
County of Wellington
Financial Statements
For the year ended December 31, 2020

County of Wellington
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For the year ended December 31, 2020

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INDEPENDENT AUDITORS' REPORT

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

We have audited the consolidated financial statements of The Corporation of the County of Wellington (the Entity), which comprise:

- the consolidated statement of financial position as at December 31, 2020
 - the consolidated statement of operations and accumulated surplus for the year then ended
 - the consolidated statement of changes in net financial assets for the year then ended
 - the consolidated statement of cash flows for the year then ended
 - and notes to the consolidated financial statements, including a summary of significant accounting policies
- (Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2020, and its consolidated results of operations, its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

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

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



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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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



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

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

Waterloo, Canada

June 1, 2021

County of Wellington

Consolidated Statement of Financial Position

As at December 31	2020	2019
	\$	\$
Assets		
Financial Assets		
Cash and Cash Equivalents (Note 3)	46,410,515	33,769,955
Accounts Receivable	10,039,506	11,023,432
Portfolio Investments (Note 3)	96,976,239	92,039,667
Loans Receivable (Note 4)	953,504	127,385
Total Financial Assets	154,379,764	136,960,439
Liabilities		
Accounts Payable and Accrued Liabilities	21,562,364	16,642,272
Deferred Revenue (Note 5)	14,424,777	10,586,567
Landfill Site Closure & Post Closure Liability (Note 6)	8,613,565	8,581,220
Post-Employment/Retirement Liability (Note 7)	2,359,915	2,313,789
WSIB Liability (Note 8)	1,361,104	1,340,327
Other Long-Term Liabilities (Note 9)	90,129	150,215
Net Long-Term Liabilities (Note 10)	34,587,574	38,652,583
Total Liabilities	82,999,428	78,266,973
Net Financial Assets	71,380,336	58,693,466
Non-Financial Assets		
Tangible Capital Assets (Note 11)	434,780,804	430,447,282
Inventories of Supplies	1,400,178	779,004
Prepaid Expenses	2,426,794	2,088,423
Total Non Financial Assets	438,607,776	433,314,709
Accumulated Surplus (Note 12)	509,988,112	492,008,175

County of Wellington Consolidated Statement of Operations

For the year ended December 31	(Note 20) Budget	2020	2019
	\$	\$	\$
Revenues			
Taxation (Note 13)	107,834,900	108,337,251	101,785,776
Government Transfers			
Provincial (Note 14)	74,946,040	78,316,153	75,341,570
Federal (Note 14)	6,995,538	6,020,165	9,144,215
Municipal	27,487,897	26,011,667	26,604,122
Fees and Service Charges	12,208,500	11,523,390	12,319,029
Licences, Permits, Rent	8,382,100	8,583,597	8,549,762
Interest, Donations, Other	3,185,940	3,742,772	3,581,633
Development Charges	928,500	2,418,713	1,453,012
Total Revenues	241,969,415	244,953,708	238,779,119
Expenses			
General Government	22,296,246	19,513,187	19,644,954
Protection to Persons & Property	19,040,910	19,190,525	18,372,745
Transportation Services	29,364,571	32,171,614	33,381,891
Environmental Services	11,760,657	11,497,936	10,229,115
Health Services	13,430,775	14,944,922	18,935,820
Social Housing	35,292,285	38,384,207	34,540,776
Social and Family Services	77,935,477	76,155,158	75,860,161
Library	8,555,971	8,355,208	7,831,715
Museum	2,466,586	2,589,553	2,281,744
Planning and Development	4,336,536	4,171,461	3,706,336
Total Expenses	224,480,014	226,973,771	224,785,257
Annual Surplus	17,489,401	17,979,937	13,993,862
Accumulated Surplus, Beginning of Year	492,008,175	492,008,175	478,014,313
Accumulated Surplus, End of Year	509,497,576	509,988,112	492,008,175

County of Wellington
Consolidated Statement of Change in Net Financial Assets

For the year ended December 31	(Note 20) Budget	2020	2019
	\$	\$	\$
Annual Surplus	17,489,401	17,979,937	13,993,862
Acquisition of Tangible Capital Assets	(38,985,200)	(32,931,233)	(33,558,567)
Amortization of Tangible Capital Assets	23,000,000	27,703,651	23,830,562
Loss on Disposal of Tangible Capital Assets	-	514,770	418,246
Proceeds on Sale of Tangible Capital Assets	-	379,290	284,401
	<u>1,504,201</u>	<u>13,646,415</u>	<u>4,968,504</u>
Acquisition of Inventories of Supplies	-	(1,400,178)	(779,004)
Acquisition of Prepaid Expenses	-	(2,426,794)	(2,088,423)
Consumption of Inventories of Supplies	-	779,004	922,697
Use of Prepaid Expenses	-	2,088,423	2,041,694
	<u>1,504,201</u>	<u>12,686,870</u>	<u>5,065,468</u>
Change in Net Financial Assets	1,504,201	12,686,870	5,065,468
Net Financial Assets, Beginning of Year	<u>58,693,466</u>	<u>58,693,466</u>	<u>53,627,998</u>
Net Financial Assets, End of Year	<u>60,197,667</u>	<u>71,380,336</u>	<u>58,693,466</u>

County of Wellington Consolidated Statement of Cash Flows

For the year ended December 31

	2020	2019
	\$	\$
Cash Provided By (Used In):		
Operating Activities:		
Annual Surplus	17,979,937	13,993,862
Items Not Involving Cash:		
Amortization	27,703,651	23,830,562
Loss on Disposal of Tangible Capital Assets	514,770	418,246
Change in Post Employment/Retirement Liability	46,126	133,627
Change in WSIB Liability	20,777	17,235
Change in Landfill Liability	32,345	546,144
Change in Other Long-Term Liabilities	(60,086)	150,215
Change in Non-Cash Assets and Liabilities:		
Accounts Receivable	983,925	(701,711)
Accounts Payable and Accrued Liabilities	4,920,092	(2,524,052)
Deferred Revenue	3,838,210	1,931,368
Inventories of Supplies	(621,174)	143,693
Prepaid Expenses	(338,371)	(46,729)
Net Change in Cash from Operating Activities	55,020,202	37,892,460
Capital Activities:		
Proceeds on Sale of Tangible Capital Assets	379,290	284,401
Cash Used to Acquire Tangible Capital Assets	(32,931,233)	(33,558,567)
Net Change in Cash from Capital Activities	(32,551,943)	(33,274,166)
Investing Activities:		
Loan Receivable Collected	(826,119)	28,926
Change in Long-Term Investments	(4,936,572)	(5,010,656)
Net Change in Cash from Investing Activities	(5,762,691)	(4,981,730)
Financing Activities:		
Long-Term Debt Issued	-	9,610,000
Long-Term Debt Repaid	(4,065,008)	(3,886,250)
Net Change in Cash from Financing Activities	(4,065,008)	5,723,750
Net Change in Cash and Cash Equivalents	12,640,560	5,360,314
Cash and Cash Equivalents, Beginning of Year	33,769,955	28,409,641
Cash and Cash Equivalents, End of Year	46,410,515	33,769,955

The accompanying notes are an integral part of these financial statements

Notes to the Financial Statements For the Year Ended December 31, 2020

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 and municipal corporation which are under the control of Council:

Wellington County Police Services Board

Wellington County Public Library Board

Wellington Housing Corporation (WHC)

All interfund assets and liabilities and sources of financing and expenses 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 expenses.

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 32.0% (2019 – 32.0%) 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

Cash and cash equivalents

Cash and cash equivalents are comprised of the amounts held in the County's bank accounts and investments with an original maturity date of three months or less.

