

Consolidated Financial Statements of

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

Year ended December 31, 2024

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

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For the year ended December 31, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of The Corporation of the Township of Centre Wellington 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, 2024
- 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, 2024, and its consolidated results of operations, its consolidated remeasurement of gains and losses, its consolidated changes in net debt 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 ***"Auditor's Responsibilities for the Audit of the Financial Statements"*** section of our auditor's 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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants, Licensed Public Accountants

Kitchener, Canada

July 4, 2025

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Consolidated Statement of Financial Position

December 31, 2024, with comparative figures for 2023

	2024	2023
Financial Assets		
Cash (note 2)	\$ 51,232,067	\$ 50,522,046
Short-term investments (note 3)	33,384,259	30,905,583
Taxes receivable	5,299,303	3,264,624
Accounts receivable	10,247,573	8,122,913
Loans receivable (note 4)	694,122	770,656
Investment in Centre Wellington Energy Inc. (note 5)	17,209,790	16,446,981
Investment in Centre Wellington Communications Inc. (note 5)	753,537	669,657
Total financial assets	118,820,651	110,702,460
Financial Liabilities		
Accounts payable and accrued liabilities	7,717,297	9,112,015
Other liabilities	483,669	459,484
Deferred revenue (note 6)	49,848,559	44,935,727
Employee future benefits (note 7)	1,974,251	1,935,309
Net long-term liabilities (note 9)	16,034,216	18,411,117
Asset retirement obligation liabilities (note 10)	1,672,026	1,576,935
Total financial liabilities	77,730,018	76,430,587
Net financial assets	41,090,633	34,271,873
Non-Financial Assets		
Tangible capital assets (note 11)	291,939,055	270,159,243
Inventories of supplies	121,959	94,861
Prepaid expenses	435,130	438,996
	292,496,144	270,693,100
Contingencies and commitments (note 19)		
Accumulated surplus (note 14)	\$ 333,586,777	\$ 304,964,973

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, 2024, with comparative figures for 2023

	Budget 2024	Actual 2024	Actual 2023
	(note 12)		
Revenue:			
Net taxation	\$ 21,113,517	\$ 22,324,392	\$ 19,334,066
Government transfers:			
Provincial	4,577,685	5,570,542	3,857,395
Federal	932,955	1,904,112	1,719,688
Municipal	1,152,141	997,729	1,031,358
Development charges earned	5,971,577	4,358,883	8,899,145
Licenses and permits	2,344,950	2,198,581	1,789,025
Fees, rents, and concessions	16,260,790	17,090,307	15,472,423
Penalties and interest on taxes	400,000	624,547	518,772
Interest, donations and other	2,413,090	3,566,565	3,673,190
Equity earnings from Centre Wellington Energy Inc. (note 5)	-	762,809	837,417
Equity earnings from Centre Wellington Communications Inc. (note 5)	-	83,880	99,275
Developer contributions	1,535,000	10,898,412	2,519,698
Gaming revenue (note 8)	2,950,000	2,810,120	2,990,430
Gain/(loss) on disposal of tangible capital assets	-	4,883,939	(990,215)
Total revenue	59,651,705	78,074,818	61,751,667
Expenses:			
General government	5,069,959	5,374,798	4,792,522
Protection to persons and property	4,563,811	4,773,742	4,246,773
Transportation services	8,306,348	14,717,091	12,786,406
Environmental services	9,938,412	12,713,593	11,673,306
Health services	229,637	253,781	193,020
Social and family services	716,750	741,482	708,078
Recreation and cultural services	7,181,841	8,778,798	7,534,081
Planning and development	2,219,432	2,099,729	1,798,308
Total expenses	38,226,190	49,453,014	43,732,494
Annual surplus	21,425,515	28,621,804	18,019,173
Accumulated surplus, beginning of year	304,964,973	304,964,973	286,945,800
Accumulated surplus, end of year	\$ 326,390,488	\$ 333,586,777	\$ 304,964,973

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, 2024, with comparative figures for 2023

	Budget (note 12)	2024	2023
Annual surplus	\$ 21,425,515	\$ 28,621,804	\$ 18,019,173
Acquisition of tangible capital assets, including contributed tangible capital assets	(24,231,390)	(33,469,354)	(34,289,867)
Amortization of tangible capital assets	-	10,928,138	9,842,918
Amortization of asset retirement obligations	-	8,776	8,399
(Gain)/loss on disposal of tangible capital assets	-	(4,883,939)	990,215
Proceeds on sale of tangible capital assets	-	5,636,567	271,293
	(2,805,875)	6,841,992	(5,157,869)
Change in inventories of supplies	-	(27,098)	11,045
Change in prepaid expenses	-	3,866	6,721
Change in net financial assets	(2,805,875)	6,818,760	(5,140,103)
Net financial assets, beginning of year	34,271,873	34,271,873	39,411,976
Net financial assets, end of year	\$ 31,465,998	\$ 41,090,633	\$ 34,271,873

