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**County of Wellington**  
**Financial Statements**  
For the year ended December 31, 2016

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**County of Wellington**  
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**For the year ended December 31, 2016**

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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, 2016, 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.



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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, 2016, 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 single, long, horizontal stroke that tapers at both ends, serving as a decorative underline.

**Chartered Professional Accountants, Licensed Public Accountants**

May 25, 2017  
Waterloo, Canada

**County of Wellington**  
**Consolidated Statement of Financial Position**

<b>As at December 31</b>	<b>2016</b>	<b>(Note 1 a) i) 2015</b>
	<b>\$</b>	<b>\$</b>
<b>Assets</b>		
<b>Financial Assets</b>		
Cash and Cash Equivalents (Note 3)	25,364,844	19,778,868
Accounts Receivable	7,198,664	5,550,866
Portfolio Investments (Note 3)	77,448,330	74,650,194
Loans Receivable (Note 4)	230,663	259,589
<b>Total Financial Assets</b>	<b>110,242,501</b>	<b>100,239,517</b>
<b>Liabilities</b>		
Accounts Payable and Accrued Liabilities	19,823,918	14,949,952
Deferred Revenue (Note 5)	8,656,453	6,884,523
Landfill Site Closure & Post Closure Liability (Note 6)	7,672,550	9,752,344
Post-Employment/Retirement Liability (Note 7)	2,116,960	2,050,762
WSIB Liability (Note 8)	1,361,143	1,405,210
Mount Forest Non-Profit Housing Mortgage (Note 9)	994,216	1,120,124
Net Long-Term Liabilities (Note 9)	29,444,948	31,316,642
<b>Total Liabilities</b>	<b>70,070,188</b>	<b>67,479,557</b>
<b>Net Financial Assets</b>	<b>40,172,313</b>	<b>32,759,960</b>
<b>Non-Financial Assets</b>		
Tangible Capital Assets (Note 10)	399,893,936	386,515,187
Inventories of Supplies	768,287	884,946
Prepaid Expenses	2,039,256	2,730,057
<b>Total Non Financial Assets</b>	<b>402,701,479</b>	<b>390,130,190</b>
<b>Accumulated Surplus (Note 11)</b>	<b>442,873,792</b>	<b>422,890,150</b>

## County of Wellington Consolidated Statement of Operations

For the year ended December 31	(Note 19) Budget	2016	(Note 1 a) i)) 2015
	\$	\$	\$
<b>Revenues</b>			
Taxation (Note 12)	86,261,300	88,587,319	85,415,402
Government Transfers			
Provincial (Note 13)	63,874,773	62,614,699	56,850,089
Federal (Note 13)	6,901,300	6,341,679	6,172,174
Municipal	26,687,300	25,486,751	24,632,718
Fees and Service Charges	9,072,000	9,467,963	9,658,152
Licences, Permits, Rent	7,033,400	7,406,818	7,449,381
Interest, Donations, Other	3,037,100	2,824,677	2,724,605
Development Charges Earned	668,000	1,676,416	2,833,144
<b>Total Revenues</b>	<b>203,535,173</b>	<b>204,406,322</b>	<b>195,735,665</b>
<b>Expenses</b>			
General Government	14,152,800	15,664,543	15,110,197
Protection to Persons & Property	16,939,900	18,081,503	18,562,498
Transportation Services	11,411,200	26,313,449	28,361,537
Environmental Services	7,542,700	6,540,688	8,068,797
Health Services	11,538,988	12,149,576	11,990,391
Social Housing	32,883,600	32,720,612	33,064,994
Social and Family Services	57,218,300	60,604,665	57,801,752
Library	5,883,300	6,968,264	6,734,062
Museum	1,991,500	2,220,344	2,003,801
Planning and Development	3,239,400	3,159,036	3,141,444
<b>Total Expenses</b>	<b>162,801,688</b>	<b>184,422,680</b>	<b>184,839,473</b>
Annual Surplus	40,733,485	19,983,642	10,896,192
Accumulated Surplus, Beginning of Year	422,890,150	422,890,150	411,993,958
Accumulated Surplus, End of Year	463,623,635	442,873,792	422,890,150

**County of Wellington**  
**Consolidated Statement of Change in Net Financial Assets**

<b>For the year ended December 31</b>	<b>(Note 19) Budget</b>	<b>2016</b>	<b>(Note 1 a) i) 2015</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Annual Surplus</b>	40,733,485	19,983,642	10,896,192
Acquisition of Tangible Capital Assets	(44,549,500)	(35,631,747)	(24,976,854)
Amortization of Tangible Capital Assets	-	21,109,675	21,133,871
Loss on Disposal of Tangible Capital Assets	-	819,339	256,808
Proceeds on Sale of Tangible Capital Assets	-	323,984	490,602
	<u>(3,816,015)</u>	<u>6,604,893</u>	<u>7,800,619</u>
Acquisition of Inventories of Supplies	-	(768,287)	(884,946)
Acquisition of Prepaid Expenses	-	(2,039,256)	(2,730,057)
Consumption of Inventories of Supplies	-	884,946	729,083
Use of Prepaid Expenses	-	2,730,057	1,521,405
	<u>(3,816,015)</u>	<u>7,412,353</u>	<u>6,436,104</u>
Change in Net Financial Assets	(3,816,015)	7,412,353	6,436,104
Net Financial Assets, Beginning of Year	<u>32,759,960</u>	<u>32,759,960</u>	<u>26,323,856</u>
Net Financial Assets, End of Year	<u>28,943,945</u>	<u>40,172,313</u>	<u>32,759,960</u>

