

Consolidated Financial Statements of

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

Year ended December 31, 2016

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

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For the year ended December 31, 2016

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of The Corporation of the Township of Centre Wellington ("the Entity"), which comprise the statement of financial position as at December 31, 2016, and the statements of operations, changes in net financial assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.



An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Corporation of the Township of Centre Wellington as at December 31, 2016, and the results of its operations changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants, Licensed Public Accountants

June 19, 2017
Waterloo, Canada

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Consolidated Statement of Financial Position

December 31, 2016, with comparative figures for 2015

	2016	2015
Financial Assets		
Cash (note 4)	\$ 20,201,267	\$ 14,091,567
Short-term investments (note 5)	24,478,537	22,860,200
Taxes receivable	2,169,579	2,209,443
Accounts receivable (note 6)	6,572,027	6,172,974
Investment in Centre Wellington Energy Inc. (note 8)	13,566,644	13,987,579
Investment in Centre Wellington Communications Inc. (note 8)	99,634	47,127
Total financial assets	67,087,688	59,368,890
Financial Liabilities		
Accounts payable and accrued liabilities (note 18)	5,158,994	6,028,472
Other liabilities	179,314	153,502
Deferred revenue (note 12)	11,736,892	8,963,006
Employee future benefits (note 14)	641,106	622,232
Net long-term liabilities (note 7)	25,798,512	27,680,864
Total financial liabilities	43,514,818	43,448,076
Net financial assets	23,572,870	15,920,814
Non-Financial Assets		
Tangible capital assets (note 13)	209,725,816	207,756,723
Inventories of supplies	72,086	103,748
Prepaid expenses	72,123	20,685
	209,870,025	207,881,156
Contingencies and commitments (note 3)		
Accumulated surplus (note 15)	\$ 233,442,895	\$ 223,801,970

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, 2016, with comparative figures for 2015

	Budget 2016 (note 16)	Actual 2016	Actual 2015
Revenue:			
Net taxation	\$ 12,732,225	\$ 12,823,019	\$ 12,100,316
Government transfers:			
Provincial	915,940	2,427,713	1,239,970
Federal	811,500	919,033	528,430
Municipal	364,000	354,813	344,139
Development charges earned	2,688,402	4,099,589	4,669,671
Licenses and permits	1,003,800	1,080,030	841,415
Fees, rents and concessions	10,716,140	11,298,058	10,549,944
Penalties and interest on taxes	350,000	351,279	357,871
Interest, donations and other	1,088,300	4,667,397	1,383,731
Equity earnings (loss) from Centre Wellington Energy Inc. (note 8)	-	(420,935)	414,865
Equity earnings from Centre Wellington Communications Inc. (note 8)	-	52,507	47,127
Developer contributions	-	2,918,956	3,136,557
Gaming revenue (note 11)	2,075,000	2,174,468	2,132,820
Loss on disposal of tangible capital assets	-	(200,129)	(1,187,306)
Total revenue	32,745,307	42,545,798	36,559,550
Expenses:			
General government	2,750,387	3,130,997	2,916,818
Protection to persons and property	2,428,109	3,212,212	2,527,606
Transportation services	5,524,042	9,433,140	9,224,653
Environmental services	6,688,628	9,500,516	9,125,151
Health services	193,100	158,477	244,882
Social and family services	564,562	691,846	548,701
Recreation and cultural services	4,881,360	5,685,909	5,417,831
Planning and development	1,013,472	1,091,776	935,875
Total expenses	24,043,660	32,904,873	30,941,517
Annual surplus	8,701,647	9,640,925	5,618,033
Accumulated surplus, beginning of year	223,801,970	223,801,970	218,183,937
Accumulated surplus, end of year	\$ 232,503,617	\$ 233,442,895	\$223,801,970

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, 2016, with comparative figures for 2015

