

Consolidated Financial Statements of

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

Year ended December 31, 2020

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Index to Financial Statements

For the year ended December 31, 2020

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	9-29

Trust Fund Financial Statements

Independent Auditors' Report.....	30-32
Statement of Financial Position.....	33
Statement of Operations and Changes in Net Financial Assets	34
Notes to Financial Statements	35



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 Corporation of the Township of Centre Wellington (the Entity), which comprise:

- the consolidated statement of financial position as at December 31, 2020
- 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, 2020, 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.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Professional Accountants, Licensed Public Accountants

Waterloo, Canada

June 25, 2021

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Consolidated Statement of Financial Position

December 31, 2020, with comparative figures for 2019

	2020	2019
Financial Assets		
Cash (note 2)	\$ 46,583,865	\$ 35,270,210
Short-term investments (note 3)	12,992,384	22,850,825
Taxes receivable	2,649,647	2,287,712
Accounts receivable	5,036,262	4,307,128
Loans receivable (note 4)	1,802,205	1,898,857
Investment in Centre Wellington Energy Inc. (note 5)	14,351,656	14,027,358
Investment in Centre Wellington Communications Inc. (note 5)	380,385	299,145
Total financial assets	83,796,404	80,941,235
Financial Liabilities		
Accounts payable and accrued liabilities	4,352,664	6,786,843
Other liabilities	426,120	421,302
Deferred revenue (note 6)	23,404,645	20,619,497
Employee future benefits (note 7)	1,749,402	1,679,806
Net long-term liabilities (note 8)	21,148,005	20,676,226
Total financial liabilities	51,080,836	50,183,674
Net financial assets	32,715,568	30,757,561
Non-Financial Assets		
Tangible capital assets (note 9)	236,695,646	230,470,862
Inventories of supplies	129,691	104,326
Prepaid expenses	526,920	651,678
	237,352,257	231,226,866
Contingencies and commitments (note 17)		
Impact of COVID-19 pandemic (note 18)		
Accumulated surplus (note 13)	\$ 270,067,825	\$ 261,984,427

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, 2020, with comparative figures for 2019

	Budget 2020 (note 11)	Actual 2020	Actual 2019
Revenue:			
Net taxation	\$ 16,531,987	\$ 16,727,255	\$ 15,489,494
Government transfers:			
Provincial	1,672,574	2,509,276	2,376,600
Federal	868,209	1,739,082	844,019
Municipal	517,300	535,212	514,840
Development charges earned	3,072,735	3,270,472	1,979,566
Licenses and permits	1,277,500	1,359,154	1,285,203
Fees, rents and concessions	13,474,590	12,538,141	13,162,951
Penalties and interest on taxes	325,000	350,951	347,809
Interest, donations and other	1,401,290	1,401,540	1,806,798
Equity earnings from Centre Wellington Energy Inc. (note 5)	-	324,298	486,980
Equity earnings from Centre Wellington Communications Inc. (note 5)	-	81,240	70,064
Developer contributions	66,000	1,781,502	2,516,295
Gaming revenue (note 10)	2,600,000	820,015	2,740,529
Loss on disposal of tangible capital assets	-	(350,756)	(35,925)
Total revenue	41,807,185	43,087,382	43,585,223
Expenses:			
General government	3,325,924	3,500,972	3,539,324
Protection to persons and property	3,250,439	3,490,760	3,642,175
Transportation services	5,856,427	10,342,034	10,180,652
Environmental services	10,087,978	9,859,695	10,154,409
Health services	202,054	194,392	193,002
Social and family services	700,348	625,104	805,349
Recreation and cultural services	5,861,359	5,762,077	7,257,511
Planning and development	1,272,710	1,228,950	1,301,022
Total expenses	30,557,239	35,003,984	37,073,444
Annual surplus	11,249,946	8,083,398	6,511,779
Accumulated surplus, beginning of year	261,984,427	261,984,427	255,472,648
Accumulated surplus, end of year	\$ 273,234,373	\$ 270,067,825	\$261,984,427

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, 2020, with comparative figures for 2019

