
County of Wellington
Financial Statements
For the year ended December 31, 2012

County of Wellington
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For the year ended December 31, 2012

Consolidated Financial Statements

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County of Wellington Independent Auditors' Report

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the County of Wellington:

We have audited the accompanying consolidated financial statements of the Corporation of the County of Wellington, which comprise the consolidated statement of financial position as at December 31, 2012, the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, and notes, comprising 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.

Auditors' Responsibility

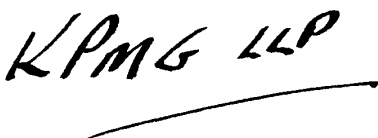
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation of the County of Wellington as at December 31, 2012, and its consolidated results of operations, and its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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 long, horizontal, slightly wavy line that underlines the text.

Chartered Accountants, Licensed Public Accountants

July 5, 2013
Waterloo, Canada

County of Wellington**Consolidated Statement of Financial Position****As at December 31**

	2012	2011
	\$	\$
Assets		
Financial Assets		
Cash and Short Term Investments (Note 3)	25,599,673	20,989,296
Accounts Receivable	4,774,608	8,084,851
Long Term Investments (Note 3)	66,579,787	58,478,297
Loans Receivable (Note 4)	483,756	2,043,468
Total Financial Assets	97,437,824	89,595,912
Liabilities		
Accounts Payable and Accrued Liabilities	17,288,806	17,795,565
Deferred Revenue (Note 5)	5,950,087	7,053,582
Landfill Site Closure & Post Closure Liability (Note 6)	8,666,918	8,295,329
Post Employment/Retirement Liability (Note 7)	2,386,527	2,199,799
WSIB Liability (Note 8)	1,424,122	1,416,271
Net Long Term Liabilities (Note 9)	31,936,324	30,654,886
Total Liabilities	67,652,784	67,415,432
Net Financial Assets	29,785,040	22,180,480
Non Financial Assets		
Tangible Capital Assets (Note 10)	362,793,772	357,955,163
Inventories of Supplies	640,989	611,554
Prepaid Expenses	1,115,362	1,627,989
Total Non Financial Assets	364,550,123	360,194,706
Accumulated Surplus (Note 11)	394,335,163	382,375,186

County of Wellington Consolidated Statement of Operations

For the year ended December 31	Budget (Unaudited)	2012	2011
	\$	\$	\$
Revenues			
Taxation	77,033,300	75,610,550	75,315,955
Government Transfers			
Provincial	47,610,700	48,938,858	47,987,842
Federal	8,193,000	8,210,928	7,452,938
Municipal	25,695,700	23,199,960	22,893,086
Fees and Service Charges	8,550,800	6,768,455	8,112,060
Licences, Permits, Rent	6,697,800	6,714,216	6,652,592
Interest, Donations, Other	3,053,400	3,176,494	3,155,222
Development Charges Earned	378,000	742,006	844,949
Total Revenues	177,212,700	173,361,467	172,414,644
Expenses			
General Government	13,777,200	13,000,344	10,987,530
Protection to Persons & Property	18,408,100	17,660,996	16,761,625
Transportation Services	22,993,500	22,784,377	22,089,584
Environmental Services	8,133,400	8,767,472	10,056,808
Health Services	9,062,800	9,255,992	8,927,709
Social Housing	27,708,100	25,925,890	28,688,463
Social and Family Services	53,612,000	53,891,547	50,931,646
Library	5,441,800	5,561,565	5,007,453
Museum	1,714,600	1,689,758	1,755,627
Planning and Development	2,845,000	2,863,549	2,129,880
Total Expenses	163,696,500	161,401,490	157,336,325
Annual Surplus	13,516,200	11,959,977	15,078,319
Accumulated Surplus, Beginning of Year	382,375,186	382,375,186	367,296,867
Accumulated Surplus, End of Year	395,891,386	394,335,163	382,375,186

County of Wellington
Consolidated Statement of Change in Net Financial Assets
For the year ended December 31

	2012	2011
	\$	\$
Annual Surplus	11,959,977	15,078,319
Acquisition of Tangible Capital Assets	(23,589,942)	(20,337,923)
Amortization of Tangible Capital Assets	16,273,638	15,353,183
Loss on Disposal of Tangible Capital Assets	2,032,016	1,155,151
Proceeds on Sale of Tangible Capital Assets	445,679	220,768
	<u>7,121,368</u>	<u>11,469,498</u>
Acquisition of Inventories of Supplies	(640,989)	(611,554)
Acquisition of Prepaid Expenses	(1,115,362)	(1,627,989)
Consumption of Inventories of Supplies	611,554	594,890
Use of Prepaid Expenses	1,627,989	886,379
	<u>1,627,989</u>	<u>886,379</u>
Change in Net Financial Assets	7,604,560	10,711,224
Net Financial Assets, Beginning of Year	<u>22,180,480</u>	<u>11,469,256</u>
Net Financial Assets, End of Year	<u>29,785,040</u>	<u>22,180,480</u>

County of Wellington
Consolidated Statement of Cash Flows

For the year ended December 31

	2012	2011
	\$	\$
Cash Provided By (Used In):		
Operating Activities:		
Annual Surplus	11,959,977	15,078,319
Items Not Involving Cash:		
Amortization	16,273,638	15,353,183
Loss on Disposal of Tangible Capital Assets	2,032,016	1,155,151
Contributed Tangible Capital Assets	-	-
Change in Post Employment/Retirement Liability	186,728	161,270
Change in WSIB Liability	7,851	65,768
Change in Landfill Liability	371,589	1,885,066
Change in Non-Cash Assets and Liabilities:		
Accounts Receivable	3,310,243	1,406,807
Accounts Payable and Accrued Liabilities	(506,759)	(6,865,106)
Deferred Revenue	(1,103,495)	(263,262)
Inventories of Supplies	(29,435)	(16,664)
Prepaid Expenses	512,627	(741,610)
Net Change in Cash from Operating Activities	33,014,980	27,218,922
Capital Activities:		
Proceeds on Sale of Tangible Capital Assets	445,679	220,768
Cash Used to Acquire Tangible Capital Assets	(23,589,942)	(20,337,923)
Net Change in Cash from Capital Activities	(23,144,263)	(20,117,155)
Investing Activities:		
Change in Loan Receivable	1,559,712	154,268
Change in Long Term Investments	(8,101,490)	(11,509,591)
Net Change in Cash from Investing Activities	(6,541,778)	(11,355,323)
Financing Activities:		
Long term debt issued	3,700,000	-
Long term debt repaid	(2,418,562)	(2,319,665)
Net Change in Cash from Financing Activities	1,281,438	(2,319,665)
Net Change in Cash and Short-Term Investments	4,610,377	(6,573,221)
Cash and Short-Term Investments, Beginning of Year	20,989,296	27,562,517
Cash and Short-Term Investments, End of Year	25,599,673	20,989,296

