellington loan payable, bearing interest at 3.168%, principal and interest payable semi-annually, due October 30, 2022	7,197,273	7,475,636
CMHC loan payable, bearing interest at 3.59%, annual payments of \$198,007 including interest, due December 1, 2025	1,206,666	1,355,993
County of Wellington loan payable, bearing interest at 2.751%, principal and interest payable semi-annually, due October 30, 2022	849,233	1,047,099
County of Wellington loans payable, non-interest bearing, annual payments of between \$6,615 - \$14,076, maturing between September 1, 2021 and September 1, 2025	156,311	185,236
Wellington – Waterloo Community Futures loan payable, bearing interest at 1.0%, principal and interest payable semi-monthly, due December 15, 2027	106,261	-
<b>Net long-term liabilities at end of year</b>	<b>\$ 22,549,159</b>	<b>\$ 24,149,636</b>

# THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2018

## 8. Net long-term liabilities (continued):

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

	Principal	Interest	Total
2019	\$ 1,872,933	\$ 725,735	\$ 2,598,668
2020	1,829,740	660,040	2,489,780
2021	1,896,316	591,441	2,487,757
2022	7,953,950	488,556	8,442,506
2023	1,476,598	227,102	1,703,700
2024 and thereafter	7,519,622	772,417	8,292,039
<b>Total</b>	<b>\$ 22,549,159</b>	<b>\$ 3,465,291</b>	<b>\$ 26,014,450</b>

(c) Total interest on long-term liabilities, which are reported on the consolidated statement of operations, amounted to \$744,873 (2017 - \$799,629).

## 9. Tangible capital assets:

Cost	Balance at December 31, 2017	Additions	Disposals	Balance at December 31, 2018
Land	\$ 2,280,946	\$ 23,614	\$ -	\$ 2,304,560
Land improvements	6,589,320	707,593	-	7,296,913
Buildings	24,399,444	635,034	(379,488)	24,654,990
Vehicles	12,305,946	857,116	(473,898)	12,689,164
Equipment	8,833,812	835,539	(298,052)	9,371,299
Water and wastewater infrastructure	115,029,477	4,446,313	(58,141)	119,417,649
Road and structure infrastructure	181,458,561	13,615,635	(3,350,610)	191,723,586
Assets under construction	4,016,156	1,339,370	(2,992,269)	2,363,257
<b>Total</b>	<b>\$ 354,913,662</b>	<b>\$ 22,460,214</b>	<b>\$ (7,552,458)</b>	<b>\$ 369,821,418</b>

Accumulated amortization	Balance at December 31, 2017	Disposals	Amortization	Balance at December 31, 2018
Land	\$ -	\$ -	\$ -	\$ -
Land improvements	1,839,039	-	203,083	2,042,122
Buildings	8,489,199	(317,137)	638,232	8,810,294
Vehicles	5,803,234	(473,897)	930,249	6,259,586
Equipment	4,242,314	(298,052)	564,828	4,509,090
Water and wastewater infrastructure	33,566,384	(47,861)	2,461,143	35,979,666
Road and structure infrastructure	83,372,179	(1,851,094)	3,743,073	85,264,158
Assets under construction	-	-	-	-
<b>Total</b>	<b>\$ 137,312,349</b>	<b>\$ (2,988,041)</b>	<b>\$ 8,540,608</b>	<b>\$ 142,864,916</b>

# THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2018

## 9. Tangible capital assets (continued):

	Net book value December 31, 2017	Net book value December 31, 2018
Land	\$ 2,280,946	\$ 2,304,560
Land improvements	4,750,281	5,254,791
Buildings	15,910,245	15,844,696
Vehicles	6,502,712	6,429,578
Equipment	4,591,498	4,862,209
Water and wastewater infrastructure	81,463,093	83,437,983
Road and structure infrastructure	98,086,382	106,459,428
Assets under construction	4,016,156	2,363,257
Total	\$ 217,601,313	\$ 226,956,502

### (a) Assets under construction:

Assets under construction having a value of \$2,363,257 (2017 - \$4,016,156) 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 \$3,705,822 (2017 - \$3,986,622).