	Budget (note 11)	2020	2019
Annual surplus	\$ 11,249,946	\$ 8,083,398	\$ 6,511,779
Acquisition of tangible capital assets, including contributed tangible capital assets	(13,711,500)	(15,945,519)	(12,531,804)
Amortization of tangible capital assets	-	9,239,434	8,907,304
Loss on disposal of tangible capital assets	-	350,756	35,925
Proceeds on sale of tangible capital assets	-	130,545	74,215
	(2,461,554)	1,858,614	2,997,419
Change in inventories of supplies	-	(25,365)	(6,273)
Change in prepaid expenses	-	124,758	(38,727)
Change in net financial assets	(2,461,554)	1,958,007	2,952,419
Net financial assets, beginning of year	30,757,561	30,757,561	27,805,142
Net financial assets, end of year	\$ 28,296,007	\$ 32,715,568	\$ 30,757,561

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, 2020, with comparative figures for 2019

	2020	2019
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 8,083,398	\$ 6,511,779
Items not involving cash:		
Amortization	9,239,434	8,907,304
Loss on sale of tangible capital assets	350,756	35,925
Change in employee benefits and other liabilities	69,596	916,384
Equity earnings from Centre Wellington Energy Inc.	(324,298)	(486,980)
Equity earnings from Centre Wellington Communications Inc.	(81,240)	(70,064)
Contributed tangible capital assets	(1,577,624)	(148,371)
Change in non-cash assets and liabilities:		
Taxes receivable	(361,935)	(441,122)
Accounts receivable	(729,134)	2,307,962
Inventories of supplies	(25,365)	(6,273)
Prepaid expenses	124,758	(38,727)
Accounts payable and accrued liabilities	(2,434,179)	438,521
Other liabilities	4,818	83,968
Deferred revenue	2,785,148	5,130,167
Net change in cash from operating activities	15,124,133	23,140,473
Capital activities:		
Proceeds on sale of tangible capital assets	130,545	74,215
Cash used to acquire tangible capital assets	(14,367,895)	(12,383,433)
Net change in cash from capital activities	(14,237,350)	(12,309,218)
Investing activities:		
Purchase of short-term investments	(12,992,384)	(22,850,825)
Redemption of short-term investments	22,850,825	21,196,719
Net change in loans receivable	96,652	126,307
Net change in cash from investing activities	9,955,093	(1,527,799)
Financing activities:		
Long-term debt repaid	(1,875,421)	(1,872,933)
Long-term debt acquired	2,347,200	-
Net change in cash from financing activities	471,779	(1,872,933)
Net change in cash position during the year	11,313,655	7,430,523
Cash position, beginning of year	35,270,210	27,839,687
Cash position, end of year	\$ 46,583,865	\$ 35,270,210

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, 2020

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, 2020

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, 2020

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, 2020

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:

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, 2020

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, 2020, 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:

	2020	2019
Guaranteed investment certificates held at a credit union	\$ 12,992,383	\$ 22,850,824
Credit union shares	1	1
	\$ 12,992,384	\$ 22,850,825

The guaranteed investment certificates held at a credit union earn interest at rates ranging from 0.95% to 2.62% (2019 – 2.5% to 2.6%) and mature in January, April, and December 2021. The short-term investment balance includes accrued interest earned on the guaranteed investment certificates of \$191,103 (2019 - \$253,453).

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2020

4. Loans receivable:

	2020	2019
Centre Wellington Community Medical Offices		
Loan receivable – Part A	\$ 409,046	\$ 409,046
Loan receivable – Part B	422,456	496,411
	<u>831,502</u>	<u>905,457</u>
Centre Wellington Communications Inc. – interest of 7%, blended principal and interest payments of \$8,185, due June 1, 2033	821,163	861,213
Water and Sewer Connection Loans – notes receivable from Township ratepayers bearing interest between 1.65% to 3.72%, blended principal and interest payments ranging from \$290 to \$2,297, maturing from 2021 to 2030	149,540	132,187
Total loans receivable	\$ 1,802,205	\$ 1,898,857

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 \$23,141 (2019 - \$26,740).

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 \$57,943 (2019 - \$60,621).

