

Consolidated Financial Statements of

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

Year ended December 31, 2013

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON
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For the year ended December 31, 2013

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of The Corporation of the Township of Centre Wellington ("the Entity"), which comprise the statement of financial position as at December 31, 2013, and the statements of operations, changes in net financial assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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



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Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Corporation of the Township of Centre Wellington as at December 31, 2013, and the results of its operations changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

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

Chartered Professional Accountants, Licensed Public Accountants

June 23, 2014

Waterloo, Canada

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Consolidated Statement of Financial Position

December 31, 2013, with comparative figures for 2012

	2013	2012
Financial Assets		
Cash (note 4)	\$ 11,449,227	\$ 26,644,184
Short-term investments (note 5)	20,644,991	17,300,937
Taxes receivable	2,879,250	2,346,858
Accounts receivable (note 6)	5,939,081	5,252,936
Investment in Centre Wellington Energy Inc. (note 8)	12,988,338	12,660,814
Investment in Centre Wellington Communications Inc. (note 8)	-	1
Total financial assets	53,900,887	64,205,730
Financial Liabilities		
Accounts payable and accrued liabilities	6,044,647	4,260,066
Other liabilities	107,012	105,680
Deferred revenue (note 12)	8,991,268	10,186,729
Employee future benefits (note 14)	510,077	485,451
Net long-term liabilities (note 7)	20,400,696	21,571,922
Total financial liabilities	36,053,700	36,609,848
Net financial assets	17,847,187	27,595,882
Non-Financial Assets		
Tangible capital assets (note 13)	196,947,328	184,996,821
Inventories of supplies	59,474	56,648
Prepaid expenses	11,640	11,507
	197,018,442	185,064,976
Contingencies and commitments (note 3)		
Accumulated surplus (note 15)	\$ 214,865,629	\$ 212,660,858

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, 2013, with comparative figures for 2012

	Budget 2013 (note 16)	Actual 2013	Actual 2012
Revenue:			
Net taxation	\$ 10,946,876	\$ 11,100,296	\$ 10,529,091
Government transfers:			
Provincial	1,002,500	1,026,335	1,150,721
Federal	800,000	1,378,396	462,768
Municipal	167,000	521,184	809,682
Development charges earned	2,880,468	2,545,711	1,983,839
Licenses and permits	850,700	926,129	1,107,022
Fees, rents and concessions	9,833,660	9,892,650	10,018,223
Penalties and interest on taxes	330,000	370,668	381,455
Interest, donations and other	947,300	1,376,837	1,098,304
Equity earnings from Centre Wellington Energy Inc. (note 8)	-	327,524	144,497
Equity loss from Centre Wellington Communications Inc. (note 8)	-	(1)	-
Developer contributions	2,150,000	763,898	2,052,697
Gaming revenue (note 11)	2,150,000	2,081,222	2,193,134
(Loss) gain on disposal of tangible capital assets	-	(1,729,683)	194,567
Total revenue	32,058,504	30,581,166	32,126,000
Expenses:			
General government	2,659,683	3,041,698	2,835,015
Protection to persons and property	2,344,593	2,427,224	2,470,398
Transportation services	4,905,851	9,126,762	9,320,855
Environmental services	5,473,757	7,355,813	6,735,859
Health services	220,300	170,229	169,712
Social and family services	419,532	448,747	477,061
Recreation and cultural services	4,375,782	4,966,353	4,983,289
Planning and development	932,715	839,569	1,056,060
Total expenses	21,332,213	28,376,395	28,048,249
Annual surplus	10,726,291	2,204,771	4,077,751
Accumulated surplus, beginning of year	212,660,858	212,660,858	208,583,107
Accumulated surplus, end of year	\$ 223,387,149	\$ 214,865,629	\$ 212,660,858

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, 2013, with comparative figures for 2012

	Budget (note 16)	2013	2012
Annual surplus	\$ 10,726,291	\$ 2,204,771	\$ 4,077,751
Acquisition of tangible capital assets, including contributed tangible capital assets	(22,158,335)	(20,841,375)	(9,333,118)
Amortization of tangible capital assets	-	7,052,452	6,985,641
Loss (gain) on disposal of tangible capital assets	-	1,729,683	(194,567)
Proceeds on sale of tangible capital assets	-	108,733	293,360
	(11,432,044)	(9,745,736)	1,829,067
Acquisition of inventories of supplies	-	(59,474)	(56,648)
Acquisition of prepaid expenses	-	(11,640)	(11,507)
Consumption of inventories of supplies	-	56,648	57,139
Use of prepaid expenses	-	11,507	25,411
Change in net financial assets	(11,432,044)	(9,748,695)	1,843,462
Net financial assets, beginning of year	27,595,882	27,595,882	25,752,420
Net financial assets, end of year	\$ 16,163,838	\$ 17,847,187	\$ 27,595,882

