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**County of Wellington**  
**Financial Statements**  
For the year ended December 31, 2014

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**County of Wellington**  
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**For the year ended December 31, 2014**

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**Consolidated Financial Statements**

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# County of Wellington

## Independent Auditors' Report

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**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, 2014, 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, 2014, 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 horizontal line that starts under the "K" and ends under the "P", with a small upward tick at the end.

Chartered Professional Accountants, Licensed Public Accountants

June 11, 2015  
Waterloo, Canada

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

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b> (Restated-See Note 15)
<b>Assets</b>		
<b>Financial Assets</b>		
Cash and Short-Term Investments (Note 3)	27,165,623	28,738,282
Accounts Receivable	5,433,824	6,576,893
Long-Term Investments (Note 3)	68,008,002	71,945,848
Loans Receivable (Note 4)	378,875	481,068
<b>Total Financial Assets</b>	<b>100,986,324</b>	<b>107,742,091</b>
<b>Liabilities</b>		
Accounts Payable and Accrued Liabilities	18,362,987	20,173,082
Deferred Revenue (Note 5)	7,955,562	8,676,019
Landfill Site Closure & Post Closure Liability (Note 6)	9,226,319	7,997,026
Post-Employment/Retirement Liability (Note 7)	2,015,142	2,887,446
WSIB Liability (Note 8)	1,448,036	1,435,121
Net Long-Term Liabilities (Note 9)	34,533,445	37,620,894
<b>Total Liabilities</b>	<b>73,541,491</b>	<b>78,789,588</b>
<b>Net Financial Assets</b>	<b>27,444,833</b>	<b>28,952,503</b>
<b>Non-Financial Assets</b>		
Tangible Capital Assets (Note 10)	382,176,695	372,855,271
Inventories of Supplies	729,083	505,388
Prepaid Expenses	1,521,405	1,985,197
<b>Total Non Financial Assets</b>	<b>384,427,183</b>	<b>375,345,856</b>
<b>Accumulated Surplus (Note 11)</b>	<b>411,872,016</b>	<b>404,298,359</b>

**County of Wellington**  
**Consolidated Statement of Operations**  
**For the year ended December 31**

	<b>Budget</b>	<b>2014</b>	<b>2013</b>
	\$	\$	\$
	Note 20		(Restated - See Note 15)
<b>Revenues</b>			
Taxation (Note 12)	81,640,500	81,623,864	79,285,560
Government Transfers			
Provincial (Note 13)	52,516,200	53,559,211	51,738,114
Federal (Note 13)	9,540,900	6,902,555	4,727,338
Municipal	27,179,700	24,552,275	24,759,241
Fees and Service Charges	8,840,100	7,670,274	7,691,941
Licences, Permits, Rent	6,730,500	7,010,965	6,955,891
Interest, Donations, Other	2,840,500	2,934,177	3,009,273
Development Charges Earned	873,000	842,579	1,112,949
<b>Total Revenues</b>	<b>190,161,400</b>	<b>185,095,900</b>	<b>179,280,307</b>
<b>Expenses</b>			
General Government	13,970,900	14,789,705	12,852,998
Protection to Persons & Property	19,115,700	19,542,367	17,647,545
Transportation Services	10,487,600	24,875,453	27,257,804
Environmental Services	7,784,500	9,755,331	7,481,141
Health Services	11,740,000	11,698,465	10,770,148
Social Housing	28,965,000	29,031,336	28,538,100
Social and Family Services	55,727,200	56,987,577	54,535,798
Library	5,385,700	6,092,579	5,682,218
Museum	1,742,000	1,856,996	1,829,010
Planning and Development	3,103,500	2,892,434	2,722,349
<b>Total Expenses</b>	<b>158,022,100</b>	<b>177,522,243</b>	<b>169,317,111</b>
Annual Surplus	32,139,300	7,573,657	9,963,196
Accumulated Surplus, Beginning of Year	404,298,359	404,298,359	394,335,163
Accumulated Surplus, End of Year	436,437,659	411,872,016	404,298,359

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

	<b>Budget</b>	<b>2014</b>	<b>2013</b>
	\$	\$	\$
			(Restated - See Note 15)
<b>Annual Surplus</b>	32,139,300	7,573,657	9,963,196
Acquisition of Tangible Capital Assets	(29,983,000)	(31,576,099)	(30,403,091)
Amortization of Tangible Capital Assets		20,505,664	18,765,785
Loss on Disposal of Tangible Capital Assets		1,366,176	1,254,206
Proceeds on Sale of Tangible Capital Assets		382,835	321,601
	<u>2,156,300</u>	<u>(1,747,767)</u>	<u>(98,303)</u>
Acquisition of Inventories of Supplies		(729,083)	(505,388)
Acquisition of Prepaid Expenses		(1,521,405)	(1,985,197)
Consumption of Inventories of Supplies		505,388	640,989
Use of Prepaid Expenses		1,985,197	1,115,362
		<u>1,985,197</u>	<u>1,115,362</u>
Change in Net Financial Assets	2,156,300	(1,507,670)	(832,537)
Net Financial Assets, Beginning of Year	<u>28,952,503</u>	<u>28,952,503</u>	<u>29,785,040</u>
Net Financial Assets, End of Year	<u>31,108,803</u>	<u>27,444,833</u>	<u>28,952,503</u>