**County of Wellington**  
**Consolidated Statement of Cash Flows**

<b>For the year ended December 31</b>	<b>(Note 1 a) i)</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>Cash Provided By (Used In):</b>		
<b>Operating Activities:</b>		
Annual Surplus	19,983,642	10,896,192
Items Not Involving Cash:		
Amortization	21,109,675	21,133,871
Loss on Disposal of Tangible Capital Assets	819,339	256,808
Contributed Tangible Capital Assets	-	(100,000)
Change in Post Employment/Retirement Liability	66,198	35,620
Change in WSIB Liability	(44,067)	(42,826)
Change in Landfill Liability	(2,079,794)	526,025
Change in Non-Cash Assets and Liabilities:		
Accounts Receivable	(1,647,798)	(93,708)
Accounts Payable and Accrued Liabilities	4,873,966	(3,437,678)
Deferred Revenue	1,771,930	(1,071,039)
Inventories of Supplies	116,659	(155,863)
Prepaid Expenses	690,801	(1,208,652)
<b>Net Change in Cash from Operating Activities</b>	<b>45,660,551</b>	<b>26,738,750</b>
<b>Capital Activities:</b>		
Proceeds on Sale of Tangible Capital Assets	323,984	490,602
Cash Used to Acquire Tangible Capital Assets	(35,631,747)	(24,876,854)
<b>Net Change in Cash from Capital Activities</b>	<b>(35,307,763)</b>	<b>(24,386,252)</b>
<b>Investing Activities:</b>		
Loan Receivable Collected	28,926	119,286
Change in Long-Term Investments	(2,798,136)	(5,305,605)
<b>Net Change in Cash from Investing Activities</b>	<b>(2,769,210)</b>	<b>(5,186,319)</b>
<b>Financing Activities:</b>		
Long-Term debt issued	1,200,000	-
Long-Term debt repaid	(3,197,602)	(3,339,598)
<b>Net Change in Cash from Financing Activities</b>	<b>(1,997,602)</b>	<b>(3,339,598)</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>5,585,976</b>	<b>(6,173,419)</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>19,778,868</b>	<b>25,952,287</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>25,364,844</b>	<b>19,778,868</b>



## Notes to the Financial Statements For the Year Ended December 31, 2016

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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

Mount Forest Non-Profit Housing Corporation

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% (2015 – 32.7%) based on population, as stated in the agreement with the other participants, the City of Guelph and the County of Dufferin.

The County has restated the comparative 2015 financial statements to include the results of Mount Forest Non-Profit Housing Corporation. The impact on the January 1, 2015 accumulated surplus is an increase of \$121,942 and a decrease to the 2015 annual surplus of \$122,833.

##### (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.

**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 \$2,988,611 (2015 - \$2,777,225). 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 \$3,769,111 (2015 - \$3,721,401) 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) 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, 2016**

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**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 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.

**(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.

In 2015 the County recognized the contribution of land for the Hillsburgh Library in the amount of \$100,000. The market value of the land was appraised at \$359,451 and the County paid the landowner \$259,451.

**(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.

**Notes to the Financial Statements  
For the Year Ended December 31, 2016**

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**(iv) Interest Capitalization**

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

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

The capitalized interest costs associated with the acquisition or construction of tangible capital assets during the year was \$nil (2015 - \$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.

**(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 \$158,436 (2015 - \$144,096) 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 \$25,364,844 (2015 - \$19,778,868) are reported on the Consolidated Statement of Financial Position at cost.

Total portfolio investments of \$77,448,330 (2015 - \$74,650,194) are reported on the Consolidated Statement of Financial Position at cost and have a market value of \$80,321,549 (2015 - \$78,595,286).

At December 31, 2016 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) 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

**Notes to the Financial Statements  
For the Year Ended December 31, 2016**

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. The amount to be repaid to the County as at December 31, 2016 was \$103,980 (2015 - \$118,830).

In 2015, the County and Centre Wellington agreed to share soil remediation costs for the Fergus Library Expansion Project. The land, originally owned by 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, 2016 was \$126,683 (2015 - \$140,759).