### (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.

## 10. 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.

2018 gaming revenue proceeds of \$2,353,150 (2017 - \$2,234,049) were placed in a Township Reserve Fund.

# THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2018

## 11. Budget data:

The budget data presented in these consolidated financial statements is based upon the 2018 operating and capital budgets approved by Council on December 18, 2017. 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	\$ 35,827,200
Capital budget	20,361,800
Less:	
Transfers from other funds	(11,533,400)
Proceeds on debt issue	-
Total revenue	44,655,600
Expenses:	
Operating budget	35,827,200
Capital budget	20,361,800
Less:	
Transfers to other funds	(10,022,258)
Capital expenses	(18,346,800)
Debt principal payments	(1,706,740)
Total expenses	26,113,202
Annual surplus	\$ 18,542,398

## 12. 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	\$ 9,945,086	\$ 28,057,519

# THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2018

## 13. Accumulated surplus:

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

	2018	2017
<b>Surplus:</b>		
Invested in tangible capital assets	\$ 226,956,502	\$ 217,601,313
General purposes	10,209,086	9,305,943
Investment in Centre Wellington Energy Inc.	13,540,378	13,194,033
Investment in Centre Wellington Communications Inc.	229,081	161,885
Amounts to be recovered:		
Post-employment benefits	(614,656)	(509,236)
WSIB	(148,766)	(157,602)
Net long-term liabilities	(22,549,159)	(24,149,636)
<b>Total surplus</b>	<b>227,622,466</b>	<b>215,446,700</b>
<b>Reserves set aside by Council for:</b>		
Capital works - Wastewater	7,967,365	5,737,469
Working capital	1,109,662	1,109,662
Capital works - Roads	583,112	436,834
Replacement of equipment	2,996,738	2,569,660
Capital works - Waterworks	7,357,326	7,636,383
Other	4,516,687	4,053,806
Capital works - Cultural	10,105	3,907
Capital works - Fire	55,748	57,700
Contingencies	117,082	63,156
<b>Total reserves</b>	<b>24,713,825</b>	<b>21,668,577</b>
<b>Reserve funds set aside for specific purposes by Council for:</b>		
Capital works - Other	2,447,150	2,358,064
Capital works - Social services	202,001	135,602
Capital works - Roads	487,206	268,729
Capital works - Wastewater	-	2,278,813
Capital works - Waterworks	-	50,034
<b>Total reserve funds</b>	<b>3,136,357</b>	<b>5,091,242</b>
<b>Accumulated surplus</b>	<b>\$ 255,472,648</b>	<b>\$ 242,206,519</b>

## 14. Trust funds:

Trust funds administered by the municipality amounting to \$1,004,013 (2017 - \$964,445) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations.

# THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2018

---

## 15. 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 \$51,399 (2017 - \$68,249).

## 16. 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 2018 was \$895,743 (2017 - \$851,776) for current service. The contribution rate for 2018 was 9% to 15.8% (2017 - 9% to 15.8%) depending on age and level of income level.

The latest available report for the OMERS plan was December 31, 2018. At that time the plan reported a \$4.2 billion actuarial deficit (2017 - \$5.4 billion deficit), based on actuarial liabilities of \$99.1 billion (2017 - \$93.6 billion) and actuarial assets of \$94.9 billion (2017 - \$88.2 billion). Ongoing adequacy of the current contribution rates will need to be monitored and may lead to increased future funding requirements.

## 17. 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) 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 \$25,000,000 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.