## County of Wellington Consolidated Statement of Cash Flows

For the year ended December 31	2014	2013
	\$	\$
<b>Cash Provided By (Used In):</b>		(Restated - See Note 15)
<b>Operating Activities:</b>		
Annual Surplus	7,573,657	9,963,196
Items Not Involving Cash:		
Amortization	20,505,664	18,765,785
Loss on Disposal of Tangible Capital Assets	1,366,176	1,254,205
Change in Post Employment/Retirement Liability	(872,304)	114,933
Change in WSIB Liability	12,915	10,999
Change in Landfill Liability	1,229,293	(669,892)
Change in Non-Cash Assets and Liabilities:		
Accounts Receivable	1,548,912	(1,802,285)
Accounts Payable and Accrued Liabilities	(1,279,932)	3,270,262
Deferred Revenue	(720,457)	2,725,932
Inventories of Supplies	(223,695)	135,601
Prepaid Expenses	(472,214)	(869,835)
<b>Net Change in Cash from Operating Activities</b>	<u>28,668,015</u>	<u>32,898,901</u>
<b>Capital Activities:</b>		
Proceeds on Sale of Tangible Capital Assets	382,835	321,601
Cash Used to Acquire Tangible Capital Assets	(31,576,099)	(30,403,090)
<b>Net Change in Cash from Capital Activities</b>	<u>(31,193,264)</u>	<u>(30,081,489)</u>
<b>Investing Activities:</b>		
Change in Loan Receivable	102,193	2,688
Change in Long-Term Investments	3,937,846	(5,366,061)
<b>Net Change in Cash from Investing Activities</b>	<u>4,040,039</u>	<u>(5,363,373)</u>
<b>Financing Activities:</b>		
Long-Term debt issued	-	8,200,000
Long-Term debt repaid	(3,087,449)	(2,515,430)
<b>Net Change in Cash from Financing Activities</b>	<u>(3,087,449)</u>	<u>5,684,570</u>
<b>Net Change in Cash and Short-Term Investments</b>	<u>(1,572,659)</u>	<u>3,138,609</u>
<b>Cash and Short-Term Investments, Beginning of Year</b>	28,738,282	25,599,673
<b>Cash and Short-Term Investments, End of Year</b>	<u>27,165,623</u>	<u>28,738,282</u>

## Notes to the Financial Statements For the Year Ended December 31, 2014

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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 32.7% (2013 – 32.7%) 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, 2014**

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**(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 \$4,044,389 (2013 - \$3,610,181). 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 (Note 5).

Unexpended funds of \$3,529,424 (2013 - \$4,102,460) 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 (Note 5)

**(iv) Taxation**

Under PS3510, taxes receivable and tax revenue are recognized when they meet the definition of an asset, the tax is authorized and the taxable event has occurred (Note 12).

**(v) Government Transfers**

Under PS3410, 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 (Note 13).

**(vi) 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, 2014**

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<b>Major Asset Classification</b>	<b>Component Breakdown</b>	<b>Useful Life - Years</b>
Land		N/A
Landfill Sites		N/A - Based on usage
Buildings	Structure	15 to 50
	Exterior	20 to 40
	Interior	15 to 40
	Site Elements	10 to 30
	Leasehold Improvements	Lease Term
Infrastructure	Roads and Parking Lots - Asphalt	20
	Roads and Parking Lots - Gravel	10
	Roads - Base	50
	Bridges - Surface	20
	Bridges and Culverts - Structure	50
	Traffic Signals, Street Signs, Outdoor Lighting	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.

The County completed a review of County building assets (not including Social Services buildings reviewed in 2013) in 2014 and determined that in order to properly manage these assets it was necessary to recognize that components of the building have significantly different useful lives.

The change in estimate of useful life from accounting for County buildings as a whole with a useful life of 40 years to accounting for these assets on a component basis with varied useful lives has resulted in an increase to amortization expense for the year ended December 31, 2014 of \$1,682,701.

**(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 1,100 pieces, either created by a significant Wellington County artist and/or depicting Wellington County subject matter. The Museum's collection contains over 18,000 artifacts. The Archive's collection contains over 80,000 documents, photographs, and microfilm. Both collections relate to the history of Wellington County, and are fully catalogued with appraised values in the County's collections database. The collection is maintained and stored at the Wellington County Museum & Archives as per Provincial Standards for Ontario Museums.

**(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.

## Notes to the Financial Statements For the Year Ended December 31, 2014

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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 (2013 - \$nil).

