

Consolidated Financial Statements of

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

Year ended December 31, 2022

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

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For the year ended December 31, 2022

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INDEPENDENT AUDITOR'S REPORT

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

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, 2022
- 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, 2022, 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 "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

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



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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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



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

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Waterloo, Canada

June 27, 2023

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Consolidated Statement of Financial Position

December 31, 2022, with comparative figures for 2021

	2022	2021
Financial Assets		
Cash (note 2)	\$ 55,303,989	\$ 52,925,730
Short-term investments (note 3)	32,519,216	25,590,998
Taxes receivable	2,826,975	2,549,739
Accounts receivable	5,909,767	4,475,156
Loans receivable (note 4)	843,862	1,660,762
Investment in Centre Wellington Energy Inc. (note 5)	15,609,564	15,013,912
Investment in Centre Wellington Communications Inc. (note 5)	570,382	436,327
Total financial assets	113,583,755	102,652,624
Financial Liabilities		
Accounts payable and accrued liabilities	6,062,589	8,352,876
Other liabilities	437,098	428,931
Deferred revenue (note 6)	43,550,734	35,691,899
Employee future benefits (note 7)	1,905,062	1,825,428
Net long-term liabilities (note 8)	20,730,038	22,919,750
Total financial liabilities	72,685,521	69,218,884
Net financial assets	40,898,234	33,433,740
Non-Financial Assets		
Tangible capital assets (note 9)	246,745,234	242,827,045
Inventories of supplies	105,906	136,332
Prepaid expenses	445,717	452,125
	247,296,857	243,415,502
Contingencies and commitments (note 17)		
Accumulated surplus (note 13)	\$ 288,195,091	\$ 276,849,242

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, 2022, with comparative figures for 2021

	Budget 2022	Actual 2022	Actual 2021
	(note 11)		
Revenue:			
Net taxation	\$ 18,093,665	\$ 18,127,151	\$ 17,504,633
Government transfers:			
Provincial	1,717,659	3,171,018	2,369,121
Federal	944,082	2,102,327	673,679
Municipal	655,400	717,911	550,998
Development charges earned	4,364,528	4,873,026	3,597,190
Licenses and permits	1,482,300	1,515,199	1,458,410
Fees, rents, and concessions	14,312,486	14,314,671	12,688,459
Penalties and interest on taxes	335,000	434,236	389,638
Interest, donations and other	1,133,290	2,062,955	1,014,453
Equity earnings from Centre Wellington Energy Inc. (note 5)	-	595,652	662,256
Equity earnings from Centre Wellington Communications Inc. (note 5)	-	134,055	55,942
Developer contributions	538,750	1,176,110	(164,676)
Gaming revenue (note 10)	2,500,000	2,790,022	1,205,365
Gain/(loss) on disposal of tangible capital assets	-	(83,821)	347,391
Total revenue	46,077,160	51,930,512	42,352,859
Expenses:			
General government	4,463,076	4,406,600	3,861,180
Protection to persons and property	3,501,254	3,869,292	3,668,074
Transportation services	6,154,444	12,285,673	10,610,095
Environmental services	7,835,142	10,772,256	9,467,199
Health services	181,225	180,157	180,480
Social and family services	726,802	682,174	579,268
Recreation and cultural services	6,138,945	6,802,797	5,981,651
Planning and development	1,794,957	1,585,714	1,223,495
Total expenses	30,795,845	40,584,663	35,571,442
Annual surplus	15,281,315	11,345,849	6,781,417
Accumulated surplus, beginning of year	276,849,242	276,849,242	270,067,825
Accumulated surplus, end of year	\$ 292,130,557	\$ 288,195,091	\$276,849,242

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, 2022, with comparative figures for 2021

	Budget (note 11)	2022	2021
Annual surplus	\$ 15,281,315	\$ 11,345,849	\$ 6,781,417
Acquisition of tangible capital assets, including contributed tangible capital assets	(17,597,020)	(13,843,773)	(16,005,255)
Amortization of tangible capital assets	-	9,692,506	9,456,347
(Gain)/loss on disposal of tangible capital assets	-	83,821	(347,391)
Proceeds on sale of tangible capital assets	-	149,257	764,900
	(2,315,705)	7,427,660	650,018
Change in inventories of supplies	-	30,426	(6,641)
Change in prepaid expenses	-	6,408	74,795
Change in net financial assets	(2,315,705)	7,464,494	718,172
Net financial assets, beginning of year	33,433,740	33,433,740	32,715,568
Net financial assets, end of year	\$ 31,118,035	\$ 40,898,234	\$ 33,433,740