Notes to the Financial Statements For the Year Ended December 31, 2012

The County of Wellington (the County) is an upper-tier municipality in the Province of Ontario, Canada. The County is comprised of seven member municipalities: the Towns of Erin and Minto, and the Townships of Centre Wellington, Guelph/Eramosa, Mapleton, Puslinch and Wellington North.

1. ACCOUNTING POLICIES

The consolidated financial statements of the County of Wellington are prepared by management in accordance with Canadian generally accepted accounting principles for governments as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. Significant accounting policies adopted by the County are as follows:

a) Basis of Consolidation

(i) Consolidated Entities

These consolidated statements include the activities of all committees of Council and the following boards, municipal enterprises and utilities which are under the control of Council:

Wellington County Police Services Board

Wellington County Public Library Board

All interfund assets and liabilities and sources of financing and expenditures have been eliminated with the exception of loans or advances between reserve funds and any other fund of the municipality and the resulting interest income and expenditures.

Under PSAB standards, the County reports only its share of assets, liabilities and results of operations of any government partnerships in which it participates. The County participates in the Wellington-Dufferin-Guelph Health Unit to the extent of 33.5% (2011 - 32.8%) based on population, as stated in the agreement with the other participants, the City of Guelph and the County of Dufferin.

(ii) Trust Funds

Trust funds and their related operations administered by the County are not consolidated, but are reported separately on the Trust Funds Statements of Financial Position and Operations.

b) Basis of Accounting

(i) Accrual Basis of Accounting

The County 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.

(ii) Investments

Investments consist of bonds and debentures and are recorded at amortized cost. Discounts and premiums arising on the purchase of these investments are amortized over the term of the investments. When there has been a loss in value that is other than a temporary decline in value, the respective investment is written down to recognize the loss.

**Notes to the Financial Statements
For the Year Ended December 31, 2012**

(iii) Deferred Revenue

In accordance with PSAB requirements obligatory reserve funds are reported as a component of deferred revenue. The County has obligatory development charge reserve funds in the amount of \$3,071,351 (2011 - \$2,568,783). These funds have been set aside, as required by the Development Charges Act, to finance a portion of the cost of growth-related capital projects. Revenue recognition occurs after the funds have been collected and when the County has incurred the expenditures for the capital works for which the development charges were raised.

Unexpended funds of \$2,391,529 (2011 - \$4,047,465) received by the County under the Federal Gas Tax Revenue Transfer are reported as deferred revenue and will be recognized as revenue in the fiscal year in which the eligible expenditures are incurred.

(iv) Government Transfers

Government transfers received relate to social services, police, health and cultural programs. 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, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

(v) Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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, landfill closure and post-closure liability, actuarial valuations of employee future benefits, and the historical cost and useful lives of tangible capital assets.

Actual results could differ from these estimates.

c) Physical Assets

(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, less residual value, of the tangible capital assets, excluding land and landfill sites, is amortized on a straight line basis over their estimated useful lives as follows:

**Notes to the Financial Statements
For the Year Ended December 31, 2012**

Major Asset Classification	Component Breakdown	Useful Life - Years
Land		N/A
Landfill Sites		N/A - Based on usage
Buildings		40
Infrastructure		
	Roads - Asphalt	20
	Roads - Gravel	10
	Roads - Base	50
	Bridges - Surface	20
	Bridges - Structure	50
	Culverts	50
	Traffic Lights	20
Vehicles & Machinery		
	Licensed Equipment	7
	Unlicensed Equipment	15
Furniture & Fixtures		15
Technology & Communications		5
Library Books		5

Landfill sites are amortized using the units of production method based upon capacity used during the year.

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 are also 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 financial statements. The County's art collection includes approximately 1,000 pieces along with approximately 100,000 artifacts and archival documents which are considered to be "historical treasures". All artwork, artifacts, and archival documents are fully catalogued (along with appraised values) in the County's collections database. The collection is maintained and stored at the Wellington County Museum & Archives.

(iv) Interest Capitalization

Borrowing costs incurred as a result of the acquisition, construction and production of an asset that takes a substantial period of time to prepare for its intended use are capitalized as part of the cost of the asset.

Capitalization of interest costs commences when the expenses are being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use are in progress. Capitalization is suspended during periods in which active development is interrupted. Capitalization ceases when substantially all of the activities necessary to prepare the asset for its intended use are complete. If only minor modifications are outstanding, this indicates that substantially all of the activities are complete.

The capitalized interest costs associated with the acquisition or construction of tangible capital assets during the year was \$nil (2011 - \$nil).

Notes to the Financial Statements For the Year Ended December 31, 2012

(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 expensed as incurred.

(vi) Inventories of Supplies

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

2. TRUST FUNDS

Trust funds administered by the County amounting to \$52,114 (2011 - \$72,729) have not been included in the Consolidated Statement of Financial Position, nor have their operations been included in the Consolidated Statement of Financial Activities.

3. CASH AND INVESTMENTS

Total cash and short term investments of \$25,599,673 (2011 - \$20,989,296) are reported on the Consolidated Statement of Financial Position at cost and have a market value of \$25,599,055 (2011 - \$20,989,272) at the end of the year.

Total long term investments of \$66,579,787 (2011 - \$58,478,297) are reported on the Consolidated Statement of Financial Position at cost and have a market value of \$70,631,037 (2011 - \$61,716,673).

