
County of Wellington
Financial Statements
For the year ended December 31, 2022

County of Wellington
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For the year ended December 31, 2022

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

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, 2022
- 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, 2022, 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 “***Auditor’s Responsibilities for the Audit of the Financial Statements***” section of our auditor’s 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.



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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.

Auditor's 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 auditor's 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 auditor's 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 auditor's 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' with a horizontal line underneath.

Chartered Professional Accountants, Licensed Public Accountants

Kitchener, Canada

May 29, 2023

County of Wellington

Consolidated Statement of Financial Position

As at December 31	2022	2021
	\$	\$
Assets		
Financial Assets		
Cash and Cash Equivalents (Note 3)	53,457,438	56,020,725
Accounts Receivable	10,906,690	11,100,646
Portfolio Investments (Note 3)	147,216,180	113,664,072
Loans Receivable (Note 4)	515,771	722,141
Total Financial Assets	212,096,079	181,507,584
Liabilities		
Accounts Payable and Accrued Liabilities	27,079,127	21,753,664
Deferred Revenue (Note 5)	18,313,148	15,459,267
Landfill Site Closure & Post Closure Liability (Note 6)	9,417,141	10,190,146
Post-Employment/Retirement Liability (Note 7)	2,646,094	2,462,766
WSIB Liability (Note 8)	1,441,023	1,394,249
Other Long-Term Liabilities (Note 9)	13,827	45,065
Net Debentures and Loans (Note 10)	34,494,973	32,566,214
Total Liabilities	93,405,333	83,871,371
Net Financial Assets	118,690,746	97,636,213
Non-Financial Assets		
Tangible Capital Assets (Note 11)	440,199,215	433,813,213
Inventories of Supplies	658,436	844,591
Prepaid Expenses	2,934,546	1,987,575
Total Non Financial Assets	443,792,197	436,645,379
Accumulated Surplus (Note 12)	562,482,943	534,281,592

County of Wellington

Consolidated Statement of Operations

For the year ended December 31	(Note 20) Budget	2022	2021
	\$	\$	\$
Revenues			
Taxation (Note 13)	116,401,800	116,304,778	111,844,954
Government Transfers			
Provincial (Note 14)	85,951,044	87,726,421	87,314,523
Federal (Note 14)	10,474,840	17,823,306	8,183,299
Municipal	26,342,700	25,631,290	23,092,243
Fees and Service Charges	12,732,300	13,815,352	13,245,063
Licences, Permits, Rent	8,807,400	9,077,966	8,603,886
Interest, Donations, Other	5,272,700	6,496,436	7,110,700
Development Charges	1,057,000	5,538,045	3,179,074
Total Revenues	267,039,784	282,413,594	262,573,742
Expenses			
General Government	24,364,233	22,288,604	20,443,660
Protection to Persons & Property	19,789,505	19,955,019	19,867,211
Transportation Services	33,277,927	35,406,014	32,506,942
Environmental Services	13,876,620	13,045,835	14,480,259
Health Services	15,922,138	15,767,218	18,606,612
Social Housing	40,775,736	45,241,079	43,026,625
Social and Family Services	80,065,444	86,319,731	74,278,539
Library	9,154,313	9,252,302	8,709,080
Museum	2,559,612	2,619,296	2,503,684
Planning and Development	4,995,755	4,317,145	3,857,650
Total Expenses	244,781,283	254,212,243	238,280,262
Annual Surplus	22,258,501	28,201,351	24,293,480
Accumulated Surplus, Beginning of Year	534,281,592	534,281,592	509,988,112
Accumulated Surplus, End of Year	556,540,093	562,482,943	534,281,592

County of Wellington
Consolidated Statement of Change in Net Financial Assets

For the year ended December 31	(Note 20) Budget	2022	2021
	\$	\$	\$
Annual Surplus	22,258,501	28,201,351	24,293,480
Acquisition of Tangible Capital Assets	(57,465,000)	(33,137,867)	(24,884,691)
Amortization of Tangible Capital Assets	26,700,000	26,194,432	25,378,798
Loss/(Gain) on Disposal of Tangible Capital Assets	-	(194,744)	2,607
Proceeds on Sale of Tangible Capital Assets	-	752,177	470,877
	<u>(8,506,499)</u>	<u>21,815,349</u>	<u>25,261,071</u>
Acquisition of Inventories of Supplies	-	(658,436)	(844,591)
Acquisition of Prepaid Expenses	-	(2,934,546)	(1,987,575)
Consumption of Inventories of Supplies	-	844,591	1,400,178
Use of Prepaid Expenses	-	1,987,575	2,426,794
	<u>(8,506,499)</u>	<u>21,054,533</u>	<u>26,255,877</u>
Change in Net Financial Assets	(8,506,499)	21,054,533	26,255,877
Net Financial Assets, Beginning of Year	<u>97,636,213</u>	<u>97,636,213</u>	<u>71,380,336</u>
Net Financial Assets, End of Year	<u>89,129,714</u>	<u>118,690,746</u>	<u>97,636,213</u>

County of Wellington

Consolidated Statement of Cash Flows

For the year ended December 31	2022	2021
	\$	\$
Cash Provided By (Used In):		
Operating Activities:		
Annual Surplus	28,201,351	24,293,480
Items Not Involving Cash:		
Amortization	26,194,432	25,378,798
Loss/(Gain) on Disposal of Tangible Capital Assets	(194,744)	2,607
Contributed Tangible Capital Assets	-	(3,000,000)
Change in Post Employment/Retirement Liability	183,328	102,851
Change in WSIB Liability	46,774	33,145
Change in Landfill Liability	(773,005)	1,576,581
Change in Other Long-Term Liabilities	(31,238)	(45,064)
Change in Non-Cash Assets and Liabilities:		
Accounts Receivable	193,956	(1,061,140)
Accounts Payable and Accrued Liabilities	5,325,463	191,300
Deferred Revenue	2,853,880	1,034,490
Inventories of Supplies	186,155	555,587
Prepaid Expenses	(946,971)	439,219
Net Change in Cash from Operating Activities	61,239,381	49,501,854
Capital Activities:		
Proceeds on Sale of Tangible Capital Assets	752,177	470,877
Cash Used to Acquire Tangible Capital Assets	(33,137,867)	(21,884,691)
Net Change in Cash from Capital Activities	(32,385,690)	(21,413,814)
Investing Activities:		
Loan Receivable Collected	206,370	231,363
Change in Long-Term Investments	(33,552,107)	(16,687,833)
Net Change in Cash from Investing Activities	(33,345,737)	(16,456,470)
Financing Activities:		
Long-Term Debt Issued	6,500,000	1,825,000
Long-Term Debt Repaid	(4,571,241)	(3,846,360)
Net Change in Cash from Financing Activities	1,928,759	(2,021,360)
Net Change in Cash and Cash Equivalents	(2,563,287)	9,610,210
Cash and Cash Equivalents, Beginning of Year	56,020,725	46,410,515
Cash and Cash Equivalents, End of Year	53,457,438	56,020,725

Notes to the Financial Statements For the Year Ended December 31, 2022

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% (2021 – 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 Statement of Financial Position and Statement of 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 because 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.