Notes to the Financial Statements For the Year Ended December 31, 2020

Portfolio Investments

Investments with an original maturity date of more than three months are reported as portfolio investments. Investments and pooled investments are reported using the cost method. Discounts and premiums arising on the purchase of these investments are amortized over the term of the investments. Provisions for declines in the market value of investments are recorded when they are considered to be other than temporary. Declines in the market values of investments are considered to be other than temporary when the carrying value exceeds market value for more than three years.

(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 \$4,736,256 (2019 - \$4,006,516). 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 expenses for the capital works for which the development charges were raised (Note 5).

Unexpended funds of \$5,543,456 (2019 - \$5,297,933) 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 expenses are incurred. Unexpended funds of \$1,330,613 (2019 - \$0) received by County under the Ontario Capital Infrastructure Fund are reported as deferred revenue and will be recognized as revenue in the fiscal year in which the eligible expenses are incurred.

(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 13).

(v) Government Transfers

Under PS3410, government transfers received relate to social services, police, health and cultural programmes. 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 14).

(vi) Contaminated Sites

Under PS 3260, contaminated sites are defined as the result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material of live organism that exceeds an environment standard. This Standard relates to sites that are not in productive use and sites in productive use where an unexpected event resulted in contamination.

(vii) 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.

**Notes to the Financial Statements
For the Year Ended December 31, 2020**

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:

Major Asset Classification	Component Breakdown	Useful Life - Years	
Land		N/A	
Landfill Sites		N/A - Based on usage	
Buildings	Structure	15 to 50	
	Exterior	20 to 50	
	Interior	15 to 25	
	Site Elements	10 to 30	
	Leasehold Improvements	Lease Term	
Infrastructure	Roads and Parking Lots - Asphalt	20	
	Roads and Parking Lots - Gravel	50	
	Roads - Base	50	
	Bridges - Surface	20	
	Bridges and Culverts - Structure	50	
	Structural Walls	50	
	Trails	20-50	
	Traffic Signals, Street Signs, Outdoor Lighting	20	
	Vehicles & Machinery	Licensed Equipment	7
		Unlicensed Equipment	15
Machinery and Equipment		7 to 20	
Furniture & Fixtures		5 to 15	
Technology & Communications		4 to 20	
Library Books and Media		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. The value of assets contributed in 2020 is \$0 (2019 - \$0).

(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 1,300 pieces, either created by a significant Wellington County artist and/or depicting Wellington County subject matter. The Museum's collection contains over 21,000 artifacts. The Archives' collection contains over 103,000 photographs, as well as maps, microfilm and audio-visual media. 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.

Notes to the Financial Statements For the Year Ended December 31, 2020

(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 \$0 (2019 - \$3,157).

(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.

(vii) Tangible Capital Assets recorded at Nominal Value

Under PS 3150.42 the County has no assets recorded at nominal value.

2. TRUST FUNDS

Trust funds administered by the County amounting to \$122,848 (2019 - \$129,754) 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 CASH EQUIVALENTS AND PORTFOLIO INVESTMENTS

Total cash and cash equivalents of \$46,410,515 (2019 - \$33,769,955) are reported on the Consolidated Statement of Financial Position at cost.

Total portfolio investments of \$96,976,239 (2019 - \$92,039,667) are reported on the Consolidated Statement of Financial Position at cost and have a market value of \$101,528,482 (2019 - \$93,998,857).

At December 31, 2020 the County had two credit facilities arrangements. Facility 1 is \$10,000,000 by way of loans with an interest rate of prime less 0.50% and remains undrawn at December 31, 2020. Facility 2 is \$500,000 by way of Letters of Credit. The aggregate of Facility 1 and Facility 2 may not exceed \$10,000,000 at any time.

On November 15, 2019, an irrevocable Standby Letter of Credit was issued to finance the Badley (Metcalf Street) bridge replacement in favour of the Receiver General for Canada on behalf of Fisheries and Oceans Canada in the amount of \$201,900. The annual interest rate is 1.35% on any outstanding amounts. In January of 2021, the Letter of Credit was reduced by \$66,500 leaving a balance of \$135,400.

**Notes to the Financial Statements
For the Year Ended December 31, 2020**

4. LOANS RECEIVABLE

(i) Cost Sharing Agreements with the Township of Centre Wellington

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 sub-watershed 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, interest free, from year of completion and the Hospital will repay the County through the Township at the time of building permit issuance which occurred in 2017. The amount to be repaid to the County as at December 31, 2020 was \$28,080 (2019- \$42,930).

In 2015, the County and the Township of Centre Wellington agreed to share soil remediation costs for the Fergus Library Expansion Project. The land, originally owned by the Township of Centre Wellington was remediated by the County upfront and will be repaid by the Township at 60%. The Township will repay the County over ten years, interest free, starting in 2016. The amount to be repaid to the County as at December 31, 2020 was \$70,380 (2019 - \$84,455).

(ii) Keep Well – Emergency Business Sustainability Fund

In 2020, the County also established the Keep Well – Emergency Business Sustainability Fund to provide up to \$1,000,000 in low-interest loans (3%) to support local businesses. The County has entered in to agreements with the Wellington-Waterloo Community Futures Development Corporation (WWCFDC) and the Saugeen Economic Development Corporation (SEDC) to administer these loans. The total loans advanced in 2020 were \$891,400 (WWCFDC \$740,400 and SEDC \$151,000) with subsequent repayments in 2020 of \$36,356 (WWCFDC \$32,042 and SEDC \$4,314) leaving an outstanding balance of \$855,044 (WWCFDC \$708,358 and SEDC \$146,686). Of these outstanding balances only one loan was considered at risk of non-repayment and an allowance has been set up in the amount of \$8,000.

**Notes to the Financial Statements
For the Year Ended December 31, 2020**

5. DEFERRED REVENUE

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

	2020	2019
	\$	\$
Federal Gas Tax	5,543,456	5,297,933
Ontario Community Infrastructure Fund (OCIF)	1,330,613	-
Development Charges	4,736,256	4,006,516
Deferred Operating Grants	2,705,733	1,218,274
Other	108,719	63,844
	14,424,777	10,586,567
	2020	2019
Balance, Beginning of Year		
Federal Gas Tax	5,297,933	5,295,166
Ontario Community Infrastructure Fund (OCIF)	-	496,737
Development Charges	4,006,516	2,273,137
Deferred Capital Grants	-	121,255
Deferred Operating Grants	1,218,274	382,218
Other	63,844	86,686
	10,586,567	8,655,199
Amounts Received		
Federal Gas Tax	2,758,534	5,570,535
OCIF	1,863,466	1,823,229
Safe Restart Fund	2,311,900	-
Development Charges	3,025,369	3,100,466
Deferred Operating Grants	3,706,371	1,136,305
Other	72,763	29,035
Interest Earned	303,905	273,151
	14,042,308	11,932,721
Contributions Realized as Revenue	(10,204,098)	(10,001,353)
Balance, End of Year	14,424,777	10,586,567

6. LANDFILL SITE CLOSURE AND POST-CLOSURE LIABILITY

The County is responsible for all aspects of solid waste management. As of December 31, 2020 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, 2020 is \$8,660,292 (2019- \$9,968,675). The amount reported on the Consolidated Statement of Financial Position as of December 31, 2020 is \$8,613,565 (2019 - \$8,581,220) and the amount remaining to be recognized is \$46,727 (2019 - \$1,387,455).

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 rolling 25-year period using a long term borrowing rate of 2.42% (2019 – 2.82%).