### **(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 \$110,045 (2013 - \$73,780) 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 \$27,165,623 (2013 - \$28,738,282) are reported on the Consolidated Statement of Financial Position at cost and have a market value of \$27,165,621 (2013 - 28,738,654) at the end of the year.

Total long-term investments of \$68,008,002 (2013 - \$71,945,848) are reported on the Consolidated Statement of Financial Position at cost and have a market value of \$72,088,777 (2013 - \$73,624,922).

At December 31, 2014 the County had undrawn credit capacity under a credit facility of \$5,000,000. Interest on the credit facility is at prime less 0.75%.

## **4. LOANS RECEIVABLE**

### **(i) Service Financing and Cost Sharing Agreements 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, 2014 was \$247,591 (2013 - \$373,353) and is reflected on the Consolidated Statement of Financial Position as a Loan Receivable.

**Notes to the Financial Statements  
For the Year Ended December 31, 2014**

In 2013, the County and Centre Wellington agreed in principle to share soil remediation costs for the Fergus Library Expansion Project. The land, originally owned by Centre Wellington, will be remediated by the County upfront and repaid by the Township at 60%. Details of the repayment schedule are currently under negotiation. The amount to be repaid to the County as at December 31, 2014 was \$131,284 (2013 - \$104,715).

**5. DEFERRED REVENUE**

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

	<b>2014</b>	<b>2013</b>
Federal Gas Tax	3,529,424	4,102,460
Development Charges	4,044,389	3,610,181
Deferred Capital Grants	-	-
Deferred Operating Grants	275,548	263,083
Other	106,201	700,295
	<u>7,955,562</u>	<u>8,676,019</u>
	<b>2014</b>	<b>2013</b>
Balance, Beginning of Year		
Federal Gas Tax	4,102,460	2,391,529
Development Charges	3,610,181	3,071,351
Deferred Capital Grants	-	29,038
Deferred Operating Grants	263,083	314,686
Other	700,295	143,483
	<u>8,676,019</u>	<u>5,950,087</u>
Amounts Received		
Federal Gas Tax	2,579,679	2,622,160
Development Charges	1,144,358	1,530,462
Deferred Capital Grants	-	-
Deferred Operating Grants	56,334	397,001
Other	86,328	954,284
Interest Earned	277,248	218,792
	<u>4,143,947</u>	<u>5,722,699</u>
Contributions Used	(4,864,404)	(2,996,767)
Balance, End of Year	<u>7,955,562</u>	<u>8,676,019</u>

**6. LANDFILL SITE CLOSURE AND POST-CLOSURE LIABILITY**

The County is responsible for all aspects of solid waste management. As of December 31, 2014 there were 16 closed landfill sites (of which 5 locations were operating as transfer stations) and 1 active landfill site. The total estimated expenditure (on a discounted basis) for closure and post-closure care as of December 31, 2014 is \$9,936,672 (2013- \$8,729,716). The amount reported on the Consolidated Statement of Financial Position as of December 31, 2014 is \$9,226,319 (2013 - \$7,997,026 and the amount remaining to be recognized is \$710,353 (2013 - \$732,690).

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

**Notes to the Financial Statements  
For the Year Ended December 31, 2014**

reports. The discounted cash flow analysis is based on the estimated costs for each of these items over a 25 year period using a long term borrowing rate of 3.85% (2013 – 4.60%).

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 92.85% (2013 – 91.60%) of the liability is recognized and reported, which represents the estimated weighted average capacity used to December 31, 2014. It is estimated that sufficient landfill site capacity exists for approximately 30 years.

Of the \$9,226,319 (2013 - \$7,997,026) recognized as a liability, \$4,178,433 (2013 - \$3,256,528) is included on the Consolidated Statement of Financial Position as a reduction to budgetary accumulated surplus and will be recovered from future general municipal revenues and \$5,047,886 (2013 - \$4,740,498) 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 65<sup>th</sup> 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.

Until 2014, post-employment benefits included a sick leave accumulation plan for full time unionized employees. This plan allowed 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.

In 2014, unionized employees agreed to a payout of the sick leave accumulation plan in the amount of \$908,792. This amount was funded from reserve funds and no remaining liability has been recognized. At this time Employees were given the option to retain up to a maximum of 175 hours of sick time not eligible for payout and at December 31, 2014 the outstanding balance of sick hours was 2,727 hours.

The present value of these benefit obligations at December 31, 2014 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 \$2,015,142 (2013 - \$2,887,446) recognized as a liability, \$2,015,142 (2013 - \$1,986,970) will be recovered from future general municipal revenues and \$0 (2013 - \$900,478) is an amount to be recovered from reserve funds (see note 11).

