

THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH
INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

	Page
THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH	
INDEPENDENT AUDITOR'S REPORT	3 - 4
CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated Statement of Financial Position	5
Consolidated Statement of Operations	6
Consolidated Statement of Change in Net Financial Assets	7
Consolidated Statement of Cash Flow	8
Notes to the Consolidated Financial Statements	9 - 17
Consolidated Schedule of Segmented Disclosure	18
Consolidated Schedule of Tangible Capital Assets	19
Consolidated Schedule of Accumulated Surplus	20
TRUST FUNDS	
INDEPENDENT AUDITOR'S REPORT	21 - 22
FINANCIAL STATEMENTS	
Statements of Financial Position and Continuity	23
Notes to the Financial Statements	24

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of The Corporation of the Township of Wellington North, which comprise the consolidated statement of financial position as at December 31, 2023 and the consolidated statements of operations, change in net financial assets and cash flow for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the consolidated financial position of The Corporation of the Township of Wellington North as at December 31, 2023 and the consolidated results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis of 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 Consolidated Financial Statements section of our report. We are independent of The Corporation of the Township of Wellington North 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 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 corporation'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 corporation'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 consolidated 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 corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We 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.



Guelph, Ontario
September 23, 2024

Chartered Professional Accountants
Licensed Public Accountants

THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023

	2023	2022 (note 16)
FINANCIAL ASSETS		
Cash (note 3)	\$ 39,278,666	\$ 31,296,707
Investments	5,000,025	5,000,000
Taxes receivable	1,213,900	990,809
Trade and other receivables	4,389,006	2,651,495
Long term receivables (note 4)	55,765	88,635
Investment in Wellington North Power Inc. (note 5)	<u>6,931,082</u>	<u>6,471,130</u>
	<u>56,868,444</u>	<u>46,498,776</u>
LIABILITIES		
Accounts payable and accrued liabilities	6,638,807	5,828,686
Deferred revenue (note 6)	13,176,185	8,378,062
Long term debt (note 7)	4,187,689	4,839,863
Asset retirement obligations (note 9)	<u>611,589</u>	<u>0</u>
	<u>24,614,270</u>	<u>19,046,611</u>
NET FINANCIAL ASSETS	<u>32,254,174</u>	<u>27,452,165</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (schedule 2)	125,706,365	124,167,190
Prepaid expenses	<u>20,046</u>	<u>52,787</u>
	<u>125,726,411</u>	<u>124,219,977</u>
ACCUMULATED SURPLUS (schedule 3)	<u>\$157,980,585</u>	<u>\$151,672,142</u>

THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2023

	2023 Budget (note 10)	2023 Actual	2022 Actual (note 16)
REVENUE			
Net taxation/user charges	\$ 9,387,938	\$ 9,575,486	\$ 8,544,326
Fees and service charges	5,971,616	6,562,133	6,200,426
Grants	4,915,179	5,546,459	3,999,118
Other income (note 8)	1,385,787	4,118,097	2,678,684
Obligatory reserve funds revenue recognized (note 6)	<u>0</u>	<u>406,667</u>	<u>95,535</u>
	<u>21,660,520</u>	<u>26,208,842</u>	<u>21,518,089</u>
EXPENSES (schedule 1)			
General government	2,136,742	1,989,676	1,362,507
Protection to persons and property	2,428,688	1,932,360	1,785,467
Transportation services	7,179,766	7,889,310	7,140,290
Environmental services	4,708,166	4,544,099	4,449,215
Health services	140,528	143,867	123,442
Recreation and cultural services	2,770,484	2,646,907	2,317,847
Planning and development	<u>629,378</u>	<u>754,180</u>	<u>832,814</u>
	<u>19,993,752</u>	<u>19,900,399</u>	<u>18,011,582</u>
ANNUAL SURPLUS	<u>\$ 1,666,768</u>	<u>\$ 6,308,443</u>	<u>\$ 3,506,507</u>
ACCUMULATED SURPLUS at beginning of year		\$151,672,142	\$148,165,635
Annual surplus		<u>6,308,443</u>	<u>3,506,507</u>
ACCUMULATED SURPLUS at end of year		<u>\$157,980,585</u>	<u>\$151,672,142</u>

THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023

	2023 Budget (note 10)	2023 Actual	2022 Actual (note 16)
Annual surplus	\$ <u>1,666,768</u>	\$ <u>6,308,443</u>	\$ <u>3,506,507</u>
Acquisition of tangible capital assets	(8,564,352)	(8,272,347)	(7,843,756)
Amortization of tangible capital assets	6,068,085	6,733,172	6,068,085
(Gain) loss on disposal of tangible capital assets	0	(51,842)	(200,442)
Proceeds on disposal of tangible capital assets	<u>0</u>	<u>51,842</u>	<u>267,928</u>
	<u>(2,496,267)</u>	<u>(1,539,175)</u>	<u>(1,708,185)</u>
Change in prepaid expenses	<u>0</u>	<u>32,741</u>	<u>(6,889)</u>
(DECREASE) INCREASE IN NET FINANCIAL ASSETS	<u>\$ (829,499)</u>	4,802,009	1,791,433
NET FINANCIAL ASSETS at beginning of year		<u>27,452,165</u>	<u>25,660,732</u>
NET FINANCIAL ASSETS at end of year		<u>\$ 32,254,174</u>	<u>\$ 27,452,165</u>

THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH
CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED DECEMBER 31, 2023

	2023	2022 (note 16)
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Annual surplus for the year	\$ <u>6,308,443</u>	\$ <u>3,506,507</u>
Items not requiring an outlay of cash		
Amortization	6,733,172	6,068,085
(Gain) loss on disposal of tangible capital assets	(51,842)	(200,442)
Share of income of Wellington North Power Inc.	<u>(459,952)</u>	<u>(535,977)</u>
	<u>6,221,378</u>	<u>5,331,666</u>
	<u>12,529,821</u>	<u>8,838,173</u>
Net changes in non-cash working capital		
Taxes receivable	(223,091)	(73,109)
Trade and other receivables	(1,737,511)	(258,365)
Accounts payable and accrued liabilities	810,121	1,311,062
Deferred revenue	4,798,123	3,110,720
Asset retirement obligations	611,589	0
Prepaid expenses	<u>32,741</u>	<u>(6,889)</u>
	<u>4,291,972</u>	<u>4,083,419</u>
	<u>16,821,793</u>	<u>12,921,592</u>
CASH PROVIDED BY (USED IN) CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(8,272,347)	(7,843,756)
Proceeds on disposal of tangible capital assets	<u>51,842</u>	<u>267,928</u>
	<u>(8,220,505)</u>	<u>(7,575,828)</u>
CASH USED IN FINANCING ACTIVITIES		
Net issuance (repayment) of long term debt	<u>(652,174)</u>	<u>(628,046)</u>
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		
Decrease (increase) in investments	(25)	10,646
Net change in long term receivables	<u>32,870</u>	<u>144,053</u>
	<u>32,845</u>	<u>154,699</u>
NET INCREASE IN CASH	7,981,959	4,872,417
CASH, beginning of year	<u>31,296,707</u>	<u>26,424,290</u>
CASH, end of year	<u>\$ <u>39,278,666</u></u>	<u>\$ <u>31,296,707</u></u>

THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of The Corporation of the Township of Wellington North are the representation of management prepared in accordance with Canadian public sector accounting standards (PSAS) as established by the Public Sector Accounting Board (PSAB) of CPA Canada. Significant accounting policies adopted by The Corporation of the Township of Wellington North are as follows:

(a) **ACKNOWLEDGEMENT OF RESPONSIBILITY**

The management of The Corporation of the Township of Wellington North acknowledges its responsibility for the creation and compilation of the consolidated financial statements and the following significant accounting policy decisions and related policy notes.