**Notes to the Financial Statements
For the Year Ended December 31, 2020**

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 99.46% (2019 – 86.08%) of the liability is recognized and reported, which represents the estimated weighted average capacity used to December 31, 2020. It is estimated that sufficient landfill site capacity exists for approximately 25 years.

Of the \$8,613,565 (2019 - \$8,581,220) recognized as a liability, \$121,850 (2019 - \$611,147) 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 \$8,491,715 (2019 - \$7,970,073) is shown as an amount to be recovered from reserve funds (see note 12).

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 and 90% of the premium cost for retired union full-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. For union full-time employees, the County pays 100% of the premium for eligible early retirees with a retirement effective date of December 31, 2022 or earlier. There is also a provision to pay 50% of the premium cost for retired permanent part time employees for dental and extended health care. 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.

The present value of these benefit obligations at December 31, 2020 was estimated from an actuarial review completed in December 2020. The review calculated the benefit obligations using an accrued benefit obligation methodology, which recognizes the accrued benefit over the employees' working lifetime.

Benefit	Number of Employees Entitled to Benefit as at December 31, 2020	Liability as at December 31, 2020	Liability as at December 31, 2019
		\$	\$
Dental	51	416,768	391,285
Extended Health Care	51	1,321,631	1,384,403
Life Insurance	44	95,162	87,573
County of Wellington Total		1,833,561	1,863,261
Wellington-Dufferin Guelph Public Health Unit		526,354	450,528
Consolidated Total		2,359,915	2,313,789

**Notes to the Financial Statements
For the Year Ended December 31, 2020**

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

	2020	2019
	\$	\$
Accrued Benefit Obligation:		
Balance, beginning of year	2,918,714	2,911,863
Current benefit cost	149,466	140,900
Change due to Plan Amendment	(188,670)	-
Interest	115,257	114,325
Benefits paid	(224,042)	(248,374)
Actuarial gain / (loss)	(60,885)	-
Balance, end of year	2,709,840	2,918,714
Unamortized actuarial loss	(876,279)	(1,055,453)
Liability for benefits	1,833,561	1,863,261
Wellington-Dufferin-Guelph Public Health Unit	526,354	450,528
Consolidated Total	2,359,915	2,313,789

Included in expenses is \$118,289 (2019 - \$118,289) for amortization of the actuarial loss. The unamortized actuarial loss is amortized over the expected average remaining service life of 14 years, which began in 2018.

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, 2020 were determined using a discount rate of 3.25%.
- (ii) Health Care Cost Rates:
Medical costs were assumed to increase at a rate of 5.75% for 2021 vs. 2020, reducing by .333% per year to 3.75% per year in 2027 vs. 2026 and 3.75% each year thereafter.
- (iii) Dental Cost Rates:
Dental costs were assumed to increase at the rate of 3.75% 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 2020 resulting from approved claims were \$65,949 (2019 - \$93,530) and are reported as a liability transaction on the Consolidated Statement of Financial Position. The WSIB liability is based on an actuarial evaluation completed in December 2020. 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 \$1,361,104 (2019 - \$1,340,327).

**Notes to the Financial Statements
For the Year Ended December 31, 2020**

Information about the WSIB liability is as follows:

	2020	2019
	\$	\$
Accrued Benefit Obligation:		
Balance, beginning of year	1,278,321	1,223,522
Current benefit cost	154,223	149,515
Interest	48,129	46,046
Expected benefit payments	(144,011)	(140,762)
Expected accrued benefit obligation, end of year	1,336,662	1,278,321
Actual accrued benefit obligation, end of year	1,105,254	1,278,321
Unamortized actuarial gain	255,850	62,006
WSIB Liability	1,361,104	1,340,327

Included as a reduction in expenses is \$37,564 (2019 – \$37,564) 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, 2020 were determined using a discount rate of 2.75% (2017 Valuation – 3.75%)
- (ii) Administration costs:
Administration costs were assumed to be 25.0% (2017 Valuation - 36.0%) 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 2.5% (2017 Valuation – 1.75%) to 3.75% (2017 Valuation – 4.50%) 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. OTHER LONG-TERM LIABILITIES

In 2018, the County of Wellington approved The Invest Well Community Improvement Programme. This programme provides the framework to allow the County to participate financially in member municipalities' grant and loan programmes aimed at revitalizing, beautifying and attracting investment in Wellington. Tax Increment Equivalent Grants (TIEG) provide funding which is equal to the County portion of a property tax increase that is incurred as a result of a major community improvement project. County grants range from 100% coverage of the County portion tax increment in year one to 20% in year five. County funding is dependent on the member municipality participating financially through its own local CIP TIEG plan. Tax Increment Equivalent Grants must be approved individually by County Council and require the annual payment of property taxes by the applicant.

**Notes to the Financial Statements
For the Year Ended December 31, 2020**

The County has agreed to participate in a TIEG grant and has entered into a Financial Assistance agreement with the Township of Centre Wellington. One payment of \$60,105 was made in 2020 (2019 - \$75,107) with subsequent payments estimated at \$90,129 (2019 - \$150,215). Annual grant payments are subject to property value assessments and recalculation of the grants each year.

	2020	2019
	\$	\$
2020	-	60,086
2021	45,064	45,064
2022	30,043	30,043
2023	15,022	15,022
	90,129	150,215

10. NET LONG-TERM LIABILITIES

Provincial legislation restricts the use of long-term liabilities to financing capital expenses, 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.

	2020	2019
	\$	\$
Long-term liabilities outstanding for County purposes	34,097,919	38,031,935
Long-term liabilities outstanding for Wellington Housing Corporation	489,655	620,648
Total long-term liabilities at the end of the year	34,587,574	38,652,583

Long-term liabilities outstanding for Local Municipal purposes (2020 – \$19,764,364, 2019 - \$24,494,314) 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 expenses 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:

	2020	2019
	\$	\$
Long-term liabilities incurred by the County, including those incurred on behalf of member municipalities, and outstanding at the end of the year (Interest rates range from 1.35% - 5.875%)	53,862,283	62,526,249
Long-term liabilities incurred by the County and recoverable from member municipalities	(19,764,364)	(24,494,314)
Net long-term liabilities at the end of the year	34,097,919	38,031,935

**Notes to the Financial Statements
For the Year Ended December 31, 2020**

The balance of net long-term liabilities is made up of the following:

	2020	2019
Debenture payable, 4.7% - 4.85%, repayable in annual principal and semi-annual interest payments of approximately \$358,000 annually, due June 3, 2020	-	348,000
Debenture payable, 4.75%-4.85%, repayable in annual principal and semi-annual interest payments of approximately \$225,000 annually, due October 5, 2021	215,000	419,000
Debenture payable, 2.75% - 3.35%, repayable in annual principal and semi-annual interest payments of approximately \$365,500 annually, with a balloon payment of \$735,000, due March, 6, 2022	1,380,000	1,695,000
Debenture payable, 2.45% - 3.20%, repayable in annual principal and semi-annual interest payments of approximately \$677,500 annually with a balloon payment of \$3,135,000, due June 3, 2023	4,785,000	5,305,000
Debenture payable, 5.84%, repayable in blended semi-annual payments of \$119,573, due August 12, 2024	842,206	1,024,160
Debenture payable, 5.875%, repayable in blended semi-annual payments of \$856,527, due August 12, 2025	7,329,713	8,557,775
Debenture payable, 1.35%-2.45%, repayable in annual principal and semi-annual interest payments of approximately \$133,500 annually, due November 30, 2026	742,000	859,000
Debenture payable, 4.7% - 5.35%, repayable in annual principal and semi-annual interest payments ranging from \$195,266 to \$164,280 annually, due June 3, 2030	1,340,000	1,461,000
Debenture payable, 2% - 3.45%, repayable in annual principal and semi-annual interest payments ranging from \$430,683.25 to \$770,754.50 annually, due May 30, 2038	8,246,000	8,753,000
Debenture payable, 1.9% - 2.6%, repayable in annual principal and semi-annual interest payments of approximately \$610,000 annually, due November 4, 2039	9,218,000	9,610,000
	\$ 34,097,919	\$ 38,031,935

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

	Principal
2021	\$ 3,714,005
2022	4,361,997
2023	6,579,291
2024	3,009,201
2025	2,906,425
Subsequent to 2025	13,527,000
	\$ 34,097,919

(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.