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, 2024, with comparative figures for 2023

	2024	2023
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 28,621,804	\$ 18,019,173
Items not involving cash:		
Amortization of tangible capital assets	10,928,138	9,842,918
Amortization of asset retirement obligations	8,776	8,399
(Gain)/loss on sale of tangible capital assets	(4,883,939)	990,215
Change in asset retirement obligation liabilities	95,091	90,677
Change in employee benefits and other liabilities	38,942	30,247
Equity earnings from Centre Wellington Energy Inc.	(762,809)	(837,417)
Equity earnings from Centre Wellington Communications Inc.	(83,880)	(99,275)
Contributed tangible capital assets	(8,640,539)	(2,812,191)
Change in non-cash assets and liabilities:		
Taxes receivable	(2,034,679)	(437,649)
Accounts receivable	(2,124,660)	(2,213,146)
Inventories of supplies	(27,098)	11,045
Prepaid expenses	3,866	6,721
Accounts payable and accrued liabilities	(1,394,718)	3,049,426
Other liabilities	24,185	22,386
Deferred revenue	4,912,832	1,384,993
Net change in cash from operating activities	24,681,312	27,056,522
Capital activities:		
Proceeds on sale of tangible capital assets	5,636,567	271,293
Cash used to acquire tangible capital assets	(24,828,815)	(31,477,676)
Net change in cash from capital activities	(19,192,248)	(31,206,383)
Investing activities:		
Purchase of short-term investments	(33,384,259)	(30,905,583)
Redemption of short-term investments	30,905,583	32,519,216
Net change in loans receivable	76,534	73,206
Net change in cash from investing activities	(2,402,142)	1,686,839
Financing activities:		
Long-term debt repaid	(2,376,901)	(2,318,921)
Net change in cash from financing activities	(2,376,901)	(2,318,921)
Net change in cash position during the year	710,021	(4,781,943)
Cash position, beginning of year	50,522,046	55,303,989
Cash position, end of year	\$ 51,232,067	\$ 50,522,046

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, 2024

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, 2024

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) Revenue recognition:

The Township prepares tax billings based on assessment rolls issued by Municipal Property Assessment Corporation, in accordance with rates established and approved annually by Council and the Province of Ontario. Taxation revenue is recognized in the period in which the taxes are levied.

Government transfers are recognized in the period in which the events giving rise to the transfer occurred, provided that the transfer is authorized and the amount can be reasonably estimated. Government grants are recognized when approved to the extent the related expenditures have been incurred and collection can be reasonably assured.

Revenues from an exchange transaction are recognized as or when the Township satisfies the performance obligation. Performance obligations may be satisfied at a point in time or over a period of time. Revenues from a non-exchange transaction are recognized where there is authority and a past event that gives rise to a claim of economic resources.

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2024

1. Accounting policies (continued):

(d) 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 Canada Community-Building Fund revenues are reported as deferred revenue and will be recognized as revenue in the fiscal year in which the eligible expenditures are incurred.

(e) 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.

(f) Financial instruments:

The Township classifies all of its financial instruments at amortized cost. The maximum exposure to credit risk is the carrying value of the financial instruments. These financial instruments include cash, taxes receivable, trade and other receivables, long-term investments, loans receivable, accounts payable and accrued liabilities, and long-term liabilities. All financial instruments are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations and any unrealized gain is adjusted through the statement remeasurement. As all financial instruments are measured at cost or amortized cost, there have been no re-measurement gains or losses and the statement of remeasurement has been excluded.

Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instrument.

(g) 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, 2024

1. Accounting policies (continued):

(h) 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

Asset retirement obligations are amortized using the same basis and useful life as the underlying asset.

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, 2024

1. Accounting policies (continued):

(h) Non-financial assets (continued):

(vi) Inventories of supplies

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

(i) Employee future benefits:

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.

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, 2024

1. Accounting policies (continued):

(j) 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.

(k) Asset retirement obligations:

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- (i) There is a legal obligation to incur retirement costs in relation to a tangible capital asset and other contract obligations;
- (ii) The past transactions or events giving rise to the liability has occurred;
- (iii) It is expected that future economic benefits will be given up; and
- (iv) A reasonable estimate of the amount can be made.

The asset retirement obligation is based on management's best estimate of the expenditures to settle the obligation.

The liability for closure of operational sites and post-closure care relating to landfill sites has been recognized based on estimated future expenses. This liability is discounted using a present value calculation, and adjusted yearly for accretion expense where there is a known retirement date. The liability for the removal of asbestos in buildings has also been recognized based on estimated future expenses on closure of the site and post-closure care. The recognition of a liability results in an accompanying increase to the respective tangible capital assets.

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2024

1. Accounting policies (continued):

(l) 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.