Notes to the Financial Statements For the Year Ended December 31, 2022

(iii) Loans Receivable

In accordance with PS 3050 loans receivable are recorded at cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt as assessed by Management. (Note 3)

(iv) 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 \$7,393,862 (2021-\$6,948,539). 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 \$5,382,865 (2021 - \$6,785,022) received by the County from the Canada Community Building Fund (previously Federal Gas Tax) 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 \$1,014,830 (2021-\$50,502) received by the County under the Ontario Community Infrastructure Fund are reported as deferred revenue and will be recognized as revenue in the fiscal year in which the eligible expenses are incurred.

(v) Solid Waste Landfill Closure and Post-Closure Liability

Under PS 3270, a liability must be recognized for all closure and post-closure costs associated with all inactive and active landfill sites. The estimated liability for the care is the present value of future cash flows over a rolling 30-year (previously 25-year) period discounted using the County's long-term borrowing rate at the end of each year.

(vi) 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).

(vii) 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).

(viii) 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.

(ix) 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, 2022**

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	10 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 2022 is \$0 (2021 - \$3,000,000).

(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 3,300 maps, textual records, microfilm, and audio-visual and digital media. Both collections relate to the history of Wellington County and are fully catalogued in the County's collections database. The collection is maintained and stored at the Wellington County Museum & Archives as per professional Museum and Archives standards.

Notes to the Financial Statements For the Year Ended December 31, 2022

(iv) Interest Capitalization

Borrowing costs incurred because 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 the activities necessary to prepare the asset for its intended use are complete. If only minor modifications are outstanding, this indicates that substantially all the activities are complete.

The capitalized interest costs associated with the acquisition or construction of tangible capital assets during the year was \$119,013 (2021 - \$0).

(v) Leased Tangible Capital Assets

Leases which transfer substantially all 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 \$114,396 (2021 - \$103,264) 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 \$53,457,438 (2021 - \$56,020,725) are reported on the Consolidated Statement of Financial Position at cost.

Total portfolio investments of \$147,216,180 (2021 - \$113,664,072) are reported on the Consolidated Statement of Financial Position at cost and have a market value of \$139,575,772 (2021 - \$116,760,588).

On December 31, 2022, the County had two credit facilities arrangements. Facility 1 is \$5,000,000 by way of loans with an interest rate of prime less 0.50% and remains undrawn. Facility 2 is \$500,000 by way of Letters of Credit. The aggregate of Facility 1 and Facility 2 may not exceed \$5,000,000 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 at December 31, 2022.

**Notes to the Financial Statements
For the Year Ended December 31, 2022**

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, 2022 was \$6,615 (2021 - \$13,230).

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, 2022 was \$42,232 (2021 - \$56,304).

(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 into 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, SEDC \$151,000). The total principal repaid in 2022 was \$185,683 (WWCFDC \$161,431, SEDC \$24,252) (2021 - total \$194,436, WWCFDC \$146,311, SEDC \$48,125) leaving an outstanding balance at December 31, 2022 of \$474,924 (WWCFDC \$400,615, SEDC \$74,309) (2021-total \$660,607, WWCFDC \$562,046, SEDC \$98,561). 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.

	2022	2021
	\$	\$
Cost Sharing Agreements with Township of Centre Wellington		
Groves Memorial Hospital Sub-Watershed Study Phase 2(0% Interest, maturity 2023)	6,615	13,230
	6,615	13,230
Fergus Library Soil Remediation (0% Interest, maturity 2025)	39,389	52,514
Fergus Library Site Work (0% Interest, maturity 2025)	2,843	3,790
	42,232	56,304
Total Cost Sharing Agreements with Township of Centre Wellington	48,847	69,534
Keep Well - Emergency Business Sustainability Fund		
Wellington-Waterloo Community Futures Development Fund (3% annual interest rate less 1% administration fee, maturity 2025)	400,615	562,046
Less: Valuation Allowance	(8,000)	(8,000)
	392,615	554,046
Saugeen Economic Development Corporation	74,309	98,561
Total Keep Well - Emergency Business Sustainability Loans	466,924	652,607
Total Loans Receivable	515,771	722,141

**Notes to the Financial Statements
For the Year Ended December 31, 2022**

5. DEFERRED REVENUE

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

	2022	2021
	\$	\$
Canada Community Building Fund	5,382,865	6,785,022
Ontario Community Infrastructure Fund (OCIF)	1,014,830	50,502
Development Charges	7,393,862	6,948,539
Deferred Operating and Capital Grants	4,434,370	1,643,366
Other	87,221	31,838
	18,313,148	15,459,267
	2022	2021
Balance, Beginning of Year		
Canada Community Building Fund	6,785,022	5,543,456
OCIF	50,502	1,330,613
Development Charges	6,948,539	4,736,256
Deferred Operating and Capital Grants	1,643,366	2,705,733
Other	31,838	108,719
	15,459,267	14,424,777
Amounts Received		
Canada Community Building Fund	2,883,922	5,656,318
OCIF	3,759,468	1,863,466
Safe Restart Fund	-	1,449,108
Development Charges	7,692,424	5,267,019
Deferred Operating and Capital Grants	9,603,158	6,534,697
Other	81,223	49,679
Interest Earned	401,993	324,272
	24,422,188	21,144,559
Contributions Realized as Revenue	(21,568,307)	(20,110,069)
Balance, End of Year	18,313,148	15,459,267

6. LANDFILL SITE CLOSURE AND POST-CLOSURE LIABILITY

The County is responsible for all aspects of solid waste management. As of December 31, 2022, 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, 2022, is \$10,722,429 (2021- \$11,783,831). The amount reported on the Consolidated Statement of Financial Position as of December 31, 2022, is \$9,417,141 (2021 - \$10,190,146) and the amount remaining to be recognized is \$1,305,287 (2021-1,593,685).