**Notes to the Financial Statements
For the Year Ended December 31, 2020**

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

	2020	2019
	\$	\$
Principal Payments	3,934,016	3,756,747
Interest	1,306,295	1,272,933
	<u>5,240,311</u>	<u>5,029,680</u>

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

	2020	2019
	\$	\$
General Municipal Revenues	4,255,659	4,189,301
Development Charges	984,652	840,379
	<u>5,240,311</u>	<u>5,029,680</u>

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

	2020	2019
	\$	\$
Net Long-Term Liabilities		
Recovered from General Municipal Revenues	24,916,919	28,142,935
Recovered from Development Charges	9,181,000	9,889,000
	<u>34,097,919</u>	<u>38,031,935</u>

(g) Wellington Housing Corporation:

The mortgage payable is held by the Canadian Mortgage and Housing Corporation at an interest rate of 0.67% with monthly installments of \$11,262 (2019 - \$11,323) principal and interest and due August 2024.

The mortgage payable is secured by real estate and chattels owned by the corporation with a carrying value of \$4,073,325 (2019 - \$2,596,483).

Principal payments required on long-term debt are due as follows:

	Principal
2021	132,281
2022	133,168
2023	134,062
2024	90,144
	<u>\$ 489,655</u>

11. 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:

**Notes to the Financial Statements
For the Year Ended December 31, 2020**

Cost	December 31, 2019	Reclasses	Additions	Disposals	December 31, 2020
Land	\$ 33,631,664		-	-	\$ 33,631,664
Landfill Sites	1,871,638		-	-	1,871,638
Buildings	192,800,632	(566,157)	4,244,773	(1,767,465)	194,711,783
Infrastructure					
Roads	348,464,191	(986,593)	11,903,610	(665,530)	358,715,678
Bridges	86,967,265	1,315,442	12,224,863	(390,833)	100,116,737
Culverts	21,708,275	(1,140,648)	738,668	-	21,306,295
Structural Walls	190,367	117,636	-	-	308,003
Traffic Lights	3,316,946	699,296	532,952	(60,768)	4,488,426
Trails	249,984	-	-	-	249,984
Parking Lots	2,732,196	561,024	45,028	(7,055)	3,331,193
Vehicles & Machinery					
Licensed Equipment	12,718,504	(1,022,665)	1,562,012	(1,321,714)	11,936,137
Unlicensed Equipment	8,636,769	1,022,665	1,320,140	(703,406)	10,276,168
Furniture & Fixtures	8,757,771		1,212,468	(43,283)	9,926,956
Technology & Communications	6,347,830		1,448,080	(687,518)	7,108,392
Library Books	3,218,245		480,862	(563,282)	3,135,825
Wellington Housing Corporation	3,158,362		2,089,114	(494,911)	4,752,565
Public Health	11,107,310		216,466	-	11,323,776
Capital Work-in Progress	12,538,109		2,508,105	(7,283,275)	7,762,939
Total	\$ 758,416,058	\$ -	\$ 40,527,141	\$ (13,989,040)	\$ 784,954,159
Accumulated Amortization	December 31, 2019	Reclasses	Amortization Expense	Disposals	December 31, 2020
Land	\$ -	-	-	-	\$ -
Landfill Sites	(1,013,342)	-	(12,635)	-	(1,025,977)
Buildings	(62,012,026)	66,099	(8,153,886)	1,305,818	(68,793,995)
Infrastructure					
Roads	(184,256,194)	36,135	(10,445,545)	620,802	(194,044,802)
Bridges	(45,555,612)	(66,329)	(1,854,265)	390,833	(47,085,373)
Culverts	(9,497,395)	38,835	(455,096)	-	(9,913,656)
Structural Walls	(772)	(12,255)	(9,720)	-	(22,747)
Traffic Lights	(2,099,238)	(1,500)	(169,778)	60,768	(2,209,748)
Trails	(43,460)	1	(11,028)	-	(54,487)
Parking Lots	(743,056)	(60,986)	(176,871)	34,290	(946,623)
Vehicles & Machinery					
Licensed Equipment	(5,061,989)	(202,445)	(2,329,102)	1,308,490	(6,285,046)
Unlicensed Equipment	(3,774,799)	202,445	(1,026,382)	434,417	(4,164,319)
Furniture & Fixtures	(4,368,717)	-	(757,969)	43,282	(5,083,404)
Technology & Communications	(3,412,213)	-	(981,842)	687,517	(3,706,538)
Library Books	(1,617,371)	-	(660,966)	563,282	(1,715,055)
Wellington Housing Corporation	(561,879)	-	(166,934)	49,573	(679,240)
Public Health	(3,950,713)	-	(491,632)	-	(4,442,345)
Total	\$ (327,968,776)	\$ -	\$ (27,703,651)	\$ 5,499,072	\$ (350,173,355)
Net Book Value	December 31, 2019				December 31, 2020
Land	\$ 33,631,664				\$ 33,631,664
Landfill Sites	858,296				845,661
Buildings	130,788,606				125,917,788
Infrastructure					
Roads	164,207,997				164,670,876
Bridges	41,411,653				53,031,364
Culverts	12,210,880				11,392,639
Structural Walls	189,595				285,256
Traffic Lights	1,217,708				2,278,678
Trails	206,524				195,497
Parking Lots	1,989,140				2,384,570
Vehicles & Machinery					
Licensed Equipment	7,656,515				5,651,091
Unlicensed Equipment	4,861,970				6,111,849
Furniture & Fixtures	4,389,054				4,843,552
Technology & Communications	2,935,617				3,401,854
Library Books	1,600,874				1,420,770
Wellington Housing Corporation	2,596,483				4,073,325
Public Health	7,156,597				6,881,431
Capital Work-in-Progress	12,538,109				7,762,939
Total	\$ 430,447,282				\$ 434,780,804

**Notes to the Financial Statements
For the Year Ended December 31, 2020**

(a) Assets Under Construction

Assets under construction having a value of \$7,762,939 (2019 - \$12,538,109) have not been amortized. Wellington Housing Corporation assets under construction having a value of \$17,452 (2019 - \$312,642) have been included in the Wellington Housing Corporation asset values. Amortization of these assets will commence when the asset is available for use.

(b) Write-Down of Tangible Capital Assets and Loss on Disposal

The write-down of tangible capital assets during the year was \$0 (2019 - \$0). The loss on disposal of assets during the year was \$514,770 (2019 - \$418,246).