At December 31, 2012 the County had undrawn credit capacity under a credit facility of \$3,000,000. Interest on the credit facility is at prime less 0.75%.

4. LOANS RECEIVABLE

(i) Service Financing and Cost Sharing Agreement with the Township of Centre Wellington

In 2003 the County entered into a service financing agreement with the Township of Centre Wellington. The agreement provides for the extension of water and sanitary sewer services to County-owned lands at Wellington Place in Aboyne. The County financed the initial cost of the services, and the Township is repaying the County for 87.5% of the cost of water services and 95.0% the cost of sanitary sewer services over a 10 year period commencing in 2006. In 2010 the County entered into a cost sharing agreement with the Township of Centre Wellington and Groves Memorial Hospital to fund three phases of a Community Planning Area Subwatershed Study. The County funds the work upfront and is repaid by the Township at 54% and the Hospital at 6%. In 2011 phase 1 was completed and in 2012 phase 2 was completed. The Township will repay the County over 10 years from year of completion and the Hospital will repay the County through the Township at the time of building permit issuance. The amount to be repaid to the County as at December 31, 2012 was \$483,756 (2011 - \$547,146) and is reflected on the Consolidated Statement of Financial Position as a Loan Receivable.

(ii) Lease and Sale of Former Wellington Terrace

In 2005 the County passed a by-law authorizing the lease and sale of the County's former home for the aged in the Village of Elora. The agreement provided for payments of approximately \$100,000 per year for 5 years commencing in 2007, and a final sale price in 2012 of \$1,500,000. The sale was completed July 16, 2012 and proceeds have been transferred to the Wellington Terrace Building Reserve.

**Notes to the Financial Statements
For the Year Ended December 31, 2012**

5. DEFERRED REVENUE

Deferred revenue, which is reported on the Consolidated Statement of Financial Position, is further analyzed as follows:

	2012	2011
Federal Gas Tax	2,391,529	4,047,465
Development Charges	3,071,351	2,568,783
Deferred Capital Grants	29,038	68,000
Deferred Operating Grants	314,686	293,985
Other	143,483	75,349
	<u>5,950,087</u>	<u>7,053,582</u>
	2012	2011
Balance, Beginning of Year		
Federal Gas Tax	4,047,465	4,523,589
Development Charges	2,568,783	2,323,471
Deferred Capital Grants	68,000	130,500
Deferred Operating Grants	293,985	214,619
Other	76,508	124,665
	<u>7,054,741</u>	<u>7,316,844</u>
Amounts Received		
Federal Gas Tax	2,622,160	2,622,160
Development Charges	1,139,482	984,677
Deferred Capital Grants	-	-
Deferred Operating Grants	105,903	145,662
Other	593,459	16,458
Interest Earned	265,553	294,091
	<u>4,726,557</u>	<u>4,063,048</u>
Contributions Used	(5,831,211)	(4,326,310)
Balance, End of Year	<u>5,950,087</u>	<u>7,053,582</u>

6. LANDFILL SITE CLOSURE AND POST-CLOSURE LIABILITY

The County is responsible for all aspects of solid waste management. As of December 31, 2012 there were 15 closed landfill sites (of which 4 locations were operating as transfer stations) and 2 active landfill sites. The total estimated expenditure (on a discounted basis) for closure and post-closure care as of December 31, 2012 is \$9,568,023 (2011- \$9,291,587). The amount reported on the Consolidated Statement of Financial Position as of December 31, 2012 is \$8,666,918 (2011 - \$8,295,329) and the amount remaining to be recognized is \$901,105 (2011 - \$996,258).

Closure costs include final cover and vegetation, drainage control features, leachate control and monitoring systems, water quality monitoring systems, gas monitoring and recovery, land acquisition, site remediation, and site closure reports. Post-closure costs include leachate monitoring and treatment, water quality monitoring, gas monitoring and recovery, ongoing maintenance and annual reports. The discounted cash flow analysis is based on the estimated costs for each of these items over a 25 year period using the County's estimated long term borrowing rate as of December 31, 2012.

The liability for closure and post closure care is recognized as the capacity of each site is used. For any closed sites, 100% of the liability is recognized. A total of 90.58% (2011 – 89.28%) of the liability is recognized and reported, which represents the estimated weighted average capacity used to December 31, 2012. It is estimated that sufficient landfill site capacity exists for approximately 32 years.

**Notes to the Financial Statements
For the Year Ended December 31, 2012**

Of the \$8,666,918 (2011 - \$8,295,329) recognized as a liability, \$4,122,593 (2011 - \$4,065,618) is included on the Consolidated Statement of Financial Position as a reduction to accumulated surplus and will be recovered from future general municipal revenues and \$4,544,325 (2011 - \$4,229,811) is shown as an amount to be recovered from reserve funds (see note 11).

7. POST EMPLOYMENT / RETIREMENT LIABILITY

Post employment benefits include a provision to pay 90% of the premium cost for retired non-union full-time employees, 100% of the premium cost for retired union full-time employees and 50% of the premium cost for retired permanent part time employees for dental, extended health care and life insurance benefits for an employee voluntarily electing early retirement until the retired employee's 65th birthday. To be eligible to receive these benefits, the employee must be at least 55 years of age, have a minimum of ten years of continuous service with the County at the time of retirement and be in receipt of an OMERS pension.

Post employment benefits include a sick leave accumulation plan for full time unionized employees. This plan allows for the vesting of sick leave credits after ten years of service, with a maximum accumulation of 1.5 days per month of completed service. Fifty percent of the accumulated credits are paid out upon termination, retirement, early retirement or death of the employee. Payouts are limited to a maximum of fifty percent of the employee's current salary.

The present value of these benefit obligations at December 31, 2012 was estimated from an actuarial review completed in December 2012. The review calculated the benefit obligations using an accrued benefit obligation methodology, which recognizes the accrued benefit over the employees' working lifetime. Of the \$2,372,756 (2011 - \$2,181,451) recognized as a liability \$1,687,489 (2011 - \$1,508,311) is included on the Consolidated Statement of Financial Position as a reduction to accumulated surplus and will be recovered from future general municipal revenues and \$685,267 (2011 - \$673,140) is an amount to be recovered from reserve funds (see note 11).