**5. DEFERRED REVENUE**

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

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Federal Gas Tax	3,769,111	3,721,401
Development Charges	2,988,611	2,777,225
Deferred Capital Grants	1,400,000	-
Deferred Operating Grants	335,805	211,951
Other	162,926	173,946
	<b>8,656,453</b>	<b>6,884,523</b>
	<b>2016</b>	<b>2015</b>
Balance, Beginning of Year		
Federal Gas Tax	3,721,401	3,529,424
Development Charges	2,777,225	4,044,389
Deferred Capital Grants	-	-
Deferred Operating Grants	211,951	275,548
Other	173,946	106,201
	<b>6,884,523</b>	<b>7,955,562</b>
Amounts Received		
Federal Gas Tax	2,635,105	2,509,624
Development Charges	1,816,620	1,436,185
Deferred Capital Grants	1,400,000	-
Deferred Operating Grants	196,637	338,005
Other	99,787	90,193
Interest Earned	215,164	248,561
	<b>6,363,313</b>	<b>4,622,568</b>
Contributions Used	<b>(4,591,383)</b>	<b>(5,693,607)</b>
Balance, End of Year	<b>8,656,453</b>	<b>6,884,523</b>

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

The County is responsible for all aspects of solid waste management. As of December 31, 2016 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, 2016 is \$7,891,217 (2015- \$10,487,363). The amount reported on the Consolidated Statement of Financial Position as of December 31, 2016 is \$7,672,550 (2015 - \$9,752,344) and the amount remaining to be recognized is \$218,667 (2015 - \$735,019).

**Notes to the Financial Statements  
For the Year Ended December 31, 2016**

Closure costs include final cover and vegetation, drainage control features, leachate control and monitoring systems, water quality monitoring systems, gas monitoring and recovery, land acquisition, site remediation, and site closure reports. Post-closure costs include leachate monitoring and treatment, water quality monitoring, gas monitoring and recovery, ongoing maintenance and annual reports. The discounted cash flow analysis is based on the estimated costs for each of these items over a 25 year period using a long term borrowing rate of 3.78% (2015 – 3.51%).

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 97.23% (2015 – 92.99%) of the liability is recognized and reported, which represents the estimated weighted average capacity used to December 31, 2016. It is estimated that sufficient landfill site capacity exists for approximately 30 years.

Of the \$7,672,550 (2015 - \$9,752,344) recognized as a liability, \$1,668,280 (2015 - \$4,209,406) 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 \$6,004,270 (2015 - \$5,542,938) 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.

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 the 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, 2016 the outstanding balance of sick hours was 1,727 hours (2015 - 2,070 hours).

The present value of these benefit obligations at December 31, 2016 was estimated from an actuarial review completed in December 2015. The review calculated the benefit obligations using an accrued benefit obligation methodology, which recognizes the accrued benefit over the employees' working lifetime.

<b>Benefit</b>	<b>Number of Employees Entitled to Benefit as at December 31, 2016</b>	<b>Liability as at December 31, 2016</b>	<b>Liability as at December 31, 2015</b>
		<b>\$</b>	<b>\$</b>
Dental	44	362,574	361,740
Extended Health Care	44	1,162,510	1,159,838
Life Insurance	41	100,805	100,573
<b>County of Wellington Total</b>		1,625,889	1,622,151
Wellington-Dufferin Guelph Public Health Unit		491,071	428,611
<b>Consolidated Total</b>		2,116,960	2,050,762

**Notes to the Financial Statements  
For the Year Ended December 31, 2016**

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

	2016	2015
	\$	\$
Accrued Benefit Obligation:		
Balance, beginning of year	2,101,768	2,250,523
Current benefit cost	88,137	82,490
Interest	96,381	98,768
Benefits paid	(233,507)	(235,153)
Actuarial loss	-	(94,860)
Balance, end of year	2,052,779	2,101,768
Unamortized actuarial loss	(426,890)	(479,617)
<b>Liability for benefits</b>	<b>1,625,889</b>	<b>1,622,151</b>
Wellington-Dufferin-Guelph Public Health Unit	491,071	428,611
<b>Consolidated Total</b>	<b>2,116,960</b>	<b>2,050,762</b>

Included in expenses is \$52,727 (2015 - \$52,727) for amortization of the actuarial loss. The unamortized actuarial loss is amortized over the expected average remaining service life as listed below:

Retiree Benefits 15 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, 2016 were determined using a discount rate of 4.75%.

(ii) Medical costs:

Medical costs were assumed to increase at the rate of 4.67% for 2016 vs. 2015 reducing by .33% per year to 4% per year in 2018 vs. 2017.

(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 2016 resulting from approved claims were \$34,536 (2015 - \$14,325) 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 2015. 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 \$1,361,143 (2015 - \$1,405,210).