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2020

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:

	2020	2019
Assets	\$ 25,826,631	\$ 26,002,465
Other liabilities	16,521,728	17,021,860
Net assets	9,304,903	8,980,605
Promissory note due to the Township of Centre Wellington	5,046,753	5,046,753
Investment in Centre Wellington Energy Inc.	\$ 14,351,656	14,027,358

	2020	2019
Revenues	\$ 24,535,617	\$ 22,557,357
Expenditures	24,211,319	22,070,377
Net earnings for the year	324,298	486,980
Retained earnings, beginning of year	3,458,559	3,458,559
Retained earnings, end of year	\$ 3,782,857	\$ 3,945,539

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2020

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:

	2020	2019
Assets	\$ 1,462,522	\$ 1,413,008
Other liabilities	1,082,137	1,113,863
Net assets	\$ 380,385	\$ 299,145

	2020	2019
Revenue	\$ 313,814	\$ 287,468
Expenditures	232,574	217,404
Net earnings for the year	81,240	70,064
Retained earnings, beginning of year	299,145	229,081
Retained earnings, end of year	\$ 380,385	\$ 299,145

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2020

6. Deferred revenue:

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

2020	Opening	Contributions Received (Refunded)	Investment Income	Revenue Recognized	Ending
Obligatory:					
Development charges	\$ 9,636,729	\$ 5,535,797	\$ 170,912	\$(3,270,472)	\$ 12,072,966
Recreational land	639,841	148,694	11,108	-	799,643
Parking revenues	36,085	-	1,833	-	37,918
Subdivider contributions	583,427	23,347	6,762	-	613,536
Building code	2,412,700	208,931	41,882	(14,822)	2,648,691
Federal gas tax funding	1,126,961	855,209	18,648	(1,717,082)	283,736
Other:					
Grading and damage deposits	2,472,292	372,619	-	-	2,844,911
Builder and other deposits	3,454,610	(142,841)	-	-	3,311,769
Other	256,852	791,475	-	(256,852)	791,475
	\$20,619,497	\$ 7,793,231	\$ 251,145	\$(5,259,228)	\$ 23,404,645

2019	Opening	Contributions Received (Refunded)	Investment Income	Revenue Recognized	Ending
Obligatory:					
Development charges	\$ 7,021,430	\$ 4,391,074	\$ 203,791	\$(1,979,566)	\$ 9,636,729
Recreational land	549,377	76,587	13,877	-	639,841
Parking revenues	27,373	8,050	662	-	36,085
Subdivider contributions	540,813	30,615	11,999	-	583,427
Building code	1,854,995	519,727	42,891	(4,913)	2,412,700
Federal gas tax funding	220,138	1,721,241	11,681	(826,099)	1,126,961
Other:					
Grading and damage deposits	2,822,603	(350,311)	-	-	2,472,292
Builder and other deposits	2,327,713	1,126,897	-	-	3,454,610
Other	124,888	256,852	-	(124,888)	256,852
	\$15,489,330	\$ 7,780,732	\$ 284,901	\$(2,935,466)	\$ 20,619,497

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2020

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, 2020.

	2020	2019
Post-employment benefits	\$ 664,432	\$ 636,309
Future payments required to WSIB	1,084,970	1,043,497
	<u>\$ 1,749,402</u>	<u>\$ 1,679,806</u>

(a) Post-employment benefits:

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

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

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, 2020.

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

	2020	2019
Accrued benefit obligation:		
Balance, beginning of year	\$ 760,413	\$ 748,808
Current benefit cost	47,992	45,242
Interest	30,175	29,592
Benefit payments	(60,093)	(63,229)
Expected accrued benefit obligation, end of year	778,487	760,413
Unamortized actuarial loss	(114,055)	(124,104)
Liability for post-employment benefits	<u>\$ 664,432</u>	<u>\$ 636,309</u>

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2020

7. Employee benefits and other liabilities (continued):

(a) Post-employment benefits (continued):

Included in expenses is \$10,048 (2019 - \$10,048) for amortization of the actuarial loss. The unamortized actuarial loss is amortized over the expected average service life of 14 and 16 years (2019 – 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, 2020, of the present value of future liabilities and the expense for the 12 months ended December 31, 2020, were determined using a discount rate of 3.25% (2019 - 4%).