Benefit	Number of Employees Entitled to Benefit as at December 31, 2012	Liability as at December 31, 2012	Liability as at December 31, 2011
Sick Leave	46	685,267	673,140
Dental	41	371,178	287,719
Extended Health Care	40	1,178,765	1,124,525
Life Insurance	37	137,546	96,067
County of Wellington Total		2,372,756	2,181,451
Wellington-Dufferin Guelph Public Health Unit		13,771	18,348
Consolidated Total		2,386,527	2,199,799

Information about the County's benefit plan is as follows:

	2012	2011
Accrued Benefit Obligation:		
Balance, beginning of year	2,643,977	2,521,825
Current benefit cost	178,609	166,769
Interest	132,659	125,995
Benefits paid	(160,203)	(170,612)
Actuarial loss	461,471	-
Balance, end of year	3,256,513	2,643,977
Unamortized actuarial loss	(883,757)	(462,526)
Liability for benefits	2,372,756	2,181,451
Wellington-Dufferin-Guelph Public Health Unit	13,771	18,348
Consolidated Total	2,386,527	2,199,799

**Notes to the Financial Statements
For the Year Ended December 31, 2012**

Included in expenses is \$40,240 (2011 - \$40,240) for amortization of the actuarial loss. The unamortized actuarial loss is amortized over the expected average remaining service life as listed below:

Accumulated Sick Leave Benefit Plan Entitlements	14 years
Retiree Benefits	14 years

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

- (i) Interest (discount rate):
The present value of future liabilities and the expense for the 12 months ended December 31, 2012 were determined using a discount rate of 4.0%.
- (ii) Medical costs:
Medical costs were assumed to increase at the rate of 5.67% per year reducing over 6 years to 4% in 2018.
- (iii) Dental costs:
Dental costs were assumed to increase at the rate of 4.0% per year.

8. WORKPLACE SAFETY AND INSURANCE

The County is a Schedule II (self-insured) employer with the Workplace Safety and Insurance Board (WSIB). Payments made to the WSIB in 2012 resulting from approved claims were \$163,002 (2011 - \$188,374) and are reported as a liability transaction on the Consolidated Statement of Financial Position. There were no major unsettled claims as at December 31, 2012. The WSIB liability has been established based on an actuarial evaluation completed in December 2012. The evaluation is updated every four years. As WSIB benefits are a compensated absence, PSAB Section PS 3250 requires full recognition of liabilities associated with workplace injuries that occurred on or before the valuation date. The amount reported on the Consolidated Statement of Financial Position as a liability is \$1,424,122 (2011 - \$1,416,271).

Information about the WSIB liability is as follows:

	2012	2011
Accrued Benefit Obligation:		
Balance, beginning of year	1,087,042	1,210,980
Current benefit cost	181,963	253,773
Interest	43,531	61,102
Expected benefit payments	(179,488)	(231,667)
Expected accrued benefit obligation, end of year	1,133,048	1,294,188
Actual accrued benefit obligation, end of year	1,133,048	1,294,188
Unamortized actuarial gain	291,074	122,083
WSIB Liability	1,424,122	1,416,271

Included in expenses is \$38,155 (2011 - \$17,440) for amortization of the actuarial gain. The unamortized actuarial gain on future payments required to WSIB is amortized over the expected period of the liability which is 10 years.

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

- (i) Interest (discount rate):
The present value of future liabilities and the expense for the 12 months ended December 31, 2012 were determined using a discount rate of 4.0%.

**Notes to the Financial Statements
For the Year Ended December 31, 2012**

(ii) Administration costs:

Administration costs were assumed to be 30.0% 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 1.5% to 6.0% depending on the benefit type.

The County purchases two forms of insurance to limit exposure in the event of a significant work-related accident resulting in a death or permanent disability. Occupational Accident Insurance coverage provides a one-time fixed payment of \$500,000 per incident. Excess indemnity insurance is in place to a maximum of \$10,000,000 with a \$500,000 retention.

9. NET LONG-TERM LIABILITIES

Provincial legislation restricts the use of long-term liabilities to financing capital expenditures, and also authorizes the County to issue long-term debt for both County and Local purposes, with the latter at the request of the Local Municipality. The responsibility for raising the amounts required to service these liabilities rests with the County and such Local Municipalities for which the debt was issued.

Long-term liabilities outstanding for County purposes (2012 - \$31,936,324, 2011 - \$30,654,886) are direct, unsecured and unsubordinated obligations of the County. Long-term liabilities outstanding for Local Municipal purposes (2012 - \$31,666,636, 2011 - \$19,952,764) are direct, unsecured, unsubordinated, joint and several obligations of the County and such Local Municipalities.

- (a) The outstanding principal portion of unmatured long term liabilities for municipal expenditures is reported on the Consolidated Statement of Financial Position, under "Net Long Term Liabilities". Net long-term liabilities reported on the Consolidated Statement of Financial Position are comprised of the following:

	2012	2011
Long-term liabilities incurred by the County, including those incurred on behalf of member municipalities, and outstanding at the end of the year	63,602,960	50,607,650
Long-term liabilities incurred by the County and recoverable from member municipalities	(31,666,636)	(19,952,764)
Net long-term liabilities at the end of the year	31,936,324	30,654,886

- (b) Future principal and interest payments for net long term liabilities are as follows:

	Principal	Interest	Total
2013	2,515,431	1,576,202	4,091,633
2014	2,627,449	1,465,312	4,092,761
2015	2,746,803	1,345,401	4,092,204
2016	2,591,694	1,216,016	3,807,710
2017	2,596,330	1,089,858	3,686,188
Subsequent to 2017	18,858,617	4,270,635	23,129,252
	31,936,324	10,963,424	42,899,748

- (c) The long-term liabilities in (a) of this note issued in the name of the County, as well as those pending issues of long-term liabilities and commitments to be financed by revenues beyond the term of Council, have been approved by by-law. The annual principal and interest payments