**Notes to the Financial Statements  
For the Year Ended December 31, 2016**

Information about the WSIB liability is as follows:

	2016	2015
	\$	\$
Accrued Benefit Obligation:		
Balance, beginning of year	1,266,671	1,233,272
Current benefit cost	124,561	120,163
Interest	37,539	36,175
Expected benefit payments	(129,942)	(122,939)
Expected accrued benefit obligation, end of year	1,298,829	1,266,671
Actual accrued benefit obligation, end of year	918,128	885,970
Unamortized actuarial gain	443,015	519,240
<b>WSIB Liability</b>	<b>1,361,143</b>	<b>1,405,210</b>

Included as a reduction in expenses is \$76,225 (2015 – \$76,225) 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, 2016 were determined using a discount rate of 4.25%
- (ii) Administration costs:  
Administration costs were assumed to be 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 0.5% 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 (2016 – \$30,439,164, 2015 - \$32,436,766) are direct, unsecured and unsubordinated obligations of the County. Long-term liabilities outstanding for Local Municipal purposes (2016 – \$32,339,955, 2015 - \$27,126,340) 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, 2016**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
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 1.15% - 5.875%)	61,784,903	58,442,982
Long-term liabilities incurred by the County and recoverable from member municipalities	<u>(32,339,955)</u>	<u>(27,126,340)</u>
Net long-term liabilities at the end of the year	29,444,948	31,316,642

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

	<b>2016</b>	<b>2015</b>
Debenture payable, 5.875%, repayable in blended semi-annual payments of \$976,101, due August 12, 2025	\$ 11,842,751	\$ 12,816,913
Debenture payable, 5.84%, repayable in blended semi-annual payments of \$119,573, due August 12, 2024	1,511,197	1,655,729
Debenture payable, 4.65%-4.85%, repayable in annual principal and semi-annual interest payments of approximately \$226,000 annually, due October 4, 2021	985,000	1,270,000
Debenture payable, 4.9% - 5%, repayable in annual principal and semi-annual interest payments of approximately \$50,000 annually, due July 2, 2018	373,000	550,000
Debenture payable, 4.5% - 4.9%, repayable in annual principal and semi-annual interest payments of approximately \$374,000 annually, due February 5, 2019	1,047,000	1,372,000
Debenture payable, 4.35% - 4.85%, repayable in annual principal and semi-annual interest payments of approximately \$358,000 annually, due June 3, 2020	1,307,000	1,602,000
Debenture payable, 4.35% - 5.35%, repayable in annual principal and semi-annual interest payments ranging from \$197,156 to \$164,280 annually, due June 3, 2030	1,798,000	1,903,000
Debenture payable, 2.25% - 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	2,591,000	2,877,000
Debenture payable, 1.95% - 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	6,790,000	7,270,000
Debenture payable, 1.15%-2.45%, repayable in annual principal and semi-annual interest payments of approximately \$133,500 annually, due November 30, 2026	1,200,000	-
	<b>\$ 29,444,948</b>	<b>\$ 31,316,642</b>

**Notes to the Financial Statements  
For the Year Ended December 31, 2016**

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

	<b>Principal</b>
2017	\$ 3,193,330
2018	3,322,936
2019	3,259,748
2020	3,035,015
2021	2,796,005
Subsequent to 2021	13,837,914
	<b>\$ 29,444,948</b>

(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:

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Principal Payments	3,071,694	3,216,803
Interest	1,374,986	1,512,925
	<u>4,446,680</u>	<u>4,729,728</u>

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

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
General Municipal Revenues	3,961,165	4,258,985
Development Charges	485,515	470,743
	<u>4,446,680</u>	<u>4,729,728</u>

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

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Net Long-Term Liabilities		
Recovered from General Municipal Revenues	26,307,948	27,817,642
Recovered from Development Charges	3,137,000	3,499,000
	<u>29,444,948</u>	<u>31,316,642</u>

**Notes to the Financial Statements  
For the Year Ended December 31, 2016**

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(g) Mount Forest Non-Profit Housing Corporation:

The mortgage payable is held by the Canadian Mortgage and Housing Corporation at an interest rate of 0.94% with monthly installments of \$11,323 principal and interest and due September 2020. Net long-term liabilities are to be recovered as follows:

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Long-Term Mortgage	867,121	994,216
Add Current Portion	127,095	125,908
<b>Total Mortgage Payable</b>	<b>994,216</b>	<b>1,120,124</b>

The mortgage payable is secured by real estate and chattels owned by the corporation with a carrying value of \$994,216 (2015 \$1,120,124).

Principal payments required on long-term debt for the next four years are due as follows:

	<b>Principal</b>
2017	\$ 127,095
2018	128,293
2019	129,502
2020	609,326
	<b>\$ 994,216</b>