(m) Adoption of new accounting standards:

The Township adopted the following accounting standards applicable for fiscal years beginning January 1, 2024:

- (i) PS 3400 *Revenue* establishes standards on how to account for and report on revenue. This standard covers the identification, recognition, measurement, and disclosure for revenues arising from transactions that include performance obligations and transactions that do not have performance obligations. Performance obligations are enforceable promises to provide specific goods or services to a specific payor.
- (ii) PS 3160 *Public Private Partnerships* establishes standards on accounting for public private partnerships between public and private sector entities where the public sector entity procures infrastructure using a private sector partner.

There was no impact on financial statements of the Township as a result of the adoption of these standards.

2. Cash:

At December 31, 2024, the Township had undrawn capacity under a credit facility of \$7,000,000. Interest on the credit facility is at prime less 0.25%.

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2024

3. Short-term investments:

Short-term investments consist of the following:

	2024	2023
Guaranteed investment certificates held at a credit union	\$ 33,384,258	\$ 30,905,582
Credit union shares	1	1
	\$ 33,384,259	\$ 30,905,583

The guaranteed investment certificates held at a credit union earn interest at rates ranging from 4.00% to 5.40% (2023 – 5.46% to 6.11%) and mature in January, April, July, October, and December 2025. The short-term investment balance includes accrued interest earned on the guaranteed investment certificates of \$990,793 (2023 - \$1,008,575).

4. Loans receivable:

	2024	2023
Centre Wellington Communications Inc. – interest of 7%, blended principal and interest payments of \$8,185, due June 1, 2033	\$ 630,330	\$ 683,069
Water and Sewer Connection Loans – notes receivable from Township ratepayers bearing interest between 1.63% to 3.72%, blended principal and interest payments ranging from \$290 to \$1,754, maturing from 2024 to 2031	63,792	87,587
Total loans receivable	\$ 694,122	\$ 770,656

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 \$45,182 (2023 - \$48,708).

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2024

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. and 100% of the outstanding shares of Centre Wellington Energy Innovations Inc. Centre Wellington Hydro Ltd. commenced operations on November 1, 2000 and Centre Wellington Energy Innovations Inc. was incorporated on 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:

	2024	2023
Assets	\$ 29,503,600	\$ 26,820,684
Other liabilities	17,340,563	15,420,456
Net assets	12,163,037	11,400,228
Promissory note due to the Township of Centre Wellington	5,046,753	5,046,753
Investment in Centre Wellington Energy Inc.	\$ 17,209,790	16,446,981

	2024	2023
Revenues	\$ 25,603,506	\$ 23,388,692
Expenditures	24,840,697	22,551,275
Net earnings for the year	762,809	837,417
Retained earnings, beginning of year	5,878,182	5,040,765
Retained earnings, end of year	\$ 6,640,991	\$ 5,878,182

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2024

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:

	2024	2023
Assets	\$ 1,580,318	\$ 1,616,242
Other liabilities	826,781	946,585
Net assets	\$ 753,537	669,657

	2024	2023
Revenue	\$ 350,261	\$ 401,479
Expenditures	266,381	302,204
Net earnings for the year	83,880	99,275
Retained earnings, beginning of year	669,657	570,382
Retained earnings, end of year	\$ 753,537	\$ 669,657

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2024

6. Deferred revenue:

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

		Contributions			
		Received	Investment	Revenue	
2024	Opening	(Refunded)	Income	Recognized	Ending
Obligatory:					
Development charges	\$29,774,736	\$ 6,286,640	\$ 1,658,713	\$ (4,358,883)	\$ 33,361,206
Recreational land	878,855	230,019	47,886	(18,950)	1,137,810
Parking revenues	41,602	-	2,033	-	43,635
Subdivider contributions	826,578	(32,600)	42,398	-	836,376
Building code	4,384,028	-	209,222	(826,770)	3,766,480
Federal CCBF funding	732,745	991,496	44,916	(418,845)	1,350,312
Other:					
Grading and damage deposits	3,696,414	(625,955)	-	-	3,070,459
Builder and other deposits	3,984,311	(542,890)	-	-	3,441,421
Other	616,458	2,840,860	-	(616,458)	2,840,860
	\$44,935,727	\$ 9,147,570	\$ 2,005,168	\$ (6,239,906)	\$ 49,848,559

		Contributions			
		Received	Investment	Revenue	
2023	Opening	(Refunded)	Income	Recognized	Ending
Obligatory:					
Development charges	\$29,905,246	\$ 7,118,411	\$ 1,650,224	\$ (8,899,145)	\$ 29,774,736
Recreational land	818,436	19,850	51,736	(11,167)	878,855
Parking revenues	39,158	-	2,444	-	41,602
Subdivider contributions	764,704	22,142	39,732	-	826,578
Building code	4,308,301	-	268,877	(193,150)	4,384,028
Federal CCBF funding	633,352	932,955	40,487	(874,049)	732,745
Other:					
Grading and damage deposits	3,551,226	145,188	-	-	3,696,414
Builder and other deposits	3,046,502	937,809	-	-	3,984,311
Other	483,809	616,458	-	(483,809)	616,458
	\$43,550,734	\$ 9,792,813	\$ 2,053,500	\$ (10,461,320)	\$ 44,935,727

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2024

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, 2024.