12. ACCUMULATED SURPLUS

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

As at December 31	2020	2019
	\$	\$
Surplus:		
Invested in Tangible Capital Assets	434,780,804	430,447,282
Invested in Capital Fund	15,868,884	21,426,805
Public Health Unit (Note 16)	1,049,918	770,751
Contingency Reserve Recovery of Keep Well Loan	855,044	-
Amounts to be Recovered		
From Future Revenues		
Net Long-Term Liabilities	(34,587,574)	(38,652,583)
Post-Employment Benefits	(2,359,915)	(2,313,789)
Landfill Liability	(121,850)	(611,147)
Other Long-Term Liabilities	(90,129)	(150,215)
From Reserve Funds		
Landfill Liability	(8,491,715)	(7,970,073)
WSIB	(1,361,104)	(1,340,327)
Total Surplus	405,542,363	401,606,704
Reserves set aside by Council for:		
Capital	46,595,576	40,452,850
Contingencies and Stabilization	24,465,192	20,152,166
Equipment Replacement	4,456,037	4,192,172
Benefit and Insurance	3,873,432	3,363,032
Programme Specific	2,916,617	2,724,387
Total Reserves	82,306,854	70,884,607
Reserve Funds set aside for specific purposes by Council for:		
Landfill Closure and Post Closure	8,491,715	7,970,073
Workplace Safety and Insurance	3,731,534	3,569,701
Housing Regeneration	4,207,820	3,337,662
Public Health Debt Retirement	2,854,327	2,785,879
Housing Development	2,114,035	1,217,787
Museum Donations	209,675	190,705
Logan Donation	148,792	148,158
Homeownership Loan	202,543	132,753
Library Donations	100,657	93,025
Wellington Terrace Donations	77,797	71,121
Total Reserve Funds	22,138,895	19,516,864
Accumulated Surplus	\$ 509,988,112	\$ 492,008,175

**Notes to the Financial Statements
For the Year Ended December 31, 2020**

13. 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.

	2020	2019
	\$	\$
Property Tax Levy	105,612,800	99,741,800
Supplementary & Omitted Taxes	2,518,533	2,223,353
Payment in Lieu of Taxes	835,356	765,247
Other	31,679	31,680
	108,998,368	102,762,080
Less:		
Property Taxes written off as uncollectible	(942,138)	(971,519)
Provision for Assessment at Risk	281,021	(4,785)
	(661,117)	(976,304)
Tax Revenue recognized	\$ 108,337,251	\$ 101,785,776

**Notes to the Financial Statements
For the Year Ended December 31, 2020**

14. PROVINCIAL AND FEDERAL GOVERNMENT TRANSFERS

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

	2020	2019
	\$	\$
Provincial Government Transfers		
Affordable Housing Construction Funding	201,314	209,930
Community Homelessness Prevention Initiative, SHEEP	3,917,657	3,560,452
Community Policing Partnership, RIDE, 1000 Officers, Court Security	223,384	238,528
Covid Funding - Safe Restart Corporate	2,311,900	-
Covid Funding - Long Term Care	1,830,086	-
Covid Funding - Housing Services	2,202,409	-
Covid Funding - Children's Services	2,097,618	-
Health Unit – Ministry of Children and Youth Services	825,987	825,987
Health Unit – Ministry of Health and Long Term Care	5,992,034	4,984,829
Library Operating Grant	141,275	141,275
Library Other Grants	-	6,720
Long Term Care Operating Subsidy	9,426,448	9,440,048
MCI Immigration Funding	-	15,519
Ministry of Education Funding Childcare	19,339,651	22,672,005
Ministry of Housing-SIF, IAH, SHIP, OPHI	1,791,727	1,792,501
MMAH Modernization Grant	-	725,000
Museum Operating Grant & Other	70,739	56,184
Ontario Community Infrastructure Fund (OCIF)	549,964	2,327,003
Ontario Municipal Partnership Fund (OMPF)	1,281,900	1,508,100
Ontario Works Administration Subsidy	4,831,041	4,848,006
Ontario Works Benefit Subsidy	17,701,452	19,080,571
Ontario Works Provincial Addictions Funding	-	69,975
Reaching Home	-	112,535
Strong Communities Rent Supplement	540,419	543,002
Waste Diversion Ontario, Stewardship Ontario, OTS Tire	1,057,159	977,680
Other	1,981,989	1,205,720
Subtotal Provincial Government Transfers	78,316,153	\$75,341,570
Federal Government Transfers		
Citizenship and Immigration Canada Subsidy	456,175	428,111
Covid Funding - Ontario Works	19,465	-
FCM Asset Management Grant	-	12,924
Federal Block Funding Housing	2,507,768	2,874,904
Federal Gas Tax	2,676,722	5,747,957
Health Unit - Public Health Agency of Canada	19,428	7,233
Homeless Partnering Strategy	279,438	73,086
Smart Cities	61,169	-
Subtotal Federal Government Transfers	\$6,020,165	\$9,144,215
Total Government Transfers	\$ 84,336,318	\$84,485,785

**Notes to the Financial Statements
For the Year Ended December 31, 2020**

15. 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, 2020 the sum of \$3,663,531 (2019 - \$3,566,444) has been paid to GMCH, leaving an outstanding commitment of \$1,336,469 (2019 - \$1,433,556).

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. As of December 31, 2020 the sum of \$2,200,000 (2019 - \$2,000,000) has been paid to the Mount Forest Louise Marshall Hospital Foundation, leaving an outstanding commitment of \$0 (2019 - \$200,000). The sum of \$2,200,000 has been paid to the Palmerston & District Hospital Foundation, leaving an outstanding commitment of \$0. The sum of \$5,000,000 has been paid to Groves Memorial Community Hospital Foundation, leaving an outstanding commitment of \$0.

In January of 2020, the County provided a \$2,300,000 Obligations Guarantee for the Southwestern Integrated Fibre Technology (SWIFT) programme. This guarantee allowed SWIFT to obtain a credit facility and continue work on improving rural broadband service to Wellington County. This work is expected to be complete by November 2022 and the guarantee will be discharged at this time.

16. GOVERNMENT PARTNERSHIP

The County of Wellington is a partner in the Wellington-Dufferin-Guelph Health Unit. The County provides 32.0% (2019 - 32.0%) of the municipal funding to the Health Unit for the Cost Shared Mandatory and related programmes, and is responsible for a similar share of the assets, liabilities and municipal position of the Health Unit. Based on updated 2016 Census information, the County share is 32.0% except for the share of the long-term loan which remains at 32.7%. 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, 2020, the Health Unit's financial results and financial position are as follows:

	2020	2019
	\$	\$
Financial Assets	5,567,985	3,651,530
Liabilities	(8,461,004)	(8,311,312)
Non-Financial Assets	21,557,543	22,437,800
Accumulated Surplus	18,664,524	17,778,018
Revenues	31,015,019	27,597,773
Expenses	30,128,513	26,792,805
Annual Surplus	886,506	804,968

**Notes to the Financial Statements
For the Year Ended December 31, 2020**

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

	2020	2019
	\$	\$
Financial Assets	1,781,756	1,168,490
Accounts Payable and Deferred Revenue	(748,820)	(421,237)
Non-Financial Assets	16,982	23,498
Share of Health Unit (Note 12)	1,049,918	770,751
Long-Term Debt (County share remains at 32.7%)	(1,465,581)	(1,828,864)
Post-Employment Liability (Note 7)	(526,354)	(450,528)
Invested in Tangible Capital Assets (Note 11)	6,881,431	7,156,597
Accumulated Surplus	5,939,414	5,647,956

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. The whole or any part of the capital financing under this agreement may be prepaid at any time without penalty or bonus and the Health Unit has made three prepayments; December 2014 - \$490,500, April 2017 - \$611,964 and August 2019 - \$1,665,800. These amounts have been transferred to the County's Public Health Debt Retirement Reserve Fund. At December 31, 2019 the balance of the loan receivable is \$1,465,581 (2019 - \$1,828,864).