	Budget (note 16)	2016	2015
Annual surplus	\$ 8,701,647	\$ 9,640,925	\$ 5,618,033
Acquisition of tangible capital assets, including contributed tangible capital assets	(9,232,250)	(10,288,178)	(14,836,144)
Amortization of tangible capital assets	-	8,016,170	8,231,431
Loss on disposal of tangible capital assets	-	200,129	1,187,306
Proceeds on sale of tangible capital assets	-	102,786	34,702
	(530,603)	7,671,832	235,328
Acquisition of inventories of supplies	-	(72,086)	(103,748)
Acquisition of prepaid expenses	-	(72,123)	(20,685)
Consumption of inventories of supplies	-	103,748	107,464
Use of prepaid expenses	-	20,685	15,751
Change in net financial assets	(530,603)	7,652,056	234,110
Net financial assets, beginning of year	15,920,814	15,920,814	15,686,704
Net financial assets, end of year	\$ 15,390,211	\$ 23,572,870	\$ 15,920,814

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, 2016, with comparative figures for 2015

	2016	2015
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 9,640,925	\$ 5,618,033
Items not involving cash:		
Amortization	8,016,170	8,231,431
Loss on sale of tangible capital assets	200,129	1,187,306
Change in employee benefits and other liabilities	18,874	8,343
Equity loss (earnings) from Centre Wellington Energy Inc.	420,935	(414,865)
Equity earnings from Centre Wellington Communications Inc.	(52,507)	(47,127)
Contributed tangible capital assets	(3,275,860)	(3,614,493)
Change in non-cash assets and liabilities:		
Taxes receivable	39,864	219,442
Accounts receivable	(399,053)	(205,426)
Inventories of supplies	31,662	3,716
Prepaid expenses	(51,438)	(4,934)
Accounts payable and accrued liabilities	(869,478)	2,175,087
Other liabilities	25,812	45,037
Deferred revenue	2,773,886	(342,009)
Net change in cash from operating activities	16,519,921	12,859,541
Capital activities:		
Proceeds on sale of tangible capital assets	102,786	34,702
Cash used to acquire tangible capital assets	(7,012,318)	(11,221,651)
Net change in cash from capital activities	(6,909,532)	(11,186,949)
Investing activities:		
Purchase of short-term investments	(22,452,675)	(15,431,423)
Redemption of short-term investments	20,834,338	16,140,454
Net change in cash from investing activities	(1,618,337)	709,031
Financing activities:		
Long-term debt repaid	(1,882,352)	(1,658,004)
Long-term debt issued	-	140,759
Net change in cash from financing activities	(1,882,352)	(1,517,245)
Net change in cash position during the year	6,109,700	864,378
Cash position, beginning of year	14,091,567	13,227,189
Cash position, end of year	\$ 20,201,267	\$ 14,091,567

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, 2016

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, 2016

1. Accounting policies (continued):

(a) Basis of consolidation (continued):

(iii) Accounting for county and school board transactions:

The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards, and the County of Wellington are not reflected in these consolidated financial statements.

(iv) Trust funds:

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

(b) Basis of accounting:

The Township follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay. Property tax revenue is recognized on the accrual basis using the approved mill rates and the anticipated assessment related to the current year.

(c) Deferred revenue:

In accordance with PSAB requirements obligatory reserve funds are reported as a component of deferred revenue. The Township has obligatory development charge reserve funds in the amount of \$5,694,197 (2015 - \$4,574,289). These funds have been set aside, as required by the Development Charges Act, to finance a portion of the cost of growth-related projects. Revenue recognition occurs after the funds have been collected and when the Township has incurred the expenditures for the capital works for which the development charges were raised.

Unexpended funds of \$440,790 (2015 - \$536,199) 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, 2016

1. Accounting policies (continued):

(e) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) Tangible capital assets

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

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

No amortization is charged in the year of acquisition. In the year of disposal, a full year of amortization is charged. Assets under construction are not amortized until the asset is available for productive use.

(ii) Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

(iii) Works of art and cultural and historic assets

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

(iv) Interest capitalization

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

(v) Leased tangible capital assets

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

(vi) Inventories of supplies

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

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2016

1. Accounting policies (continued):

(f) Use of estimates:

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

Actual results could differ from these estimates.

(g) Employee future benefits:

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

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

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

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

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

(h) Investment income:

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

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2016

1. Accounting policies (continued):

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

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

	School Boards	County
Taxation and user charges	\$ 9,464,364	\$ 25,347,082

3. Contingencies and commitments:

- (a) The Township is contingently liable for long-term liabilities with respect to tile drainage loans and for those for which the responsibility for payment of principal and interest has been assumed by school boards and the County of Wellington.
- (b) 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, 2016

4. Cash:

At December 31, 2016, the Township had undrawn capacity under a credit facility of \$7,000,000. Interest on the credit facility is at prime less 0.25%.