	2024	2023
Post-employment benefits	\$ 803,082	\$ 763,218
Future payments required to WSIB	1,171,169	1,172,091
	\$ 1,974,251	\$ 1,935,309

(a) Post-employment benefits:

The Township pays health, dental, travel and life insurance benefits on behalf of its eligible senior management and management early retirees to age 65. Senior management and 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, 2023.

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

	2024	2023
Accrued benefit obligation:		
Balance, beginning of year	\$ 1,272,809	\$ 785,959
Current benefit cost	72,612	53,384
Interest	56,099	25,635
Actuarial loss	-	455,571
Benefit payments	(124,909)	(47,740)
Expected accrued benefit obligation, end of year	1,276,611	1,272,809
Unamortized actuarial loss	(473,529)	(509,591)
Liability for post-employment benefits	\$ 803,082	\$ 763,218

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2024

7. Employee benefits and other liabilities (continued):

(a) Post-employment benefits (continued):

Included in expenses is \$36,062 (2023 - \$7,364) for amortization of the actuarial loss. The unamortized actuarial loss is amortized over the expected average service life of 15 and 16 years (2023 – 14 and 16 years).

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

(i) Interest (discount rate):

The obligation as at December 31, 2024, of the present value of future liabilities and the expense for the 12 months ended December 31, 2024, were determined using a discount rate of 4.50% (2023 – 3.25%).

(ii) Medical costs:

Medical costs were assumed to increase at the rate of 5.67% for 2025, reducing by 0.33% per year to 4.00% in 2030 and 4.00% per year thereafter.

(iii) Dental costs:

Dental costs were assumed to increase at the rate of 4.00% (2023 - 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 \$75,356 (2023 - \$56,144).

(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, 2022, which is extrapolated to December 31, 2024.

Information about the WSIB liability is as follows:

	2024	2023
Accrued benefit obligation:		
Balance, beginning of year	\$ 1,104,480	\$ 1,109,591
Current benefit cost	40,647	39,320
Interest	48,660	48,720
Benefit payments	(86,944)	(93,151)
Expected accrued benefit obligation, end of year	1,106,843	1,104,480
Unamortized actuarial gain	64,326	67,611
WSIB liability	\$ 1,171,169	\$ 1,172,091

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2024

7. Employee benefits and other liabilities (continued):

(b) WSIB (continued):

Included in expenses is a gain of \$3,285 (2023 – \$3,285 gain) for amortization of the actuarial gain. The unamortized actuarial loss on future payments required to the WSIB is amortized over the expected period of the liability which is 14 years (2023 - 14 years).

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

(i) Interest (discount rate):

The obligation as at December 31, 2024, of the present value of future liabilities and the expense for the 12 months ended December 31, 2024, were determined using a discount rate of 4.5% (2023 – 4.5%).

(ii) Administration costs:

Administration costs were assumed to be 23% (2023 - 23%) 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 0.5% to 2.5% (2023 – 0.5% to 2.5%) 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 \$1,686,602 (2023 - \$1,598,048).

8. Gaming revenue:

Effective October 28, 2022, 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; and
- (f) 4.00% of sportsbook revenue

2024 gaming revenue proceeds of \$2,810,120 (2023 - \$2,990,430) were placed in Township reserve funds in accordance with the Township's OLG Funding Allocation Policy.

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2024

9. 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.

	2024	2023
Federation of Canadian Municipalities loan payable, bearing interest at 2.0%, semi-annual payments of \$304,545 including interest, due November 3, 2034	\$ 5,495,936	\$ 5,987,682
TD loan payable, bearing interest at 5.136%, monthly payments of \$72,993 including interest, due April 26, 2025	290,621	1,128,125
CMHC loan payable, bearing interest at 3.59%, annual payments of \$198,007 including interest, due December 1, 2025	191,145	375,665
County of Wellington loans payable, non-interest bearing, annual payments of between \$6,615 - \$14,076, maturing between September 1, 2023 and September 1, 2025	14,076	28,152
Infrastructure Ontario loan payable, bearing interest at 2.48%, semi-annual payments of \$74,787 including interest, due March 2, 2040	1,915,075	2,015,287
Infrastructure Ontario loan payable, bearing interest at 2.95%, semi-annual payments of \$125,151 including interest, due December 15, 2041	3,327,363	3,476,206
County of Wellington loan payable, bearing interest at 2.8% to 3.85%, repayable in annual principal and semi-annual interest payments of approximately \$720,000, due June 2, 2032	4,800,000	5,400,000
	\$ 16,034,216	\$ 18,411,117

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2024

9. Net long-term liabilities (continued):

(b) Principal payments required for the next five years and thereafter are due as follows:

2025	\$ 1,853,562
2026	1,374,874
2027	1,392,477
2028	1,410,449
2029	1,428,959
Thereafter	8,573,895
Total	\$ 16,034,216

(c) Total interest on long-term liabilities, which are reported on the consolidated statement of operations, amounted to \$501,858 (2023 - \$584,158).