<b>Benefit</b>	<b>Number of Employees Entitled to Benefit as at December 31, 2014</b>	<b>Liability as at December 31, 2014</b>	<b>Liability as at December 31, 2013</b>
Sick Leave	0	-	900,478
Dental	39	356,433	349,906
Extended Health Care	39	1,145,027	1,118,624
Life Insurance	40	121,859	124,734
<b>County of Wellington Total</b>		<b>1,623,319</b>	<b>2,493,742</b>
Wellington-Dufferin Guelph Public Health Unit		391,823	393,704
<b>Consolidated Total</b>		<b>2,015,142</b>	<b>2,887,446</b>

**Notes to the Financial Statements  
For the Year Ended December 31, 2014**

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

	<b>2014</b>	<b>2013</b>
Accrued Benefit Obligation:		
Balance, beginning of year	3,304,297	3,256,513
Current benefit cost	88,698	178,053
Interest	88,824	128,643
Benefits paid	(1,106,998)	(258,912)
Actuarial loss	(124,298)	-
Balance, end of year	2,250,523	3,304,297
Unamortized actuarial loss	(627,204)	(810,555)
<b>Liability for benefits</b>	<b>1,623,319</b>	<b>2,493,742</b>
Wellington-Dufferin-Guelph Public Health Unit	391,823	393,704
<b>Consolidated Total</b>	<b>2,015,142</b>	<b>2,887,446</b>

Included in expenses is \$183,351 (2013 - \$73,202) for amortization of the actuarial loss. The unamortized actuarial loss is amortized over the expected average remaining service life as listed below:

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, 2014 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 2014 resulting from approved claims were \$70,608.98 (2013 - \$117,161) and are reported as a liability transaction on the Consolidated Statement of Financial Position. 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 \$1,448,036 (2013 - \$1,435,121).

Information about the WSIB liability is as follows:

**Notes to the Financial Statements  
For the Year Ended December 31, 2014**

	<b>2014</b>	<b>2013</b>
Accrued Benefit Obligation:		
Balance, beginning of year	1,182,202	1,133,048
Current benefit cost	194,696	188,194
Interest	47,362	45,397
Expected benefit payments	(190,988)	(184,437)
Expected accrued benefit obligation, end of year	1,233,272	1,182,202
Actual accrued benefit obligation, end of year	1,233,272	1,182,202
Unamortized actuarial gain	214,764	252,919
<b>WSIB Liability</b>	<b>1,448,036</b>	<b>1,435,121</b>

Included in expenses is \$38,155 (2013 - \$38,155) 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, 2014 were determined using a discount rate of 4.0%.
- (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 (2014 - \$34,533,445, 2013 - \$37,620,894) are direct, unsecured and unsubordinated obligations of the County. Long-term liabilities outstanding for Local Municipal purposes (2014 - \$26,347,588, 2013 - \$29,178,956) 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:

**Notes to the Financial Statements  
For the Year Ended December 31, 2014**

	2014	2013
Long-term liabilities incurred by the County, including those incurred on behalf of member municipalities, and outstanding at the end of the year	60,881,033	66,799,850
Long-term liabilities incurred by the County and recoverable from member municipalities	(26,347,588)	(29,178,956)
Net long-term liabilities at the end of the year	34,533,445	37,620,894

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

	<b>Principal</b>
2015	3,216,803
2016	3,071,694
2017	3,081,330
2018	3,208,936
2019	3,144,748
Subsequent to 2019	18,809,934
	34,533,445

(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 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:

	2014	2013
Principal Payments	3,087,449	2,515,430
Interest	1,642,603	1,667,188
	4,730,052	4,182,618

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

	2014	2013
General Municipal Revenues	4,245,004	3,734,279
Development Charges	485,048	448,339
	4,730,052	4,182,618

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

	2014	2013
Net Long-Term Liabilities		
Recovered from General Municipal Revenues	30,685,445	33,435,894
Recovered from Development Charges	3,848,000	4,185,000
	34,533,445	37,620,894

**Notes to the Financial Statements  
For the Year Ended December 31, 2014**

**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:

<b>Cost</b>	<b>December 31, 2013</b>	<b>Additions</b>	<b>Disposals</b>	<b>December 31, 2014</b>
Land	\$ 31,244,947	\$ 359,021		\$ 31,603,968
Landfill Sites	1,871,638			1,871,638
Buildings	125,718,108	14,410,493	(1,741,154)	138,387,447
Infrastructure				-
Roads	297,058,260	7,799,622	(836,948)	304,020,934
Bridges	72,642,300	100,338		72,742,638
Culverts	15,959,284	1,374,251		17,333,535
Traffic Lights	2,315,958			2,315,958
Parking Lots	642,787	497,548	(46,796)	1,093,539
Vehicles & Machinery				
Licensed Equipment	9,312,027	906,444	(960,210)	9,258,261
Unlicensed Equipment	6,112,543	1,053,800	(693,680)	6,472,663
Furniture & Fixtures	6,433,954	504,362	(778,825)	6,159,491
Technology & Communications	4,356,545	1,172,756	(306,670)	5,222,631
Library Books	3,012,176	613,050	(539,818)	3,085,408
Public Health	6,828,374	3,819,894	(294,608)	10,353,660
Capital Work-in Progress	11,941,023	8,714,017	(9,749,497)	10,905,543
<b>Total</b>	<b>\$ 595,449,924</b>	<b>\$ 41,325,596</b>	<b>\$ (15,948,206)</b>	<b>\$ 620,827,314</b>