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 30-year period (previously 25-year period) using a long-term borrowing rate of 4.72% (2021 – 2.75%). The forecast period was increased to recognize significant costs associated with the expected closure of Riverstown Landfill Site Phase 2 in 2050.

**Notes to the Financial Statements
For the Year Ended December 31, 2022**

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 87.85% (2021-86.48%) of the liability is recognized and reported, which represents the estimated weighted average capacity used to December 31, 2022. It is estimated that sufficient landfill site capacity exists for approximately 28 years.

Of the \$9,417,141 (2021 - \$10,190,146) recognized as a liability, \$0 (2021 - \$908,819) is included on the Consolidated Statement of Financial Position as a reduction to budgetary accumulated surplus to be recovered from future general municipal revenues. \$9,417,141 (2021 - \$9,281,327) 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 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 regular 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 eligible to retire under the provisions of the OMERS pension plan.

The present value of these benefit obligations at December 31, 2022 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.

Of the \$2,646,094 (2021 - \$2,462,766) recognized as a liability, \$483,772 (2021 - \$492,027) is related to the County's share of the Wellington-Dufferin-Guelph Health Unit, \$483,772 (2021 - \$506,981) 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 \$2,162,322 (2021 - \$1,955,785) is shown as an amount to be recovered from reserve funds (see Note 12)

Benefit	Number of Employees Entitled to Benefit as at December 31, 2022	Liability as at December 31, 2022	Liability as at December 31, 2021
		\$	\$
Dental	51	497,334	447,949
Extended Health Care	51	1,556,872	1,420,509
Life Insurance	49	108,116	102,281
County of Wellington		2,162,322	1,970,739
Wellington-Dufferin Guelph Public Health Unit		483,772	492,027
Consolidated Total		2,646,094	2,462,766

**Notes to the Financial Statements
For the Year Ended December 31, 2022**

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

	2022	2021
	\$	\$
Accrued Benefit Obligation:		
Balance, beginning of year	2,732,789	2,709,840
Current benefit cost	146,458	139,067
Change due to Plan Amendment	-	-
Interest	88,632	87,028
Benefits paid	(157,737)	(203,146)
Actuarial gain / (loss)	-	-
Balance, end of year	<u>2,810,142</u>	<u>2,732,789</u>
Unamortized actuarial loss	<u>(647,820)</u>	<u>(762,050)</u>
Liability for benefits	2,162,322	1,970,739
Wellington-Dufferin-Guelph Public Health Unit	<u>483,772</u>	<u>492,027</u>
Consolidated Total	2,646,094	2,462,766

Included in expenses is \$114,230 (2021 - \$114,230) for amortization of the actuarial loss. The unamortized actuarial loss is amortized over the expected average remaining service life of 15 years, which began in 2021.

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, 2022, were determined using a discount rate of 3.25%.
- (ii) Health Care Cost Rates:
Medical costs were assumed to escalate 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 2021 resulting from approved claims were \$58,840 (2021 - \$52,060) 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 \$1,441,023 (2021 - \$1,394,249) to be recovered by reserve funds (see Note 12).

**Notes to the Financial Statements
For the Year Ended December 31, 2022**

Information about the WSIB liability is as follows:

	2022	2021
	\$	\$
Accrued Benefit Obligation:		
Balance, beginning of year	1,199,100	1,105,254
Current benefit cost	190,261	184,684
Interest	33,705	31,255
Expected benefit payments	(137,202)	(122,093)
Expected accrued benefit obligation, end of year	1,285,864	1,199,100
Actual accrued benefit obligation, end of year	1,285,864	1,199,100
Unamortized actuarial gain	155,159	195,149
WSIB Liability	1,441,023	1,394,249

Included as a reduction in expenses is \$39,990 (2021 – \$60,701) 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, 2022 were determined using a discount rate of 2.75%
- (ii) Administration costs:
Administration costs were assumed to be 25.0% 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% to 3.75% 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 because 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 for the County to pay a grant installment. These agreements have two identifiable phases; i) grant preapproval and construction phase; ii) grant approval and payment phase.

**Notes to the Financial Statements
For the Year Ended December 31, 2022**

The County has one TIEG agreement in the grant payment phase with the Township of Centre Wellington. One payment of \$31,238 was made in 2022 (2021 - \$45,722) with final payment in 2023 estimated at \$13,827. Annual grant payments are subject to property value assessments and recalculation of the grants each year.

	2022	2021
	\$	\$
2022	-	31,238
2023	13,827	13,827
	13,827	45,065

The County also has one TIEG agreement in the pre-approval and construction phase. In September of 2022, the County signed a financial assistance agreement with the Township of Centre Wellington to participate in a TIEG programme for a proposed development that has six phases of development occurring over a maximum of 15 years. The County will not participate in Phase 1 as it is 100% residential. Upon completion of each phase and reassessment by the Municipal Property Assessment Corporation (MPAC), the County will provide a five-year term grant with 100% of incremental taxes in year one, dropping by 20% each year until taxes return to the full amount in year 6. The proposed grant value is approximately \$953,000 for the Phase 2 – Phase 6 grants.

10. NET DEBENTURES AND LOANS

Provincial legislation restricts the use of debentures 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.

	2022	2021
	\$	\$
Debentures Outstanding for County Purposes	34,270,917	32,208,914
Mortgage outstanding for Wellington Housing Corporation	224,056	357,300
Total long-term liabilities at the end of the year	\$ 34,494,973	\$ 32,566,214

Debentures outstanding for Local Municipal purposes (2022 - \$21,294,125; 2021- \$22,750,862) are direct, unsecured, unsubordinated, joint and several obligations of the County and such Local Municipalities.