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, 2022, with comparative figures for 2021

	2022	2021
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 11,345,849	\$ 6,781,417
Items not involving cash:		
Amortization	9,692,506	9,456,347
(Gain)/loss on sale of tangible capital assets	83,821	(347,391)
Change in employee benefits and other liabilities	79,634	76,026
Equity earnings from Centre Wellington Energy Inc.	(595,652)	(662,256)
Equity earnings from Centre Wellington Communications Inc.	(134,055)	(55,942)
Contributed tangible capital assets	(3,090)	-
Change in non-cash assets and liabilities:		
Taxes receivable	(277,236)	99,908
Accounts receivable	(1,434,611)	561,106
Inventories of supplies	30,426	(6,641)
Prepaid expenses	6,408	74,795
Accounts payable and accrued liabilities	(2,290,287)	4,000,212
Other liabilities	8,167	2,811
Deferred revenue	7,858,835	12,287,254
Net change in cash from operating activities	24,370,715	32,267,646
Capital activities:		
Proceeds on sale of tangible capital assets	149,257	764,900
Cash used to acquire tangible capital assets	(13,840,683)	(16,005,255)
Net change in cash from capital activities	(13,691,426)	(15,240,355)
Investing activities:		
Purchase of short-term investments	(44,019,216)	(25,590,998)
Redemption of short-term investments	37,090,998	12,992,384
Net change in loans receivable	816,900	141,443
Net change in cash from investing activities	(6,111,318)	(12,457,171)
Financing activities:		
Long-term debt repaid	(8,189,712)	(1,989,384)
Long-term debt acquired	6,000,000	3,761,129
Net change in cash from financing activities	(2,189,712)	1,771,745
Net change in cash position during the year	2,378,259	6,341,865
Cash position, beginning of year	52,925,730	46,583,865
Cash position, end of year	\$ 55,303,989	\$ 52,925,730

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, 2022

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, 2022

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

(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, 2022

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, 2022

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, 2022

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, 2022, 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:

	2022	2021
Guaranteed investment certificates held at a credit union	\$ 32,519,215	\$ 25,590,997
Credit union shares	1	1
	\$ 32,519,216	\$ 25,590,998

The guaranteed investment certificates held at a credit union earn interest at rates ranging from 1.65% to 5.61% (2021 – 0.95% to 1.55%) and mature in January, April, July, October, and December 2023. The short-term investment balance includes accrued interest earned on the guaranteed investment certificates of \$470,272 (2021 - \$163,647).

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2022

4. Loans receivable:

	2022	2021
Centre Wellington Community Medical Offices		
Loan receivable – Part A	\$ -	\$ 409,046
Loan receivable – Part B	-	344,719
	-	753,765
Centre Wellington Communications Inc. – interest of 7%, blended principal and interest payments of \$8,185, due June 1, 2033	732,301	778,260
Water and Sewer Connection Loans – notes receivable from Township ratepayers bearing interest between 1.63% to 3.72%, blended principal and interest payments ranging from \$290 to \$1,754, maturing from 2023 to 2031	111,561	128,737
Total loans receivable	\$ 843,862	\$ 1,660,762

The Township and Centre Wellington Community Medical Offices (“CWCMO”) 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 \$nil (2021 - \$19,357).

The Township entered into an agreement with CWCMO 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.

During the year, CWCMO was dissolved, resulting in the derecognition of the loans receivable in exchange for the net assets of CWCMO. This resulted in a non-cash gain of \$78,640.

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 \$52,001 (2021 - \$55,074).