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, 2013 with comparative figures for 2012

	2013	2012
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 2,204,771	\$ 4,077,751
Items not involving cash:		
Amortization	7,052,452	6,985,641
Loss (gain) on sale of tangible capital assets	1,729,683	(194,567)
Change in employee benefits and other liabilities	24,626	22,521
Equity earnings from Centre Wellington Energy Inc.	(327,524)	(144,497)
Equity loss from Centre Wellington Communications Inc.	1	-
Contributed tangible capital assets	(333,672)	-
Change in non-cash assets and liabilities:		
Taxes receivable	(532,392)	302,962
Accounts receivable	(686,145)	1,770,478
Inventories of supplies	(2,826)	491
Prepaid expenses	(133)	13,904
Accounts payable and accrued liabilities	1,784,581	881,279
Other liabilities	1,332	(2,116)
Deferred revenue	(1,195,461)	1,467,404
Net change in cash from operating activities	9,719,293	15,181,251
Capital activities:		
Proceeds on sale of tangible capital assets	108,733	293,360
Cash used to acquire tangible capital assets	(20,507,703)	(9,333,118)
Net change in cash from capital activities	(20,398,970)	(9,039,758)
Investing activities:		
Purchase of short-term investments	(20,644,991)	(16,297,895)
Redemption of short-term investments	17,300,937	10,034,166
Investment in Centre Wellington Communications Inc.	-	(1)
Dividend from Centre Wellington Energy Inc.	-	1,200,000
Net change in cash from investing activities	(3,344,054)	(5,063,730)
Financing activities:		
Long-term debt repaid	(1,237,375)	(3,391,720)
Long-term debt issued	66,149	10,783,364
Net change in cash from financing activities	(1,171,226)	7,391,644
Net change in cash position during the year	(15,194,957)	8,469,407
Cash position, beginning of year	26,644,184	18,174,777
Cash position, end of year	\$ 11,449,227	\$ 26,644,184

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, 2013

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, 2013

1. Accounting policies (continued):

(a) Basis of consolidation (continued):

(iii) Accounting for county and school board transactions:

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

(iv) Trust funds:

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

(b) Basis of accounting:

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

(c) Deferred revenue:

In accordance with PSAB requirements obligatory reserve funds are reported as a component of deferred revenue. The Township has obligatory development charge reserve funds in the amount of \$5,596,974 (2012 - \$6,376,697). These funds have been set aside, as required by the Development Charges Act, to finance a portion of the cost of growth-related projects. Revenue recognition occurs after the funds have been collected and when the Township has incurred the expenditures for the capital works for which the development charges were raised.

Unexpended funds of \$64,864 (2012 - \$628,030) received by the Township subject to a Municipal Funding Agreement for the Transfer of Federal Gas Tax Revenues Under the New Deal for Cities and Communities are reported as deferred revenue and will be recognized as revenue in the fiscal year in which the eligible expenditures are incurred.

(d) Government transfers:

Government transfers received relate to social services, general government activities and various capital projects. Transfers are recognized in the consolidated financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2013

1. Accounting policies (continued):

(e) Non-financial assets:

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

(i) Tangible capital assets

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

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

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

(ii) Contributions of tangible capital assets

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

(iii) Works of art and cultural and historic assets

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

(iv) Interest capitalization

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

(v) Leased tangible capital assets

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

(vi) Inventories of supplies

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

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2013

1. Accounting policies (continued):

(f) Use of estimates:

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

Actual results could differ from these estimates.

(g) Employee future benefits:

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

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

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

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

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

(h) Investment income:

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

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2013

1. Accounting policies (continued):

(i) Change in Accounting Policy

Property tax revenue:

The Municipality adopted Public Sector Accounting Standard PS 3510, Tax Revenue effective January 1, 2013. This standard was adopted on a prospective basis.

Under PS 3510, municipalities recognize property tax revenue using the approved mill rate and the anticipated assessment. The standard requires that property tax revenue be reported net of tax concessions. Tax transfers are reported as an expense and taxes levied on behalf of others in a flow through arrangement are not reported in the statement of operations.

There were no adjustments as a result of the adoption of this standard.