(ii) Medical costs:

Medical costs were assumed to increase at the rate of 5.4% for 2020, 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% (2019 - 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 \$57,786 (2019 - \$55,463).

(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, 2019, which is extrapolated to December 31, 2020.

Information about the WSIB liability is as follows:

	2020	2019
Accrued benefit obligation:		
Balance, beginning of year	\$ 1,537,197	\$ 75,137
Increase due to 2015 plan amendment / 2019 survivor award	-	903,556
Current benefit cost	74,762	10,077
Interest	53,131	2,841
Benefit payments	(113,104)	(8,828)
Actuarial loss	-	554,414
Expected accrued benefit obligation, end of year	1,551,986	1,537,197
Unamortized actuarial loss	(467,016)	(493,700)
WSIB liability	\$ 1,084,970	\$ 1,043,497

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2020

7. Employee benefits and other liabilities (continued):

(b) WSIB (continued):

Included in expenses is a loss of \$26,684 (2019 – \$12,915 gain) for amortization of the actuarial loss. The unamortized actuarial loss on future payments required to the WSIB is amortized over the expected period of the liability which is 14 years (2019 - 14 years).

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

(i) Interest (discount rate):

The obligation as at December 31, 2020, of the present value of future liabilities and the expense for the 12 months ended December 31, 2020, were determined using a discount rate of 3.5% (2019 - 3.5%).

(ii) Administration costs:

Administration costs were assumed to be 28% (2019 - 28%) 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%) to 0% (2019 - (2%) to 0%) 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 \$633,497 (2019 - \$605,996).

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2020

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.

	2020	2019
Federation of Canadian Municipalities loan payable, bearing interest at 2.0%, semi-annual payments of \$304,545 including interest, due November 3, 2034	\$ 7,405,789	\$ 7,859,888
TD loan payable, bearing interest at 5.136%, monthly payments of \$72,993 including interest, due April 26, 2025	3,397,846	4,080,115
County of Wellington loan payable, bearing interest at 3.168%, principal and interest payable semi-annually, due October 30, 2022	6,616,442	6,911,048
CMHC loan payable, bearing interest at 3.59%, annual payments of \$198,007 including interest, due December 1, 2025	891,738	1,051,979
County of Wellington loan payable, bearing interest at 2.751%, principal and interest payable semi-annually, due October 30, 2022	436,212	645,811
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	98,459	127,385
Infrastructure Ontario loan payable, bearing interest at 2.48%, principal and interest payable semi-annually, due March 2, 2040	2,301,519	-
	<u>\$ 21,148,005</u>	<u>\$ 20,676,226</u>

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2020

8. Net long-term liabilities (continued):

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

2021	\$ 1,989,385
2022	8,049,341
2023	1,574,370
2024	1,628,059
2025	1,100,293
Thereafter	6,806,557
Total	\$ 21,148,005

(c) Total interest on long-term liabilities, which are reported on the consolidated statement of operations, amounted to \$654,283 (2019 - \$686,683).

9. Tangible capital assets:

Cost	Balance at December 31, 2019	Additions	Disposals	Balance at December 31, 2020
Land	\$ 2,305,503	\$ 158,877	\$ (1)	\$ 2,464,379
Land improvements	8,233,385	222,065	-	8,455,450
Buildings	24,751,290	541,249	(112,940)	25,179,599
Vehicles	13,058,840	752,742	(492,738)	13,318,844
Equipment	10,648,879	909,042	(348,942)	11,208,979
Water and wastewater infrastructure	121,311,571	2,489,059	(88,740)	123,711,890
Road and structure infrastructure	200,053,218	8,011,169	(1,283,818)	206,780,569
Assets under construction	1,115,696	3,318,253	(456,937)	3,977,012
Total	\$ 381,478,382	\$ 16,402,456	\$ (2,784,116)	\$ 395,096,722