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2022

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:

	2022	2021
Assets	\$ 26,577,994	\$ 26,165,442
Other liabilities	16,015,183	16,198,283
Net assets	10,562,811	9,967,159
Promissory note due to the Township of Centre Wellington	5,046,753	5,046,753
Investment in Centre Wellington Energy Inc.	\$ 15,609,564	15,013,912

	2022	2021
Revenues	\$ 23,022,100	\$ 22,621,923
Expenditures	22,426,448	21,959,667
Net earnings for the year	595,652	662,256
Retained earnings, beginning of year	4,445,113	3,782,857
Retained earnings, end of year	\$ 5,040,765	\$ 4,445,113

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2022

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:

	2022	2021
Assets	\$ 1,517,109	\$ 1,477,325
Other liabilities	946,727	1,040,998
Net assets	\$ 570,382	\$ 436,327

	2022	2021
Revenue	\$ 367,940	\$ 280,009
Expenditures	233,885	224,067
Net earnings for the year	134,055	55,942
Retained earnings, beginning of year	436,327	380,385
Retained earnings, end of year	\$ 570,382	\$ 436,327

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2022

6. Deferred revenue:

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

2022	Contributions				
	Opening	Received (Refunded)	Investment Income	Revenue Recognized	Ending
Obligatory:					
Development charges	\$21,873,509	\$12,391,747	\$ 513,016	\$(4,873,026)	\$ 29,905,246
Recreational land	805,081	-	13,355	-	818,436
Parking revenues	38,519	-	639	-	39,158
Subdivider contributions	676,820	74,237	13,647	-	764,704
Building code	3,785,332	462,048	62,793	(1,872)	4,308,301
Federal CCBF funding	1,398,277	894,082	16,883	(1,675,890)	633,352
Other:					
Grading and damage deposits	3,237,168	314,058	-	-	3,551,226
Builder and other deposits	3,327,136	(280,634)	-	-	3,046,502
Other	550,057	483,809	-	(550,057)	483,809
	\$35,691,899	\$14,339,347	\$ 620,333	\$(7,100,845)	\$ 43,550,734

2021	Contributions				
	Opening	Received (Refunded)	Investment Income	Revenue Recognized	Ending
Obligatory:					
Development charges	\$12,072,966	\$13,275,889	\$ 121,844	\$(3,597,190)	\$ 21,873,509
Recreational land	799,643	-	5,438	-	805,081
Parking revenues	37,918	-	601	-	38,519
Subdivider contributions	613,536	59,032	4,252	-	676,820
Building code	2,648,691	1,135,924	19,085	(18,368)	3,785,332
Federal CCBF funding	283,736	1,753,588	7,614	(646,661)	1,398,277
Other:					
Grading and damage deposits	2,844,911	392,257	-	-	3,237,168
Builder and other deposits	3,311,769	15,367	-	-	3,327,136
Other	791,475	550,057	-	(791,475)	550,057
	\$23,404,645	\$17,182,114	\$ 158,834	\$(5,053,694)	\$ 35,691,899

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2022

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, 2022.

	2022	2021
Post-employment benefits	\$ 724,575	\$ 693,204
Future payments required to WSIB	1,180,487	1,132,224
	<u>\$ 1,905,062</u>	<u>\$ 1,825,428</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:

	2022	2021
Accrued benefit obligation:		
Balance, beginning of year	\$ 761,952	\$ 740,543
Current benefit cost	50,690	48,132
Interest	24,752	24,025
Benefit payments	(51,435)	(50,748)
Expected accrued benefit obligation, end of year	785,959	761,952
Unamortized actuarial loss	(61,384)	(68,748)
Liability for post-employment benefits	<u>\$ 724,575</u>	<u>\$ 693,204</u>

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2022

7. Employee benefits and other liabilities (continued):

(a) Post-employment benefits (continued):

Included in expenses is \$7,364 (2021 - \$7,364) for amortization of the actuarial loss. The unamortized actuarial loss is amortized over the expected average service life of 14 and 16 years (2021 – 14 and 16 years).

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

(i) Interest (discount rate):

The obligation as at December 31, 2022, of the present value of future liabilities and the expense for the 12 months ended December 31, 2022, were determined using a discount rate of 3.25% (2021 – 3.25%).

(ii) Medical costs:

Medical costs were assumed to increase at the rate of 5.42% for 2022, reducing by 0.33% 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% (2021 - 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 \$49,409 (2021 - \$57,183).

(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, 2022.