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

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

	School Boards	County
Taxation and user charges	\$ 9,340,150	\$ 22,720,169

3. Contingencies and commitments:

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

(b) The Township has an outstanding contractual obligation of approximately \$6,933,000 for the expansion of a wastewater treatment plant. Township council has authorized the financing of this obligation.

(c) Minimum annual lease payments:

The Township rents premises with minimum annual lease payments as follows:

2014	\$ 22,250
2015	22,920
	\$ 45,170

(d) 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, 2013

4. Cash:

At December 31, 2013, the Township had undrawn capacity under a credit facility of \$7,000,000. Interest on the credit facility is at prime less 0.25%.

5. Short-term investments:

Short-term investments consist of the following:

	2013	2012
Term deposits held at a credit union	\$ 20,644,966	\$ 16,283,426
Investment in money market fund	-	1,017,486
Credit union shares	25	25
	<u>\$ 20,644,991</u>	<u>\$ 17,300,937</u>

The term deposits held at a credit union earn interest at rates ranging from 2.05% to 2.2% (2012 – 2.05% to 2.2%) and mature in October 2014 and April 2015 respectively. The short-term investment balance includes accrued interest earned on the term deposits of \$103,665 (2012 - \$80,014).

The market value of the money market fund at December 31, 2013 was \$nil (2012 - \$1,012,207).

6. Accounts receivable:

Accounts receivable includes an amount owing from Centre Wellington Community Medical Offices, a related party. The Township and Centre Wellington Community Medical Offices are related parties as the Township has the ability to appoint 2 of the 5 members of the Board of Directors. The loans and related interest charged are in the normal course of operations and are measured at the exchange amount, being the amounts agreed to by the related parties. Interest earned on the loans during the year was \$44,943 (2012 - \$47,481).

The Township entered into an agreement with Centre Wellington Community Medical Offices in 2005 to provide a loan to a maximum of \$1,700,000. 75% of the draws (Part B) bear interest at a rate of 5%. Repayment is due in monthly blended payments of \$8,091 and is due November 2025. The remaining 25% of the draws (Part A) are non-interest bearing, and principal repayments are due in equal monthly installments over five years, with the first payment due following repayment of Part B.

	2013	2012
Loan receivable – Part A	\$ 409,046	\$ 409,046
Loan receivable – Part B	870,387	922,540
	<u>\$ 1,279,433</u>	<u>\$ 1,331,586</u>

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2013

7. Net long-term liabilities:

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

	2013	2012
Total long-term liabilities incurred by the Township with varying maturities up to 2026 and weighted average interest rate of 3.86% (2012 – 3.85%)	\$ 20,487,349	\$ 21,648,840
Of the long-term liabilities shown above, the responsibility for payment of principal and interest charges for tile drainage loans has been assumed by individuals.	(86,653)	(76,918)
Net long-term liabilities at end of year	\$ 20,400,696	\$ 21,571,922

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

	Principal	Interest	Total
2014	\$ 1,202,586	\$ 827,329	\$ 2,029,915
2015	1,246,844	780,522	2,027,366
2016	1,179,283	731,726	1,911,009
2017	1,228,708	680,716	1,909,424
2018	1,279,103	627,483	1,906,586
2019 and thereafter	14,264,172	2,069,621	16,333,793
Total	\$ 20,400,696	\$ 5,717,397	\$ 26,118,093

- (c) The long-term liabilities in (a) issued in the name of the municipality have received approval of the Ontario Municipal Board (or approval by private legislation) for those approved on or before December 31, 1992. Those approved after January 1, 1993, have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.
- (d) Total interest on long-term liabilities, which are reported on the consolidated statement of operations, amounted to \$793,188 (2012 - \$675,577). The long-term liabilities carry interest rates ranging from 0% to 5.136%. The interest on long-term liabilities assumed by individuals for tile drainage loans is not reflected in the consolidated financial statements.