During the year, the Township entered into a foreign exchange contract to manage its exposure to a tangible capital asset expenditure made in US dollars. The contract is to be settled between May 15, 2017 and June 12, 2017 at an exchange rate of \$1.2943. As at December 31, 2016, the notional amount of the contract is \$816,977 USD (or \$1,137,976 CAD).

5. Short-term investments:

Short-term investments consist of the following:

	2016	2015
Guaranteed investment certificates held at a credit union	\$ 24,478,536	\$ 22,860,175
Credit union shares	1	25
	\$ 24,478,537	\$ 22,860,200

The guaranteed investment certificates held at a credit union earn interest at rates ranging from 1.75% to 1.9% (2015 - 1.7% to 1.95%) and mature in April 2017 and November 2017. The short-term investment balance includes accrued interest earned on the guaranteed investment certificates of \$178,536 (2015 - \$218,899).

6. Accounts receivable:

Accounts receivable includes an amount owing from Centre Wellington Community Medical Offices, a related party. The Township and Centre Wellington Community Medical Offices are related parties as the Township has the ability to appoint 2 of the 5 members of the Board of Directors. The loans and related interest charged are in the normal course of operations and are measured at the exchange amount, being the amounts agreed to by the related parties. Interest earned on the loans during the year was \$36,521 (2015 - \$39,470).

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.

	2016	2015
Loan receivable – Part A	\$ 409,046	\$ 409,046
Loan receivable – Part B	697,368	757,942
	\$ 1,106,414	\$ 1,166,988

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2016

7. Net long-term liabilities:

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

	2016	2015
Total long-term liabilities incurred by the Township with varying maturities up to 2034 and weighted average interest rate of 3.18% (2015 - 3.22%)	\$ 25,847,939	\$ 27,737,811
Of the long-term liabilities shown above, the responsibility for payment of principal and interest charges for tile drainage loans has been assumed by individuals.	(49,427)	(56,947)
Net long-term liabilities at end of year	\$ 25,798,512	\$ 27,680,864

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

	Principal	Interest	Total
2017	\$ 1,648,875	\$ 849,664	\$ 2,498,539
2018	1,706,739	788,961	2,495,700
2019	1,766,672	725,735	2,492,407
2020	1,829,740	660,040	2,489,780
2021	1,896,317	591,440	2,487,757
2022 and thereafter	16,950,169	1,488,074	18,438,243
Total	\$ 25,798,512	\$ 5,103,914	\$ 30,902,426

- (c) The long-term liabilities in (a) issued in the name of the municipality have received approval of the Ontario Municipal Board (or approval by private legislation) for those approved on or before December 31, 1992. Those approved after January 1, 1993, have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.
- (d) Total interest on long-term liabilities, which are reported on the consolidated statement of operations, amounted to \$863,872 (2015 - \$914,638). The long-term liabilities carry interest rates ranging from 0% to 5.136%. The interest on long-term liabilities assumed by individuals for tile drainage loans is not reflected in the consolidated financial statements.

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2016

8. Government business enterprises:

Centre Wellington Energy Inc. is a corporation, incorporated under the laws of the Province of Ontario on December 4, 2008, providing municipal electrical distribution services. The Corporation of the Township of Centre Wellington owns 100% of the outstanding shares of Centre Wellington Energy Inc. Centre Wellington Energy Inc. owns 100% of the outstanding shares of Centre Wellington Hydro Ltd., 100% of the outstanding shares of 2352187 Ontario Inc., and 100% of the outstanding shares of Centre Wellington Energy Innovations Inc. Centre Wellington Hydro Ltd. commenced operations on November 1, 2000, 2352187 Ontario Inc. was incorporated December 3, 2012, and Centre Wellington Energy Innovations Inc. was incorporated December 1, 2015.