**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:

**Notes to the Financial Statements  
For the Year Ended December 31, 2016**

<b>Cost</b>	<b>December 31, 2015</b>	<b>Additions</b>	<b>Disposals</b>	<b>December 31, 2016</b>
Land	\$ 31,963,420	\$ 342,571	\$ -	\$ 32,305,991
Landfill Sites	1,871,638	-	-	1,871,638
Buildings	144,542,486	8,464,891	(1,180,713)	151,826,664
Infrastructure				
Roads	312,618,375	7,916,639	(859,375)	319,675,639
Bridges	76,063,004	5,002,762	(46,023)	81,019,743
Culverts	18,099,659	834,691	(61,172)	18,873,178
Traffic Lights	2,649,363	300,304	(119,477)	2,830,190
Trails	193,950	-	-	193,950
Parking Lots	1,131,589	100,586	(20,820)	1,211,355
Vehicles & Machinery				
Licensed Equipment	9,483,787	2,169,916	(1,008,909)	10,644,794
Unlicensed Equipment	6,674,961	516,805	(453,983)	6,737,783
Furniture & Fixtures	6,571,159	250,653	-	6,821,812
Technology & Communications	5,393,740	726,873	(14,648)	6,105,965
Library Books	2,921,502	751,455	(533,936)	3,139,021
Mount Forest Non-Profit Housing	2,625,831	-	-	2,625,831
Public Health	10,518,847	444,396	(53,311)	10,909,932
Capital Work-in Progress	10,538,301	13,293,496	(5,484,291)	18,347,506
<b>Total</b>	<b>\$ 643,861,612</b>	<b>\$ 41,116,038</b>	<b>\$ (9,836,658)</b>	<b>\$ 675,140,992</b>

<b>Accumulated Amortization</b>	<b>December 31, 2015</b>	<b>Amortization Expense</b>	<b>Disposals</b>	<b>December 31, 2016</b>
Land	\$ -	\$ -	\$ -	\$ -
Landfill Sites	(864,033)	(24,843)	-	(888,876)
Buildings	(37,507,159)	(5,845,682)	500,623	(42,852,218)
Infrastructure				
Roads	(150,370,913)	(8,757,851)	719,949	(158,408,815)
Bridges	(41,653,739)	(1,477,473)	46,023	(43,085,189)
Culverts	(8,306,817)	(403,211)	61,172	(8,648,856)
Traffic Lights	(1,819,750)	(146,510)	116,431	(1,849,829)
Trails	(2,443)	(9,717)	-	(12,160)
Parking Lots	(305,509)	(103,186)	12,253	(396,442)
Vehicles & Machinery				
Licensed Equipment	(4,128,919)	(1,095,264)	800,516	(4,423,667)
Unlicensed Equipment	(2,186,418)	(594,218)	351,070	(2,429,566)
Furniture & Fixtures	(2,778,288)	(430,216)	-	(3,208,504)
Technology & Communications	(2,607,146)	(854,016)	14,646	(3,446,516)
Library Books	(1,463,899)	(606,024)	533,936	(1,535,987)
Mount Forest Non-Profit Housing	(1,505,707)	(125,908)	-	(1,631,615)
Public Health	(1,845,685)	(635,556)	52,425	(2,428,816)
<b>Total</b>	<b>\$ (257,346,425)</b>	<b>\$ (21,109,675)</b>	<b>\$ 3,209,044</b>	<b>\$ (275,247,056)</b>

<b>Net Book Value</b>	<b>December 31, 2015</b>			<b>December 31, 2016</b>
Land	\$ 31,963,420			\$ 32,305,991
Landfill Sites	1,007,605			982,762
Buildings	107,035,327			108,974,446
Infrastructure				
Roads	162,247,462			161,266,824
Bridges	34,409,265			37,934,554
Culverts	9,792,842			10,224,322
Traffic Lights	829,613			980,361
Trails	191,507			181,790
Parking Lots	826,080			814,913
Vehicles & Machinery				
Licensed Equipment	5,354,868			6,221,127
Unlicensed Equipment	4,488,543			4,308,217
Furniture & Fixtures	3,792,871			3,613,308
Technology & Communications	2,786,594			2,659,449
Library Books	1,457,603			1,603,034
Mount Forest Non-Profit Housing	1,120,124			994,216
Public Health	8,673,162			8,481,116
Capital Work-in-Progress	10,538,301			18,347,506
<b>Total</b>	<b>\$ 386,515,187</b>			<b>\$ 399,893,936</b>

**Notes to the Financial Statements  
For the Year Ended December 31, 2016**

**(a) Assets Under Construction**

Assets under construction having a value of \$18,347,506 (2015 - \$10,538,301) have not been amortized. 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 \$nil (2015 - \$nil). The loss on disposal of assets during the year was \$819,339 (2015 - \$256,808).