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2013

8. Government business enterprises:

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

Centre Wellington Communications Inc. is a corporation, incorporated under the laws of the Province of Ontario on May 8, 2013, 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:

	2013	2012
Assets	\$ 17,698,552	\$ 16,219,301
Other liabilities	9,756,967	8,605,240
Net assets	7,941,585	7,614,061
Promissory note due to the Township of Centre Wellington	5,046,753	5,046,753
Investment in Centre Wellington Energy Inc.	12,988,338	\$ 12,660,814

	2013	2012
Revenues	\$ 19,265,352	\$ 17,516,869
Expenditures	18,937,828	17,372,372
Net earnings for the year	327,524	144,497
Retained earnings, beginning of year	2,578,995	3,634,498
Dividends paid to the Township	-	(1,200,000)
Retained earnings, end of year	\$ 2,906,519	\$ 2,578,995

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2013

8. Government business enterprises (continued):

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

	2013	2012
Assets	\$ 1,103,046	\$ 342,969
Other liabilities	1,153,793	372,807
Net assets	(50,747)	(29,838)

	2013	2012
Revenues	\$ 114,657	\$ -
Expenditures	135,566	29,839
Net loss for the year	(20,909)	(29,839)
Retained earnings, beginning of year	(29,839)	-
Retained earnings, end of year	\$ (50,748)	\$ (29,839)

9. Trust funds:

Trust funds administered by the municipality amounting to \$821,760 (2012 - \$794,508) 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, 2013

10. Pension agreements:

The Township makes contributions to the OMERS Fund, which is a multi-employer plan, on behalf of members of its staff. The 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. The amount contributed to OMERS in 2013 was \$713,421 (2012 - \$595,234) for current service and past service costs and is included as an expense on the consolidated statement of operations.

11. Gaming revenue:

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

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

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

The net proceeds are placed in a Township reserve fund. A summary of gaming revenue is as follows:

	2013	2012
Gross gaming proceeds	\$ 2,081,222	\$ 2,193,134
Less: payments to the County of Wellington	(101,425)	(460,558)
Net proceeds	\$ 1,979,797	\$ 1,732,576

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2013

12. Deferred revenue:

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

2013	Opening	Contributions Received	Investment Income	Revenue Recognized	Ending
Obligatory:					
Development charges	\$ 6,376,697	\$ 1,639,434	\$ 126,554	\$(2,545,711)	\$ 5,596,974
Recreational land	119,629	113,936	2,196	(50,000)	185,761
Parking revenues	53,342	-	948	-	54,290
Subdivider contributions	618,059	(7,612)	7,983	-	618,430
Lot levies	36,987	-	45	(37,032)	-
Federal gas tax funding	628,030	799,053	7,886	(1,370,105)	64,864
Other:					
Grading and damage deposits	1,403,997	(29,045)	-	-	1,374,952
Builder and other deposits	892,175	160,117	-	-	1,052,292
Other	57,813	43,705	-	(57,813)	43,705
	\$10,186,729	\$ 2,719,588	\$ 145,612	\$(4,060,661)	\$ 8,991,268

2012	Opening	Contributions Received	Investment Income	Revenue Recognized	Ending
Obligatory:					
Development charges	\$ 5,253,630	\$ 3,006,452	\$ 100,454	\$(1,983,839)	\$ 6,376,697
Recreational land	130,774	23,066	2,091	(36,302)	119,629
Parking revenues	52,497	-	845	-	53,342
Subdivider contributions	556,556	54,267	7,236	-	618,059
Lot levies	36,401	-	586	-	36,987
Federal gas tax funding	266,835	799,053	4,223	(442,081)	628,030
Other:					
Grading and damage deposits	1,172,690	231,307	-	-	1,403,997
Builder and other deposits	1,200,687	(308,512)	-	-	892,175
Other	49,255	57,813	-	(49,255)	57,813
	\$ 8,719,325	\$ 3,863,446	\$ 115,435	\$(2,511,477)	\$ 10,186,729

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2013

13. Tangible capital assets:

Cost	Balance at December 31, 2012	Additions	Disposals	Balance at December 31, 2013
Land	\$ 2,070,622	\$ 117,600	\$ -	\$ 2,188,222
Land improvements	3,776,149	306,309	-	4,082,458
Buildings	20,813,463	71,337	-	20,884,800
Vehicles	9,745,689	660,512	(432,854)	9,973,347
Equipment	5,262,790	697,432	(281,329)	5,678,893
Water and wastewater infrastructure	82,252,143	1,400,645	(84,931)	83,567,857
Road and structure infrastructure	163,894,287	5,567,000	(3,049,971)	166,411,316
Assets under construction	6,372,667	12,940,283	(919,743)	18,393,207
Total	\$ 294,187,810	\$ 21,761,118	\$ (4,768,828)	\$ 311,180,100