(b) **BASIS OF CONSOLIDATION**

(i) These consolidated statements reflect the assets, liabilities, revenues and expenses of the current fund, capital fund, reserves and reserve funds of all municipal organizations, committees and boards which are controlled by Council. All interfund assets and liabilities and revenues and expenses have been eliminated on consolidation. The following board has been reflected in the consolidated financial statements:

Mount Forest Business Improvement Area 100%
Arthur Business Improvement Area 100%

Government business enterprises and partnerships are separate legal entities which do not rely on the corporation for funding. Investments in government business enterprises are accounted for using the modified equity method. The following government business enterprise is reflected in the consolidated financial statements:

Wellington North Power Inc. 96.71%

(ii) **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 the municipal fund balances of these financial statements. Overlevies (underlevies) are reported on the Consolidated Statement of Financial Position as accrued liabilities (other receivables). See note 12.

(iii) Trust funds and their related operations administered by the corporation are not consolidated, but are reported separately on the Trust Funds Statement of Financial Position and Continuity.

(c) **BASIS OF ACCOUNTING**

(i) Sources of financing and expenditures are reported on the accrual basis of accounting.

(ii) The accrual basis of accounting recognizes revenues as they become available and measurable. Expenditures 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.

THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) USE OF ESTIMATES

The preparation of financial statements in accordance with PSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring management's estimates include amortization of tangible capital assets and accrued liabilities. By their nature, these estimates are subject to measurement uncertainty and actual results could differ from management's best estimates as additional information becomes available in the future.

(e) INVESTMENTS

Investments held by the corporation are recorded at cost.

(f) LONG TERM RECEIVABLES

Long term receivables are recorded at cost.

(g) DEFERRED REVENUE

The revenue is reported on the consolidated statement of operations in the year in which it is used for the specified purpose, and any unspent revenue is deferred to the following year.

(h) FINANCIAL INSTRUMENTS

Measurement of financial instruments

The corporation initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

The corporation subsequently measures all its financial assets and financial liabilities at amortized cost.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. If an impairment has occurred, the carrying amount of financial assets measured at amortized cost is reduced to the greater of the discounted future cash flows expected or the proceeds that could be realized from the sale of the financial asset. The amount of the write-down is recognized in net earnings. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net earnings.

Transaction costs

The corporation recognizes its transaction costs in net income in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) 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. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the Change in Net Financial Assets for the year.

(i) Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributed to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital asset is amortized on a straight-line basis over its estimated useful life as follows:

Land improvements	30 to 75 years
Buildings	20 to 50 years
Machinery and equipment	5 to 50 years
Vehicles	10 to 20 years
Roads	30 years
Bridges and culverts	50 years
Water and sewer systems	70 years

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 and are recognized as revenue at the date of receipt.

(iii) Leases

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

(j) POST-EMPLOYMENT BENEFITS

The contributions to the Ontario Municipal Employees Retirement System ("OMERS"), a multi-employer defined benefit plan, are expensed when contributions are due.

(k) REVENUE RECOGNITION

Revenues are recognized as follows:

(i) Taxation, user charges, and penalties and interest on taxation are recognized as revenue when the amounts are levied on the corporation's ratepayers.

(ii) Other fines and penalties, and donations are recognized when collected.

(iii) Fees and services charges, and other income are recorded upon sale of goods or provision of service when collection is reasonably assured.

THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) REVENUE RECOGNITION (continued)

(iv) Government transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur providing the transfers are authorized, eligibility criteria have been met and reasonable estimates of the amounts can be made.

(v) Revenue restricted by legislation, regulation or agreement and not available for general municipal purposes, such as grants, is reported as deferred revenue on the consolidated statement of financial position. The revenue is recognized in the consolidated statement of operations in the year in which it is used for the specified purpose.

2. FINANCIAL INSTRUMENTS

Unless otherwise noted, it is management's opinion that the corporation is not exposed to significant interest, credit, currency, liquidity, or other price risks arising from its financial instruments.

The extent of the corporation's exposure to these risks did not change in 2023 compared to the previous period.