10. Asset retirement obligations:

(a) Asbestos obligation:

The Township owns and operates buildings that are known to have asbestos. Following the adoption of PS3280 – Asset retirement obligations, the Township recognized an obligation relating to the removal and post-removal care of the asbestos in these building as estimated at January 1, 2022. The buildings have an estimated useful life of 50 years.

Changes to the asset retirement obligations in the year are as follows:

Asset retirement obligations	Other	Asbestos removal	Water and wastewater decommission	Balance at December 31, 2024
Opening balance	\$ 566,352	\$ 927,177	\$ 83,406	\$ 1,576,935
Accretion expense	28,318	46,359	4,170	78,847
In year change estimate	16,244	-	-	16,244
Closing balance	\$ 610,914	\$ 973,536	\$ 87,576	\$ 1,672,026

Asset retirement obligations	Other	Asbestos removal	Water and wastewater decommission	Balance at December 31, 2023
Opening balance	\$ 526,451	\$ 880,373	\$ 79,434	\$ 1,486,258
Accretion expense	26,322	44,019	3,972	74,313
In year change estimate	18,579	2,785	-	21,364
In year settlement	(5,000)	-	-	(5,000)
Closing balance	\$ 566,352	\$ 927,177	\$ 83,406	\$ 1,576,935

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Financial Statements, continued

Year ended December 31, 2024

11. Tangible capital assets:

	Land	Land Improvements	Buildings	Vehicles	Equipment	Water & Wastewater	Roads & Structures	Assets under construction	Total 2024
Cost									
Beginning of year	\$ 6,698,561	\$ 10,760,455	\$ 31,025,662	\$ 15,393,114	\$ 12,967,308	\$ 138,946,047	\$ 227,789,231	\$ 7,914,390	\$ 451,494,768
Asset retirement obligations	-	16,244	-	-	-	-	-	-	16,244
Additions	7,281,969	862,774	407,010	4,435,572	1,125,612	6,076,870	16,076,156	1,902,996	38,168,959
Disposals	(635,110)	(68,912)	(69,265)	(1,421,151)	(413,804)	(101,868)	(416,442)	(4,715,848)	(7,842,400)
Cost, end of year	13,345,420	11,570,561	31,363,407	18,407,535	13,679,116	144,921,049	243,448,945	5,101,538	481,837,571
Accumulated amortization									
Beginning of year	-	3,078,841	11,124,541	8,319,595	6,646,232	48,394,929	103,771,387	-	181,335,525
Amortization	-	293,419	777,538	1,134,825	834,977	2,868,074	5,028,081	-	10,936,914
Disposals	-	(42,922)	(42,377)	(1,408,543)	(413,804)	(59,235)	(407,042)	-	(2,373,923)
Accumulated amortization, end of year	-	3,329,338	11,859,702	8,045,877	7,067,405	51,203,768	108,392,426	-	189,898,516
Net book value, end of year	\$ 13,345,420	\$ 8,241,223	\$ 19,503,705	\$ 10,361,658	\$ 6,611,711	\$ 93,717,281	\$ 135,056,519	\$ 5,101,538	\$ 291,939,055

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Financial Statements, continued

Year ended December 31, 2024

11. Tangible capital assets (continued):

Restated	Land	Land Improvements	Buildings	Vehicles	Equipment	Water & Wastewater	Roads & Structures	Assets under construction	Total 2023
Cost									
Beginning of year	\$ 6,421,859	\$ 9,239,041	\$ 26,506,941	\$ 14,220,635	\$ 12,397,202	\$ 132,515,529	\$ 211,742,903	\$ 9,096,033	\$ 422,140,143
Asset retirement obligations	-	15,771	2,808	-	-	2,785	-	-	21,364
Additions	276,702	1,525,675	5,596,423	2,185,883	901,168	6,522,801	18,441,493	2,748,374	38,198,519
Disposals	-	(20,032)	(1,080,510)	(1,013,404)	(331,062)	(95,068)	(2,395,165)	(3,930,017)	(8,865,258)
Cost, end of year	6,698,561	10,760,455	31,025,662	15,393,114	12,967,308	138,946,047	227,789,231	7,914,390	451,494,768
Accumulated amortization									
Beginning of year	-	2,849,807	11,395,306	8,364,659	6,145,742	45,786,979	100,615,449	-	175,157,942
Amortization	-	249,066	683,953	946,482	831,552	2,685,547	4,454,717	-	9,851,317
Disposals	-	(20,032)	(954,718)	(991,546)	(331,062)	(77,597)	(1,298,779)	-	(3,673,734)
Accumulated amortization, end of year	-	3,078,841	11,124,541	8,319,595	6,646,232	48,394,929	103,771,387	-	181,335,525
Net book value, end of year	\$ 6,698,561	\$ 7,681,614	\$ 19,901,121	\$ 7,073,519	\$ 6,321,076	\$ 90,551,118	\$ 124,017,844	\$ 7,914,390	\$ 270,159,243

(a) Assets under construction:

Assets under construction having a value of \$7,451,445 (2023 - \$7,914,390) 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 \$8,640,539 (2023 - \$2,812,191).