Accumulated amortization	Balance at December 31, 2012	Disposals	Amortization	Balance at December 31, 2013
Land	\$ -	\$ -	\$ -	\$ -
Land improvements	1,243,649	-	100,153	1,343,802
Buildings	5,885,191	-	551,708	6,436,899
Vehicles	5,060,826	(432,854)	665,742	5,293,714
Equipment	2,886,125	(281,329)	353,643	2,958,439
Water and wastewater infrastructure	25,166,916	(52,514)	1,646,317	26,760,719
Road and structure infrastructure	68,948,282	(1,243,972)	3,734,889	71,439,199
Assets under construction	-	-	-	-
Total	\$ 109,190,989	\$ (2,010,669)	\$ 7,052,452	\$ 114,232,772

	Net book value December 31, 2012	Net book value December 31, 2013
Land	\$ 2,070,622	\$ 2,188,222
Land improvements	2,532,500	2,738,656
Buildings	14,928,272	14,447,901
Vehicles	4,684,863	4,679,633
Equipment	2,376,665	2,720,454
Water and wastewater infrastructure	57,085,227	56,807,138
Road and structure infrastructure	94,946,005	94,972,117
Assets under construction	6,372,667	18,393,207
Total	\$ 184,996,821	\$ 196,947,328

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2013

13. Tangible capital assets (continued):

Cost	Balance at December 31, 2011	Additions	Disposals	Balance at December 31, 2012
Land	\$ 2,034,321	\$ 36,302	\$ (1)	\$ 2,070,622
Land improvements	3,722,612	53,537	-	3,776,149
Buildings	20,644,853	236,126	(67,516)	20,813,463
Vehicles	9,538,624	630,649	(423,584)	9,745,689
Equipment	5,082,360	427,575	(247,145)	5,262,790
Water and wastewater infrastructure	81,309,839	999,409	(57,105)	82,252,143
Road and structure infrastructure	160,937,633	3,333,531	(376,877)	163,894,287
Assets under construction	2,756,678	5,361,809	(1,745,820)	6,372,667
Total	\$ 286,026,920	\$ 11,078,938	\$ (2,918,048)	\$ 294,187,810

Accumulated amortization	Balance at December 31, 2011	Disposals	Amortization	Balance at December 31, 2012
Land	\$ -	\$ -	\$ -	\$ -
Land improvements	1,146,293	-	97,356	1,243,649
Buildings	5,399,249	(61,915)	547,857	5,885,191
Vehicles	4,759,753	(416,633)	717,706	5,060,826
Equipment	2,744,351	(231,584)	373,358	2,886,125
Water and wastewater infrastructure	23,600,031	(41,767)	1,608,652	25,166,916
Road and structure infrastructure	65,629,106	(321,536)	3,640,712	68,948,282
Assets under construction	-	-	-	-
Total	\$ 103,278,783	\$ (1,073,435)	\$ 6,985,641	\$ 109,190,989

	Net book value December 31, 2011	Net book value December 31, 2012
Land	\$ 2,034,321	\$ 2,070,622
Land improvements	2,576,319	2,532,500
Buildings	15,245,604	14,928,272
Vehicles	4,778,871	4,684,863
Equipment	2,338,009	2,376,665
Water and wastewater infrastructure	57,709,808	57,085,227
Road and structure infrastructure	95,308,527	94,946,005
Assets under construction	2,756,678	6,372,667
Total	\$ 182,748,137	\$ 184,996,821

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2013

13. Tangible Capital Assets (continued):

(a) Assets under construction:

Assets under construction having a value of \$18,393,207 (2012 - \$6,372,667) 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 \$333,672 (2012 - \$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.

(d) Write-down of tangible capital assets:

The write-down of tangible capital assets during the year was \$nil (2012 - \$nil).

14. Employee benefits and other liabilities:

The Township provides certain employee benefits, which will require funding in future periods. An actuarial estimate of the future liabilities for these benefits has been completed as at December 31, 2013.

	2013	2012
Post employment benefits	\$ 350,269	\$ 328,996
Future payments required to WSIB	159,808	156,455
	\$ 510,077	\$ 485,451

(a) Post employment benefits:

The Township pays health, dental 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 and dental 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 most recent actuarial valuation was performed as at December 31, 2011 and extrapolated to December 31, 2012 and 2013.

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2013

14. Employee benefits and other liabilities (continued):

(a) Post employment benefits (continued)

Information about the post employment benefit plan is as follows:

	2013	2012
Accrued benefit obligation:		
Balance, beginning of year	\$ 344,293	\$ 325,282
Current benefit cost	21,611	20,324
Interest	14,746	13,932
Expected benefit payments	(16,261)	(15,245)
Expected accrued benefit obligation, end of year	364,389	344,293
Unamortized actuarial loss	(14,120)	(15,297)
Liability for post employment benefits	\$ 350,269	\$ 328,996

The unamortized actuarial loss is amortized over the expected average service life of 14 years (2012 – 14 years).