<b>Accumulated Amortization</b>	<b>December 31, 2013</b>	<b>Disposals</b>	<b>Amortization Expense</b>	<b>December 31, 2014</b>
Land	\$ -			\$ -
Landfill Sites	(776,788)		\$ (58,026)	(834,814)
Buildings	(26,133,819)	482,682	(6,179,330)	(31,830,467)
Infrastructure				
Roads	(134,786,073)	751,826	(8,393,506)	(142,427,753)
Bridges	(38,667,998)		(1,594,563)	(40,262,561)
Culverts	(7,415,935)		(446,384)	(7,862,319)
Traffic Lights	(1,528,102)		(150,550)	(1,678,652)
Parking Lots	(142,133)	18,909	(80,335)	(203,559)
Vehicles & Machinery				
Licensed Equipment	(3,961,533)	950,952	(953,006)	(3,963,587)
Unlicensed Equipment	(1,847,717)	344,634	(486,038)	(1,989,121)
Furniture & Fixtures	(3,083,028)	778,825	(382,943)	(2,687,146)
Technology & Communications	(1,606,003)	306,670	(750,539)	(2,049,872)
Library Books	(1,507,658)	539,818	(609,818)	(1,577,658)
Public Health	(1,137,866)	275,382	(420,626)	(1,283,110)
<b>Total</b>	<b>\$ (222,594,653)</b>	<b>\$ 4,449,698</b>	<b>\$ (20,505,664)</b>	<b>\$ (238,650,619)</b>

<b>Net Book Value</b>	<b>December 31, 2013</b>			<b>December 31, 2014</b>
Land	\$ 31,244,947			\$ 31,603,968
Landfill Sites	1,094,850			1,036,824
Buildings	99,584,289			106,556,980
Infrastructure				
Roads	162,272,187			161,593,181
Bridges	33,974,302			32,480,077
Culverts	8,543,349			9,471,216
Traffic Lights	787,856			637,306
Parking Lots	500,654			889,980
Vehicles & Machinery				
Licensed Equipment	5,350,494			5,294,674
Unlicensed Equipment	4,264,826			4,483,542
Furniture & Fixtures	3,350,926			3,472,345
Technology & Communications	2,750,542			3,172,759
Library Books	1,504,518			1,507,750
Public Health	5,690,508			9,070,550
Capital Work-in-Progress	11,941,023			10,905,543
<b>Total</b>	<b>\$ 372,855,271</b>			<b>\$ 382,176,695</b>

**Notes to the Financial Statements  
For the Year Ended December 31, 2014**

**(a) Assets Under Construction**

Assets under construction having a value of \$10,905,543 (2013 - \$11,941,023) 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 (2013- \$nil).

**(c) Adjustments**

(i) Adjustments relate to reclassification of assets as a result of updated information provided by asset management plan work during 2014.

**11. ACCUMULATED SURPLUS**

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

<b>As at December 31</b>	<b>2014</b>	<b>2013</b>
	\$	\$
<b>Surplus:</b>		
Invested in Tangible Capital Assets	382,176,695	372,855,271
Invested in Capital Fund	10,012,255	11,163,209
Share of Public Health Unit (Note 16)	1,515,336	3,600,730
Amounts to be Recovered		
From Future Revenues		
Net Long Term Liabilities	(34,533,445)	(37,620,894)
Landfill Liability	(4,178,433)	(3,256,528)
Post Employment Benefits	(2,015,142)	(1,986,970)
From Reserve Funds		
Landfill Liability	(5,047,886)	(4,740,498)
Post Employment Benefits	-	(900,478)
WSIB	(1,448,036)	(1,435,121)
<b>Total Surplus</b>	<b>346,481,344</b>	<b>337,678,721</b>
<b>Reserves set aside by Council for:</b>		
Capital	27,403,015	23,501,033
Contingencies and Stabilization	16,623,428	15,579,449
Equipment Replacement	5,204,957	4,609,929
Hospital Redevelopment		3,890,877
Benefit and Insurance	2,395,295	3,205,625
Program Specific	2,299,509	1,923,940
<b>Total Reserves</b>	<b>53,926,204</b>	<b>52,710,853</b>
<b>Reserve Funds set aside for specific purposes by Council for:</b>		
Landfill Closure and Post Closure	5,047,886	4,740,498
Workplace Safety and Insurance	3,279,752	3,348,711
Best Start Programme	661,760	2,592,832
Housing Development	1,177,083	1,978,310
Federal Housing Projects	954,737	924,244
Museum Donations and Endowments	288,306	278,391
Wellington Terrace Donations	54,944	45,799
<b>Total Reserve Funds</b>	<b>11,464,468</b>	<b>13,908,785</b>
<b>Accumulated Surplus</b>	<b>\$ 411,872,016</b>	<b>\$ 404,298,359</b>

**Notes to the Financial Statements  
For the Year Ended December 31, 2014**

**12. TAXATION**

Under PS3510, taxes receivable and tax revenue are recognized when they meet the definition of an asset, the tax is authorized and the taxable event has occurred.