The corporation does not have a significant exposure to any individual customer or counterpart.

3. CASH

The Township of Wellington North has an undrawn credit facility of \$1,000,000 for operating purposes.

The corporation's deposits are held with a Canadian Chartered Bank. The Canadian Deposit Insurance Corporation insures deposits up to a maximum of \$100,000 per depositor.

4. LONG TERM RECEIVABLES

	2023	2022
Sewer loans, 6%, various repayment amounts, due 2023	\$ 9,004	\$ 11,004
VTB mortgage, no interest, annual payments of \$20,000, due 2023	0	20,000
Arthur BIA, 2.45% interest on \$102,000 principal with no interest on the balance, equal instalments from 2023 to 2031	(4,748)	(2,499)
Tile drainage loans, 6%, various repayments, due 2028	<u>51,509</u>	<u>60,130</u>
	<u>\$ 55,765</u>	<u>\$ 88,635</u>

THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

5. INVESTMENT IN WELLINGTON NORTH POWER INC.

Wellington North Power Inc. is a corporation incorporated under the laws of the Province of Ontario and provides municipal electrical services. The Corporation of the Township of Wellington North owns 96.71% of the outstanding shares of Wellington North Power Inc.

The following summarizes the financial position and operations of the government business enterprise which has been reported in these financial statements using the modified equity method:

	2023	2022
Investment in common shares	\$ 1,585,016	\$ 1,585,016
Note receivable on demand, interest at 4.54%	985,016	985,016
Share of accumulated net income	<u>4,361,050</u>	<u>3,901,098</u>
	<u>\$ 6,931,082</u>	<u>\$ 6,471,130</u>

During 2023, The Corporation of the Township of Wellington North received interest of \$44,720 (2022 - \$44,720) and dividends of \$129,790 (2022 - \$83,695) from Wellington North Power Inc. The corporation paid service fees of \$109,539 (2022 - \$104,989) and other expenses of \$77,510 (2022 - \$34,705) to Wellington North Power Inc.

The following is selected financial information from the December 31, 2023 audited financial statements of Wellington North Power Inc.

	2023	2022
Assets	<u>\$ 18,634,217</u>	<u>\$ 16,961,795</u>
Liabilities	\$ 11,896,206	\$ 10,909,177
Equity	6,556,963	6,000,188
Regulatory balances	<u>181,048</u>	<u>52,430</u>
	<u>\$ 18,634,217</u>	<u>\$ 16,961,795</u>
Revenues	\$ 16,873,852	\$ 16,084,384
Expenses	<u>16,187,287</u>	<u>15,435,433</u>
Net income for the year	<u>\$ 686,565</u>	<u>\$ 648,951</u>

6. DEFERRED REVENUE

	DEC 31/22	CONTRI- BUTIONS RECEIVED	INVEST- MENT INCOME	REVENUE RECOGNIZED	DEC 31/23
OBLIGATORY RESERVE FUNDS					
Development charges	\$ 4,982,050	\$ 4,318,661	\$ 286,844	\$ 0	\$ 9,587,555
Recreational land	407,004	72,000	22,218	0	501,222
OCIF funding (note 16)	1,088,775	0	12,413	0	1,101,188
Gas tax	<u>1,542,343</u>	<u>394,283</u>	<u>84,196</u>	<u>(406,667)</u>	<u>1,614,155</u>
	8,020,172	4,784,944	405,671	(406,667)	12,804,120
OTHER	<u>357,890</u>	<u>484,772</u>	<u>0</u>	<u>(470,597)</u>	<u>372,065</u>
	<u>\$ 8,378,062</u>	<u>\$ 5,269,716</u>	<u>\$ 405,671</u>	<u>\$ (877,264)</u>	<u>\$13,176,185</u>

THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

7. LONG TERM DEBT

The balance of long term debt on the Consolidated Statement of Financial Position is made up of the following:

	2023	2022
Tile drainage loans payable, 6%, due 2028	\$ 51,509	\$ 60,130
Debenture payable, 5.84%, payable \$128,114 semi-annually, principal and interest, due August 2024	245,310	477,008
Debenture payable, 3.65%, payable \$282,626 semi-annually, principal and interest, due July 2031	<u>3,890,870</u>	<u>4,302,725</u>
	<u>\$ 4,187,689</u>	<u>\$ 4,839,863</u>

Principal repayments, in aggregate, are due as follows:

2024	\$ 681,319
2025	452,643
2026	469,362
2027	486,888
2028	504,981
Thereafter	<u>1,592,496</u>
	<u>\$ 4,187,689</u>

8. OTHER INCOME

	2023 Budget (note 10)	2023 Actual	2022 Actual
Penalties and interest on taxation	\$ 125,000	\$ 165,271	\$ 148,784
Miscellaneous	39,950	91,671	74,288
Other fines and penalties	3,750	5,630	4,124
Investment income (note 5)	227,000	1,913,914	749,998
Rents, concessions and franchises	869,087	1,335,764	912,852
Donations	1,000	2,774	52,220
Gain (loss) on disposal of tangible capital assets	0	51,842	200,442
Developer contributions	120,000	91,279	0
Government business enterprise (note 5)	<u>0</u>	<u>459,952</u>	<u>535,976</u>
	<u>\$ 1,385,787</u>	<u>\$ 4,118,097</u>	<u>\$ 2,678,684</u>

9. ASSET RETIREMENT OBLIGATIONS

Asset retirement obligations have been defined in accordance with industry standards and include decommissioning and rehabilitation costs related to various assets put into use by the corporation from 1948 to 2014. At year end, the estimated liability for these obligations is \$611,589. This obligation is inflated based on an average annual rate of 4.30% per year and discounted at a rate of 4.25%. The corporation has not made allocations to fund the liability at this time and future expenses are anticipated to be funded from taxation billings.

THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

10. BUDGET AMOUNTS

The budget figures are presented for comparison purposes as prepared and approved by Council, reclassified to confirm to the current financial statement presentation. The budgeted figures are prepared on the cash basis of accounting and have been restated to confirm to the accrual basis of accounting on which the actual figures are reported. The following chart reconciles the approved budget with the budget figures as presented in these consolidated financial statements:

Revenue	
Approved Budget	\$ 28,391,129
Transfers from reserves and reserve funds, net	(1,284,932)
Prior year carried forward	<u>(5,445,677)</u>
Total revenues	<u>21,660,520</u>
Expenses	
Approved Budget	28,391,129
Acquisition of tangible capital assets	(8,564,352)
Debt principal repayments	(615,991)
Amortization	6,068,085
Contribution to Operating from Capital Fund, Reserves and Reserve Funds	<u>(5,285,119)</u>
Total expenses	<u>19,993,752</u>
Annual surplus	<u>\$ 1,666,768</u>

11. PENSION AGREEMENTS

The corporation makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 64 (2022 - 51) members of its staff. This plan is a defined benefit plan which specifies the amount of the retirement entitlement to be received by the employees based on the length of service and rates of pay. Employees and employers contribute jointly to the plan. The employer amount contributed to OMERS for 2023 by the corporation was \$357,098 (2022 - \$307,638). The contribution rate for 2023 was 9.0% to 14.6%, depending on age and income level, which is consistent with the previous year. OMERS is a multi-employer plan, therefore any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the corporation does not recognize any share of the OMERS pension surplus or deficit. The last available report for the OMERS plan was December 31, 2023. At that time, the plan reported a \$4.2 billion actuarial deficit (2022 - \$6.7 billion actuarial deficit), based on accrued pension obligations of \$134.6 billion (2022 - \$128.8 billion) and net assets available for benefits of \$128.8 billion (2022 - \$124.4 billion).