- (a) The outstanding principal portion of unmatured debentures for municipal expenditures is reported on the Consolidated Statement of Financial Position, under "Net Debentures and Loans". Net Debentures reported on the Consolidated Statement of Financial Position are comprised of the following:

**Notes to the Financial Statements
For the Year Ended December 31, 2022**

	2022	2021
	\$	\$
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 0.85% to 5.875%)	55,565,042	54,959,776
Long-term Liabilities incurred by the County and recoverable from member municipalities	(21,294,125)	(22,750,862)
Net long-term liabilities at the end of the year	\$ 34,270,917	\$ 32,208,914

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

	2022	2021
	\$	\$
Debenture payable, 3.35%, repayable in annual principal and semi-annual interest payments of approximately \$364,500 annually, with a balloon payment of \$735,000, due March 6, 2022	-	1,056,000
Debenture payable, 3.05% - 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	3,700,000	4,250,000
Debenture payable, 5.84%, repayable in blended semi-annual payments of \$119,573, due August 12, 2024	445,317	649,471
Debenture payable, 5.875%, repayable in blended semi-annual payments of \$865,527, due August 12, 2025	4,649,600	6,028,443
Debenture payable, 1.80%-2.45%, repayable in annual principal and semi-annual interest payments of approximately \$133,500 annually, due November 30, 2026	504,000	624,000
Debenture payable, 5.00% - 5.35%, repayable in annual principal and semi-annual interest payments ranging from \$176,703 to \$164,280 annually, due June 3, 2030	1,115,000	1,230,000
Debenture payable, .85%-2.45% repayable in annual principal and semi-annual interest payments of approximately \$115,000 annually for ten years, with a balloon payment of \$1,109,000 due November 30, 2031	1,750,000	1,825,000
Debenture payable, 2.8%-3.85% repayable in annual principal and semi-annual interest payments of approximately \$317,500 annually for ten years, with a balloon payment of \$3,642,500 due June 2, 2032	6,500,000	-
Debenture payable, 2.65%-3.45%, repayable in annual principal and semi-annual interest payments of approximately \$765,000 annually for the first ten years and approximately \$430,000 for the final ten years, due May 30, 2038	7,195,000	7,727,000
Debenture payable, 1.9%-2.6%, repayable in annual principal and semi-annual interest payments of approximately \$610,000 annually for twenty years, due November 4, 2039	8,412,000	8,819,000
	\$ 34,270,917	\$ 32,208,914

**Notes to the Financial Statements
For the Year Ended December 31, 2022**

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

	Principal
2023	\$ 6,972,791
2024	3,402,701
2025	3,301,925
2026	1,696,500
2027	1,599,500
Subsequent to 2027	17,297,500
	\$ 34,270,917

(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:

	2022	2021
	\$	\$
Principal Payments	4,436,997	3,714,005
Interest	<u>1,188,338</u>	<u>1,154,673</u>
	\$ 5,625,335	\$ 4,868,678

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

	2022	2021
	\$	\$
General Municipal Revenues	3,901,150	3,881,954
Development Charges	<u>1,724,185</u>	<u>986,724</u>
	\$ 5,625,335	\$ 4,868,678

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

	2022	2021
	\$	\$
Net Long-Term Liabilities		
Recovered from General Municipal Reserves	18,835,917	21,931,914
Recovered from Municipal Charges	<u>15,435,000</u>	<u>10,277,000</u>
	\$ 34,270,917	\$ 32,208,914

**Notes to the Financial Statements
For the Year Ended December 31, 2022**

(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 (2021 - \$11,262) 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 \$4,286,318 (2021 - \$4,504,750).

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

	Principal
2023	134,062
2024	89,994
	\$ 224,056

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, 2022**

Cost	December 31, 2021	Additions	Disposals	December 31, 2022
Land	\$ 34,149,012	4,458,453	-	\$ 38,607,465
Landfill Sites	1,871,638	843,012	-	2,714,650
Buildings	200,070,044	7,184,517	(658,566)	206,595,995
Infrastructure				
Roads	365,100,270	11,868,686	(1,348,974)	375,619,982
Bridges	103,063,388	1,626,467	-	104,689,855
Culverts	22,052,659	646,113	-	22,698,772
Structural Walls	308,003	-	-	308,003
Traffic Lights	6,022,181	61,914	(51,200)	6,032,895
Trails	249,984	-	-	249,984
Parking Lots	3,503,300	-	-	3,503,300
Vehicles & Machinery				
Licensed Equipment	12,006,774	3,021,820	(583,083)	14,445,511
Unlicensed Equipment	10,324,146	509,651	(1,050,783)	9,783,014
Furniture & Fixtures	8,107,719	392,686	(335,147)	8,165,258
Technology & Communications	7,751,222	504,482	(169,208)	8,086,496
Library Books	2,873,260	426,374	(658,236)	2,641,398
Wellington Housing Corporation	5,300,155	34,270	-	5,334,425
Public Health	11,500,345	255,403	(6,643)	11,749,105
Capital Work-in Progress	9,194,609	3,124,110	(1,820,091)	10,498,628
Total	\$ 803,448,709	\$ 34,957,958	\$ (6,681,931)	\$ 831,724,736
		Amortization		
Accumulated Amortization	December 31, 2021	Expense	Disposals	December 31, 2022
Landfill Sites	\$ (1,054,422)	(27,072)	-	\$ (1,081,494)
Buildings	(76,110,322)	(7,340,276)	625,735	(82,824,863)
Infrastructure				
Roads	(203,171,942)	(10,384,122)	854,346	(212,701,718)
Bridges	(48,939,136)	(1,996,671)	-	(50,935,807)
Culverts	(10,110,836)	(496,071)	-	(10,606,907)
Structural Walls	(32,467)	(9,720)	-	(42,187)
Traffic Lights	(2,405,902)	(227,860)	51,200	(2,582,562)
Trails	(65,515)	(11,028)	-	(76,543)
Parking Lots	(1,092,357)	(168,277)	-	(1,260,634)
Vehicles & Machinery				
Licensed Equipment	(6,619,412)	(1,639,601)	561,094	(7,697,919)
Unlicensed Equipment	(5,091,097)	(973,571)	1,042,798	(5,021,870)
Furniture & Fixtures	(3,147,727)	(572,384)	335,147	(3,384,964)
Technology & Communications	(4,545,835)	(1,101,374)	169,208	(5,478,001)
Library Books	(1,565,004)	(547,435)	658,236	(1,454,203)
Wellington Housing Corporation	(795,405)	(252,702)	-	(1,048,107)
Public Health	(4,888,117)	(446,268)	6,643	(5,327,742)
Total	\$ (369,635,496)	\$ (26,194,432)	\$ 4,304,407	\$ (391,525,521)
	Balance at			Balance at
Net Book Value	December 31, 2021			December 31, 2022
Land	\$ 34,149,012			\$ 38,607,465
Landfill Sites	817,216			1,633,156
Buildings	123,959,722			123,771,132
Infrastructure				
Roads	161,928,328			162,918,264
Bridges	54,124,252			53,754,048
Culverts	11,941,823			12,091,865
Structural Walls	275,536			265,816
Traffic Lights	3,616,279			3,450,333
Trails	184,469			173,441
Parking Lots	2,410,943			2,242,666
Vehicles & Machinery				
Licensed Equipment	5,387,362			6,747,592
Unlicensed Equipment	5,233,049			4,761,144
Furniture & Fixtures	4,959,992			4,780,294
Technology & Communications	3,205,387			2,608,495
Library Books	1,308,256			1,187,195
Wellington Housing Corporation	4,504,750			4,286,318
Public Health	6,612,228			6,421,363
Capital Work-in-Progress	9,194,609			10,498,628
Total	\$ 433,813,213			\$ 440,199,215