**11. ACCUMULATED SURPLUS**

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

<b>As at December 31</b>	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>Surplus:</b>		
Invested in Tangible Capital Assets	399,893,936	386,515,187
Invested in Capital Fund	15,508,365	9,287,446
Share of Public Health Unit (Note 15)	2,357,380	2,034,664
Amounts to be Recovered		
From Future Revenues		
Net Long-Term Liabilities	(30,439,164)	(32,436,766)
Landfill Liability	(1,668,280)	(4,209,406)
Post-Employment Benefits	(2,116,960)	(2,050,762)
From Reserve Funds		
Landfill Liability	(6,004,270)	(5,542,938)
WSIB	(1,361,143)	(1,405,210)
Total Surplus	376,169,864	352,192,215
<b>Reserves set aside by Council for:</b>		
Capital	29,403,613	29,123,717
Contingencies and Stabilization	13,439,668	17,638,463
Equipment Replacement	5,311,925	5,484,060
Hospital Redevelopment	1,820,000	760,000
Benefit and Insurance	2,647,007	2,590,091
Programme Specific	2,486,856	2,694,139
Total Reserves	55,109,069	58,290,470
<b>Reserve Funds set aside for specific purposes by Council for:</b>		
Landfill Closure and Post Closure	6,004,271	5,542,938
Workplace Safety and Insurance	3,424,523	3,291,172
Best Start Programme	113,981	619,090
Housing Development	903,368	1,632,913
Federal Housing Projects	1,010,221	982,735
Museum Donations and Endowments	94,549	302,981
Wellington Terrace Donations	43,946	35,636
Total Reserve Funds	11,594,859	12,407,465
<b>Accumulated Surplus</b>	<b>\$ 442,873,792</b>	<b>\$ 422,890,150</b>

**Notes to the Financial Statements  
For the Year Ended December 31, 2016**

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**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.

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Property Tax Levy	87,855,302	84,523,500
Supplementary & Omitted Taxes	1,996,291	1,642,267
Payment in Lieu of Taxes	625,203	590,978
Other	30,664	28,193
	90,507,460	86,784,938
Less:		
Property Taxes written off as uncollectible	(1,214,017)	(765,000)
Provision for Assessment at Risk	(706,124)	(604,536)
	(1,920,141)	(1,369,536)
Tax Revenue recognized	<b>\$ 88,587,319</b>	<b>\$ 85,415,402</b>

**Notes to the Financial Statements  
For the Year Ended December 31, 2016**

**13. PROVINCIAL AND FEDERAL GOVERNMENT TRANSFERS**

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

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Provincial Government Transfers		
Affordable Housing Construction Funding	205,600	206,700
Community Homelessness Prevention Initiative, SHEEP	2,965,637	3,095,089
Community Policing Partnership, RIDE, 1000 Officers, Court Security	303,992	298,509
Health Unit – Ministry of Health and Long Term Care	4,915,399	4,943,179
Health Unit – Ministry of Children and Youth Services	768,112	802,947
Library Operating and Pay Equity, Student, Admin Grant	160,375	156,546
Library Capacity Grant	78,876	45,917
Long Term Care Operating Subsidy	8,835,881	8,463,740
Ministry of Agriculture - Rural Economic Development	22,531	-
Ministry of Education Funding Childcare	13,812,500	12,448,650
Ministry of Municipal Affairs-Investing in Affordable Housing	4,774,800	1,240,600
Ministry of Transportation - Electric Vehicle Programme	215,076	-
Museum Operating Grant	55,418	52,264
Ontario Community Infrastructure Fund (OCIF)	464,769	464,769
Ontario Municipal Partnership Fund (OMPF)	2,455,500	2,888,800
Ontario Works Administration Subsidy	4,602,700	4,528,700
Ontario Works Benefit Subsidy	16,443,222	15,493,000
Ontario Works Provincial Addictions Funding	113,050	109,600
Strong Communities Rent Supplement	582,166	581,200
Talent Attraction Economic Development	16,286	32,714
Trans Canada Trail Pan Am Legacy Funds	-	15,000
Waste Diversion Ontario, Stewardship Ontario, OTS Tire	707,430	696,841
Other	115,379	285,324
<b>Subtotal Provincial Government Transfers</b>	<b>\$62,614,699</b>	<b>\$56,850,089</b>
Federal Government Transfers		
Citizenship and Immigration Canada Subsidy	334,359	334,327
Canada 150 Community Infrastructure	11,221	-
Federal Block Funding Housing	3,155,089	3,315,498
Federal Gas Tax	2,709,724	2,436,413
Health Unit - Public Health Agency of Canada	20,735	20,735
Homeless Partnering Strategy	97,803	65,201
Library Grant - Canada Council	3,290	-
Trans Canada Trail	9,458	-
<b>Subtotal Federal Government Transfers</b>	<b>\$6,341,679</b>	<b>\$6,172,174</b>
<b>Total Government Transfers</b>	<b>\$ 68,956,378</b>	<b>\$63,022,263</b>

**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, 2016 the sum of \$3,558,561 (2015 - \$3,550,782) has been paid to GMCH, leaving an outstanding commitment of \$1,441,439 (2015 - \$1,449,218).

**Notes to the Financial Statements  
For the Year Ended December 31, 2016**

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, 2016 the sum of \$880,000 (2015 - \$440,000) has been paid to the Palmerston & District Hospital Foundation, leaving an outstanding commitment of \$1,320,000 (2015 - \$1,760,000). To date no payments have been made to either Groves Memorial Community Hospital Foundation or the Mount Forest Louise Marshall Hospital Foundation.