12. OPERATIONS OF THE SCHOOL BOARDS AND THE COUNTY OF WELLINGTON

During the year, the following taxation revenue was raised and remitted to the school boards and County of Wellington:

	2023	2022
School Boards	\$ 3,874,447	\$ 3,760,984
County of Wellington	<u>11,902,685</u>	<u>11,112,757</u>
	<u>\$ 15,777,132</u>	<u>\$ 14,873,741</u>

THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

13. TRUST FUNDS

The trust funds administered by the corporation amounting to \$408,325 (2022 - \$383,533) have not been included in the statement of financial position, nor have the operations been included in the statement of operations.

14. CONTINGENT LIABILITIES

The corporation is subjected to legal claims in the ordinary course of its operations. At the date of issuance of these financial statements, there was one such claim outstanding. It is the opinion of management that any liability arising from this claim will be covered by insurance, and that any remaining liability not covered by insurance would not be material to the financial statements.

15. SEGMENTED INFORMATION

The Corporation of the Township of Wellington North is a diversified municipal government institution that provides a wide range of services to its residents such as fire, sewer, water, recreational and planning. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

General Government

This segment relates to the governance and operations of the corporation itself and cannot be directly attributed to another specific segment.

Protection to Persons and Property

Protection is comprised of fire protection, conservation authority, emergency measures, animal control and building and structural inspection. The fire department is responsible to provide fire suppression service, fire prevention programs, training and education. The members of the fire department consist of volunteers. The building department provides a number of services including maintenance and enforcement of building and construction codes and review of all property development plans through its application process.

Transportation Services

Transportation services is responsible for construction and maintenance of the corporation's roadways, bridges, parking areas and streetlights.

Environmental Services

This segment provides the corporation's drinking water, processes and cleans sewage and ensures the corporation's water systems meet all provincial standards.

Health Services

Health services includes contributions to the operations of local cemeteries.

Recreation and Cultural Services

This segment provides services meant to improve the health and development of the corporation's residents. The corporation operates and maintains parks, arenas, swimming pools and community centres. The corporation also provides recreational programs.

Planning and Development

This segment is responsible for planning and zoning, including the official plan. This service area also includes tourist information and promotion, economic development, business improvement area and drainage.

THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

16. PRIOR PERIOD ADJUSTMENT

During the current year, it was determined that funding received from the Ontario Community Infrastructure Fund (OCIF) was recognized in grant revenue in 2022 despite this funding not having been spent on the capital projects they were to fund, as the projects were primarily to be completed in 2023. As a result, \$1,088,775 was included in the 2022 accumulated surplus as unexpended capital funding, which should have been included in deferred revenue due to the external restrictions placed on these funds. Adjustments to the 2022 financial results are as follows:

Increase in deferred revenue, beginning of year:	\$ 810,781
Decrease in accumulated surplus, beginning of year:	(810,781)
Decrease in grant revenue in the year:	(277,994)
Increase in deferred revenue, end of year	1,088,775
Decrease in accumulated surplus, end of year:	\$(1,088,775)

THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH
SCHEDULE OF SEGMENTED DISCLOSURE
FOR THE YEAR ENDED DECEMBER 31, 2023

Schedule 1

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation and Cultural Services	Planning and Development	2023	2022
EXPENSES									
Salaries and benefits	\$ 731,941	\$ 802,080	\$ 1,729,941	\$ 710,391	\$ 44,995	\$ 1,045,024	\$ 196,664	\$ 5,261,036	\$ 4,523,647
Materials	422,399	575,929	1,809,245	1,080,135	95,277	918,481	345,719	5,247,185	5,325,217
Contracted services	548,640	140,157	203,449	865,441	2,189	153,834	211,797	2,125,507	1,636,487
Rents and financial expenses	102,165	0	0	0	0	0	0	102,165	86,470
Interest on long term debt	0	0	0	177,897	0	0	0	177,897	193,524
Amortization	136,861	223,943	4,146,675	1,694,719	1,406	529,568	0	6,733,172	6,068,085
Other	<u>47,670</u>	<u>190,251</u>	<u>0</u>	<u>15,516</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>253,437</u>	<u>178,152</u>
	<u>\$ 1,989,676</u>	<u>\$ 1,932,360</u>	<u>\$ 7,889,310</u>	<u>\$ 4,544,099</u>	<u>\$ 143,867</u>	<u>\$ 2,646,907</u>	<u>\$ 754,180</u>	<u>\$19,900,399</u>	<u>\$18,011,582</u>