**Notes to the Financial Statements
For the Year Ended December 31, 2022**

(a) Assets Under Construction

Assets under construction having a value of \$10,498,630 (2021 - \$9,194,609) 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 Gain on Disposal

The write-down of tangible capital assets during the year was \$0 (2021 - \$0). The gain on disposal of assets during the year was \$194,744 (2021 - \$2,607 loss).

12. ACCUMULATED SURPLUS

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

As at December 31	2022	2021
	\$	\$
Surplus:		
Invested in Tangible Capital Assets	440,199,215	433,813,213
Invested in Capital Fund	38,776,891	25,228,772
Public Health Unit (Note 16)	1,704,281	1,327,140
Contingency Reserve Recovery of Keep Well Loan	474,924	660,608
Amounts to be Recovered		
From Future Revenues		
Net Long-Term Liabilities	(34,494,973)	(32,566,214)
Post-Employment Benefits	(483,772)	(506,981)
Landfill Liability	-	(908,819)
Other Long-Term Liabilities	(13,827)	(45,065)
From Reserve Funds		
Post-Employment Benefits	(2,162,322)	(1,955,785)
Landfill Liability	(9,417,141)	(9,281,327)
WSIB	(1,441,023)	(1,394,249)
Total Surplus	433,142,253	414,371,293
Reserves set aside by Council for:		
Capital	72,907,882	67,743,970
Contingencies and Stabilization	31,796,894	28,767,078
Total Reserves	104,704,776	96,511,048
Reserve Funds set aside for specific purposes by Council for:		
Landfill Closure and Post Closure	9,913,092	9,281,327
Housing Regeneration	4,562,876	4,263,999
Workplace Safety and Insurance	3,989,363	3,914,280
Public Health Debt Retirement	2,980,414	2,914,368
Post-Employment Benefit	2,162,322	1,955,785
Homeownership Loan	645,365	492,768
Museum Donations	66,194	240,275
Logan Donation	152,444	148,916
Library Donations	105,396	102,957
Wellington Terrace Donations	58,448	84,576
Short Term Disability/Employee Benefits	-	-
Total Reserve Funds	24,635,914	23,399,251
Accumulated Surplus	\$ 562,482,943	\$ 534,281,592

**Notes to the Financial Statements
For the Year Ended December 31, 2022**

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.

	2022	2021
	\$	\$
Property Tax Levy	113,490,500	108,828,100
Supplementary & Omitted Taxes	3,199,494	2,811,338
Payment in Lieu of Taxes	889,771	874,499
Other	39,109	35,210
	117,618,874	112,549,147
Less:		
Property Taxes written off as uncollectible	(1,472,024)	(1,277,823)
Provision for Assessment at Risk	157,928	573,630
	(1,314,096)	(704,193)
Tax Revenue recognized	\$ 116,304,778	\$ 111,844,954

**Notes to the Financial Statements
For the Year Ended December 31, 2022**

14. PROVINCIAL AND FEDERAL GOVERNMENT TRANSFERS

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

	2022	2021
	\$	\$
Provincial Government Transfers		
Affordable Housing Construction Funding	176,105	176,703
CMHC Rapid Rehousing	3,521,890	-
COCHI Community Housing Initiative	888,117	1,488,054
Community Homelessness Prevention Initiative, SHEEP	4,501,299	4,024,779
Community Policing Partnership, RIDE, 1000 Officers, Court Security	212,308	265,286
Covid Funding - Air Quality (Capital)	239,490	562,123
Covid Funding - Children's Services	-	57,416
Covid Funding - Housing Services	2,420,612	5,639,726
Covid Funding - Long Term Care	3,032,032	2,671,190
Covid Funding - Safe Restart Corporate	-	1,449,108
Health Unit – Ministry of Children and Youth Services	442,687	396,575
Health Unit – Ministry of Health and Long Term Care	7,152,217	9,284,079
Home Energy Grant	51,516	-
Library Operating Grant	141,275	141,275
Long Term Care Operating Subsidy	11,938,210	10,379,359
Ministry of Education Funding Childcare	22,499,945	21,718,956
Ministry of Housing-SIF, IAH, SHIP, OPHI	622,693	692,645
Municipal Modernization Programme	554,067	-
Museum Operating Grant & Other	51,064	57,589
Ontario Community Infrastructure Fund (OCIF)	2,953,918	3,170,036
Ontario Municipal Partnership Fund (OMPF)	926,300	1,089,700
Ontario Works Administration Subsidy	4,850,484	4,844,686
Ontario Works Benefit Subsidy	16,810,206	13,929,254
OPHI Ontario Priorities Housing Initiative	517,032	1,346,140
Reinvestment Funding - Children's Early Years	-	809,272
Strong Communities Rent Supplement	514,573	582,167
Tourism Relief Grant	85,000	-
Waste Diversion Ontario, Stewardship Ontario, OTS Tire	1,722,330	1,273,302
Other	901,051	1,265,103
Provincial Government Transfers	87,726,421	87,314,523
Federal Government Transfers		
Canada Community Building Fund	4,457,299	4,588,227
Canada Summer Job Grant - Economic Development	-	2,994
Canada Wide Early Learning & Childcare	7,866,023	-
Citizenship and Immigration Canada Subsidy	486,746	501,395
Federal Block Funding Housing	2,306,515	2,462,228
Health Unit - Public Health Agency of Canada	14,040	11,924
Homelessness Partnering Strategy	2,409,423	403,464
Smart Cities	255,912	123,808
Other	27,348	89,259
Federal Government Transfers	17,823,306	8,183,299
Total Government Transfers	\$105,549,727	\$95,497,822

**Notes to the Financial Statements
For the Year Ended December 31, 2022**

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, 2022, the sum of \$3,694,261 (2021 - \$3,677,306) has been paid to GMCH, leaving an outstanding commitment of \$1,315,739 (2021 - \$1,322,694).