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

(i) Interest (discount rate):

The obligation as at December 31, 2013, of the present value of future liabilities and the expense for the 12 months ended December 31, 2013, were determined using a discount rate of 4.25% (2012 – 4.25%).

(ii) Medical costs:

Medical costs were assumed to increase at the rate of 6.142% for 2012 and 2013, reducing by 0.357% per year to 4.0% in 2019 and 4.0% per year thereafter.

(iii) Dental costs:

Dental costs were assumed to increase at the rate of 4.0% (2012 – 4.0%) per year.

The Township has established a reserve to mitigate the future impact of the post employment benefits obligation. The balance at the end of the year is \$62,787 (2012 - \$55,725).

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2013

14. Employee benefits and other liabilities (continued):

(b) WSIB:

With respect to responsibilities under provisions of the WSIB Act the Township has elected to be treated as a Schedule 2 employer and remits payments to the WSIB as required to fund disability payments. An actuarial estimate of future liabilities has been completed and forms the basis for the estimated liability reported in these financial statements. The most recent actuarial valuation was performed as at December 31, 2010 and extrapolated to December 31, 2013.

Information about the WSIB liability is as follows:

	2013	2012
Accrued benefit obligation:		
Balance, beginning of year	\$ 148,800	\$ 147,373
Current benefit cost	20,046	19,416
Interest	6,961	6,871
Expected benefit payments	(24,560)	(24,860)
Expected accrued benefit obligation, end of year	151,247	148,800
Unamortized actuarial gain	8,561	7,655
WSIB liability	\$ 159,808	\$ 156,455

Included in expenses is \$905 (2012 - \$905) 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 10 years (2012 – 10 years).

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

(i) Interest (discount rate):

The obligation as at December 31, 2013, of the present value of future liabilities and the expense for the 12 months ended December 31, 2013, were determined using a discount rate of 4.50% (2012 – 4.75%).

(ii) Administration costs:

Administration costs were assumed to be 38% (2012 – 24%) of the compensation expense.

(iii) Compensation expense:

Compensation costs, which include loss of earnings benefits, health care costs and non-economic loss awards, were assumed to increase at rates ranging from (1.50%) to 4.00% (2012 – (1.25%) to 4.75%) 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 \$521,343 (2012 - \$121,958).

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2013

15. Accumulated surplus:

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

	2013	2012
Surplus:		
Invested in tangible capital assets	\$ 196,947,328	\$ 184,996,821
General purposes	2,307,939	16,331,489
Investment in Centre Wellington Energy Inc.	12,988,338	12,660,814
Investment in Centre Wellington Communications Inc.	-	1
Amounts to be recovered:		
Post employment benefits	(350,269)	(328,996)
WSIB	(159,808)	(156,455)
Net long-term liabilities	(20,400,696)	(21,571,922)
Total surplus	191,332,832	191,931,752
Reserves set aside by Council for:		
Capital works - Wastewater	2,895,887	3,348,572
Working capital	1,109,662	1,109,662
Capital works - Roads	409,050	300,089
Replacement of equipment	2,139,499	1,637,375
Capital works - Waterworks	6,000,824	4,574,516
Other	4,683,745	3,534,419
Capital works - Cultural	20,994	16,486
Capital works - Fire	13,316	13,316
Planning	61,790	61,790
Capital works - Parks and recreation	-	17,566
Contingencies	162,974	52,132
Total reserves	17,497,741	14,665,923
Reserve funds set aside for specific purposes by Council for:		
Capital works - Other	2,023,837	1,783,988
Capital works - Social services	164,859	126,121
Capital works - Roads	12,695	12,537
Capital works - Wastewater	2,419,282	2,596,552
Capital works - Waterworks	1,414,383	1,543,985
Total reserve funds	6,035,056	6,063,183
Accumulated surplus	\$ 214,865,629	\$ 212,660,858

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2013

16. Budget data:

The budget data presented in these consolidated financial statements is based upon the 2013 operating and capital budgets approved by Council on February 19, 2013. 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	\$ 27,584,804
Capital budget	23,064,835
Less:	
Transfers from other funds	(6,251,135)
Proceeds on debt issue	(12,340,000)
Total revenue	32,058,504
Expenses:	
Operating budget	27,584,804
Capital budget	23,064,835
Less:	
Transfers to other funds	(5,921,716)
Capital expenses	(22,158,335)
Debt principal payments	(1,237,375)
Total expenses	21,332,213
Annual surplus	\$ 10,726,291

17. Public liability insurance:

The Township has undertaken a portion of the risk for public liability as a means of achieving efficient and cost effective risk management. The Township has opted for a self insured retention or deductible, of \$10,000 for each occurrence involving public liability claims. In excess of the self insured retention, the Township insurance program carries limits up to \$25,000,000 per occurrence.