17. PUBLIC LIABILITY INSURANCE

The County has a comprehensive programme 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, 2020, the maximum deductible exposure to the County is estimated at \$769,042. 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 likely and can be reasonably estimated. For claims not covered by purchased insurance, the County has established a reserve, which as at December 31, 2020 totaled \$579,997 (2019 - \$483,088).

Notes to the Financial Statements For the Year Ended December 31, 2020

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 678 (2019 - 689) 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 \$58,700 and at a rate of 14.6% for earnings over the yearly maximum.

The County's contribution to OMERS for 2020 was \$4,169,595 (2019 - \$4,076,613) for current service and past service costs and is included as an expense on the Consolidated Statement of Operations. Employee contribution to OMERS in 2020 was \$4,169,595 (2019 - \$4,076,613).

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, 2020, the OMERS Primary Plan had a funded ratio of assets to pension obligations of 97% (2019 - 97%). The OMERS pension plan funding deficit remains \$3.2 billion (2019 - \$3.4 billion).

19. SOCIAL HOUSING PROPERTIES

The County has title to the 1,189 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 \$2,507,769 (2019 - \$2,874,902) in federal government subsidies provided to the County for social housing, \$590,600 (2019 - \$947,562) is retained by the province to fund the associated debt servicing costs.

The County owns 100% of the shares of Wellington Housing Corporation which owns 440 King Street East in Mount Forest. 440 King Street is a 39-unit townhouse complex that is split approximately 50/50 between rent-geared-to-income (RGI) and affordable rental units. At December 31, 2020 the mortgage outstanding was \$489,655 (2019 - \$620,648).

20. BUDGET DATA

The budget data presented in these consolidated financial statements is based upon the 2020 operating and capital budgets approved by Council on January 30, 2020 and capital budget amendments made in 2020 in the amount of \$174,000 (2019 - \$5,181,200) that were approved by Council throughout the year. Amortization was not included in the approved budget however it has been included in the consolidated financial statements budget based on the estimated annual amortization presented to Council prior to budget approval per Ontario Regulation 284/09. The following chart reconciles the approved budget to the budget figures reported in these consolidated financial statements.

**Notes to the Financial Statements
For the Year Ended December 31, 2020**

	2020 Budget	2019 Budget
	\$	\$
Revenues		
Operating Budget	231,978,600	220,706,700
Capital Budget	38,985,200	48,041,700
Health Unit and WHC Budget	7,045,715	8,799,061
Less:		
Transfers from other funds	(26,831,100)	(25,727,700)
New debt financing	(1,825,000)	(9,640,000)
Internal recoveries	(7,384,000)	(6,829,800)
Total Revenues	241,969,415	235,349,961
Expenses		
Operating Budget	231,978,600	220,706,700
Capital Budget	38,985,200	47,986,700
Amortization	23,000,000	22,400,000
Health Unit and WHC Budget	6,518,715	6,322,061
Less:		
Transfer to other funds	(25,829,701)	(25,787,500)
Capital Expenses	(38,985,200)	(47,986,700)
Debt principal payments	(3,934,000)	(3,757,700)
Internal charges	(7,253,600)	(6,715,200)
Total Expenses	224,480,014	213,168,361
Annual Surplus	17,489,401	22,181,600

21. COMPARATIVE FIGURES

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

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.

**Notes to the Financial Statements
For the Year Ended December 31, 2020**

2020											
	General Government	Protection	Transportation Services	Environmental Services	Health Services	Social Housing	Social and Family Services	Library	Museum	Planning & Development	Consolidated
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues											
Taxation	12,971,719	19,008,869	29,285,662	7,522,184	7,743,488	5,414,155	13,478,114	7,563,717	2,158,791	3,190,552	108,337,251
Grants and Subsidies	1,548,165	1,120,977	3,303,378	1,211,283	7,173,272	13,279,274	56,027,165	393,018	164,617	115,169	84,336,318
Municipal Revenue	48,406	(30,700)	2,886,835	-	52,021	16,618,163	6,087,737	33,600	-	315,605	26,011,667
Fees & Service Charges	907,203	119,253	442,719	3,955,107	-	(529,371)	5,508,222	45,245	34,164	1,040,848	11,523,390
Licences, Permits, Rents	1,250,936	114,590	-	8,836	-	7,179,436	-	20,891	8,908	-	8,583,597
Interest, Donations, Other	3,221,261	16,596	-	-	12,991	297,423	188,521	1,743	1,975	2,262	3,742,772
Development Charges	143,648	161,358	1,470,364	-	66,462	-	74,056	502,825	-	-	2,418,713
Total Revenues	20,091,338	20,510,943	37,388,958	12,697,410	15,048,234	42,259,080	81,363,815	8,561,039	2,368,455	4,664,436	244,953,708
Expenses											
Salaries and Benefits	9,885,559	404,483	5,347,658	2,720,857	4,980,298	4,248,317	32,047,131	4,536,419	1,596,161	2,753,943	68,520,826
Goods and Services	6,337,293	1,353,651	10,221,117	7,856,617	1,799,647	6,965,107	4,853,188	1,627,921	641,237	531,147	42,186,925
Transfer Payments	476,262	16,428,619	-	-	7,560,208	22,567,554	36,538,592	-	-	729,723	84,300,958
Insurance and Interest	1,128,792	62,438	852,626	269,719	113,137	465,406	1,068,028	184,074	55,140	62,051	4,261,411
Amortization	1,685,281	941,334	15,750,213	650,743	491,632	4,137,823	1,648,219	2,006,794	297,015	94,597	27,703,651
Total Expenses	19,513,187	19,190,525	32,171,614	11,497,936	14,944,922	38,384,207	76,155,158	8,355,208	2,589,553	4,171,461	226,973,771
Excess (deficiency) of Revenue over Expenses	578,151	1,320,418	5,217,344	1,199,474	103,312	3,874,873	5,208,657	205,831	(221,098)	492,975	17,979,937

**Notes to the Financial Statements
For the Year Ended December 31, 2020**

2019											
	General Government	Protection	Transportation Services	Environmental Services	Health Services	Social Housing	Social and Family Services	Library	Museum	Planning & Development	Consolidated
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues											
Taxation	11,560,243	18,427,751	28,230,297	5,760,579	7,724,619	5,157,264	12,349,288	7,371,631	2,127,217	3,076,887	101,785,776
Grants and Subsidies	2,277,086	238,528	8,087,884	977,680	5,818,049	9,596,572	57,245,916	147,995	56,184	39,891	84,485,785
Municipal Revenue	103,643	333,698	3,140,560	-	79,918	16,112,239	6,713,480	30,600	-	89,984	26,604,122
Fees & Service Charges	818,491	27,927	1,237,379	3,949,208	(24)	(244,174)	5,626,707	84,248	88,656	730,611	12,319,029
Licences, Permits, Rents	1,266,519	122,508	-	8,836	-	7,055,609	-	53,032	43,258	-	8,549,762
Interest, Donations, Other	3,112,460	3,104	57,662	-	48,398	174,241	168,564	3,990	1,946	11,268	3,581,633
Development Charges	45,291	168,912	544,561	-	80,339	66,741	11,889	535,279	-	-	1,453,012
Total Revenues	19,183,733	19,322,428	41,298,343	10,696,303	13,751,299	37,918,492	82,115,844	8,226,775	2,317,261	3,948,641	238,779,119
Expenses											
Salaries and Benefits	9,488,288	421,270	5,899,654	2,592,283	4,460,203	4,109,176	29,011,909	4,389,885	1,496,496	2,382,055	64,251,219
Goods and Services	6,842,885	710,017	13,537,578	7,021,332	1,463,371	6,819,340	4,432,206	1,322,804	500,333	465,385	43,115,251
Transfer Payments	685,002	16,259,035	-	-	12,407,298	19,297,608	39,958,503	-	500	733,103	89,341,049
Insurance and Interest	1,218,127	84,295	721,824	235,584	119,006	490,772	1,080,159	191,762	51,557	54,090	4,247,176
Amortization	1,410,652	898,128	13,222,835	379,916	485,942	3,823,880	1,377,384	1,927,264	232,858	71,703	23,830,562
Total Expenses	19,644,954	18,372,745	33,381,891	10,229,115	18,935,820	34,540,776	75,860,161	7,831,715	2,281,744	3,706,336	224,785,257
Excess (deficiency) of Revenue over Expenses	(461,221)	949,683	7,916,452	467,188	(5,184,521)	3,377,716	6,255,683	395,060	35,517	242,305	13,993,862