Information about the WSIB liability is as follows:

	2022	2021
Accrued benefit obligation:		
Balance, beginning of year	\$ 1,568,495	\$ 1,551,986
Current benefit cost	79,380	77,035
Interest	54,254	53,669
Benefit payments	(116,116)	(114,195)
Expected accrued benefit obligation, end of year	1,586,013	1,568,495
Unamortized actuarial loss	(405,526)	(436,271)
WSIB liability	\$ 1,180,487	\$ 1,132,224

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2022

7. Employee benefits and other liabilities (continued):

(b) WSIB (continued):

Included in expenses is a loss of \$30,745 (2021 – \$30,745) 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 (2021 - 14 years).

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

(i) Interest (discount rate):

The obligation as at December 31, 2022, of the present value of future liabilities and the expense for the 12 months ended December 31, 2022, were determined using a discount rate of 3.5% (2021 - 3.5%).

(ii) Administration costs:

Administration costs were assumed to be 28% (2021 - 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% (2021 - (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 \$1,252,506 (2021 - \$1,161,427).

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2022

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.

	2022	2021
Federation of Canadian Municipalities loan payable, bearing interest at 2.0%, semi-annual payments of \$304,545 including interest, due November 3, 2034	\$ 6,469,801	\$ 6,942,419
TD loan payable, bearing interest at 5.136%, monthly payments of \$72,993 including interest, due April 26, 2025	1,923,787	2,679,699
County of Wellington loan payable, bearing interest at 3.168%, principal and interest payable semi-annually, due October 30, 2022	-	6,311,944
CMHC loan payable, bearing interest at 3.59%, annual payments of \$198,007 including interest, due December 1, 2025	553,791	725,744
County of Wellington loan payable, bearing interest at 2.751%, principal and interest payable semi-annually, due October 30, 2022	-	220,831
County of Wellington loans payable, non-interest bearing, annual payments of between \$6,615 - \$14,076, maturing between September 1, 2023 and September 1, 2025	48,847	69,534
Infrastructure Ontario loan payable, bearing interest at 2.48%, semi-annual payments of \$74,787 including interest, due March 2, 2040	2,113,059	2,208,450
Infrastructure Ontario loan payable, bearing interest at 2.95%, semi-annual payments of \$125,151 including interest, due December 15, 2041	3,620,753	3,761,129
County of Wellington loan payable, bearing interest at 2.8% to 3.85%, repayable in annual principal and semi-annual interest payments of approximately \$720,000, due June 2, 2032	6,000,000	-
	\$ 20,730,038	\$ 22,919,750

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2022

8. Net long-term liabilities (continued):

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

2023	\$ 2,318,917
2024	2,376,902
2025	1,853,564
2026	1,374,874
2027	1,392,477
Thereafter	11,413,304
Total	\$ 20,730,038

(c) Total interest on long-term liabilities, which are reported on the consolidated statement of operations, amounted to \$759,544 (2021 - \$616,472).

9. Tangible capital assets:

Cost	Balance at December 31, 2021	Additions	Disposals	Balance at December 31, 2022
Land	\$ 6,421,859	\$ -	\$ -	\$ 6,421,859
Land improvements	8,820,465	420,892	(164,380)	9,076,977
Buildings	25,377,118	981,391	(31,053)	26,327,456
Vehicles	14,100,180	655,531	(535,076)	14,220,635
Equipment	11,496,814	1,214,202	(313,814)	12,397,202
Water and wastewater infrastructure	129,411,999	3,083,559	(32,375)	132,463,183
Road and structure infrastructure	209,061,930	3,187,830	(506,857)	211,742,903
Assets under construction	4,795,665	4,562,504	(262,136)	9,096,033
Total	\$ 409,486,030	\$ 14,105,909	\$ (1,845,691)	\$ 421,746,248

Accumulated amortization	Balance at December 31, 2021	Disposals	Amortization	Balance at December 31, 2022
Land	\$ -	\$ -	\$ -	\$ -
Land improvements	2,691,256	(118,539)	232,550	2,805,267
Buildings	10,642,695	(19,885)	678,030	11,300,840
Vehicles	7,986,971	(535,076)	912,764	8,364,659
Equipment	5,622,939	(313,813)	836,616	6,145,742
Water and wastewater infrastructure	43,178,504	(32,375)	2,622,928	45,769,057
Road and structure infrastructure	96,536,620	(330,789)	4,409,618	100,615,449
Assets under construction	-	-	-	-
Total	\$ 166,658,985	\$ (1,350,477)	\$ 9,692,506	\$ 175,001,014