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 July 2023 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% (2020 - 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 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. On December 31, 2022, the Health Unit's financial results and financial position are as follows:

	2022	2021
	\$	\$
Financial Assets	9,850,359	8,017,479
Liabilities	(8,235,262)	(8,851,225)
Non-Financial Assets	20,124,144	20,699,931
Accumulated Surplus	<u>21,739,241</u>	<u>19,866,185</u>
Revenues	33,834,294	40,075,746
Expenses	<u>32,037,915</u>	<u>38,874,085</u>
Annual Surplus	1,796,379	1,201,661

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

	2022	2021
	\$	\$
Financial Assets	3,152,114	2,565,594
Accounts Payable and Deferred Revenue	(1,466,196)	(1,250,204)
Non-Financial Assets	18,363	11,750
Share of Health Unit (Note 12)	<u>1,704,281</u>	<u>1,327,140</u>
Long-Term Debt (County share remains at 32.7%)	(702,207)	(1,090,163)
Post-Employment Liability (Note 7)	(483,772)	(492,027)
Invested in Tangible Capital Assets (Note 11)	<u>6,421,363</u>	<u>6,612,228</u>
Accumulated Surplus	6,939,665	6,357,178

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.

Notes to the Financial Statements For the Year Ended December 31, 2022

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. On December 31, 2022, the balance of the loan receivable is \$702,207 (2021 - \$1,090,163).

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 existing coverage includes \$25,000,000 comprehensive general liability 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-retained insurance) is \$10,000 on fleet policies and \$50,000 on property/liability. The County carries a Legal Fees Expenses coverage with a maximum of \$100,000 per claim (no deductible) and no aggregate.

Based on claims received to December 31, 2022, the maximum deductible exposure to the County is estimated at \$354,058 pending the settlement of each open claim. 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 a Contingency and Stabilization Reserve, which as of December 31, 2022 totaled \$19,781,896 (2021 - \$16,961,938).

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 697 (2021 - 678) 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 \$64,900 and at a rate of 14.6% for earnings over the yearly maximum.

The County's contribution to OMERS for 2022 was \$4,521,761 (2021 - \$4,308,735) for current service and past service costs and is included as an expense on the Consolidated Statement of Operations. Employee contribution to OMERS in 2022 was \$4,521,761 (2021 - 4,308,735).

As per PSAB 3250.111, the County of Wellington is current with all payments to OMERS, therefore, there is neither a surplus nor deficit with the County's pension plan contributions.

As of December 31, 2022, the OMERS Primary Plan had a funded ratio of assets to pension obligations of 95% (2021 - 97%). The OMERS pension plan funding deficit on December 31, 2022, was \$6.7 billion (2021 - \$3.1 billion).

**Notes to the Financial Statements
For the Year Ended December 31, 2022**

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 in the City of Guelph and throughout the County. The related debt on these units remains with the Province of Ontario. Of the \$2,306,514 (2021 - \$2,462,227) in federal government subsidies provided to the County for social housing, \$264,088 (2021 - \$556,065) 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. On December 31, 2022, the mortgage outstanding was \$224,056 (2021 - \$357,300).

20. BUDGET DATA

The budget data presented in these consolidated financial statements is based upon the 2022 operating and capital budgets approved by Council on January 27, 2022, and capital budget amendments made in 2022 in the amount of \$955,000 (2021 - \$3,807,900) 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.

	2022 Budget	2021 Budget
	\$	\$
Revenues		
Operating Budget	252,715,700	234,944,600
Capital Budget	57,465,000	38,179,300
Health Unit and WHC Budget	8,767,184	10,970,217
Less:		
Transfers from other funds	(38,025,000)	(23,647,700)
New debt financing	(6,500,000)	(3,850,000)
Internal recoveries	(7,383,100)	(7,534,800)
Total Revenues	267,039,784	249,061,617
Expenses		
Operating Budget	252,715,700	234,944,600
Capital Budget	57,465,000	38,179,300
Amortization	26,700,000	26,000,000
Health Unit and WHC Budget	8,233,383	10,821,020
Less:		
Transfer to other funds	(31,168,700)	(27,412,500)
Capital Expenses	(57,465,000)	(38,179,300)
Debt principal payments	(4,437,000)	(3,714,000)
Internal charges	(7,262,100)	(7,385,400)
Total Expenses	244,781,283	233,253,720
Annual Surplus	22,258,501	15,807,897

**Notes to the Financial Statements
For the Year Ended December 31, 2022**

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, childcare, 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, 2022**