## 18. Comparative amounts:

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

# THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2018

## 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	2018 Consolidated
<b>Revenues</b>									
Taxation	\$ 2,869,166	\$ 1,896,389	\$ 5,104,747	\$ -	\$ 36,824	\$ 647,660	\$ 3,357,721	\$ 854,838	\$ 14,767,345
Government transfers	375,900	162,745	4,129,923	296,362	-	56,060	10,185	116,842	5,148,017
Development charges earned	49,136	4,000	2,141,349	3,620,285	-	-	551,808	18,150	6,384,728
Licences and permits	33,782	1,233,449	30,137	-	-	-	-	-	1,297,368
Fees, rents and concessions	193,383	26,143	36,550	9,563,348	164,559	218,719	2,149,587	191,955	12,544,244
Penalties and interest on taxes	303,552	-	-	-	-	-	-	-	303,552
Interest, donations and other	1,378,477	24,033	36,724	46,559	38,662	15,319	190,779	5,500	1,736,053
Equity loss from Centre Wellington Energy Inc.	346,345	-	-	-	-	-	-	-	346,345
Equity earnings from Centre Communications Inc.	67,196	-	-	-	-	-	-	-	67,196
Developer contributions	-	-	2,560,412	1,556,294	-	-	39,402	-	4,156,108
Gaming revenue	-	-	2,353,150	-	-	-	-	-	2,353,150
Loss on disposal of tangible capital assets	151,726	6,041	(1,368,631)	5,160	-	-	(61,351)	-	(1,267,055)
<b>Total Revenues</b>	<b>\$ 5,768,663</b>	<b>\$ 3,352,800</b>	<b>\$ 15,024,361</b>	<b>\$ 15,088,008</b>	<b>\$ 240,045</b>	<b>\$ 937,758</b>	<b>\$ 6,238,131</b>	<b>\$ 1,187,285</b>	<b>\$ 47,837,051</b>
<b>Expenses</b>									
Salaries and benefits	\$ 1,747,871	\$ 2,370,551	\$ 1,930,107	\$ 3,019,033	\$ 77,138	\$ 341,662	\$ 3,030,024	\$ 827,344	\$ 13,343,730
Goods and services	1,287,954	509,319	3,210,280	3,167,150	84,026	400,052	2,432,709	450,848	11,542,338
Transfer payments	-	103,835	-	182,134	-	-	54,810	-	340,779
Interest and rental	24,126	-	18,614	546,219	-	-	204,332	10,176	803,467
Amortization	264,275	315,120	4,428,440	2,626,930	11,931	46,674	839,843	7,395	8,540,608
<b>Total Expenses</b>	<b>\$ 3,324,226</b>	<b>\$ 3,298,825</b>	<b>\$ 9,587,441</b>	<b>\$ 9,541,466</b>	<b>\$ 173,095</b>	<b>\$ 788,388</b>	<b>\$ 6,561,718</b>	<b>\$ 1,295,763</b>	<b>\$ 34,570,922</b>

# THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2018

## 19. Segmented information (continued):

	General Government	Protection	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation & Culture	Planning & Development	2017 Consolidated
<b>Revenues</b>									
Taxation	\$ 2,842,272	\$ 1,537,035	\$ 4,808,538	\$ -	\$ 35,861	\$ 582,712	\$ 2,975,886	\$ 762,083	\$ 13,544,387
Government transfers	442,200	162,563	1,715,679	270,621	10,000	61,700	308,902	33,352	3,005,017
Development charges earned	43,850	20,134	1,125,118	2,239,396	-	-	495,150	23,100	3,946,748
Licences and permits	33,027	1,099,478	28,117	-	-	-	-	-	1,160,622
Fees, rents and concessions	190,960	60,076	116,447	8,710,944	190,494	193,207	2,045,088	157,451	11,664,667
Penalties and interest on taxes	325,283	-	-	-	-	-	-	-	325,283
Interest, donations and other	1,145,427	20,265	22,843	102,430	32,946	12,252	14,120	6,762	1,357,045
Equity loss from Centre Wellington Energy Inc.	(372,611)	-	-	-	-	-	-	-	(372,611)
Equity earnings from Centre Communications Inc.	62,251	-	-	-	-	-	-	-	62,251
Developer contributions	-	-	2,072,759	1,231,321	-	-	154,943	-	3,459,023
Gaming revenue	-	-	2,234,049	-	-	-	-	-	2,234,049
Loss on disposal of tangible capital assets	648,392	19,582	49,148	(24,677)	-	-	7,425	-	699,870
<b>Total Revenues</b>	<b>\$ 5,361,051</b>	<b>\$ 2,919,133</b>	<b>\$ 12,172,698</b>	<b>\$ 12,530,035</b>	<b>\$ 269,301</b>	<b>\$ 849,871</b>	<b>\$ 6,001,514</b>	<b>\$ 982,748</b>	<b>\$ 41,086,351</b>
<b>Expenses</b>									
Salaries and benefits	\$ 1,815,714	\$ 2,088,143	\$ 1,804,216	\$ 2,791,484	\$ 83,125	\$ 314,723	\$ 2,877,163	\$ 752,308	\$ 12,526,876
Goods and services	1,240,186	427,068	2,855,430	2,831,819	106,373	405,705	2,102,776	409,965	10,379,322
Transfer payments	-	113,144	-	198,892	-	-	51,992	-	364,028
Interest and rental	21,613	-	21,099	577,612	-	-	221,952	10,176	852,452
Amortization	340,903	262,120	4,203,631	2,545,179	5,195	46,674	790,055	6,292	8,200,049
<b>Total Expenses</b>	<b>\$ 3,418,416</b>	<b>\$ 2,890,475</b>	<b>\$ 8,884,376</b>	<b>\$ 8,944,986</b>	<b>\$ 194,693</b>	<b>\$ 767,102</b>	<b>\$ 6,043,938</b>	<b>\$ 1,178,741</b>	<b>\$ 32,322,727</b>