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

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

	2016	2015
Assets	\$ 22,773,032	\$ 22,658,437
Other liabilities	14,253,141	13,717,611
Net assets	8,519,891	8,940,826
Promissory note due to the Township of Centre Wellington	5,046,753	5,046,753
Investment in Centre Wellington Energy Inc.	\$ 13,566,644	13,987,579

	2016	2015
Revenues	\$ 22,913,498	\$ 21,145,305
Expenditures	23,334,433	20,730,440
Net earnings (loss) for the year	(420,935)	414,865
Retained earnings, beginning of year	3,905,760	3,490,895
Retained earnings, end of year	\$ 3,484,825	\$ 3,905,760

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2016

8. Government business enterprises (continued):

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

	2016	2015
Assets	\$ 1,133,416	\$ 1,071,893
Other liabilities	1,033,782	1,024,766
Net assets	\$ 99,634	\$ 47,127

	2016	2015
Revenue	\$ 255,426	\$ 267,603
Expenditures	202,919	213,129
Net earnings for the year	52,507	54,474
Retained earnings (deficit), beginning of year	47,127	(7,347)
Retained earnings, end of year	\$ 99,634	\$ 47,127

9. Trust funds:

Trust funds administered by the municipality amounting to \$919,831 (2015 - \$885,901) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations.

10. Pension agreements:

The Township makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of members of its staff. This plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Employees and employers contribute jointly to the plan.

Because OMERS is a multi-employer pension plan, any pension plan surpluses or deficits are the joint responsibility of Ontario municipal organizations and their employees. As a result, the Township does not recognize any share of the OMERS pension surplus or deficit. The amount contributed to OMERS for 2016 was \$821,718 (2015 - \$788,148) for current service. The contribution rate for 2016 was 9% to 15.8% (2015 - 9% to 15.8%) depending on age and level of income level.

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2016

10. Pension agreements (continued):

The latest available report for the OMERS plan was December 31, 2016. At that time the plan reported a \$5.7 billion actuarial deficit (2015 - \$7.0 billion deficit), based on actuarial liabilities of \$87.0 billion (2015 - \$81.9 billion) and actuarial assets of \$81.3 billion (2015 - \$74.9 billion). Ongoing adequacy of the current contribution rates will need to be monitored and may lead to increased future funding requirements.

11. Gaming revenue:

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

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

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

2016 gaming revenue proceeds of \$2,174,468 (2015 - \$2,132,820) were placed in a Township reserve fund.

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2016

12. Deferred revenue:

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

2016	Contributions		Investment Income	Revenue Recognized	Ending
	Opening	Received (Refunded)			
Obligatory:					
Development charges	\$ 4,574,289	\$ 5,138,588	\$ 80,909	\$(4,099,589)	\$ 5,694,197
Recreational land	347,181	77,023	5,556	-	429,760
Parking revenues	25,909	-	377	-	26,286
Subdivider contributions	358,476	43,079	3,599	-	405,154
Building code	424,304	731,892	3,655	(145,770)	1,014,081
Federal gas tax funding	536,199	811,552	8,329	(915,290)	440,790
Other:					
Grading and damage deposits	1,572,197	709,770	-	-	2,281,967
Builder and other deposits	1,064,488	164,995	-	-	1,229,483
Other	59,963	215,174	-	(59,963)	215,174
	\$ 8,963,006	\$ 7,892,073	\$ 102,425	\$(5,220,612)	\$11,736,892

2015	Contributions		Investment Income	Revenue Recognized	Ending
	Opening	Received (Refunded)			
Obligatory:					
Development charges	\$ 5,817,647	\$ 3,314,458	\$ 111,855	\$(4,669,671)	\$ 4,574,289
Recreational land	268,849	73,707	4,625	-	347,181
Parking revenues	55,266	-	643	(30,000)	25,909
Subdivider contributions	568,649	(215,175)	5,002	-	358,476
Building code	126,294	295,673	2,337	-	424,304
Federal gas tax funding	38,418	772,907	3,304	(278,430)	536,199
Other:					
Grading and damage deposits	1,472,054	100,143	-	-	1,572,197
Builder and other deposits	894,864	169,624	-	-	1,064,488
Other	62,974	59,963	-	(62,974)	59,963
	\$ 9,305,015	\$ 4,571,300	\$ 127,766	\$(5,041,075)	\$ 8,963,006