Accumulated amortization	Balance at December 31, 2019	Disposals	Amortization	Balance at December 31, 2020
Land	\$ -	\$ -	\$ -	\$ -
Land improvements	2,248,801	-	217,164	2,465,965
Buildings	9,450,534	(69,978)	643,510	10,024,066
Vehicles	6,867,032	(492,738)	944,002	7,318,296
Equipment	4,859,203	(348,942)	749,599	5,259,860
Water and wastewater infrastructure	38,434,563	(66,333)	2,492,991	40,861,221
Road and structure infrastructure	89,147,387	(867,887)	4,192,168	92,471,668
Assets under construction	-	-	-	-
Total	\$ 151,007,520	\$ (1,845,878)	\$ 9,239,434	\$ 158,401,076

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2020

9. Tangible capital assets (continued):

	Net book value December 31, 2019	Net book value December 31, 2020
Land	\$ 2,305,503	\$ 2,464,379
Land improvements	5,984,584	5,989,485
Buildings	15,300,756	15,155,533
Vehicles	6,191,808	6,000,548
Equipment	5,789,676	5,949,119
Water and wastewater infrastructure	82,877,008	82,850,669
Road and structure infrastructure	110,905,831	114,308,901
Assets under construction	1,115,696	3,977,012
Total	\$ 230,470,862	\$ 236,695,646

(a) Assets under construction:

Assets under construction having a value of \$3,977,012 (2019 - \$1,115,696) 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 \$1,577,624 (2019 - \$148,371).

(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:

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

2020 gaming revenue proceeds of \$820,015 (2019 - \$2,740,529) 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, 2020

11. Budget data:

The budget data presented in these consolidated financial statements is based upon the 2020 operating and capital budgets approved by Council on December 16, 2019. 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	\$ 40,578,135
Capital budget	18,534,000
Less:	
Transfers from other funds	(13,831,450)
Proceeds on debt issue	(3,473,500)
Total revenue	41,807,185
Expenses:	
Operating budget	40,578,135
Capital budget	18,534,000
Less:	
Transfers to other funds	(13,013,655)
Capital expenses	(13,711,500)
Debt principal payments	(1,829,741)
Total expenses	30,557,239
Annual surplus	\$ 11,249,946

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	\$ 10,196,444	\$ 30,818,919

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2020

13. Accumulated surplus:

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

	2020	2019
Surplus:		
Invested in tangible capital assets	\$ 236,695,646	\$ 230,470,862
General purposes	10,190,383	10,461,059
Investment in Centre Wellington Energy Inc.	14,351,656	14,027,358
Investment in Centre Wellington Communications Inc.	380,385	299,145
Amounts to be recovered:		
Post-employment benefits	(664,432)	(636,309)
WSIB	(1,084,970)	(1,043,497)
Net long-term liabilities	(21,148,005)	(20,676,226)
Total surplus	238,720,663	232,902,392
Reserves set aside by Council for:		
Capital works - Wastewater	8,269,722	6,433,734
Working capital	1,109,662	1,109,662
Capital works - Roads	479,641	608,415
Replacement of equipment	4,132,161	3,939,904
Capital works - Waterworks	8,141,884	7,666,810
Other	6,398,126	4,879,895
Capital works - Cultural	16,531	15,820
Capital works - Fire	51,899	37,585
Capital works - Parks and Recreation	14,100	-
Contingencies	172,197	186,854
Total reserves	28,785,923	24,878,679
Reserve funds set aside for specific purposes by Council for:		
Capital works - Other	1,127,535	2,831,738
Capital works - Social services	281,139	271,632
Capital works - Roads	1,152,565	1,099,986
Total reserve funds	2,561,239	4,203,356
Accumulated surplus	\$ 270,067,825	\$ 261,984,427

14. Trust funds:

Trust funds administered by the municipality amounting to \$1,074,950 (2019 - \$1,035,386) 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, 2020

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 \$147,589 (2019 - \$140,405).

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 2020 was \$996,531 (2019 - \$924,704) for current service. The contribution rate for 2020 was 9% to 15.8% (2019 - 9% to 15.8%) depending on age and income level.

The latest available report for the OMERS plan was December 31, 2020. At that time the plan reported a \$3.2 billion actuarial deficit (2019 - \$3.4 billion deficit), based on actuarial liabilities of \$111.8 billion (2019 - \$106.4 billion) and actuarial assets of \$108.6 billion (2019 - \$103 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.