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2022

9. Tangible capital assets (continued):

	Net book value December 31, 2021	Net book value December 31, 2022
Land	\$ 6,421,859	\$ 6,421,859
Land improvements	6,129,209	6,271,710
Buildings	14,734,423	15,026,616
Vehicles	6,113,209	5,855,976
Equipment	5,873,875	6,251,460
Water and wastewater infrastructure	86,233,495	86,694,126
Road and structure infrastructure	112,525,310	111,127,454
Assets under construction	4,795,665	9,096,033
Total	\$ 242,827,045	\$ 246,745,234

(a) Assets under construction:

Assets under construction having a value of \$9,096,033 (2021 - \$4,795,665) 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 \$3,090 (2021 - \$nil).

(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 October 28, 2022, the Township entered into a new Municipality Contribution Agreement with the Ontario Lottery and Gaming Corporation (OLGC). As part of the agreement, OLGC provides quarterly payments to the Township, based on revenue at the Grand River Raceway, as follows:

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

2022 gaming revenue proceeds of \$2,790,022 (2021 - \$1,205,365) 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, 2022

11. Budget data:

The budget data presented in these consolidated financial statements is based upon the 2022 operating and capital budgets approved by Council on December 20, 2021. 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	\$ 43,287,510
Capital budget	20,617,720
Add:	
Reversal of debt issue budgeted in previous years	1,905,000
Less:	
Transfers from other funds	(18,927,350)
Proceeds on debt issue	(805,720)
Total revenue	46,077,160
Expenses:	
Operating budget	43,287,510
Capital budget	20,617,720
Less:	
Transfers to other funds	(13,323,050)
Capital expenses	(17,597,020)
Debt principal payments	(2,189,315)
Total expenses	30,795,845
Annual surplus	\$ 15,281,315

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	\$ 10,278,673	\$ 33,638,979

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2022

13. Accumulated surplus:

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

	2022	2021
Surplus:		
Invested in tangible capital assets	\$ 246,745,234	\$ 242,827,045
General purposes	5,996,383	7,817,878
Investment in Centre Wellington Energy Inc.	15,609,564	15,013,912
Investment in Centre Wellington Communications Inc.	570,382	436,327
Amounts to be recovered:		
Post-employment benefits	(724,575)	(693,204)
WSIB	(1,180,487)	(1,132,224)
Net long-term liabilities	(20,730,038)	(22,919,750)
Total surplus	246,286,463	241,349,984
Reserves set aside by Council for:		
Capital works - Wastewater	10,712,052	9,192,264
Working capital	1,109,662	1,109,662
Capital works - Roads	463,871	338,484
Replacement of equipment	5,662,291	4,703,555
Capital works - Waterworks	8,932,340	8,607,336
Other	5,870,149	6,413,534
Capital works - Fire	52,022	53,981
Capital works – Parks and Recreation	25,100	25,100
Contingencies	161,429	161,429
Total reserves	32,988,916	30,605,345
Reserve funds set aside for specific purposes by Council for:		
Capital works - Other	2,359,326	2,050,774
Capital works - Social services	290,321	268,555
Capital works - Roads	6,270,065	2,574,584
Total reserve funds	8,919,712	4,893,913
Accumulated surplus	\$ 288,195,091	\$ 276,849,242

14. Trust funds:

Trust funds administered by the municipality amounting to \$1,175,682 (2021 - \$1,129,378) 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, 2022

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 \$15,000,000 per occurrence.

The Township has established a reserve for allocated self-insurance claims. The balance at the end of the year is \$126,770 (2021 - \$150,203).

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 2022 was \$1,057,263 (2021 - \$1,037,828) for current service. The contribution rate for 2022 was 9% to 15.8% (2021 - 9% to 15.8%) depending on age and income level.

The latest available report for the OMERS plan was December 31, 2022. At that time the plan reported a \$6.7 billion actuarial deficit (2021 - \$3.1 billion deficit), based on actuarial liabilities of \$128.8 billion (2021 - \$119.3 billion) and actuarial assets of \$122.1 billion (2021 - \$116.2 billion). Ongoing adequacy of the current contribution rates will need to be monitored and may lead to increased future funding requirements.