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2016

13. Tangible capital assets:

Cost	Balance at December 31, 2015	Additions	Disposals	Balance at December 31, 2016
Land	\$ 2,188,222	\$ 95,827	\$ -	\$ 2,284,049
Land improvements	5,351,886	17,246	-	5,369,132
Buildings	23,284,702	710,760	(126,883)	23,868,579
Vehicles	10,661,912	1,044,057	(758,528)	10,947,441
Equipment	8,529,170	550,680	(290,854)	8,788,996
Water and wastewater infrastructure	108,907,726	2,843,699	(31,068)	111,720,357
Road and structure infrastructure	171,860,977	4,349,301	(609,705)	175,600,573
Assets under construction	1,361,938	1,457,390	(780,783)	2,038,545
Total	\$ 332,146,533	\$ 11,068,960	\$ (2,597,821)	\$ 340,617,672

Accumulated amortization	Balance at December 31, 2015	Disposals	Amortization	Balance at December 31, 2016
Land	\$ -	\$ -	\$ -	\$ -
Land improvements	1,514,477	-	157,519	1,671,996
Buildings	7,400,649	(110,459)	615,824	7,906,014
Vehicles	5,867,867	(747,404)	763,364	5,883,827
Equipment	3,500,270	(290,855)	617,002	3,826,417
Water and wastewater infrastructure	28,992,730	(25,284)	2,358,281	31,325,727
Road and structure infrastructure	77,113,817	(340,122)	3,504,180	80,277,875
Assets under construction	-	-	-	-
Total	\$ 124,389,810	\$ (1,514,124)	\$ 8,016,170	\$ 130,891,856

	Net book value December 31, 2015	Net book value December 31, 2016
Land	\$ 2,188,222	\$ 2,284,049
Land improvements	3,837,409	3,697,136
Buildings	15,884,053	15,962,565
Vehicles	4,794,045	5,063,614
Equipment	5,028,900	4,962,579
Water and wastewater infrastructure	79,914,996	80,394,630
Road and structure infrastructure	94,747,160	95,322,698
Assets under construction	1,361,938	2,038,545
Total	\$ 207,756,723	\$ 209,725,816

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2016

13. Tangible Capital Assets (continued):

(a) Assets under construction:

Assets under construction having a value of \$2,038,545 (2015 - \$1,361,938) have not been amortized. Amortization of these assets will commence when the asset is put into service.

(b) Contributed tangible capital assets:

Contributed capital assets have been recognized at fair market value at the date of contribution. The value of contributed assets received during the year is \$3,275,860 (2015 - \$3,614,493).

(c) Tangible capital assets disclosed at nominal values:

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

(d) Write-down of tangible capital assets:

The write-down of tangible capital assets during the year was \$nil (2015 - \$nil).

14. Employee benefits and other liabilities:

The Township provides certain employee benefits, which will require funding in future periods. An actuarial estimate of the future liabilities for these benefits has been completed as at December 31, 2016.

	2016	2015
Post employment benefits	\$ 480,810	\$ 462,541
Future payments required to WSIB	160,296	159,691
	<u>\$ 641,106</u>	<u>\$ 622,232</u>

(a) Post employment benefits:

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

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

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2016

14. Employee benefits and other liabilities (continued):

(a) Post employment benefits (continued)

Non-management members are eligible for retiree benefits if they retire on an OMERS pension after 55 years of age with at least 25 years service.

The most recent actuarial valuation was performed as at December 31, 2014, which is extrapolated to December 31, 2016.

Information about the post employment benefit plan is as follows:

	2016	2015
Accrued benefit obligation:		
Balance, beginning of year	\$ 466,286	\$ 458,761
Current benefit cost	23,566	22,057
Interest	22,045	21,460
Benefit payments	(27,946)	(35,992)
Expected accrued benefit obligation, end of year	483,951	466,286
Unamortized actuarial loss	(3,141)	(3,745)
Liability for post employment benefits	\$ 480,810	\$ 462,541

The unamortized actuarial loss is amortized over the expected average service life of 15 years (2015 – 15 years).

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

(i) Interest (discount rate):

The obligation as at December 31, 2016, of the present value of future liabilities and the expense for the 12 months ended December 31, 2016, were determined using a discount rate of 4.75% (2015 - 4.75%).

(ii) Medical costs:

Medical costs were assumed to increase at the rate of 5.1% for 2015 and 2016, reducing by 0.4% per year to 4.0% in 2019 and 4.0% per year thereafter.