Wellington Housing Corporation

Financial Statements

For the year ended December 31, 2020



KPMG LLP
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INDEPENDENT AUDITORS' REPORT

To the Members of Board of Directors Wellington Housing Corporation

We have audited the financial statements of Wellington Housing Corporation (the Entity), which comprise:

- the statement of financial position as at December 31, 2020
- the statement of operations for the year then ended
- the statement of changes in net debt for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2020, and its results of operations, its changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “***Auditors’ Responsibilities for the Audit of the Financial Statements***” section of our auditors’ report.

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

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



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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.



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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Chartered Professional Accountants, Licensed Public Accountants

Waterloo, Canada

April 21, 2021

Wellington Housing Corporation
Statement of Financial Position

As at December 31	2020	2019
	\$	\$
Assets		
Financial Assets		
Cash and Cash Equivalents (Note 3)	987,164	1,262,108
Accounts Receivable (Note 4)	218,814	535,860
Portfolio Investments (Note 3)	87,387	81,120
Total Financial Assets	1,293,365	1,879,088
Liabilities		
Accounts Payable and Accrued Liabilities	242,613	135,624
Deferred Revenue	14,439	11,060
Mortgage Payable (Note 5)	489,655	620,648
Total Liabilities	746,707	767,332
Net Financial Assets	546,658	1,111,756
Non-Financial Assets		
Tangible Capital Assets (Note 6)	4,073,325	2,596,483
Contingencies and commitments (Note 7)		
Accumulated Surplus (Note 8)	4,619,983	3,708,239

Wellington Housing Corporation Statement of Operations

For the year ended December 31	(Note 9) Budget \$	2020 \$	2019 \$
Revenues			
Rental revenues	194,000	212,159	198,766
Municipal operating subsidies	748,000	749,650	645,000
Municipal capital subsidies	-	-	1,100,000
Provincial capital subsidies	-	450,000	450,000
Interest and other	-	13,904	2,223
Total revenues	942,000	1,425,713	2,395,989
Expenses			
Office and general	14,500	14,413	9,511
Professional fees	17,500	11,433	11,763
Management fees	45,000	32,288	32,316
Repairs and maintenance	303,900	119,028	239,041
Utilities	9,100	19,702	21,925
Insurance	13,000	11,960	11,804
Interest and bank charges	12,000	5,515	6,933
Amortization	-	166,934	135,857
Bad debt expense	-	-	2,344
Loss on disposal of tangible capital assets	-	132,696	131,658
Total expenses	415,000	513,969	603,152
Excess of revenue over expenses	527,000	911,744	1,792,837
Accumulated surplus, beginning of year	3,708,239	3,708,239	1,915,402
Accumulated surplus, end of year	4,235,239	4,619,983	3,708,239

Wellington Housing Corporation
Statement of Changes in Net Debt

For the year ended December 31	(Note 9) Budget \$	2020 \$	2019 \$
Excess of revenue over expenses	527,000	911,744	1,792,837
Loss on disposal of tangible capital assets	-	132,696	131,658
Acquisition of tangible capital assets	(508,000)	(1,776,472)	(593,247)
Amortization of tangible capital assets	-	166,934	135,857
Increase (decrease) in net financial assets	19,000	(565,098)	1,467,105
Net financial assets (debt), beginning of year	1,111,756	1,111,756	(355,349)
Net financial assets, end of year	1,130,756	546,658	1,111,756

Wellington Housing Corporation
Statement of Cash Flows

For the year ended December 31	2020	2019
	\$	\$
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	911,744	1,792,837
Items not involving cash:		
Amortization	166,934	135,857
Loss on disposal of tangible capital assets	132,696	131,658
Net change in non-cash working capital items	427,414	(281,571)
Net cash provided by operating activities	<u>1,638,788</u>	<u>1,778,781</u>
Cash flows from investing activities		
Purchase of tangible capital assets	(1,776,472)	(593,247)
Increase in portfolio investments	(6,267)	(1,782)
Net cash used in investing activities	<u>(1,782,739)</u>	<u>(595,029)</u>
Cash flows from financing activities		
Long-term debt repaid	(130,993)	(129,503)
Net cash used in financing activities	<u>(130,993)</u>	<u>(129,503)</u>
Net change in cash and cash equivalents	(274,944)	1,054,249
Cash and cash equivalents, beginning of year	1,262,108	207,859
Cash and cash equivalents, end of year	<u>987,164</u>	<u>1,262,108</u>

Wellington Housing Corporation

Notes to the Financial Statements

For the year ended December 31, 2020

1. AUTHORITY AND PURPOSE

The Wellington Housing Corporation (the "Corporation") is incorporated with share capital under the Ontario Business Corporations Act to provide, operate and construct housing accommodation primarily for persons of low and moderate income.

The Corporation operates the following non-profit property under Parts VI and VII of the Housing Services Act (HAS): 440 King Street East, Mount Forest, ON.

The Corporation's shares are 100% owned by the County of Wellington. The County is also the Service manager for the Corporation. The Corporation is exempt from tax under the Federal Income Tax Act.

2. SIGNIFICANT ACCOUNTING POLICIES

As an entity controlled by a local government, the Corporation is required to follow PSA standards. The financial statements have been prepared in accordance with public sector accounting standards.

(a) Basis of accounting

The Corporation follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned. Expenses are recognized as they are incurred and are measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

(b) 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, is amortized on a straight-line basis over their estimated useful lives as follows:

Wellington Housing Corporation
Notes to the Financial Statements
For the year ended December 31, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Major Asset Classification	Component Breakdown	Useful Life - Years
Land		N/A
Buildings	Structure	15 to 50
	Exterior	20 to 40
	Interior	15 to 40
	Site Elements	10 to 30
	Leasehold Improvements	Lease Term
Infrastructure	Parking Lots - Asphalt	20
	Parking Lots - Gravel	10
Furniture & Fixtures		15
Technology & Communications		5

(c) Contributions of tangible capital assets

All assets contributed to the Corporation are recorded at their fair value at the time of contribution. Revenue at an equal amount is recognized at the time of contribution.

(d) Reserves and reserve funds

Annual surplus amounts are transferred to reserves designated for capital expenses. Withdrawals from the reserves must have Board of Directors approval.

(e) Government transfers

Government transfers are received from the Service Manager and the Province for the provision of social housing services, building construction and other capital expenses. Government transfers are recognized as revenue in the financial statements when the transfer is authorized, any eligibility criteria are met and a reasonable estimate of the amount can be made except, when and to the extent that, stipulations by the transferor give rise to an obligation that meet the definition of a liability. Government transfers that meet the definition of a liability are recorded as deferred revenue on Statement of Financial Position and recognized as revenue on Statement of Operations as the liability is extinguished.