**15. GOVERNMENT PARTNERSHIP**

The County of Wellington is a partner in the Wellington-Dufferin-Guelph Health Unit. The County provides 32.7% (2015 - 32.7%) of the municipal funding to the Health Unit for the Cost Shared Mandatory and related programs, 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, 2016, the Health Unit's financial results and financial position are as follows:

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Financial Assets	8,616,678	7,670,585
Liabilities	(18,186,200)	(18,780,990)
Non-Financial Assets	26,021,910	26,715,268
Accumulated Surplus	16,452,388	15,604,863
Revenues	26,327,869	26,390,003
Expenses	25,480,344	25,310,333
Annual Surplus	847,525	1,079,670

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

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Share of Health Unit (Note 11)	2,357,380	2,034,664
Long-Term Debt	(4,967,494)	(5,176,425)
Post-Employment Liability (Note 7)	(491,071)	(428,611)
Invested in Tangible Capital Assets (Note 10)	8,481,116	8,673,162
Accumulated Surplus	5,379,931	5,102,790

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. At December 31, 2016 the balance of the loan receivable is \$4,967,494 (2015 - \$5,176,425)



**16. 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, 2016, the maximum deductible exposure to the County is estimated at \$259,592. 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, 2016 totaled \$398,473 (2015 - \$378,889).

**17. PENSION AGREEMENTS**

The County makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of approximately 633 (2015 - 642) 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 \$54,900 at a rate of 14.6%.

The County's contribution to OMERS for 2016 was \$3,567,465 (2015 - \$3,600,321) for current service and past service costs and is included as an expense on the Consolidated Statement of Operations. Employee contribution to OMERS in 2016 was \$3,567,465 (2015 - \$3,600,321).

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, 2016, the OMERS Primary Plan had a funded ratio of assets to pension obligations of 93.4% (2015 - 91.5%). The OMERS pension plan reduced the funding deficit by \$1.3 billion to \$5.7 billion (2015 - \$7.0 billion).

**18. 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 \$3,156,331 (2015 - \$3,315,499) in federal government subsidies provided to the County for social housing, \$781,892 (2015 - \$1,036,048) is retained by the province to fund the associated debt servicing costs.

The Mount Forest Non-Profit Housing Corporation is a row house housing project with 35 units that is split approximately 50/50 between RGI and market rent units. At December 31, 2016 the mortgage outstanding was \$994,216.

**Notes to the Financial Statements  
For the Year Ended December 31, 2016**

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**19. BUDGET DATA**

The budget data presented in these consolidated financial statements is based upon the 2016 operating and capital budgets approved by Council on January 26, 2016 and 2016 capital budget amendments in the amount of \$3,748,500 (2015 - \$1,760,000) approved by Council throughout the year. 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>2016 Budget</b>	<b>2015 Budget</b>
	\$	\$
<b>Revenues</b>		
Operating Budget	189,889,100	186,732,500
Capital Budget	44,549,500	26,948,000
Health Unit Budget	5,676,673	5,706,011
Less:		
Transfers from other funds	(29,230,100)	(20,414,300)
New debt financing	(1,200,000)	-
Internal Recoveries	(6,150,000)	(6,307,300)
<b>Total Revenues</b>	<b>203,535,173</b>	<b>192,664,911</b>
<b>Expenses</b>		
Operating Budget	189,889,100	186,732,500
Capital Budget	44,549,500	26,948,000
Health Unit Budget	5,701,788	5,710,031
Less:		
Transfer to other funds	(23,716,100)	(22,558,500)
Capital Expenses	(44,549,500)	(26,892,000)
Debt principal payments	(2,862,900)	(3,209,500)
Internal Charges	(6,210,200)	(6,281,200)
<b>Total Expenses</b>	<b>162,801,688</b>	<b>160,449,331</b>
<b>Annual Surplus</b>	<b>40,733,485</b>	<b>32,215,580</b>

**20. 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, 2016**

**21. 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.

2016											
	General Government	Protection	Transportation Services	Environmental Services	Health Services	Social Housing	Social and Family Services	Library	Museum	Planning & Development	Consolidated
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues											
Taxation	10,542,419	16,970,000	22,232,800	4,812,200	6,401,200	5,014,900	10,368,000	7,325,800	1,930,000	2,990,000	88,587,319
Grants and Subsidies	2,711,894	304,003	3,174,493	707,430	5,703,001	11,786,790	44,239,461	242,541	66,639	20,126	68,956,378
Municipal Revenue	-	384,492	2,752,912	-	57,952	16,986,751	5,227,349	26,040	-	51,255	25,486,751
Fees & Service Charges	767,514	141,142	91,618	3,655,904	-	(411,869)	4,845,867	(90,399)	101,629	366,557	9,467,963
Licences, Permits, Rents	1,068,657	146,910	-	12,886	-	6,078,132	-	43,927	56,306	-	7,406,818
Interest, Donations, Other	2,708,394	1,419	-	-	25,348	2,292	80,634	5,406	669	515	2,824,677
Development Charges	17,067	172,835	1,005,106	-	43,480	-	54,419	383,509	-	-	1,676,416
Total Revenues	17,815,945	18,120,801	29,256,929	9,188,420	12,230,981	39,456,996	64,815,730	7,936,824	2,155,243	3,428,453	204,406,322
Expenses											
Salaries and Benefits	7,978,022	411,721	5,227,016	2,348,657	3,824,910	3,438,198	24,991,675	3,819,896	1,457,031	2,056,828	55,553,954
Goods and Services	5,572,536	824,952	8,507,922	3,729,190	2,086,721	7,684,043	2,909,289	1,389,184	520,747	373,973	33,598,557
Transfer Payments	288,252	15,872,550	-	-	5,469,668	18,400,077	30,284,264	-	-	638,429	70,953,240
Insurance and Interest	563,293	162,101	417,095	175,600	132,721	403,665	1,124,910	168,008	34,328	25,533	3,207,254
Amortization	1,262,440	810,179	12,161,416	287,241	635,556	2,794,629	1,294,527	1,591,176	208,238	64,273	21,109,675
Total Expenses	15,664,543	18,081,503	26,313,449	6,540,688	12,149,576	32,720,612	60,604,665	6,968,264	2,220,344	3,159,036	184,422,680