(iii) Dental costs:

Dental costs were assumed to increase at the rate of 4.0% (2015 - 4.0%) per year.

The Township has established a reserve to mitigate the future impact of the post employment benefits obligation. The balance at the end of the year is \$68,772 (2015 - \$63,951).

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2016

14. Employee benefits and other liabilities (continued):

(b) WSIB:

With respect to responsibilities under provisions of the WSIB Act the Township has elected to be treated as a Schedule 2 employer and remits payments to the WSIB as required to fund disability payments. An actuarial estimate of future liabilities has been completed and forms the basis for the estimated liability reported in these financial statements. The most recent actuarial valuation was performed as at December 31, 2013, which is extrapolated to December 31, 2016.

Information about the WSIB liability is as follows:

	2016	2015
Accrued benefit obligation:		
Balance, beginning of year	\$ 106,732	\$ 102,691
Current benefit cost	13,596	13,067
Interest	4,795	4,608
Benefit payments	(13,959)	(13,634)
Expected accrued benefit obligation, end of year	111,164	106,732
Unamortized actuarial gain	49,132	52,959
WSIB liability	\$ 160,296	\$ 159,691

Included in expenses is \$3,827 (2015 - \$3,827) for amortization of the actuarial gain. The unamortized actuarial gain on future payments required to the WSIB is amortized over the expected period of the liability which is 11 years (2015 - 11 years).

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

(i) Interest (discount rate):

The obligation as at December 31, 2016, of the present value of future liabilities and the expense for the 12 months ended December 31, 2016, were determined using a discount rate of 4.5% (2015 - 4.5%).

(ii) Administration costs:

Administration costs were assumed to be 38% (2015 - 38%) of the compensation expense.

(iii) Compensation expense:

Compensation costs, which include loss of earnings benefits, health care costs and non-economic loss awards, were assumed to increase at rates ranging from (1.50%) to 4.00% (2015 - (1.50%) to 4.00%) depending on the benefit type.

The Township has established a reserve to mitigate the future impact of the WSIB obligation. The balance at the end of the year is \$500,000 (2015 - \$500,000).

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2016

15. Accumulated surplus:

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

	2016	2015
Surplus:		
Invested in tangible capital assets	\$ 209,725,816	\$ 207,756,723
General purposes	7,431,272	4,562,776
Investment in Centre Wellington Energy Inc.	13,566,644	13,987,579
Investment in Centre Wellington Communications Inc.	99,634	47,127
Amounts to be recovered:		
Post employment benefits	(480,810)	(462,541)
WSIB	(160,296)	(159,691)
Net long-term liabilities	(25,798,512)	(27,680,864)
Total surplus	204,383,748	198,051,109
Reserves set aside by Council for:		
Capital works - Wastewater	4,280,833	4,290,379
Working capital	1,109,662	1,109,662
Capital works - Roads	144,260	651,154
Replacement of equipment	3,051,735	2,830,986
Capital works - Waterworks	6,565,172	6,772,464
Other	7,178,843	4,051,087
Capital works - Cultural	8,678	3,384
Capital works - Fire	12,783	14,085
Contingencies	185,180	190,180
Total reserves	22,537,146	19,913,381
Reserve funds set aside for specific purposes by Council for:		
Capital works - Other	2,681,295	2,209,215
Capital works - Social services	85,815	40,187
Capital works - Roads	195,705	17,786
Capital works - Wastewater	2,320,519	2,299,040
Capital works - Waterworks	1,238,667	1,271,252
Total reserve funds	6,522,001	5,837,480
Accumulated surplus	\$ 233,442,895	\$ 223,801,970

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2016

16. Budget data:

The budget data presented in these consolidated financial statements is based upon the 2016 operating and capital budgets approved by Council on February 16, 2016. 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	\$ 31,906,507
Capital budget	11,272,250
Less:	
Transfers from other funds	(10,433,450)
Proceeds on debt issue	-
Total revenue	32,745,307
Expenses:	
Operating budget	31,906,507
Capital budget	11,272,250
Less:	
Transfers to other funds	(8,290,156)
Capital expenses	(9,232,250)
Debt principal payments	(1,612,691)
Total expenses	24,043,660
Annual surplus	\$ 8,701,647

17. Public liability insurance:

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

The Township has established a reserve for allocated self insurance claims. The balance at the end of the year is \$100,000 (2015 - \$100,000).