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2020

18. Impact of the COVID-19 pandemic:

On March 31, 2020 the World Health Organization declared the Coronavirus COVID-19 (COVID-19) outbreak a pandemic. This has resulted in significant financial, market, and societal impacts in Canada and around the world. During the year ended December 31, 2020, the Township experienced COVID-19 related declines in revenues (primarily user charges) and increased costs in selected service areas. The Township responded by implementing a variety of cost containment measures, while the Federal and Provincial governments responded by providing funding through the Safe Restart Agreement.

The ultimate duration and magnitude of the COVID-19 pandemic's impact on the Township's financial position is not known at this time. There remains uncertainty in the upcoming year with respect to user charges revenue and additional pandemic related costs. Additional government transfers related directly to the impact of COVID-19 have been announced.

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2020

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	2020 Consolidated
Revenues									
Taxation	\$ 3,126,144	\$ 2,168,632	\$ 5,933,696	\$ -	\$ 3,282	\$ 684,004	\$ 3,916,605	\$ 894,892	\$ 16,727,255
Government transfers	1,058,000	192,565	3,154,624	274,147	-	45,700	14,500	44,034	4,783,570
Development charges earned	38,200	255,330	470,537	1,670,292	-	-	813,972	22,141	3,270,472
Licences and permits	30,313	1,272,500	53,501	-	-	-	-	2,840	1,359,154
Fees, rents and concessions	229,096	32,872	39,903	10,898,342	185,216	52,164	853,253	247,295	12,538,141
Penalties and interest on taxes	350,951	-	-	-	-	-	-	-	350,951
Interest, donations and other	1,169,410	43,156	41,010	44,292	38,380	15,951	36,246	13,095	1,401,540
Equity loss from Centre Wellington Energy Inc.	324,298	-	-	-	-	-	-	-	324,298
Equity earnings from Centre Communications Inc.	81,240	-	-	-	-	-	-	-	81,240
Developer contributions	-	-	1,433,564	251,922	-	-	96,016	-	1,781,502
Gaming revenue	-	-	647,812	-	-	-	155,803	16,400	820,015
Loss on disposal of tangible capital assets	-	12,900	(334,333)	9,640	-	(34,942)	(4,021)	-	(350,756)
Total Revenues	\$ 6,407,652	\$ 3,977,955	\$ 11,440,314	\$ 13,148,635	\$ 226,878	\$ 762,877	\$ 5,882,374	\$ 1,240,697	\$ 43,087,382
Expenses									
Salaries and benefits	\$ 1,963,521	\$ 2,493,762	\$ 1,955,521	\$ 3,101,051	\$ 70,726	\$ 353,088	\$ 2,633,091	\$ 908,605	\$ 13,479,365
Goods and services	1,130,808	532,517	3,476,965	3,433,752	108,909	225,320	2,044,155	262,380	11,214,806
Transfer payments	-	107,604	-	193,556	-	-	60,647	-	361,807
Interest and rental	26,304	-	12,882	477,587	-	-	141,229	50,570	708,572
Amortization	380,339	356,877	4,896,666	2,653,749	14,757	46,696	882,955	7,395	9,239,434
Total Expenses	\$ 3,500,972	\$ 3,490,760	\$ 10,342,034	\$ 9,859,695	\$ 194,392	\$ 625,104	\$ 5,762,077	\$ 1,228,950	\$ 35,003,984