	2014	2013
Property Tax Levy	81,125,000	77,912,200
Supplementary & Omitted Taxes	1,165,398	1,643,112
Payment in Lieu of Taxes	563,842	493,571
Other	28,193	28,375
	82,882,433	80,077,258
Less:		
Property Taxes written off as uncollectible	(621,722)	(591,698)
Provision for Assessment at Risk	(636,847)	(200,000)
	(1,258,569)	(791,698)
Tax Revenue recognized	\$ 81,623,864	\$ 79,285,560

**13. PROVINCIAL AND FEDERAL GOVERNMENT TRANSFERS**

The government transfers reported on the Consolidated Statement of Operations are:

	2014	2013
<b>Provincial Grants</b>		
Affordable Housing Construction Funding	206,400	207,700
Community Homelessness Prevention Initiative	2,853,900	2,890,900
Communities in Transition Economic Development	32,581	19,000
Community Policing Partnership, RIDE, 1000 Officers, Court Security	266,417	287,808
Health Unit – Ministry of Health and Long Term Care	5,625,416	5,059,009
Health Unit – Ministry of Children and Youth Services	728,466	708,556
Investing in Affordable Housing (IAH)	390,500	193,800
Library Operating and Pay Equity, Student, Admin Grant	157,087	162,259
Long Term Care Operating Subsidy	8,188,111	8,007,792
Ministry of Education Funding Childcare	11,197,300	10,059,700
Museum Operating Grant	52,264	52,264
Ontario Community Infrastructure Fund (OCIF)	59,327	511,284
Ontario Municipal Partnership Fund (OMPF)	3,611,000	5,130,500
Ontario Works Administration Subsidy	4,354,000	4,177,500
Ontario Works Benefit Subsidy	13,872,800	12,509,500
Ontario Works Provincial Addictions Funding	106,300	\$102,800
Strong Communities Rent Supplement	582,200	582,200
Trans Canada Trail Pan Am Legacy Funds	135,000	
Waste Diversion Ontario, Stewardship Ontario, OTS Tire	841,685	821,599
Other	298,457	253,943
<b>Subtotal provincial grants</b>	<b>\$53,559,211</b>	<b>\$51,738,114</b>
<b>Federal Grants</b>		
Citizenship and Immigration Canada Subsidy	339,800	346,500
Federal Block Funding Housing	3,244,488	3,351,383
Federal Gas Tax	3,297,532	1,008,720
Health Unit - Public Health Agency of Canada	20,735	20,735
<b>Subtotal federal grants</b>	<b>\$6,902,555</b>	<b>\$4,727,338</b>
<b>Total grant revenues</b>	<b>\$60,461,766</b>	<b>\$56,465,452</b>

**Notes to the Financial Statements  
For the Year Ended December 31, 2014**

**14. 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, 2014 the sum of \$3,002,863 (2013 - \$1,109,123) has been paid to GMCH, leaving an outstanding commitment of \$1,997,137 (2013 - \$3,890,877).

In June 2014 the County approved capital improvement grants for three County hospital foundations; Groves Memorial Community Hospital Foundation, \$5,000,000, The Mount Forest Louise Marshall Hospital Foundation, \$2,200,000 and The Palmerston & District Hospital Foundation \$2,200,000, for a total pledge of \$9,400,000 over the five year period 2015 to 2019.

**15. PRIOR PERIOD RESTATEMENT OF WELLINGTON-DUFFERIN-GUELPH HEALTH UNIT**

In prior years the Wellington-Dufferin-Guelph Health Unit reported only the programs funded by the Counties of Wellington and Dufferin, the City of Guelph, and the Ontario Ministry of Health and Long Term Care. For programs funded by other entities, revenues and expenditures were netted and disclosed separately on the balance sheet. These programs included Healthy Babies Healthy Children, Preschool Speech and Language, County of Wellington Weetalk, Canadian Prenatal Nutrition Program and Community Grants. For 2014 reporting, the Wellington-Dufferin-Guelph Health Unit's financial statements reflect complete operations and the County has restated the Health Unit figures for 2013 accordingly with additional revenue reported of \$892,342 and expenses of \$897,512. The County's share of the Health Unit's assets, liabilities and municipal position for 2013 has been restated as \$3,718,526 (reported in 2013 \$3,723,696) which is \$5,170 lower than previously reported (Note 16).