17. Contingencies and commitments:

- (a) The Township is contingently liable for long-term liabilities with respect to tile drainage loans and for those for which the responsibility for payment of principal and interest has been assumed by school boards and the County of Wellington.
- (b) From time to time, the Township is subject to claims and other lawsuits that arise in the ordinary course of business, some of which may seek damages in substantial amounts. These claims may be covered by the Township's insurance up to a maximum of \$15,000,000 per occurrence. Liability for these claims and lawsuits are recorded to the extent that the probability of a loss is likely and it is estimable.

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2022

18. 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	2022 Consolidated
Revenues									
Taxation	\$ 3,605,475	\$ 2,221,097	\$ 6,093,755	\$ -	\$ -	\$ 705,640	\$ 4,579,335	\$ 921,849	\$ 18,127,151
Government transfers	322,049	226,023	4,675,199	387,457	-	73,490	283,349	23,689	5,991,256
Development charges earned	7,759	27,120	1,021,232	2,753,102	-	-	829,498	234,315	4,873,026
Licences and permits	46,342	1,432,173	33,003	-	-	-	-	3,681	1,515,199
Fees, rents and concessions	273,746	30,872	24,344	11,619,635	172,702	99,584	1,574,417	519,371	14,314,671
Penalties and interest on taxes	434,236	-	-	-	-	-	-	-	434,236
Interest, donations and other	1,780,586	32,064	105,076	48,402	35,441	8,812	23,419	29,155	2,062,955
Equity earnings from Centre Wellington Energy Inc.	595,652	-	-	-	-	-	-	-	595,652
Equity earnings from Centre Communications Inc.	134,055	-	-	-	-	-	-	-	134,055
Developer contributions	-	-	183,229	967,834	-	-	25,047	-	1,176,110
Gaming revenue	-	-	1,785,614	-	-	-	1,004,408	-	2,790,022
Gain/(loss) on disposal of tangible capital assets	-	38,109	(91,252)	9,514	-	-	(40,192)	-	(83,821)
Total Revenues	\$ 7,199,900	\$ 4,007,458	\$ 13,830,200	\$ 15,785,944	\$ 208,143	\$ 887,526	\$ 8,279,281	\$ 1,732,060	\$ 51,930,512
Expenses									
Salaries and benefits	\$ 2,340,039	\$ 2,777,019	\$ 2,395,790	\$ 3,577,795	\$ 65,032	\$ 356,174	\$ 3,248,438	\$ 983,479	\$ 15,743,766
Goods and services	1,605,625	626,500	4,615,072	3,754,012	98,865	279,779	2,411,165	541,037	13,932,055
Transfer payments	-	110,480	-	209,289	-	-	90,569	-	410,338
Interest and rental	37,576	-	116,665	491,265	-	-	107,094	53,398	805,998
Amortization	423,360	355,293	5,158,146	2,739,895	16,260	46,221	945,531	7,800	9,692,506
Total Expenses	\$ 4,406,600	\$ 3,869,292	\$ 12,285,673	\$ 10,772,256	\$ 180,157	\$ 682,174	\$ 6,802,797	\$ 1,585,714	\$ 40,584,663