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2020

19. Segmented information (continued):

	General Government	Protection	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation & Culture	Planning & Development	2019 Consolidated
Revenues									
Taxation	\$ 2,969,580	\$ 2,054,579	\$ 5,421,105	\$ -	\$ 18,675	\$ 660,213	\$ 3,478,204	\$ 887,138	\$ 15,489,494
Government transfers	958,750	171,561	2,233,854	277,769	-	56,727	1,500	35,298	3,735,459
Development charges earned	18,800	126,175	(39,633)	1,192,735	-	-	652,139	29,350	1,979,566
Licences and permits	36,727	1,212,767	35,709	-	-	-	-	-	1,285,203
Fees, rents and concessions	227,078	25,535	65,505	10,056,960	144,991	233,018	2,178,844	231,020	13,162,951
Penalties and interest on taxes	347,809	-	-	-	-	-	-	-	347,809
Interest, donations and other	1,642,049	15,696	49,150	35,630	41,051	13,019	7,049	3,154	1,806,798
Equity loss from Centre Wellington Energy Inc.	486,980	-	-	-	-	-	-	-	486,980
Equity earnings from Centre Communications Inc.	70,064	-	-	-	-	-	-	-	70,064
Developer contributions	-	-	2,245,025	121,399	-	-	148,371	1,500	2,516,295
Gaming revenue	-	-	2,740,529	-	-	-	-	-	2,740,529
Loss on disposal of tangible capital assets	11,816	3,765	(14,915)	(38,591)	-	-	2,000	-	(35,925)
Total Revenues	\$ 6,769,653	\$ 3,610,078	\$ 12,736,329	\$ 11,645,902	\$ 204,717	\$ 962,977	\$ 6,468,107	\$ 1,187,460	\$ 43,585,223
Expenses									
Salaries and benefits	\$ 1,955,658	\$ 2,587,277	\$ 2,001,367	\$ 3,239,313	\$ 76,029	\$ 373,241	\$ 3,318,339	\$ 958,935	\$ 14,510,159
Goods and services	1,288,262	605,971	3,453,579	3,549,725	104,635	385,434	2,848,589	329,604	12,565,799
Transfer payments	-	104,414	-	186,836	-	-	54,985	-	346,235
Interest and rental	26,307	-	15,895	513,032	-	-	183,625	5,088	743,947
Amortization	269,097	344,513	4,709,811	2,665,503	12,338	46,674	851,973	7,395	8,907,304
Total Expenses	\$ 3,539,324	\$ 3,642,175	\$ 10,180,652	\$ 10,154,409	\$ 193,002	\$ 805,349	\$ 7,257,511	\$ 1,301,022	\$ 37,073,444



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, 2020
- 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, 2020, 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 25, 2021

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Trust Funds - Statement of Financial Position

As at December 31, 2020, with comparative figures for 2019

	Elora & Fergus Cemetery Perpetual Care	Mount Carmel Cemetery Perpetual Care	M.W. Baptie Scholarship	2020 Total	2019 Total
Assets					
Cash	\$ 155,962	\$ 3,012	\$ 4,779	\$ 163,753	\$ 149,535
Term deposit certificates (note 2)	866,632	38,898	1,000	906,530	886,161
CIBC stock - at cost	1,299	-	-	1,299	1,299
Due from Township	3,368	-	-	3,368	-
	\$ 1,027,261	\$ 41,910	\$ 5,779	\$ 1,074,950	\$ 1,036,995
Liabilities					
Due to Township	\$ -	\$ -	\$ -	\$ -	\$ 1,609
Net financial assets and accumulated surplus	\$ 1,027,261	\$ 41,910	\$ 5,779	\$ 1,074,950	\$ 1,035,386

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, 2020, with comparative figures for 2019

	Elora & Fergus Cemeteries Perpetual Care	Mount Carmel Cemetery Perpetual Care	M.W. Baptie Scholarship	2020 Total	2019 Total
Revenue					
Sale of plots and cemetery fees	\$ 38,790	\$ 720	\$ -	\$ 39,510	\$ 31,243
Investment income	27,266	877	54	28,197	31,943
	66,056	1,597	54	67,707	63,186
Expenses					
Reimbursement to Township	27,266	-	-	27,266	30,793
Reimbursement to Mount Carmel Cemetery	-	877	-	877	1,020
	27,266	877	-	28,143	31,813
Surplus	38,790	720	54	39,564	31,373
Net financial assets and accumulated surplus, beginning of year	988,471	41,190	5,725	1,035,386	1,004,013
Net financial assets and accumulated surplus, end of year	\$ 1,027,261	\$ 41,910	\$ 5,779	\$ 1,074,950	\$ 1,035,386

See accompanying note to financial statements.

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Trust Funds

Notes to Financial Statements

Year ended December 31, 2020

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 \$886,161 (2019 - \$886,161) reported on the balance sheet have a market value of \$886,161 (2019 - \$886,161) at the end of the year.