**16. GOVERNMENT PARTNERSHIP**

The County of Wellington is a partner in the Wellington-Dufferin-Guelph Health Unit. The County provides 32.7% (2013 – 32.7%) 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, 2014, the Health Unit's financial results and financial position are as follows:

	2014	2013
Financial Assets	6,530,834	15,461,171
Liabilities	(19,928,930)	(21,792,992)
Non-Financial Assets	27,923,289	17,703,460
Accumulated Surplus	14,525,193	11,371,639
Revenues	28,396,543	25,840,426
Expenses	25,242,989	22,550,379
Annual Surplus	3,153,554	3,290,047

The County Share of the Health Unit's assets, liabilities and municipal position are as follows:

	2014	2013
Share of Health Unit (Note 11)	1,515,336	3,600,730
Long Term Debt	(5,444,326)	(5,179,009)
Post Employment Liability	(391,823)	(393,704)
Non-Financial Assets	9,070,551	5,690,509
Accumulated Surplus	4,749,738	3,718,526

## Notes to the Financial Statements For the Year Ended December 31, 2014

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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 new facilities were completed in 2014. At December 31, 2014 the County has advanced \$5,552,946 (2013 - \$5,179,009) and received two principal loan repayments of \$108,620 leaving a loan balance at December 31, 2014 of \$ 5,444,326.

### 17. 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.

Based on claims received to December 31, 2014, the maximum deductible exposure to the County is estimated at \$354,200. 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, 2014 totaled \$396,183 (2013 - \$305,195).

### 18. PENSION AGREEMENTS

The County makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of approximately 589 (2013 - 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.

Contributions of employees with a normal retirement age of 65 were being made at a rate of 9.0% for earnings up to the yearly maximum pensionable earnings of \$52,500 at a rate of 14.6%.

The County's contribution to OMERS for 2014 was \$3,216,956 (2013 - \$3,027,085) for current service and past service costs and is included as an expense on the Consolidated Statement of Operations. Employee contribution to OMERS in 2014 was \$3,216,956 (2013 - 3,027,085).

As per PSAB 3250.111, the County of Wellington is current with all payments to OMERS, therefore, there is neither a surplus or deficit with the County's pension plan contributions.

As at December 31, 2014, the OMERS Primary Plan had a funded ratio of assets to pension obligations of 90.8% (2013 - 88.2%). The OMERS pension plan reduced the funding deficit by \$1.5 billion to \$7.1 billion (2013 - \$8.6 billion).

**Notes to the Financial Statements  
For the Year Ended December 31, 2014**

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**19. 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 \$3,254,922 (2013 - \$3,351,425) in federal government subsidies provided to the County for social housing, \$1,073,009 (2013 - \$1,179,023) is retained by the province to fund the associated debt servicing costs.

**20. BUDGET DATA**

The budget data presented in these consolidated financial statements is based upon the 2014 operating and capital budgets approved by Council on January 30, 2014 and 2014 capital budget amendments in the amount of \$1,883,000 approved by Council throughout 2014. 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.

	<b>Budget Amount</b>
	<b>\$</b>
<b>Revenues</b>	
Operating Budget	182,198,300
Capital Budget	29,983,000
Health Unit Budget	6,120,600
Less:	
Transfers from other funds	(20,371,400)
New debt financing	(1,881,000)
Internal Recoveries	(5,888,100)
<b>Total Revenues</b>	<u>190,161,400</u>
<b>Expenses</b>	
Operating Budget	182,198,300
Capital Budget	29,983,000
Health Unit Budget	6,120,600
Less:	
Transfer to other funds	(21,361,100)
Capital Expenses	(29,983,000)
Debt principal payments	(3,079,500)
Internal Charges	(5,856,200)
<b>Total Expenses</b>	<u>158,022,100</u>
<b>Annual Surplus</b>	<u><b>\$ 32,139,300</b></u>

**21. 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, 2014**

**22. 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.

2014											
	General Government	Protection	Transportation Services	Environmental Services	Health Services	Social Housing	Social and Family Services	Library	Museum	Planning & Development	Consolidated
Revenues											
Taxation	5,903,164	18,541,000	19,090,000	4,811,800	6,071,400	5,226,700	10,027,700	7,208,300	1,761,700	2,982,100	81,623,864
Grants and Subsidies	3,652,484	266,416	3,356,859	841,687	6,374,617	5,564,556	40,036,679	157,087	52,264	159,117	60,461,766
Municipal Revenue	17,500	501,631	2,041,674		211,804	14,666,912	7,048,306	29,760		34,688	24,552,275
Fees & Service Charges	629,646	42,468	219,110	3,158,283	(19,225)	(281,903)	3,497,051	94,955	66,986	262,903	7,670,274
Licences, Permits, Rents	1,051,273	165,483		12,887		5,711,161		35,391	34,770		7,010,965
Interest, Donations, Other	2,648,921	62			176,617	2,009	91,387	5,545	4,603	5,033	2,934,177
Development Charges	2,994	103,455	480,087		25,855		29,899	200,289			842,579
Total Revenues	13,905,982	19,620,515	25,187,730	8,824,657	12,841,068	30,889,435	60,731,022	7,731,327	1,920,323	3,443,841	185,095,900
Expenses											
Salaries and Benefits	7,080,036	406,200	4,771,918	2,259,386	6,179,483	3,297,381	22,910,069	3,426,684	1,298,544	1,903,759	53,533,460
Goods and Services	4,721,119	667,316	8,057,123	5,594,155	1,884,864	6,998,960	3,319,726	1,075,560	396,750	348,851	33,064,424
Transfer Payments	480,350	17,586,736			3,174,651	15,786,844	28,632,852		3,875	578,581	66,243,889
Insurance and Interest	683,505	186,895	246,293	1,577,362	38,841	321,111	933,763	161,041	17,410	8,585	4,174,806
Amortization	1,824,695	695,220	11,800,119	324,428	420,626	2,627,040	1,191,167	1,429,294	140,417	52,658	20,505,664
Total Expenses	14,789,705	19,542,367	24,875,453	9,755,331	11,698,465	29,031,336	56,987,577	6,092,579	1,856,996	2,892,434	177,522,243