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2016

18. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities is an estimated liability of \$326,000 as at December 31, 2016 (2015 - \$326,000) for remediation of a contaminated site. The site was a former toy factory with soil contamination that obligates the Township to undertake remediation activities. The estimated cost of the obligation is based on a detailed remediation plan prepared by a qualified external environmental consulting firm.

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2016

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	2016 Consolidated
Revenues									
Taxation	\$ 2,594,544	\$ 1,500,017	\$ 4,600,352	\$ -	\$ 60,575	\$ 545,402	\$ 2,756,429	\$ 765,700	\$ 12,823,019
Government transfers	520,200	497,055	2,430,442	177,258	10,000	55,611	5,243	5,750	3,701,559
Development charges earned	10,746	223,943	1,175,923	2,196,907	-	-	401,420	90,650	4,099,589
Licences and permits	32,367	1,047,663	-	-	-	-	-	-	1,080,030
Fees, rents and concessions	190,599	17,827	206,464	8,467,544	118,753	168,566	1,985,150	143,155	11,298,058
Penalties and interest on taxes	351,279	-	-	-	-	-	-	-	351,279
Interest, donations and other	4,456,752	14,368	16,148	82,994	30,937	22,296	36,202	7,700	4,667,397
Equity loss from Centre Wellington Energy Inc.	(420,935)	-	-	-	-	-	-	-	(420,935)
Equity earnings from Centre Communications Inc.	52,507	-	-	-	-	-	-	-	52,507
Developer contributions	-	-	1,404,789	1,257,095	-	-	-	257,072	2,918,956
Gaming revenue	-	-	2,174,468	-	-	-	-	-	2,174,468
Loss on disposal of tangible capital assets	26,212	4,327	(229,289)	4,216	-	-	(5,595)	-	(200,129)
Total Revenues	\$ 7,814,271	\$ 3,305,200	\$ 11,779,297	\$ 12,186,014	\$ 220,265	\$ 791,875	\$ 5,178,849	\$ 1,270,027	\$ 42,545,798
Expenses									
Salaries and benefits	\$ 1,749,870	\$ 1,927,244	\$ 1,690,974	\$ 2,532,038	\$ 67,396	\$ 302,227	\$ 2,703,717	\$ 726,007	\$ 11,699,473
Goods and services	1,037,159	894,928	3,598,239	3,668,949	85,886	343,152	1,939,975	355,593	11,923,881
Transfer payments	-	113,920	-	190,842	-	-	53,115	-	357,877
Interest and rental	42,135	12,181	23,356	607,330	-	-	212,294	10,176	907,472
Amortization	301,833	263,939	4,120,571	2,501,357	5,195	46,467	776,808	-	8,016,170
Total Expenses	\$ 3,130,997	\$ 3,212,212	\$ 9,433,140	\$ 9,500,516	\$ 158,477	\$ 691,846	\$ 5,685,909	\$ 1,091,776	\$ 32,904,873