(c) Tangible capital assets disclosed at nominal values:

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

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2024

12. Budget data:

The budget data presented in these consolidated financial statements is based upon the 2024 operating and capital budgets approved by Council on December 18, 2023. 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	\$ 53,043,055
Capital budget	27,907,390
Less:	
Transfers from other funds	(19,599,440)
Proceeds on debt issue	(1,699,300)
Total revenue	59,651,705
Expenses:	
Operating budget	53,043,055
Capital budget	27,907,390
Less:	
Transfers to other funds	(16,115,964)
Capital expenses	(24,231,390)
Debt principal payments	(2,376,901)
Total expenses	38,226,190
Annual surplus	\$ 21,425,515

13. 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	\$ 11,676,811	\$ 40,604,021

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2024

14. Accumulated surplus:

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

	2024	2023
Surplus:		
Invested in tangible capital assets	\$ 291,939,055	\$ 270,159,243
General purposes	3,409,403	2,714,661
Unfunded asset retirement obligations	(1,672,026)	(1,576,935)
Investment in Centre Wellington Energy Inc.	17,209,790	16,446,981
Investment in Centre Wellington Communications Inc.	753,537	669,657
Amounts to be recovered:		
Post-employment benefits	(803,082)	(763,218)
WSIB	(1,171,169)	(1,172,091)
Net long-term liabilities	(16,034,216)	(18,411,117)
Total surplus	293,631,292	268,067,181
Reserves set aside by Council for:		
Capital works - Wastewater	11,533,019	11,613,871
Working capital	1,109,662	1,109,662
Capital works - Roads	589,066	493,868
Replacement of equipment	4,277,774	6,140,139
Capital works - Waterworks	6,633,739	8,379,408
Other	5,965,825	5,738,582
Capital works - Fire	70,429	56,238
Capital works - Parks and Recreation	31,100	25,100
Contingencies	250,000	164,515
Total reserves	30,460,614	33,721,383
Reserve funds set aside for specific purposes by Council for:		
Capital works and operating - Other	5,815,088	757,889
Capital works - Social services	438,466	362,684
Capital works - Roads	3,241,317	2,055,836
Total reserve funds	9,494,871	3,176,409
Accumulated surplus	\$ 333,586,777	\$ 304,964,973

15. Trust funds:

Trust funds administered by the municipality amounting to \$1,509,936 (2023 - \$1,381,504) 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, 2024

16. 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 \$15,000,000 per occurrence.

The Township has established a reserve for allocated self-insurance claims. The balance at the end of the year is \$189,413 (2023 - \$219,733).

17. 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 2024 was \$1,423,743 (2023 - \$1,205,439) for current service. The contribution rate for 2024 was 9% to 15.8% (2023 - 9% to 15.8%) depending on age and income level.

The latest available report for the OMERS plan was December 31, 2024. At that time the plan reported a \$2.9 billion actuarial deficit (2023 - \$4.2 billion deficit), based on actuarial liabilities of \$140.8 billion (2023 - \$134.6 billion) and actuarial assets of \$137.9 billion (2023 - \$130.4 billion). Ongoing adequacy of the current contribution rates will need to be monitored and may lead to increased future funding requirements.

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2024

18. Financial instrument risk:

The fair value of the Township's financial instruments that are comprised of cash, taxes receivable, trade and other receivables, long-term investments, loans receivable, accounts payable and accrued liabilities, and long-term liabilities approximate their carrying value due to their short term nature and are measured at cost or amortized cost in the statement of financial position. The fair value of investments is disclosed in note 3. It is management's opinion that the Township is not exposed to significant risk arising from these financial instruments and there have been no significant changes to these risk exposures from 2023.

(a) Credit Risk

The Township is exposed to credit related losses through cash, accounts receivable and investments in the event of non-performance by counterparties to the financial instruments. Credit risk is minimized by dealing with reputable financial institutions. Accounts receivable of \$4,821,708 (2023 - \$5,094,415) are mainly due from governments of which \$2,533,359 (2023 - \$271,399) were over 90 days past due.

(b) Liquidity risk

Liquidity risk is the risk that the Township will be unable to meet all cash outflow obligations as they come due. Liquidity risk is minimized by monitoring cash activities and through cash flow forecasting including a ladder investment maturity approach to match large cash outflows.

(c) Market risk

Market risk is the risk that changes in market price such as foreign exchange rates, interest rates and other price risks will affect the annual surplus or the fair value of financial instruments. Monetary assets and liabilities denominated in foreign currencies are translated at the prevailing rates of exchange at year end. Revenue and expenses are translated at the exchange rate prevailing on the transaction date. Exchange gains and losses are included in the consolidated statement of operations. Interest rate risk is minimized through a diversified investment portfolio held in accordance with the Township's consolidated investment policy.