2022											
	General Government	Protection	Transportation Services	Environmental Services	Health Services	Social Housing	Social and Family Services	Library	Museum	Planning & Development	Consolidated
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues											
Taxation	13,767,437	19,126,103	33,352,546	8,856,505	8,750,747	6,156,778	12,271,232	8,043,225	2,493,332	3,486,873	116,304,778
Grants and Subsidies	1,891,426	212,308	7,411,217	1,724,345	7,608,945	18,644,246	67,788,068	141,275	55,262	72,635	105,549,727
Municipal Revenue	594,753	34,093	1,398,728	-	123,951	17,245,384	5,724,894	34,320	-	475,167	25,631,290
Fees & Service Charges	894,288	383,538	673,207	4,899,752	-	24,946	5,505,312	23,444	141,109	1,269,756	13,815,352
Licences, Permits, Rents	1,338,724	127,250	-	30,869	66,699	7,447,423	-	36,492	30,509	-	9,077,966
Interest, Donations, Other	5,536,470	11,496	140	1,740	41,811	729,695	154,819	5,252	10,551	4,462	6,496,436
Development Charges	505,340	1,107,257	1,686,469	-	280,214	-	100,387	1,858,378	-	-	5,538,045
Total Revenues	24,528,438	21,002,045	44,522,307	15,513,211	16,872,367	50,248,472	91,544,712	10,142,386	2,730,763	5,308,893	282,413,594
Expenses											
Salaries and Benefits	11,035,325	577,044	6,703,460	2,867,221	5,221,018	4,721,839	35,436,970	4,930,547	1,553,122	2,894,829	75,941,375
Goods and Services	7,670,735	1,177,962	12,189,657	9,340,698	1,985,591	9,727,320	4,569,895	2,275,769	715,459	662,284	50,315,370
Transfer Payments	438,451	17,300,816	-	-	8,044,162	26,714,398	43,712,480	-	5,425	610,883	96,826,615
Insurance and Interest	1,648,706	33,020	1,088,743	293,635	70,179	537,165	975,132	170,141	52,447	65,283	4,934,451
Amortization	1,495,387	866,177	15,424,154	544,281	446,268	3,540,357	1,625,254	1,875,845	292,843	83,866	26,194,432
Total Expenses	22,288,604	19,955,019	35,406,014	13,045,835	15,767,218	45,241,079	86,319,731	9,252,302	2,619,296	4,317,145	254,212,243
Annual Surplus	2,239,834	1,047,026	9,116,293	2,467,376	1,105,149	5,007,393	5,224,981	890,084	111,467	991,748	28,201,351

**Notes to the Financial Statements
For the Year Ended December 31, 2022**

2021											
	General Government	Protection	Transportation Services	Environmental Services	Health Services	Social Housing	Social and Family Services	Library	Museum	Planning & Development	Consolidated
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues											
Taxation	13,322,043	18,782,942	31,078,600	8,835,628	8,303,063	5,836,429	12,676,428	7,641,108	2,212,067	3,156,646	111,844,954
Grants and Subsidies	2,168,674	883,425	7,734,235	1,273,302	10,222,277	17,901,260	55,121,971	141,275	57,589	(6,186)	95,497,822
Municipal Revenue	17,865	206,413	1,242,730	-	181,266	14,870,819	6,168,143	29,640	-	375,367	23,092,243
Fees & Service Charges	837,356	206,844	741,194	4,764,601	-	(106,081)	5,726,185	9,402	40,444	1,025,118	13,245,063
Licences, Permits, Rents	1,306,745	118,215	-	19,093	-	7,140,079	-	11,840	7,914	-	8,603,886
Interest, Donations, Other	3,554,717	9,261	140	162	4,305	3,427,552	98,718	3,291	11,068	1,486	7,110,700
Development Charges	349,642	277,634	1,604,452	-	79,343	-	112,685	755,318	-	-	3,179,074
Total Revenues	21,557,042	20,484,734	42,401,351	14,892,786	18,790,254	49,070,058	79,904,130	8,591,874	2,329,082	4,552,431	262,573,742
Expenses											
Salaries and Benefits	10,333,934	496,391	6,094,181	2,807,944	7,373,700	4,474,712	33,335,983	4,586,513	1,553,419	2,740,518	73,797,295
Goods and Services	6,432,877	1,707,926	11,275,278	10,877,519	2,804,254	10,083,527	4,472,995	2,012,418	618,373	442,298	50,727,465
Transfer Payments	707,857	16,691,083	-	-	7,919,970	24,384,645	34,049,169	-	-	524,114	84,276,838
Insurance and Interest	1,151,141	41,143	873,074	277,993	62,916	392,426	1,002,171	176,167	57,048	65,787	4,099,866
Amortization	1,817,851	930,668	14,264,409	516,803	445,772	3,691,315	1,418,221	1,933,982	274,844	84,933	25,378,798
Total Expenses	20,443,660	19,867,211	32,506,942	14,480,259	18,606,612	43,026,625	74,278,539	8,709,080	2,503,684	3,857,650	238,280,262
Annual Surplus	1,113,382	617,523	9,894,409	412,527	183,642	6,043,433	5,625,591	(117,206)	(174,602)	694,781	24,293,480

Wellington Housing Corporation

Financial Statements

For the year ended December 31, 2022

Wellington Housing Corporation
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For the year ended December 31, 2022

Financial Statements

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INDEPENDENT AUDITOR'S REPORT

To the Members of Board of Directors of 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, 2022
- the statement of operations and changes in 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, 2022, and its results of operations and changes in accumulated surplus, 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 "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our Auditor's 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.

Auditor's 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 Auditor's 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 Auditor's 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 Auditor's 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Kitchener, Canada

May 4, 2023

Wellington Housing Corporation
Statement of Financial Position

As at December 31	2022	2021
	\$	\$
Assets		
Financial Assets		
Cash	1,589,845	855,307
Accounts Receivable (Note 4)	26,383	151,144
Portfolio Investments (Note 3)	104,196	103,096
Total Financial Assets	1,720,424	1,109,547
Liabilities		
Accounts Payable and Accrued Liabilities	65,549	91,669
Deferred Revenue	17,474	12,325
Mortgage Payable (Note 5)	224,056	357,300
Total Liabilities	307,079	461,294
Net Financial Assets	1,413,345	648,253
Non-Financial Assets		
Tangible Capital Assets (Note 6)	4,286,318	4,504,750
Contingencies and Commitments (Note 7)		
Accumulated Surplus (Note 8)	5,699,663	5,153,003

Wellington Housing Corporation
Statement of Operations and Changes in Accumulated Surplus

For the year ended December 31	(Note 9) Budget	2022	2021
	\$	\$	\$
Revenues			
Rental revenues	255,400	296,355	283,937
Municipal operating subsidies	713,600	713,600	711,900
Interest and other	11,000	28,179	22,655
Total revenues	980,000	1,038,134	1,018,492
Expenses			
Office and general	33,600	29,978	28,826
Professional fees	16,100	14,149	11,139
Management fees	30,000	25,630	28,596
Repairs and maintenance	324,500	133,878	133,267
Utilities	23,000	15,899	18,827
Insurance	16,000	16,624	14,807
Interest and bank charges	3,000	2,614	3,559
Amortization	-	252,702	226,158
Loss on disposal of tangible capital assets	-	-	20,293
Total expenses	446,200	491,474	485,472
Excess of revenue over expenses	533,800	546,660	533,020
Accumulated surplus, beginning of year	5,153,003	5,153,003	4,619,983
Accumulated surplus, end of year	5,686,803	5,699,663	5,153,003