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2016

19. Segmented information (continued):

	General Government	Protection	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation & Culture	Planning & Development	2015 Consolidated
Revenues									
Taxation	\$ 2,462,440	\$ 1,396,390	\$ 4,385,866	\$ -	\$ 55,986	\$ 382,663	\$ 2,644,710	\$ 772,261	\$ 12,100,316
Government transfers	612,000	161,030	848,846	405,018	-	58,245	2,809	24,591	2,112,539
Development charges earned	34,462	21,160	1,467,839	2,602,510	-	-	524,550	19,150	4,669,671
Licences and permits	28,122	813,293	-	-	-	-	-	-	841,415
Fees, rents and concessions	181,287	21,692	136,405	7,881,698	117,120	158,145	1,897,234	156,363	10,549,944
Penalties and interest on taxes	357,871	-	-	-	-	-	-	-	357,871
Interest, donations and other	1,057,988	22,488	18,992	116,425	31,060	55,879	60,204	20,695	1,383,731
Equity earnings from Centre Wellington Energy Inc.	414,865	-	-	-	-	-	-	-	414,865
Equity earnings from Centre Communications Inc.	47,127	-	-	-	-	-	-	-	47,127
Developer contributions	-	-	2,143,303	897,774	-	-	95,480	-	3,136,557
Gaming revenue	-	-	2,132,820	-	-	-	-	-	2,132,820
Loss on disposal of tangible capital assets	-	9,016	(851,220)	(61,500)	-	-	(283,602)	-	(1,187,306)
Total Revenues	\$ 5,196,162	\$ 2,445,069	\$ 10,282,851	\$ 11,841,925	\$ 204,166	\$ 654,932	\$ 4,941,385	\$ 993,060	\$ 36,559,550
Expenses									
Salaries and benefits	\$ 1,669,224	\$ 1,843,126	\$ 1,585,964	\$ 2,529,066	\$ 65,655	\$ 275,628	\$ 2,618,322	\$ 719,621	\$ 11,306,606
Goods and services	935,029	308,925	3,078,504	3,331,217	174,032	255,918	1,820,136	185,086	10,088,847
Transfer payments	-	108,514	-	188,053	-	-	49,085	-	345,652
Interest and rental	31,793	14,156	25,439	635,679	-	-	230,745	31,168	968,980
Amortization	280,772	252,885	4,534,746	2,441,136	5,195	17,155	699,543	-	8,231,432
Total Expenses	\$ 2,916,818	\$ 2,527,606	\$ 9,224,653	\$ 9,125,151	\$ 244,882	\$ 548,701	\$ 5,417,831	\$ 935,875	\$ 30,941,517



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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the trust funds of The Corporation of the Township of Centre Wellington which comprise the statement of financial position as at December 31, 2016 and the statement of operations and changes in net financial assets of the trust funds for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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



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

Basis for Qualified Opinion

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

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the trust funds of The Corporation of the Township of Centre Wellington as at December 31, 2016, and the results of its operations for the year then ended in accordance with Canadian public sector accounting standards.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a single horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants, Licensed Public Accountants

June 19, 2017
Waterloo, Canada

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Trust Funds - Statement of Financial Position

As at December 31, 2016, with comparative figures for 2015

	Elora Cemetery Perpetual Care	Fergus Cemetery Perpetual Care	Mount Carmel Cemetery Perpetual Care	M.W. Baptie Scholarship	2016 Total	2015 Total
Assets:						
Cash	\$ 45,131	\$ 37,554	\$ 2,536	\$ 4,490	\$ 89,711	\$ 64,743
Term deposit certificates	293,124	498,993	35,567	1,000	828,684	813,993
CIBC stock - at cost	-	1,299	-	-	1,299	1,299
Due from Township		170	-	-	170	5,866
	\$ 338,255	\$ 538,016	\$ 38,103	\$ 5,490	\$ 919,864	\$ 885,901
Liabilities:						
Due to Township	\$ 33	\$ -	\$ -	\$ -	\$ 33	\$ -
Net financial assets and accumulated surplus	\$ 338,222	\$ 538,016	\$ 38,103	\$ 5,490	\$ 919,831	\$ 885,901

See accompanying notes to financial statements.

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

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

Year ended December 31, 2016, with comparative figures for 2015

	Elora Cemetery Perpetual Care	Fergus Cemetery Perpetual Care	Mount Carmel Cemetery Perpetual Care	M.W. Baptie Scholarship	2016 Total	2015 Total
Revenue:						
Sale of plots and cemetery fees	\$ 18,498	\$ 15,339	\$ 50	\$ -	\$ 33,887	\$ 37,693
Investment income	5,534	14,683	662	43	20,922	21,670
	24,032	30,022	712	43	54,809	59,363
Expenses:						
Reimbursement to Township	5,534	14,683	-	-	20,217	20,887
Reimbursement to Mount Carmel Cemetery	-	-	662	-	662	736
	5,534	14,683	662	-	20,879	21,623
Surplus	18,498	15,339	50	43	33,930	37,740
Net financial assets and accumulated surplus, beginning of year	319,724	522,677	38,053	5,447	885,901	848,161
Net financial assets and accumulated surplus, end of year	\$ 338,222	\$ 538,016	\$ 38,103	\$ 5,490	\$ 919,831	\$ 885,901

See accompanying notes to financial statements.

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Trust Funds

Note to Financial Statements

Year ended December 31, 2016

1. Accounting policy:

Basis of accounting:

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