**Notes to the Financial Statements  
For the Year Ended December 31, 2014**

2013											
	General Government	Protection	Transportation Services	Environmental Services	Health Services	Social Housing	Social and Family Services	Library	Museum	Planning & Development	Consolidated
Revenues											
Taxation	7,377,860	18,464,100	18,916,300	5,684,100	5,677,800	3,580,200	9,396,000	5,116,300	1,673,100	3,399,800	79,285,560
Grants and Subsidies	5,174,502	287,890	1,520,003	821,602	5,788,300	5,237,472	37,424,540	162,213	52,264	(3,334)	56,465,452
Municipal Revenue	32,243	644,810	1,753,016		163,051	14,492,059	7,613,625	26,160		34,277	24,759,241
Fees & Service Charges	440,602	165,756	(79,470)	2,459,653		(42,864)	4,300,013	99,603	76,487	272,161	7,691,941
Licences, Permits, Rents	1,070,402	164,955		12,887		5,653,432		34,344	19,871		6,955,891
Interest, Donations, Other	3,024,313				(15,040)						3,009,273
Development Charges		110,234	809,141		11,580	16,290	4,587	161,117			1,112,949
Total Revenues	17,119,922	19,837,745	22,918,990	8,978,242	11,625,691	28,936,589	58,738,765	5,599,737	1,821,722	3,702,904	179,280,307
Expenses											
Salaries and Benefits	6,509,195	355,912	4,411,666	2,201,104	4,068,566	2,793,259	22,247,485	3,406,949	1,172,856	1,871,510	49,038,502
Goods and Services	4,661,763	543,734	10,455,205	4,929,980	2,691,536	6,988,659	3,053,013	978,811	416,678	321,470	35,040,849
Transfer Payments	158,000	16,241,512			3,628,415	15,689,644	27,580,820		6,701	474,078	63,779,170
Insurance and Interest	549,112	188,492	302,954	76,378	52,624	345,076	989,181	163,922	16,679	8,387	2,692,805
Amortization	974,928	317,895	12,087,979	273,679	329,007	2,721,462	665,299	1,132,536	216,096	46,904	18,765,785
Total Expenses	12,852,998	17,647,545	27,257,804	7,481,141	10,770,148	28,538,100	54,535,798	5,682,218	1,829,010	2,722,349	169,317,111

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# County of Wellington Independent Auditors' Report

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## **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, 2014 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, 2014, and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

*KPMG LLP*

A handwritten signature in black ink that reads "KPMG LLP". The letters are bold and slanted. A horizontal line is drawn underneath the signature, starting from the left and extending to the right, ending with a small upward tick.

Chartered Professional Accountants, Licensed Public Accountants

June 11, 2015  
Waterloo, Canada

**County of Wellington**  
**Trust Funds – Statement of Financial Position**  
As at December 31, 2014

	<b>Comfort Money</b>	<b>County Wellness Centre</b>	<b>Safe Communities</b>	<b>2014</b>	<b>2013</b>
<b>Financial Assets</b>					
Cash and Bank	42,447	33,621	33,977	110,045	73,780
<b>Liabilities</b>					
Balance	42,447	33,621	33,977	110,045	73,780

**County of Wellington**  
**Trust Funds - Statement of Operations**  
For the year ended December 31, 2014

	<b>Comfort Money</b>	<b>County Wellness Centre</b>	<b>Safe Communities</b>	<b>2014</b>	<b>2013</b>
<b>Balance at the beginning of the year</b>	42,240	13,186	18,354	73,780	52,114
<b>Source of Funds:</b>					
Deposits	216,928	48,779	27,417	293,124	277,203
<b>Use of Funds</b>					
Withdrawals	216,721	28,344	11,794	256,859	255,537
<b>Balance at the end of the year</b>	42,447	33,621	33,977	110,045	73,780

The accompanying notes are an integral part of these financial statements

**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 County staff who are the members of the County Wellness Centre and for the Wellington County Safe Communities Committee.

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, County Wellness Centre members and Wellington County Safe Communities Committee on the basis of their individual balances in the fund.