The Township has established a reserve for allocated self insurance claims. The balance at the end of the year is \$39,844 (2012 - \$22,303).

18. Comparative amounts:

The comparative amounts have been reclassified to conform to the current year's presentation.

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2013

19. Segmented information:

The Township of Centre Wellington is a diversified municipal government institution that provides a wide range of services to its citizens, including roads, water and wastewater services, planning, parks and recreation, fire, administration of the building code, stray animal control, cemetery operations and various cultural and social activities. For management reporting purposes, the Township's operations and activities are reported by fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

Township services are provided by departments and their activities are reported in these funds. Certain departments have been separately disclosed in the segmented information in the following schedule.

	General Government	Protection	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation & Culture	Planning & Development	2013 Consolidated
Revenues									
Taxation	\$ 2,303,833	\$ 1,408,710	\$ 4,057,585	\$ -	\$ 43,038	\$ 321,916	\$ 2,316,213	\$ 639,001	\$ 11,100,296
Government transfers	899,800	179,053	1,435,403	336,472	-	65,191	4,883	5,113	2,925,915
Development charges earned	165,879	21,160	590,718	1,131,348	-	36,100	592,271	8,235	2,545,711
Licences and permits	25,593	900,536	-	-	-	-	-	-	926,129
Fees, rents and concessions	183,880	42,051	76,694	7,317,425	113,545	135,783	1,888,081	135,191	9,892,650
Penalties and interest on taxes	370,668	-	-	-	-	-	-	-	370,668
Interest, donations and other	987,140	22,545	11,459	95,233	30,186	8,364	206,237	15,663	1,376,837
Equity earnings from Centre Wellington Energy Inc.	327,524	-	-	-	-	-	-	-	327,524
Equity earnings from Centre Communications Inc.	(1)	-	-	-	-	-	-	-	(1)
Developer contributions	745	19,550	203,695	364,530	-	-	172,550	2,828	763,898
Gaming revenue	-	-	2,081,222	-	-	-	-	-	2,081,222
Loss on disposal of tangible capital assets	17,660	-	(1,718,591)	(29,917)	-	-	1,165	-	(1,729,683)
Total Revenues	\$ 5,282,721	\$ 2,593,605	\$ 6,748,195	\$ 9,215,091	\$ 186,769	\$ 567,354	\$ 5,181,400	\$ 806,031	\$ 30,581,166
Expenses									
Salaries and benefits	\$ 1,558,102	\$ 1,744,371	\$ 1,634,845	\$ 2,293,280	\$ 68,862	\$ 225,028	\$ 2,404,346	\$ 604,713	\$ 10,533,547
Goods and services	1,258,477	328,608	3,229,867	2,629,789	96,643	205,063	1,638,015	204,603	9,591,065
Transfer payments	-	100,135	-	182,413	-	-	42,040	-	324,588
Interest and rental	28,010	15,937	33,031	502,585	-	-	264,927	30,253	874,743
Amortization	197,109	238,173	4,229,019	1,747,746	4,724	18,656	617,025	-	7,052,452
Total Expenses	\$ 3,041,698	\$ 2,427,224	\$ 9,126,762	\$ 7,355,813	\$ 170,229	\$ 448,747	\$ 4,966,353	\$ 839,569	\$ 28,376,395

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Notes to Consolidated Financial Statements, continued