**Notes to the Financial Statements
For the Year Ended December 31, 2012**

required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

(d) Total charges for the year for net long term liabilities are as follows:

	2012	2011
Principal Payments	2,418,562	2,319,665
Interest	1,641,736	1,666,571
	4,060,298	3,986,236

(e) The charges shown on the previous table are recovered as follows:

	2012	2011
General Municipal Revenues	3,717,710	3,786,804
Development Charges	342,588	199,432
	4,060,298	3,986,236

(f) Net long-term liabilities are to be recovered are as follows:

	2012	2011
Net Long-term liabilities		
Recovered from General Municipal Revenues	28,147,324	28,362,886
Recovered from Development Charges	3,789,000	2,292,000
	31,936,324	30,654,886

**Notes to the Financial Statements
For the Year Ended December 31, 2012**

10. TANGIBLE CAPITAL ASSETS

County tangible capital assets are identified by asset type. The cost of tangible capital assets, their accumulated amortization and net book value are disclosed in the following schedule:

Cost	Balance at December 31, 2011	Adjustment	Additions	Disposals	Balance at December 31, 2012
Land	\$ 32,259,230		\$ 190,896	\$ (1,300,000)	\$ 31,150,126
Landfill Sites	1,871,638				1,871,638
Buildings	113,207,937		9,603,189	(74,543)	122,736,583
Infrastructure	-				-
Roads	287,432,954		7,982,413	(1,936,064)	293,479,303
Bridges	70,115,990		-	-	70,115,990
Culverts	12,833,096		697,675	(102,850)	13,427,921
Traffic Lights	2,162,528		-	-	2,162,528
Parking Lots	-		125,223	-	125,223
Vehicles & Machinery	-				-
Licensed Equipment	8,629,167		1,434,206	(1,633,956)	8,429,417
Unlicensed Equipment	5,596,347		1,198,425	-	6,794,772
Furniture & Fixtures	5,747,558		603,318	(395,280)	5,955,596
Technology & Communications	3,401,558		1,006,871	(805,900)	3,602,529
Library Books	4,727,596		676,415	(2,147,851)	3,256,160
Public Health	1,509,482	32,214	993,551	-	2,535,247
Capital Work-in Progress	7,124,346		5,398,845	(6,340,742)	6,182,449
Total	\$ 556,619,427	\$ 32,214	\$ 29,911,027	\$ (14,737,186)	\$ 571,825,482

Accumulated Amortization	Balance at December 31, 2011		Disposals	Amortization Expense	Balance at December 31, 2012
Land	\$ -				\$ -
Landfill Sites	(666,873)		\$ -	\$ (59,137)	(726,010)
Buildings	(19,057,691)		64,040	(2,724,103)	(21,717,754)
Infrastructure					
Roads	(121,399,872)		1,209,195	(7,773,217)	(127,963,894)
Bridges	(36,267,023)		-	(1,723,490)	(37,990,513)
Culverts	(6,816,433)		96,451	(381,220)	(7,101,202)
Traffic Lights	(1,232,137)		-	(136,150)	(1,368,287)
Parking Lots	-			(2,083)	(2,083)
Vehicles & Machinery					
Licensed Equipment	(3,792,919)		1,236,097	(1,150,443)	(3,707,265)
Unlicensed Equipment	(1,418,336)		-	(631,556)	(2,049,892)
Furniture & Fixtures	(2,746,028)		359,216	(370,181)	(2,756,993)
Technology & Communications	(1,516,233)		805,900	(449,650)	(1,159,983)
Library Books	(3,162,307)		2,147,850	(644,731)	(1,659,188)
Public Health	(588,412)	(12,557)	-	(227,677)	(828,646)
Total	\$ (198,664,264)	\$ (12,557)	\$ 5,918,749	\$ (16,273,638)	\$ (209,031,710)

Net Book Value	December 31, 2011			December 31, 2012
Land	\$ 32,259,230			\$ 31,150,126
Landfill Sites	1,204,765			1,145,628
Buildings	94,150,246			101,018,829
Infrastructure	-			
Roads	166,033,082			165,515,409
Bridges	33,848,967			32,125,477
Culverts	6,016,663			6,326,719
Traffic Lights	930,391			794,241
Parking Lots	-			123,140
Vehicles & Machinery	-			
Licensed Equipment	4,836,248			4,722,152
Unlicensed Equipment	4,178,011			4,744,880
Furniture & Fixtures	3,001,530			3,198,603
Technology & Communications	1,885,325			2,442,546
Library Books	1,565,289			1,596,972
Public Health	921,070			1,706,601
Capital Work-in-Progress	7,124,346			6,182,449
Total	\$ 357,955,163			\$ 362,793,772

**Notes to the Financial Statements
For the Year Ended December 31, 2012**

(a) Assets Under Construction

Assets under construction having a value of \$6,182,449 (2011 - \$7,124,346) have not been amortized. Amortization of these assets will commence when the asset is put into service.

(b) Write-Down of Tangible Capital Assets

The write-down of tangible capital assets during the year was \$nil (2011- \$nil).

11. ACCUMULATED SURPLUS

Accumulated surplus shown on the Consolidated Statement of Financial Position is analyzed as follows:

As at December 31	2012	2011
	\$	\$
Surplus:		
Invested in Tangible Capital Assets	361,087,171	357,034,093
Invested in Capital Work in Progress	9,241,388	5,730,051
Share of Public Health Unit	2,707,333	1,459,599
Amounts to be Recovered		
From Future Revenues		
Net Long Term Liabilities	(31,936,324)	(30,654,886)
Landfill Liability	(4,122,593)	(4,065,518)
Post Employment Benefits	(1,687,489)	(1,508,311)
From Reserve Funds		
Landfill Liability	(4,544,325)	(4,229,811)
Post Employment Benefits	(685,267)	(673,140)
WSIB	(1,424,122)	(1,416,271)
Total Surplus	328,635,772	321,675,806
Reserves set aside by Council for:		
Capital	25,097,677	24,059,619
Contingencies and Stabilization	12,834,910	11,180,747
Equipment Replacement	4,705,236	3,895,742
Hospital Redevelopment	3,940,100	4,040,100
Benefit and Insurance	3,131,072	3,066,079
Program Specific	2,718,468	2,531,214
Total Reserves	52,427,463	48,773,501
Reserve Funds set aside for specific purposes by Council for:		
Landfill Closure and Post Closure	4,544,474	4,229,811
Workplace Safety and Insurance	3,452,902	3,064,663
Best Start Programme	2,607,396	2,567,140
Housing Development	1,441,807	892,343
Federal Housing Projects	893,630	863,172
Museum Donations and Endowments	268,412	258,093
Wellington Terrace Donations	63,307	50,657
Total Reserve Funds	13,271,928	11,925,879
Accumulated Surplus	\$ 394,335,163	\$ 382,375,186