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2022

18. Segmented information (continued):

	General Government	Protection	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation & Culture	Planning & Development	2021 Consolidated
Revenues									
Taxation	\$ 3,243,222	\$ 2,160,501	\$ 5,973,778	\$ -	\$ 31,092	\$ 671,004	\$ 4,551,553	\$ 873,483	\$ 17,504,633
Government transfers	907,412	204,164	2,049,599	313,421	-	56,014	32,905	30,283	3,593,798
Development charges earned	20,523	21,590	1,225,474	1,847,224	-	-	462,328	20,051	3,597,190
Licences and permits	27,231	1,369,530	58,306	-	-	-	-	3,343	1,458,410
Fees, rents and concessions	249,172	27,611	25,287	11,179,343	220,176	21,013	660,374	305,483	12,688,459
Penalties and interest on taxes	389,638	-	-	-	-	-	-	-	389,638
Interest, donations and other	851,345	43,957	23,060	56,295	24,536	6,304	3,254	5,702	1,014,453
Equity earnings from Centre Wellington Energy Inc.	662,256	-	-	-	-	-	-	-	662,256
Equity earnings from Centre Communications Inc.	55,942	-	-	-	-	-	-	-	55,942
Developer contributions	-	-	(437,654)	271,650	-	-	1,328	-	(164,676)
Gaming revenue	-	-	84,376	-	-	-	1,120,989	-	1,205,365
Gain/(loss) on disposal of tangible capital assets	541,370	31,405	(24,470)	(188,761)	-	-	(12,153)	-	347,391
Total Revenues	\$ 6,948,111	\$ 3,858,758	\$ 8,977,756	\$ 13,479,172	\$ 275,804	\$ 754,335	\$ 6,820,578	\$ 1,238,345	\$ 42,352,859
Expenses									
Salaries and benefits	\$ 2,017,919	\$ 2,562,865	\$ 2,151,981	\$ 3,265,437	\$ 78,176	\$ 331,484	\$ 2,734,062	\$ 922,018	\$ 14,063,942
Goods and services	1,421,230	514,123	3,459,325	2,956,787	86,696	201,563	2,168,416	238,343	11,046,483
Transfer payments	-	109,084	-	199,500	-	-	37,835	-	346,419
Interest and rental	31,473	-	14,473	440,249	-	-	116,317	55,739	658,251
Amortization	390,558	482,002	4,984,316	2,605,226	15,608	46,221	925,021	7,395	9,456,347
Total Expenses	\$ 3,861,180	\$ 3,668,074	\$ 10,610,095	\$ 9,467,199	\$ 180,480	\$ 579,268	\$ 5,981,651	\$ 1,223,495	\$ 35,571,442



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INDEPENDENT AUDITOR'S REPORT

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

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, 2022
- 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, 2022, 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 “***Auditor’s Responsibilities for the Audit of the Financial Statements***” section of our auditor’s report.

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

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



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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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



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

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Waterloo, Canada

June 27, 2023

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Trust Funds - Statement of Financial Position

As at December 31, 2022, with comparative figures for 2021

	Elora & Fergus Cemetery Perpetual Care	Mount Carmel Cemetery Perpetual Care	M.W. Baptie Scholarship	2022 Total	2021 Total
Assets					
Cash	\$ 219,477	\$ 4,807	\$ 4,903	\$ 229,187	\$ 203,045
Term deposit certificates (note 2)	898,804	40,355	1,000	940,159	918,880
CIBC stock - at cost	1,299	-	-	1,299	1,299
Due from Township	5,037	-	-	5,037	6,154
	\$ 1,124,617	\$ 45,162	\$ 5,903	\$ 1,175,682	\$ 1,129,378
Liabilities					
Due to Township	\$ -	\$ -	\$ -	\$ -	\$ -
Net financial assets and accumulated surplus	\$ 1,124,617	\$ 45,162	\$ 5,903	\$ 1,175,682	\$ 1,129,378

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, 2022, with comparative figures for 2021

	Elora & Fergus Cemeteries Perpetual Care	Mount Carmel Cemetery Perpetual Care	M.W. Baptie Scholarship	2022 Total	2021 Total
Revenue					
Sale of plots and cemetery fees	\$ 46,012	\$ 200	\$ -	\$ 46,212	\$ 54,424
Investment income	31,697	1,024	92	32,813	20,277
	77,709	1,224	92	79,025	74,701
Expenses					
Reimbursement to Township	31,697	-	-	31,697	19,681
Reimbursement to Mount Carmel Cemetery	-	1,024	-	1,024	592
	31,697	1,024	-	32,721	20,273
Surplus	46,012	200	92	46,304	54,428
Net financial assets and accumulated surplus, beginning of year	1,078,605	44,962	5,811	1,129,378	1,074,950
Net financial assets and accumulated surplus, end of year	\$ 1,124,617	\$ 45,162	\$ 5,903	\$ 1,175,682	\$ 1,129,378

See accompanying note to financial statements.

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Trust Funds

Notes to Financial Statements

Year ended December 31, 2022

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 \$940,159 (2021 - \$918,880) reported on the statement of financial position have a market value of \$940,159 (2021 - \$918,880) at the end of the year.