See notes to the consolidated financial statements

THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023

Schedule 2

	Land and Land Improvements	Buildings	Machinery and Equipment	Vehicles	Roads	Bridges and Culverts	Water and Sewer Systems	2023	2022
COST									
Balance, beginning of year	\$ 5,726,731	\$ 20,191,984	\$ 34,988,718	\$ 9,727,358	\$ 152,731,508	\$ 8,550,291	\$ 42,288,350	\$ 274,204,940	\$ 267,270,527
Additions during the year	526,955	1,150,100	258,383	274,401	3,572,174	698,838	1,791,496	8,272,347	7,843,756
Disposals during the year	<u>0</u>	<u>0</u>	<u>0</u>	<u>(85,478)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(85,478)</u>	<u>(909,343)</u>
Balance, end of year	<u>6,253,686</u>	<u>21,342,084</u>	<u>35,247,101</u>	<u>9,916,281</u>	<u>156,303,682</u>	<u>9,249,129</u>	<u>44,079,846</u>	<u>282,391,809</u>	<u>274,204,940</u>
ACCUMULATED AMORTIZATION									
Balance, beginning of year	690,333	8,440,193	13,601,698	4,265,137	105,629,181	3,838,026	13,573,182	150,037,750	144,811,522
Amortization for the year	63,485	483,276	633,084	566,207	3,431,467	213,435	1,342,218	6,733,172	6,068,085
Accumulated amortization on disposals	<u>0</u>	<u>0</u>	<u>0</u>	<u>(85,478)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(85,478)</u>	<u>(841,857)</u>
Balance, end of year	<u>753,818</u>	<u>8,923,469</u>	<u>14,234,782</u>	<u>4,745,866</u>	<u>109,060,648</u>	<u>4,051,461</u>	<u>14,915,400</u>	<u>156,685,444</u>	<u>150,037,750</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS									
	<u>\$ 5,499,868</u>	<u>\$ 12,418,615</u>	<u>\$ 21,012,319</u>	<u>\$ 5,170,415</u>	<u>\$ 47,243,034</u>	<u>\$ 5,197,668</u>	<u>\$ 29,164,446</u>	<u>\$ 125,706,365</u>	<u>\$ 124,167,190</u>

The net book value of tangible capital assets not being amortized because they are under construction (or development or have been removed from service) is \$6,249,093 (2022 - \$2,636,254).

No contributed capital assets were recognized in the financial statements during the year.

THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH

CONSOLIDATED SCHEDULE OF ACCUMULATED SURPLUS

Schedule 3

AS AT DECEMBER 31, 2023

	2023	2022 (note 16)
SURPLUSES		
Invested in tangible capital assets		
Tangible capital assets at cost less amortization	\$ 125,706,365	\$ 124,167,190
Unexpended capital financing	2,059,011	3,666,955
Capital assets financed by long term debt and to be funded in future periods	<u>(245,310)</u>	<u>(477,009)</u>
	127,520,066	127,357,136
Investment in Wellington North Power Inc.	6,931,082	6,471,130
Recreation, community centres and arenas	(5,907)	(183)
Business improvement areas	(134,652)	(122,931)
Other	<u>40,243</u>	<u>20,872</u>
	<u>134,350,832</u>	<u>133,726,024</u>
RESERVE FUNDS		
Capital purposes	<u>20,624,070</u>	<u>15,591,047</u>
RESERVES		
Working funds	1,363,485	1,500,000
Current purposes	1,073,431	642,431
Capital purposes	<u>568,767</u>	<u>212,640</u>
	<u>3,005,683</u>	<u>2,355,071</u>
	<u>\$ 157,980,585</u>	<u>\$ 151,672,142</u>

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of The Corporation of the Township of Wellington North trust funds, which comprise the statement of financial position as at December 31, 2023 and the statement of continuity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these financial statements present fairly, in all material respects, the financial position of The Corporation of the Township of Wellington North trust funds as at December 31, 2023 and the results of their operations for the year then ended in accordance with Canadian public sector accounting standards.