**Notes to the Financial Statements  
For the Year Ended December 31, 2016**

2015											
	General Government	Protection	Transportation Services	Environmental Services	Health Services	Social Housing	Social and Family Services	Library	Museum	Planning & Development	Consolidated
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues											
Taxation	8,368,402	17,505,200	20,680,600	4,439,800	6,460,500	4,759,300	10,299,500	7,960,400	1,940,200	3,001,500	85,415,402
Grants and Subsidies	2,934,404	298,509	2,901,182	696,840	5,766,861	8,736,967	41,378,141	202,463	52,264	54,632	63,022,263
Municipal Revenue	5,000	268,719	3,236,887	-	64,942	15,261,397	5,731,163	25,447	-	39,163	24,632,718
Fees & Service Charges	1,088,146	148,377	214,417	3,271,437	-	(166,039)	4,634,371	102,168	75,748	289,527	9,658,152
Licences, Permits, Rents	1,054,888	163,035	-	12,887	-	6,129,436	-	44,820	44,315	-	7,449,381
Interest, Donations, Other	2,447,846	1,848	-	-	21,011	21,718	74,248	104,946	6,200	46,788	2,724,605
Development Charges	182,011	129,758	2,201,574	-	32,329	-	37,154	248,644	-	1,674	2,833,144
Total Revenues	16,080,697	18,515,446	29,234,660	8,420,964	12,345,643	34,742,779	62,154,577	8,688,888	2,118,727	3,433,284	195,735,665
Expenses											
Salaries and Benefits	7,437,122	448,427	5,015,502	2,115,824	3,786,416	3,465,752	23,915,425	3,677,372	1,366,974	2,068,044	53,296,858
Goods and Services	5,304,901	737,051	10,687,291	5,502,094	1,605,331	7,780,205	3,231,166	1,410,307	435,167	391,798	37,085,311
Transfer Payments	447,600	16,427,558	-	-	5,859,478	18,469,517	28,188,854	-	-	599,315	69,992,322
Insurance and Interest	642,539	161,875	411,215	163,230	136,140	422,181	1,166,293	172,772	28,959	25,907	3,331,111
Amortization	1,278,035	787,587	12,247,529	287,649	603,026	2,927,339	1,300,014	1,473,611	172,701	56,380	21,133,871
Total Expenses	15,110,197	18,562,498	28,361,537	8,068,797	11,990,391	33,064,994	57,801,752	6,734,062	2,003,801	3,141,444	184,839,473

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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, 2016 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, 2016, and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

**Chartered Professional Accountants, Licensed Public Accountants**

Waterloo, Canada

**County of Wellington**  
**Trust Funds – Statement of Financial Position**  
As at December 31, 2016

	Comfort Money	County Wellness Centre	Safe Communities	2016	2015
	\$	\$	\$	\$	\$
<b>Financial Assets</b>					
Cash and Bank	38,941	74,958	46,094	159,993	144,096
<b>Liabilities</b>					
Accounts Payable	-	-	1,557	1,557	-
<b>Balance</b>	<u>38,941</u>	<u>74,958</u>	<u>44,537</u>	<u>158,436</u>	<u>144,096</u>

**County of Wellington**  
**Trust Funds - Statement of Operations**  
For the year ended December 31, 2016

	Comfort Money	County Wellness Centre	Safe Communities	2016	2015
	\$	\$	\$	\$	\$
<b>Balance at the beginning of the year</b>	43,142	53,427	47,527	144,096	110,045
<b>Source of Funds:</b>					
Deposits	209,655	54,370	25,525	289,550	274,243
<b>Use of Funds</b>					
Withdrawals	213,856	32,839	28,515	275,210	240,192
<b>Balance at the end of the year</b>	<u>38,941</u>	<u>74,958</u>	<u>44,537</u>	<u>158,436</u>	<u>144,096</u>

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.