**Notes to the Financial Statements
For the Year Ended December 31, 2012**

12. CONTINGENT LIABILITIES AND COMMITMENTS

In the normal course of its operations, the County is subject to various litigations and claims. The ultimate outcome of these claims cannot be determined at this time.

The County has approved a grant of 20% of eligible costs to a maximum of \$5.0 million for the redevelopment of Groves Memorial Community Hospital (GMCH) in the Township of Centre Wellington. As of December 31, 2012 the sum of \$1,059,943 (2011 - \$959,943) has been paid to GMCH, leaving an outstanding commitment of \$3,940,057 (2011 - \$4,040,057).

13. GOVERNMENT PARTNERSHIP

The County of Wellington is a partner in the Wellington-Dufferin-Guelph Health Unit. The County provides 33.5% (2011 - 32.8%) of the municipal funding to the Health Unit, and is responsible for a similar share of the assets, liabilities and municipal position of the Health Unit. The County's share of the results of the Health Unit's financial activities for the year and its financial position at year end - have been consolidated in these financial statements. At December 31, 2012, the Health Unit's financial results and financial position are as follows:

	2012	2011
Financial Assets	6,160,214	4,555,864
Liabilities	(3,468,048)	(3,006,115)
Non-Financial Assets	5,389,426	2,900,241
Accumulated Surplus	8,081,592	4,449,990
Revenues	22,327,116	19,518,729
Expenses	18,695,514	17,999,013
Annual Surplus	3,631,602	1,519,716

On December 19, 2012, The County entered into a Financing Agreement with the Wellington-Dufferin-Guelph Public Health Unit, the County of Dufferin and the City of Guelph, to finance the County portion of the cost of building the two new facilities at Chancellors Way, Guelph, and Broadway, Orangeville. The Financing Agreement allows for quarterly advances of capital by the County of Wellington to Public Health beginning in January 2013, until the completion of the new facilities. The total amount of the advances from all obligated municipalities will not exceed \$24,400,000 and based on 2011 Census population information, the County of Wellington's obligation is 32.7% or \$8,000,000. The interest rate on the loan repayment from the Health Unit to the County will be 3.34% per annum, and the term and amortization of the loan will be twenty years. Repayment will commence thirty days following certification by the project's architect of substantial completion of both facilities. The whole or any part of the capital financing under this agreement may be prepaid at any time without penalty or bonus. The County has included a capital project with debt funding of \$7,700,000 in its approved 2013 capital budget.

14. PUBLIC LIABILITY INSURANCE

The County has a comprehensive program of risk identification, evaluation and control to minimize the risk of injury to its employees and third parties and to minimize the risk of damage to its property and the property of others.

The County's purchased general liability insurance policy is \$25,000,000 per occurrence with no aggregate. The environmental liability policy is the maximum that can be purchased at \$3,000,000 per occurrence with an aggregate of \$5,000,000. The County's licensed fleet is insured with liability coverage of \$25,000,000. The deductible (self-insurance) is \$10,000 on fleet policies and \$50,000 on property and liability. The County also carries a legal expense reimbursement policy that covers 100% of legal fees to a maximum of \$100,000 per claim with an annual aggregate of \$250,000.

**Notes to the Financial Statements
For the Year Ended December 31, 2012**

Based on claims received to December 31, 2012, the maximum deductible exposure to the County is estimated at \$287,100. These claims have not been accrued in the Financial Statements because the outcome of these claims is not known and the loss will be accounted for in the period in which the loss, if any, becomes known with certainty. For claims not covered by purchased insurance, the County has established a reserve, which as at December 31, 2012 totaled \$313,872 (2011 - \$345,302).

15. CHILD CARE SERVICES CONTRACT WITH THE MINISTRY OF EDUCATION

The County of Wellington has a child care services contract with the Ministry of Education. A requirement of the service contract is the production of supplementary information by detail code (funding type) which summarizes all revenues and expenditures relating to the service contracts.

Ministry reporting is based on modified accrual accounting which forms the basis of funding and is also guided by the following ministry policies and program guidelines:

- Admissible / inadmissible expenditures (2012/13)
- Retainable and Non-Retainable Revenue (2012/13)

This method of accounting requires the inclusion of short term accruals of revenue and normal operating expenditures in the determination of operating results for a given time period. Short-term accruals are defined as payable or receivable usually within 30 days of the budget year-end.

The modified accrual basis of accounting, as defined by the ministry, does not recognize non-cash transactions such as amortization, charges/appropriations to reserves or allowances as these expenses do not represent an actual cash expenditure related to the current period.

A review of these revenues and expenditures, by detail code, are outlined below.