19. 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 \$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, 2024

20. 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	2024 Consolidated
Revenues									
Taxation	\$ 4,603,176	\$ 2,520,568	\$ 7,920,710	\$ -	\$ 10,571	\$ 690,446	\$ 5,510,070	\$ 1,068,851	\$ 22,324,392
Government transfers	212,021	371,284	4,519,263	639,154	-	53,812	2,651,849	25,000	8,472,383
Development charges earned	200,000	44	1,636,476	1,838,281	-	-	496,298	187,784	4,358,883
Licences and permits	49,030	2,104,244	31,260	-	-	-	-	14,047	2,198,581
Fees, rents and concessions	402,579	84,069	61,326	12,858,228	251,017	246,822	2,833,571	352,695	17,090,307
Penalties and interest on taxes	624,547	-	-	-	-	-	-	-	624,547
Interest, donations and other	3,139,862	75,950	74,858	71,670	76,454	23,043	96,078	8,650	3,566,565
Equity earnings from Centre Wellington Energy Inc.	762,809	-	-	-	-	-	-	-	762,809
Equity earnings from Centre Communications Inc.	83,880	-	-	-	-	-	-	-	83,880
Developer contributions	-	-	8,103,987	2,708,052	-	-	41,773	44,600	10,898,412
Gaming revenue	-	123,645	2,065,438	-	19,671	-	601,366	-	2,810,120
Gain/(loss) on disposal of tangible capital assets	-	-	152,520	38,183	-	-	18,398	4,674,838	4,883,939
Total Revenues	\$ 10,077,904	\$ 5,279,804	\$ 24,565,838	\$ 18,153,568	\$ 357,713	\$ 1,014,123	\$ 12,249,403	\$ 6,376,465	\$ 78,074,818
Expenses									
Salaries and benefits	\$ 3,137,746	\$ 3,294,846	\$ 2,996,025	\$ 4,704,115	\$ 91,078	\$ 326,036	\$ 4,225,025	\$ 1,426,497	\$ 20,201,368
Goods and services	1,864,154	935,062	5,572,863	4,447,165	145,961	368,863	3,128,400	616,092	17,078,560
Transfer payments	-	114,290	-	229,957	-	-	206,684	-	550,931
Interest and rental	55,526	-	102,348	320,799	-	-	79,092	48,629	606,394
Amortization	312,253	425,421	5,997,263	2,999,638	16,402	46,403	1,131,570	7,964	10,936,914
Accretion	5,119	4,123	48,592	11,919	340	180	8,027	547	78,847
Total Expenses	\$ 5,374,798	\$ 4,773,742	\$ 14,717,091	\$ 12,713,593	\$ 253,781	\$ 741,482	\$ 8,778,798	\$ 2,099,729	\$ 49,453,014

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2024

20. Segmented information (continued):

	General Government	Protection	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation & Culture	Planning & Development	2023 Consolidated
Revenues									
Taxation	\$ 3,906,566	\$ 2,183,223	\$ 6,679,535	\$ -	\$ -	\$ 686,500	\$ 5,038,809	\$ 839,433	\$ 19,334,066
Government transfers	265,141	455,484	4,075,857	609,653	-	55,938	1,116,368	30,000	6,608,441
Development charges earned	5,192	1,700	5,745,169	2,191,798	-	-	696,559	258,727	8,899,145
Licences and permits	42,777	1,707,761	32,708	-	-	-	698	5,081	1,789,025
Fees, rents and concessions	416,079	43,966	61,467	11,972,302	217,751	196,611	2,078,114	486,133	15,472,423
Penalties and interest on taxes	518,772	-	-	-	-	-	-	-	518,772
Interest, donations and other	3,175,159	35,695	219,784	46,701	64,709	23,724	19,497	87,921	3,673,190
Equity earnings from Centre Wellington Energy Inc.	837,417	-	-	-	-	-	-	-	837,417
Equity earnings from Centre Communications Inc.	99,275	-	-	-	-	-	-	-	99,275
Developer contributions	4,000	-	1,096,418	1,269,718	-	-	149,562	-	2,519,698
Gaming revenue	-	-	2,700,359	-	20,933	-	182,416	86,722	2,990,430
Gain/(loss) on disposal of tangible capital assets	-	-	(906,154)	(16,985)	-	-	(112,251)	45,175	(990,215)
Total Revenues	\$ 9,270,378	\$ 4,427,829	\$ 19,705,143	\$ 16,073,187	\$ 303,393	\$ 962,773	\$ 9,169,772	\$ 1,839,192	\$ 61,751,667
Expenses									
Salaries and benefits	\$ 2,633,877	\$ 3,070,616	\$ 2,627,761	\$ 4,063,043	\$ 85,326	\$ 335,992	\$ 3,639,751	\$ 1,078,580	\$ 17,534,946
Goods and services	1,760,730	677,972	4,758,327	4,203,789	91,107	325,538	2,631,484	660,345	15,109,292
Transfer payments	-	114,608	-	220,995	-	-	162,820	-	498,423
Interest and rental	46,807	-	107,774	367,383	-	-	91,333	50,907	664,204
Amortization	346,233	379,650	5,247,017	2,806,877	16,263	46,377	1,000,944	7,955	9,851,316
Accretion	4,875	3,927	45,527	11,219	324	171	7,749	521	74,313
Total Expenses	\$ 4,792,522	\$ 4,246,773	\$ 12,786,406	\$ 11,673,306	\$ 193,020	\$ 708,078	\$ 7,534,081	\$ 1,798,308	\$ 43,732,494