Year ended December 31, 2013

19. Segmented information (continued):

	General Government	Protection	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation & Culture	Planning & Development	2012 Consolidated
Revenues									
Taxation	\$ 2,174,699	\$ 1,394,707	\$ 3,827,784	\$ -	\$ 41,327	\$ 301,083	\$ 2,192,522	\$ 596,989	\$ 10,529,091
Government transfers	999,700	155,800	863,803	294,301	-	75,734	31,048	2,785	2,423,171
Development charges earned	460,198	53,088	299,157	792,197	-	-	352,084	27,115	1,983,839
Licences and permits	24,353	1,082,669	-	-	-	-	-	-	1,107,022
Fees, rents and concessions	176,298	27,184	95,608	7,413,179	118,864	139,202	1,897,599	150,289	10,018,223
Penalties and interest on taxes	381,455	-	-	-	-	-	-	-	381,455
Interest, donations and other	842,874	19,734	15,349	98,547	29,648	8,108	68,253	15,791	1,098,304
Equity earnings from Centre Wellington Energy Inc.	144,497	-	-	-	-	-	-	-	144,497
Developer contributions	5,600	-	1,454,907	468,506	-	-	36,802	86,882	2,052,697
Gaming revenue	-	-	1,893,134	-	-	-	300,000	-	2,193,134
Loss on disposal of tangible capital assets	210,933	10,657	(12,069)	(9,353)	-	-	(5,601)	-	194,567
Total Revenues	\$ 5,420,607	\$ 2,743,839	\$ 8,437,673	\$ 9,057,377	\$ 189,839	\$ 524,127	\$ 4,872,707	\$ 879,831	\$ 32,126,000
Expenses									
Salaries and benefits	\$ 1,628,476	\$ 1,768,213	\$ 1,537,071	\$ 2,002,507	\$ 69,043	\$ 231,203	\$ 2,387,031	\$ 527,010	\$ 10,150,554
Goods and services	965,164	326,049	3,544,257	2,507,811	95,945	227,202	1,649,926	499,729	9,816,083
Transfer payments	-	124,596	-	152,288	-	-	53,775	-	330,659
Interest and rental	26,672	16,814	77,378	334,379	-	-	280,748	29,321	765,312
Amortization	214,703	234,726	4,162,149	1,738,874	4,724	18,656	611,809	-	6,985,641
Total Expenses	\$ 2,835,015	\$ 2,470,398	\$ 9,320,855	\$ 6,735,659	\$ 169,712	\$ 477,061	\$ 4,983,289	\$ 1,056,060	\$ 28,048,249



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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the trust funds of The Corporation of the Township of Centre Wellington which comprise the statement of financial position as at December 31, 2013 and the statement of operations and changes in net financial assets of the trust funds for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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



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Basis for Qualified Opinion

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

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the trust funds of The Corporation of the Township of Centre Wellington as at December 31, 2013, and the results of its operations for the year then ended in accordance with Canadian public sector accounting standards.

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

Chartered Professional Accountants, Licensed Public Accountants

June 23, 2014
Waterloo, Canada

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Trust Funds - Statement of Financial Position

As at December 31, 2013, with comparative figures for 2012

		Elora Cemetery Perpetual Care	Fergus Cemetery Perpetual Care	Mount Carmel Cemetery Perpetual Care	M.W. Baptie Scholarship	2013 Total	2012 Total
Assets:							
Cash	\$	33,065	53,144	3,524	4,395	94,128	69,785
Term deposit certificates		251,814	455,503	33,508	1,000	741,825	725,879
CIBC stock - at cost		-	1,299	-	-	1,299	1,299
Due from Township		8,389	-	-	-	8,389	507
	\$	293,268	509,946	37,032	5,395	845,641	797,470
Liabilities:							
Due to Township	\$	-	23,881	-	-	23,881	2,962
Net financial assets and accumulated surplus	\$	293,268	486,065	37,032	5,395	821,760	794,508

See accompanying notes to financial statements.

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

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

Year ended December 31, 2013, with comparative figures for 2012

		Elora Cemetery Perpetual Care	Fergus Cemetery Perpetual Care	Mount Carmel Cemetery Perpetual Care	M.W. Baptie Scholarship	2013 Total	2012 Total
Revenue:							
Sale of plots and cemetery fees	\$	13,817	11,851	1,579	-	\$ 27,247	\$ 31,545
Investment income		5,830	14,696	755	55	21,336	19,973
		19,647	26,547	2,334	55	48,583	51,518
Expenses:							
Reimbursement to Township		5,830	14,696	-	-	20,526	19,225
Reimbursement to Mount Carmel Cemetery		-	-	755	-	755	1,206
Scholarships		-	-	-	50	50	50
		5,830	14,696	755	50	21,331	20,481
Surplus		13,817	11,851	1,579	5	27,252	31,037
Net financial assets and accumulated surplus, beginning of year		279,451	474,214	35,453	5,390	794,508	763,471
Net financial assets and accumulated surplus, end of year	\$	293,268	486,065	37,032	5,395	\$ 821,760	\$ 794,508

See accompanying notes to financial statements.

THE CORPORATION OF THE TOWNSHIP OF CENTRE WELLINGTON

Trust Funds

Note to Financial Statements

Year ended December 31, 2013

1. Accounting policy:

Basis of accounting:

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