Service Name	REVENUES			EXPENDITURES		
	Ministry of Education	Legislated Cost Share	Total	Gross Expenditures	Other Offsetting Revenue	Adjusted Gross Expenditures
A380 - Administration	180,640	50%	180,640	361,280	-	814,967
A425 - Administration, ELCC	43,975	50%	43,975	87,950	-	203,742
A411 - One Time Start Up Grants	-	0%	-	43,704	-	43,704
A515 - Small Water Works	-	0%	-	7,839	-	7,839
A371 - Fee Subsidy, DA	2,378,820	20%	594,705	2,973,525	(858,029)	3,346,123
A429 - Fee Subsidy, ELCC	548,000	20%	137,000	685,000	(86,108)	720,246
A663/A664 - Fee Subsidy, ELCD	368,180	0%	-	368,180	(44,519)	329,524
A665 - Child Care Stabilization	357,734	0%	-	357,734	(21,523)	169,484
A713 - Child Care Stabilization Capital	111,021	0%	-	111,021	-	-
A375 - Repairs and Maintenance	30,799	0%	-	30,799	-	123,452
A400 - Ontario Works, Formal	200,000	20%	50,000	250,000	-	241,599
A401 - Ontario Works, Informal	16,900	20%	4,225	21,125	-	32,249
A661 - Operating, ELCD	2,307,897	0%	-	2,307,897	(93,749)	2,376,078
A393 - Pay Equity Union Settlement	105,367	0%	-	105,367	-	105,367
A376 - Special Needs Resourcing	988,781	20%	247,195	1,235,976	-	1,468,143
A430 - Special Needs Resourcing, ELCC	188,200	20%	47,050	235,250	-	235,250
A446 - Wage Improvement, Non Profit	507,700	0%	-	507,700	-	377,936
A644 - Wage Improvement, Commercial	-	0%	-	-	125,654	125,654
A391 - Wage Subsidy, Commercial	64,160	20%	16,040	80,200	-	77,942
A412 - Capacity Funding to Support Transformation	34,999	0%	-	34,999	-	-
A390 - Wage Subsidy, Non Profit	1,419,655	20%	354,914	1,774,569	-	1,772,110
A431 - Wage Subsidy, Non Profit, ELCC	48,000	20%	12,000	60,000	-	60,000
TOTAL	9,900,828		1,687,744	11,588,572	(1,103,928)	12,631,409

**Notes to the Financial Statements
For the Year Ended December 31, 2012**

16. SERVICE CONTRACT APPROVAL WITH THE MINISTRY OF COMMUNITY AND SOCIAL SERVICES AND/OR THE MINISTRY OF CHILDREN AND YOUTH SERVICES

The County has service contracts with the Ministry of Community and Social Services and the Ministry of Children and Youth Services. A requirement of these service contracts is the production of a report by management (Transfer Payment Annual Reconciliation), which summarizes all revenues and expenditures relating to the service contract.

Ministry reporting is based on modified accrual accounting which forms the basis of funding and is also guided by the following ministry policies and program guidelines:

- Admissible / inadmissible expenditures (2012/13)
- Retainable and Non-Retainable Revenue (2012/13)

This method of accounting requires the inclusion of short term accruals of revenue and normal operating expenditures in the determination of operating results for a given time period. Short-term accruals are defined as payable or receivable usually within 30 days of the budget year-end.

The modified accrual basis of accounting, as defined by the ministry, does not recognize non-cash transactions such as amortization, charges/appropriations to reserves or allowances as these expenses do not represent an actual cash expenditure related to the current period.

A review of these revenues and expenditures, by detail code, are outlined below. The identified surplus / (deficit) position is reflected prior to the application of flexibility.

Service Name	REVENUES				EXPENDITURES	SURPLUS / (DEFICIT)
	Ministry Funding	Legislated Cost Share	Other	Total		
8758 - Energy Emergency Fund	\$ 32,120			\$ 32,120	\$ 32,120	\$ -
8766 - Domiciliary Hostels 100%	44,588			44,588	44,588	-
8766 - Domiciliary Hostels 80/20	477,639	119,410		597,049	585,733	11,316
8770 - Consolidated Homelessness Prevention	264,775			264,775	350,118	(85,343)
A447 - ELCD Planning	36,100			36,100	36,041	59

17. PENSION AGREEMENTS

The County makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of approximately 570 members of its staff. The plan is a defined benefit plan, which specifies the amount of retirement benefit to be received by the employees, based on the length of service and rates of pay.

The amount contributed to OMERS for 2012 was \$2,620,642 (2011 - \$2,203,598) for current service and past service costs and is included as an expense on the Consolidated Statement of Operations.

18. SOCIAL HOUSING PROPERTIES

The County has title to the 1189 Social Housing units of the former Wellington-Guelph Housing Authority. The units are located in the City of Guelph and throughout the County. The related debt on these units remains with the Province of Ontario. Of the \$3,341,753 (2011 - \$3,389,272) in federal government subsidies provided to the County for social housing, \$1,179,023 (2011 - \$1,190,004) is retained by the province to fund the associated debt servicing costs.

19. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation.

**Notes to the Financial Statements
For the Year Ended December 31, 2012**

20. SEGMENTED INFORMATION

The County of Wellington is a diversified municipal government institution that is responsible for ensuring the provision of a wide range of services to its citizens, including police, roads, solid waste services, ambulance, public health, child care, social housing, Ontario Works, homes for the aged, museum, library and planning.

County services are provided by departments and their activities are reported in the Consolidated Statement of Operations. Certain departments have been separately disclosed in the segmented information in the following schedule.

2012											
	General Government	Protection	Transportation Services	Environmental Services	Health Services	Social Housing	Social and Family Services	Library	Museum	Planning & Development	Consolidated
Revenues											
Taxation	6,157,850	18,354,500	18,982,100	4,909,900	5,138,000	3,402,700	8,157,100	6,131,200	1,915,900	2,461,300	75,610,550
Grants and Subsidies	4,720,200	328,573	4,450,133	894,395	5,197,136	5,019,413	36,283,390	158,040	63,506	35,000	57,149,786
Municipal Revenue	76,541	620,830	543,778		31,151	13,765,179	8,097,645	24,703		40,133	23,199,960
Fees & Service Charges	632,689	129,819	(432,419)	3,085,461	(5,200)	32,171	2,900,732	105,726	73,432	246,044	6,768,455
Licences, Permits, Rents	988,312	167,386		12,886		5,504,996		22,867	17,769		6,714,216
Interest, Donations, Other	3,033,382	170	16,029		10,273	282	96,146	2,298	3,575	14,339	3,176,494
Development Charges	37,125	97,861	317,477		28,507		36,487	224,549			742,006
Total Revenues	15,646,099	19,699,139	23,877,098	8,902,642	10,399,867	27,724,741	55,571,500	6,669,383	2,074,182	2,796,816	173,361,467
Expenses											
Salaries and Benefits	6,099,870	324,222	4,257,681	2,231,209	4,875,413	2,618,137	21,633,488	3,333,612	1,116,328	1,761,977	48,251,937
Goods and Services	5,018,911	578,562	6,894,484	5,937,665	400,882	6,658,740	3,061,417	989,668	404,490	610,105	30,554,924
Transfer Payments		16,263,590			3,752,020	15,089,543	27,450,819		2,565	450,000	63,008,537
Insurance and Interest	1,152,200	187,705	292,555	130,281		333,276	1,042,481	151,054	16,863	6,039	3,312,454
Amortization	729,363	306,917	11,339,657	468,317	227,677	1,226,194	703,342	1,087,231	149,512	35,428	16,273,638
Total Expenses	13,000,344	17,660,996	22,784,377	8,767,472	9,255,992	25,925,890	53,891,547	5,561,565	1,689,758	2,863,549	161,401,490