Basis of 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 report. We are independent of The Corporation of the Township of Wellington North 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 trust funds' ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the trust funds or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the trust funds' 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 these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement 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 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 trust funds' 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 trust funds' 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 trust funds 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.

We 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.

Handwritten signature in black ink, appearing to read "RLB LLP".

Guelph, Ontario
September 23, 2024

Chartered Professional Accountants
Licensed Public Accountants

THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH - TRUST FUNDS
 STATEMENTS OF FINANCIAL POSITION AND CONTINUITY
 AS AT DECEMBER 31, 2023

	Subdividers	Cemetery Care and Maintenance	History Books	2023	2022
STATEMENT OF FINANCIAL POSITION					
Assets					
Cash	\$ 0	\$ 135	\$ 0	\$ 135	\$ 128
Investments (note 2)	<u>2,734</u>	<u>406,891</u>	<u>9,126</u>	<u>418,751</u>	<u>389,388</u>
	<u>\$ 2,734</u>	<u>\$ 407,026</u>	<u>\$ 9,126</u>	<u>\$ 418,886</u>	<u>\$ 389,516</u>
Liabilities					
Due to Township	\$ 0	\$ 9,811	\$ 0	\$ 9,811	\$ 5,233
Prepaid plots	<u>0</u>	<u>750</u>	<u>0</u>	<u>750</u>	<u>750</u>
	<u>0</u>	<u>10,561</u>	<u>0</u>	<u>10,561</u>	<u>5,983</u>
Fund balance	<u>2,734</u>	<u>396,465</u>	<u>9,126</u>	<u>408,325</u>	<u>383,533</u>
	<u>\$ 2,734</u>	<u>\$ 407,026</u>	<u>\$ 9,126</u>	<u>\$ 418,886</u>	<u>\$ 389,516</u>

STATEMENT OF CONTINUITY

Fund balance, beginning of year	\$ <u>2,607</u>	\$ <u>372,222</u>	\$ <u>8,704</u>	\$ <u>383,533</u>	\$ <u>370,841</u>
Receipts					
Interest earned	127	18,054	422	18,603	11,463
Gain on disposal of investments	0	12,903	0	12,903	0
Share of plot sales	0	9,190	0	9,190	9,903
Monument fees	<u>0</u>	<u>2,150</u>	<u>0</u>	<u>2,150</u>	<u>2,450</u>
	<u>127</u>	<u>42,297</u>	<u>422</u>	<u>42,846</u>	<u>23,816</u>
Disbursements					
Transfer to municipality	<u>0</u>	<u>18,054</u>	<u>0</u>	<u>18,054</u>	<u>11,124</u>
Fund balance, end of year	<u>\$ 2,734</u>	<u>\$ 396,465</u>	<u>\$ 9,126</u>	<u>\$ 408,325</u>	<u>\$ 383,533</u>

THE CORPORATION OF THE TOWNSHIP OF WELLINGTON NORTH - TRUST FUNDS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the trust funds of The Corporation of the Township of North Wellington are the representation of management prepared in accordance with accounting policies prescribed for Ontario municipalities by the Ministry of Municipal Affairs and Housing and Canadian public sector accounting standards. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgments.

(a) BASIS OF ACCOUNTING

- (i) Sources of financing and expenditures are reported on the accrual basis of accounting.
- (ii) The accrual basis of accounting recognizes revenues as they become available and measurable. Expenditures 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.

2. INVESTMENTS

Total investments of \$418,751 (2022 - \$389,388) reported on the statement of financial position at cost have a market value of \$358,312 (2022 - \$333,958).