**KPMG LLP**

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

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

- the statement of financial position as at December 31, 2024
- the statement of operations, changes in accumulated surplus and remeasurement gains 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, 2024, and its results of operations, its remeasurement of gains and losses, its changes in net debt and its 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 ***"Auditor's Responsibilities for the Audit of the Financial Statements"*** section of our auditor's 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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants, Licensed Public Accountants

Kitchener, Canada

July 4, 2025

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Trust Funds - Statement of Financial Position

As at December 31, 2024, with comparative figures for 2023

	Elora & Fergus Cemetery Perpetual Care	Mount Carmel Cemetery Perpetual Care	M.W. Baptie Scholarship	2024 Total	2023 Total
Assets					
Cash	\$ 247,702	\$ 6,529	\$ 5,421	\$ 259,652	\$ 250,107
Term deposit certificates (note 2)	991,847	44,533	1,000	1,037,380	983,972
CIBC stock	210,958	-	-	210,958	148,016
Due from Township	1,946	-	-	1,946	-
	\$ 1,452,453	\$ 51,062	\$ 6,421	\$ 1,509,936	\$ 1,382,095
Liabilities					
Due to Township	\$ -	\$ -	\$ -	\$ -	\$ 591
Net assets	\$ 1,452,453	\$ 51,062	\$ 6,421	\$ 1,509,936	\$ 1,381,504
Net asset components					
Accumulated surplus	\$ 1,242,794	\$ 51,062	\$ 6,421	\$ 1,300,277	\$ 1,234,787
Accumulated remeasurement gains	209,659	-	-	209,659	146,717
Net assets	\$ 1,452,453	\$ 51,062	\$ 6,421	\$ 1,509,936	\$ 1,381,504

See accompanying notes to financial statements.

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Trust Funds - Statement of Operations, Changes in Accumulated Surplus and Remeasurement Gains

Year ended December 31, 2024, with comparative figures for 2023

	Elora & Fergus Cemeteries Perpetual Care	Mount Carmel Cemetery Perpetual Care	M.W. Baptie Scholarship	2024 Total	2023 Total
Revenue					
Sale of plots and cemetery fees	\$ 63,624	\$ 1,600	\$ -	\$ 65,224	\$ 58,853
Investment income	71,749	2,677	266	74,692	63,834
	135,373	4,277	266	139,916	122,687
Expenses					
Reimbursement to Township	71,749	-	-	71,749	61,447
Reimbursement to Mount Carmel Cemetery	-	2,677	-	2,677	2,135
	71,749	2,677	-	74,426	63,582
Surplus	63,624	1,600	266	65,490	59,105
Accumulated surplus, beginning of year	1,179,170	49,462	6,155	1,234,787	1,175,682
Accumulated surplus, end of year	\$ 1,242,794	\$ 51,062	\$ 6,421	\$ 1,300,277	\$ 1,234,787
Accumulated remeasurement gains, beginning of year	\$ 146,717	\$ -	\$ -	\$ 146,717	\$ -
Change in accounting policy	-	-	-	-	125,768
Unrealized gains attributed to CIBC stock	62,942	-	-	62,942	20,949
Accumulated remeasurement gains, end of year	\$ 209,659	\$ -	\$ -	\$ 209,659	\$ 146,717

See accompanying notes to financial statements.

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Trust Funds

Notes to Financial Statements

Year ended December 31, 2024

1. Significant accounting policies:

(a) Basis of accounting:

The financial statements of The Corporation of the Township of Centre Wellington Trust Funds are representations of management. They have been prepared in accordance with the Canadian public sector accounting standards as recommended by the Public Sector Accounting Board (PSAB).

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(b) Management responsibility:

The financial information of the Corporation of the Township of Centre Wellington Trust Funds are the representation of management. Precise determination of some assets and liabilities may be dependent upon future events and estimates and approximations. These estimates and approximations have been based upon the available information, using careful judgment and review.

2. Investments:

The total investments of \$1,037,380 (2023 - \$983,972) reported on the statement of financial position have a market value of \$1,037,380 (2023 - \$983,972) at the end of the year.