**Notes to the Financial Statements
For the Year Ended December 31, 2012**

2011											
	General Government	Protection	Transportation Services	Environmental Services	Health Services	Social Housing	Social and Family Services	Library	Museum	Planning & Development	Consolidated
Revenues											
Taxation	7,300,755	18,984,400	18,613,200	5,037,000	4,712,000	3,291,600	7,347,300	5,909,800	1,400,700	2,719,200	75,315,955
Grants and Subsidies	4,331,500	455,392	3,286,793	609,802	4,553,088	7,453,872	34,245,084	183,947	52,264	269,038	55,440,780
Municipal Revenue	37,087	729,849	636,437			13,728,670	7,700,161	16,255		44,627	22,893,086
Fees & Service Charges	1,082,021	150,795	(831,178)	3,087,794		(17,997)	4,223,019	112,272	91,963	213,371	8,112,060
Licences, Permits, Rents	997,308	163,119		12,886		5,437,246		15,578	26,455		6,652,592
Interest, Donations, Other	2,975,392	7,274			9,901	630	133,326	1,215	4,606	22,878	3,155,222
Development Charges	18,372	111,890	397,990		81,270		33,388	202,039			844,949
Total Revenues	16,742,435	20,602,719	22,103,242	8,747,482	9,356,259	29,894,021	53,682,278	6,441,106	1,575,988	3,269,114	172,414,644
Expenses											
Salaries and Benefits	5,504,560	357,599	4,179,037	2,232,814	4,619,850	2,530,338	20,343,937	3,108,971	1,040,963	1,566,814	45,484,883
Goods and Services	4,441,324	865,491	6,736,011	7,443,103	544,295	9,515,837	2,949,898	898,207	394,047	513,477	34,301,690
Transfer Payments	208,588	15,120,428			3,556,114	15,229,961	25,903,734	-	2,635	25,000	60,046,460
Insurance and Interest	70,462	186,525	247,378	119,529		281,771	1,091,288	134,741	15,470	2,945	2,150,109
Amortization	762,596	231,582	10,927,158	261,362	207,450	1,130,556	642,789	865,534	302,512	21,644	15,353,183
Total Expenses	10,987,530	16,761,625	22,089,584	10,056,808	8,927,709	28,688,463	50,931,646	5,007,453	1,755,627	2,129,880	157,336,325

County of Wellington Independent Auditors' Report

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the County of Wellington:

We have audited the accompanying financial statements of the Trust Funds of The Corporation of the County of Wellington ("the Entity"), which comprise the financial position as at December 31, 2012 and the statement of operations for the year then ended, and 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 generally accepted accounting principles, 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 the auditor's 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, the auditor considers 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 audit opinion, except as explained in the following paragraph.

In common with many such organizations, the Entity derives certain of its 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 adjustment might be necessary to such revenues, excess of revenues over expenditures, assets or fund balances.

Opinion

In our opinion, except for the above-mentioned limitation on the scope examination, the financial statements present fairly, in all material respects, the financial position of the Trust Funds of The Corporation of the County of Wellington as at December 31, 2012, and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP



Chartered Accountants, Licensed Public Accountants

July 5, 2013
Waterloo, Canada

County of Wellington
Trust Funds – Statement of Financial Position
As at December 31, 2012

	Comfort Money	Social Service	County Wellness Centre	Safe Communities	2012	2011
Financial Assets						
Cash and Bank	43,934	-	8,180	-	52,114	72,729
Liabilities						
Balance	43,934	-	8,180	-	52,114	72,729

County of Wellington
Trust Funds - Statement of Operations
For the year ended December 31, 2012

	Comfort Money	Social Service	County Wellness Centre	Safe Communities	2012	2011
Balance at the beginning of the year	35,579	13,863	23,287	-	72,729	67,089
Source of Funds:						
Deposits	204,731	5,477	38,007	1,500	249,715	241,326
Use of Funds						
Withdrawals	196,376	19,340	53,114	1,500	270,330	235,686
Balance at the end of the year	43,934	-	8,180	-	52,114	72,729

The accompanying notes are an integral part of these financial statements

**Notes to the Trust Fund Financial Statements
For the Year Ended December 31, 2011**

1. ACCOUNTING POLICIES

These trust funds have not been consolidated with the financial statements of the County of Wellington (the "County").

These financial statements reflect the financial activity and financial position of funds held in trust by the County for residents of the Wellington Terrace Home for the Aged (Comfort Money), for certain social services clients, for County staff who are the members of the County Wellness Centre and for the Wellington County Safe Communities Committee.

In June of 2012 all final disbursements were made for the last social services client and the trust account was closed. In October 2012 the Safe Communities Trust fund was established. These funds are held in trust by the County for use by the Wellington County Safe Communities Committee.

Funds held in trust are maintained in separate bank accounts by the County on behalf of the Terrace residents and Safe Communities Committee. Net County Wellness Centre membership proceeds are maintained in the County's general bank account. Interest is credited to the funds and allocated to the Terrace residents and Wellington County Safe Communities Committee on the basis of their individual balances in the fund.