(f) Rental Revenue

Rental and other revenue is recognized at the time the services are provided.

Wellington Housing Corporation

Notes to the Financial Statements

For the year ended December 31, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Investments

Investments consist of equity and bond funds and are carried at cost. Losses are recognized when the decline in market value is other than temporary. Gains and losses on investments are recorded when the investment is sold and interest is recorded when received or receivable.

(h) Cash and cash equivalents

Cash and cash equivalents include short-term investments with a term to maturity of 90 days or less at acquisition.

(i) Use of estimates

The preparation of financial statements, in conformity with PSAS, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

3. CASH AND CASH EQUIVALENTS AND PORTFOLIO INVESTMENTS

Total cash and cash equivalents of \$987,164 (2019 - \$1,262,108) are reported on the Statement of Financial Position at cost.

Total portfolio investments of \$87,387 (2019 - \$81,120) are reported on the Statement of Financial Position at cost and have a market value of \$104,202 (2019 - \$96,147).

4. ACCOUNTS RECEIVABLE

Accounts receivable recorded on the balance sheet are composed of the following:

	2020	2019
	\$	\$
GST/HST Receivable	117,774	73,731
Rent	5,040	6,129
Provincial Subsidy	90,000	450,000
Deposit Receivable	6,000	6,000
Total	218,814	535,860

Wellington Housing Corporation
Notes to the Financial Statements
For the year ended December 31, 2020

5. NET LONG-TERM LIABILITIES

The mortgage payable is held by the Canadian Mortgage and Housing Corporation at an interest rate of 0.67% with monthly installments of \$11,262 (2019 - \$11,323) principal and interest and due August 2024.

The mortgage payable is secured by real estate and chattels owned by the corporation with a carrying value of \$4,073,325 (2019 - \$2,596,483).

Principal payments required on long-term debt are due as follows:

	Principal
	\$
2021	132,281
2022	133,168
2023	134,062
2024	90,144
Total	489,655

Wellington Housing Corporation
Notes to the Financial Statements
For the year ended December 31, 2020

6. TANGIBLE CAPITAL ASSETS

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, 2019 (\$)	Additions (\$)	Disposals (\$)	Balance at December 31, 2020 (\$)
Land	304,679			304,679
Buildings	2,212,558	2,063,539	(182,269)	4,093,828
Infrastructure Parking Lots	282,380			282,380
Furniture & Fixtures	46,103	8,123		54,226
Capital Work-in-Progress	312,642	17,452	(312,642)	17,452
Total	3,158,362	2,089,114	(494,911)	4,752,565
Accumulated Amortization	Balance at December 31, 2019 (\$)	Disposals (\$)	Amortization Expense (\$)	Balance at December 31, 2020 (\$)
Land	-	-	-	-
Buildings	(496,050)	49,573	(143,779)	(590,256)
Infrastructure Parking Lots	(39,384)		(13,194)	(52,579)
Furniture & Fixtures	(26,444)		(9,961)	(36,405)
Total	(561,878)	49,573	(166,934)	(679,240)
Net Book Value	Balance at December 31, 2019 (\$)			Balance at December 31, 2020 (\$)
Land	304,679			304,679
Buildings	1,716,507			3,503,572
Infrastructure Parking Lots	242,996			229,802
Furniture & Fixtures	19,658			17,820
Capital Work-in-Progress	312,642			17,452
Total	2,596,482			4,073,325

Wellington Housing Corporation
Notes to the Financial Statements
For the year ended December 31, 2020

7. CONTINGENCIES AND COMMITMENTS

In 2019, Wellington Housing Corporation entered into a contribution agreement with The Corporation of the County of Wellington (the “County”) to construct and operate a four-unit affordable housing project on the 440 King Street, Mount Forest site. The County provided \$900,000 in a forgivable loan for the Project. The loan and any accrued interest (8% per annum) are forgivable after 25 years as long as all conditions of the agreement have been met during this term. The terms of the forgivable loan include that the Corporation is to construct and operate the project as affordable housing units for a term of 25 years. As per the agreement, funding of \$450,000 was disbursed in 2019 as the initial milestone of having a signed contribution agreement in place was met. Additional funding of \$450,000 was disbursed in 2020 upon completion of structural framing and confirmation of occupancy.

8. ACCUMULATED SURPLUS

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

As at December 31	2020	2019
	(\$)	(\$)
Surplus:		
Invested in Tangible Capital Assets	4,073,325	2,596,483
Invested in Capital Fund	422,883	1,288,458
Long-Term Liabilities	(489,655)	(620,648)
Total Surplus	<u>4,006,553</u>	<u>3,264,293</u>
Reserves set aside by the Corporation Board for:		
WHC Capital Reserve	613,430	443,946
	<u>613,430</u>	<u>443,946</u>
Accumulated Surplus	<u>4,619,983</u>	<u>3,708,239</u>

Wellington Housing Corporation
Notes to the Financial Statements
For the year ended December 31, 2020

9. BUDGET DATA

The budget data presented in these financial statements is based upon the 2020 operating and capital budgets approved by County of Wellington Council on January 30, 2020. 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 financial statements.

	2020 Budget (\$)	2019 Budget (\$)
Revenues		
Operating budget	942,000	856,000
Capital budget	508,000	2,331,000
Less:		
Transfers from other funds	(508,000)	(331,000)
Total revenues	2,856,000	2,856,000
Expenses		
Operating budget	942,000	856,000
Capital budget	508,000	2,331,000
Less:		
Transfer to other funds	(400,000)	(350,000)
Capital expenses	(508,000)	(2,331,000)
Debt principal repayments	(127,000)	(127,000)
Total expenses	415,000	379,000
Annual Surplus	527,000	2,477,000

10. COMPARATIVE INFORMATION

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.

County of Wellington Trust Funds

Financial Statements

For the year ended December 31, 2020



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INDEPENDENT AUDITORS' REPORT

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

We have audited the financial statements of the Trust Funds The Corporation of the County of Wellington (the Entity), which comprise:

- the statement of financial position as at December 31, 2020
- the statement of operations and accumulated surplus for the year then ended
- the statement of changes in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2020, and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

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

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



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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.



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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Waterloo, Canada

June 1, 2021

County of Wellington
Trust Funds – Statement of Financial Position
As at December 31, 2020

	Comfort Money	County Wellness Centre	Safe Communities	2020	2019
	\$	\$	\$	\$	\$
Financial Assets					
Cash and Bank	46,112	5,052	71,684	122,848	131,256
Liabilities					
Accounts Payable	-	-	-	-	1,502
Balance	46,112	5,052	71,684	122,848	129,754

County of Wellington
Trust Funds - Statement of Operations
For the year ended December 31, 2020

	Comfort Money	County Wellness Centre	Safe Communities	2020	2019
	\$	\$	\$	\$	\$
Balance at the beginning of the year	45,320	20,492	63,942	129,754	140,818
Source of Funds:					
Deposits	140,771	18,250	36,121	195,142	278,583
Use of Funds					
Withdrawals	139,979	33,690	28,379	202,048	289,647
Balance at the end of the year	46,112	5,052	71,684	122,848	129,754

**Notes to the Trust Fund Financial Statements
For the Year Ended December 31, 2020**

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 Long Term Care Home (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 Wellington 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 Wellington Terrace residents, County Wellness Centre members and Wellington County Safe Communities Committee on the basis of their individual balances in the fund.