KPMG LLP  
115 King Street South  
2nd Floor  
Waterloo ON N2J 5A3  
Canada  
Tel 519-747-8800  
Fax 519-747-8830

## INDEPENDENT AUDITORS' REPORT

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

### ***Opinion***

We have audited the consolidated financial statements of the trust funds of The Corporation of the Township of Centre Wellington (the Entity), which comprise:

- the consolidated statement of financial position as at December 31, 2018
- the consolidated statement of operations and changes in net financial assets for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies  
(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2018, and its results of operations and its changes in net financial assets for the year then ended in accordance with Canadian public sector accounting standards.

### ***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “***Auditors’ Responsibilities for the Audit of the Financial Statements***” section of our auditors’ report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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



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

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

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

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

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*KPMG LLP*

---

Chartered Professional Accountants, Licensed Public Accountants

Waterloo, Canada

June 17, 2019

# THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

## Trust Funds - Statement of Financial Position

As at December 31, 2018, with comparative figures for 2017

	Elora & Fergus Cemetery Perpetual Care	Mount Carmel Cemetery Perpetual Care	M.W. Baptie Scholarship	2018 Total	2017 Total
<b>Assets</b>					
Cash	\$ 128,258	\$ 3,858	\$ 4,622	\$ 136,738	\$ 117,098
Term deposit certificates	826,349	37,105	1,000	864,454	843,435
CIBC stock - at cost	1,299	-	-	1,299	1,299
Due from Township	1,522	-	-	1,522	2,613
	<b>\$ 957,428</b>	<b>\$ 40,963</b>	<b>\$ 5,622</b>	<b>\$ 1,004,013</b>	<b>\$ 964,445</b>
<b>Liabilities</b>					
	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net financial assets and accumulated surplus</b>	<b>\$ 957,428</b>	<b>\$ 40,963</b>	<b>\$ 5,622</b>	<b>\$ 1,004,013</b>	<b>\$ 964,445</b>

See accompanying note 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, 2018, with comparative figures for 2017

	Elora & Fergus Cemeteries Perpetual Care	Mount Carmel Cemetery Perpetual Care	M.W. Baptie Scholarship	2018 Total	2017 Total
<b>Revenue</b>					
Sale of plots and cemetery fees	\$ 39,286	\$ 200	\$ -	\$ 39,486	\$ 44,564
Investment income	28,355	1,026	82	29,463	21,703
	67,641	1,226	82	68,949	66,267
<b>Expenses</b>					
Reimbursement to Township	28,355	-	-	28,355	21,034
Reimbursement to Mount Carmel Cemetery	-	1,026	-	1,026	619
	28,355	1,026	-	29,381	21,653
Surplus	39,286	200	82	39,568	44,614
Net financial assets and accumulated surplus, beginning of year	918,142	40,763	5,540	964,445	919,831
Net financial assets and accumulated surplus, end of year	\$ 957,428	\$ 40,963	\$ 5,622	\$ 1,004,013	\$ 964,445

See accompanying note to financial statements.

# THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Trust Funds

Note to Financial Statements

Year ended December 31, 2018

---

## **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.