The accompanying notes are an integral part of these financial statements

Wellington Housing Corporation
Statement of Changes in Net Financial Assets

For the year ended December 31	(Note 9) Budget	2022	2021
	\$	\$	\$
Excess of revenue over expenses	533,800	546,660	533,020
Loss on disposal of tangible capital assets	-	-	20,293
Acquisition of tangible capital assets	(40,000)	(34,270)	(677,876)
Amortization of tangible capital assets	-	252,702	226,158
Increase in net financial assets	493,800	765,092	101,595
Net financial assets, beginning of year	648,253	648,253	546,658
Net financial assets, end of year	1,142,053	1,413,345	648,253

Wellington Housing Corporation

Statement of Cash Flows

For the year ended December 31	2022	2021
	\$	\$
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	546,660	533,020
Items not involving cash:		
Amortization	252,702	226,158
Loss on disposal of tangible capital assets	-	20,293
Net change in non-cash working capital items	103,789	(85,388)
Net cash provided by operating activities	<u>903,151</u>	<u>694,083</u>
Cash flows from investing activities		
Purchase of tangible capital assets	(34,270)	(677,876)
Increase in portfolio investments	(1,099)	(15,709)
Net cash used in investing activities	<u>(35,369)</u>	<u>(693,585)</u>
Cash flows from financing activities		
Long-term debt repaid	(133,244)	(132,355)
Net cash used in financing activities	<u>(133,244)</u>	<u>(132,355)</u>
Net change in cash	734,538	(131,857)
Cash, beginning of year	855,307	987,164
Cash, end of year	<u>1,589,845</u>	<u>855,307</u>

The accompanying notes are an integral part of these financial statements

Wellington Housing Corporation

Notes to the Financial Statements

For the year ended December 31, 2022

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 the Chartered Professional Accountants of Canada Handbook Public Sector Accounting 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, 2022

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) 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 expenditures. 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.

(e) 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, 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) 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.

(g) Use of estimates

The preparation of financial statements, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the 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. PORTFOLIO INVESTMENTS

Total bond and equity investments of \$104,196 (2021 - \$103,096) are reported on the Statement of Financial Position at cost and have a market value of \$104,896 (2021 - \$123,689).

4. ACCOUNTS RECEIVABLE

Accounts receivable recorded on the Statement of Financial Position are composed of the following:

	2022 \$	2021 \$
GST/HST Receivable	20,258	59,654
Rent, net of allowance \$- (2021 - \$2,982)	6,125	1,490
Provincial Subsidy	-	90,000
Total	26,383	151,144

Wellington Housing Corporation
Notes to the Financial Statements
For the year ended December 31, 2022

5. MORTGAGE PAYABLE

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 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 \$4,286,318 (2021 - \$4,504,750).

Total interest on the mortgage payable which is reported on the Statement of Operations is \$1,981 (2021 - \$2,868).

Principal payments required on mortgage payable for the next two years are due as follows:

	Principal \$
2023	134,062
2024	89,994
Total	224,056

Wellington Housing Corporation
Notes to the Financial Statements
For the year ended December 31, 2022

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			
Cost		Balance at December 31, 2021	Additions	Disposals	Balance at December 31, 2022
Land		\$ 304,679	\$ -	\$ -	\$ 304,679
Buildings		4,630,622	34,270	-	4,664,892
Infrastructure	Parking Lot	346,762	-	-	346,762
Furniture & Fixtures		15,235	-	-	15,235
Capital Work-in-Progress		2,857	-	-	2,857
Total		\$ 5,300,155	\$ 34,270	\$ -	\$ 5,334,425
		Amortization			
Accumulated Amortization		Balance at December 31, 2021	Disposals	Amortization Expense	Balance at December 31, 2022
Land		\$ -	\$ -	\$ -	\$ -
Buildings		(727,238)	-	(237,927)	(965,165)
Infrastructure	Parking Lots	(65,914)	-	(13,756)	(79,670)
Furniture & Fixtures		(2,253)	-	(1,019)	(3,272)
Total		\$ (795,405)	\$ -	\$ (252,702)	\$ (1,048,107)
		Net Book Value			
Net Book Value		Balance at December 31, 2021			Balance at December 31, 2022
Land		\$ 304,679			\$ 304,679
Buildings		3,903,384			3,699,727
Infrastructure	Parking Lots	280,848			267,092
Furniture & Fixtures		12,982			11,963
Capital Work-in-Progress		2,857			2,857
Total		\$ 4,504,750			\$ 4,286,318

Wellington Housing Corporation
Notes to the Financial Statements
For the year ended December 31, 2022

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 4 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 twenty-five 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 \$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	2022	2021
	(\$)	(\$)
Surplus:		
Invested in Tangible Capital Assets	4,286,318	4,504,750
Invested in Capital Fund	83,889	87,626
Mortgage Payable	(224,056)	(357,300)
Total Surplus	4,146,151	4,235,076
Reserves set aside by the Corporation Board for:		
WHC Capital Reserve	1,553,512	917,927
	1,553,512	917,927
Accumulated Surplus	5,699,663	5,153,003

Wellington Housing Corporation
Notes to the Financial Statements
For the year ended December 31, 2022

9. BUDGET DATA

The budget data presented in these financial statements is based upon the 2022 operating and capital budgets approved by County of Wellington Council on January 27, 2022. 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.

	2022 Budget	2021 Budget
	(\$)	(\$)
Revenues		
Operating budget	980,000	970,200
Capital budget	40,000	638,000
Less:		
Transfers from other funds	(40,000)	(638,000)
Total revenues	980,000	970,200
Expenses		
Operating budget	980,000	970,200
Capital budget	40,000	638,000
Less:		
Transfer to other funds	(400,000)	(400,000)
Capital expenses	(40,000)	(638,000)
Debt principal repayments	(133,800)	(132,200)
Total expenses	446,200	438,000
Annual Surplus	533,800	532,200

County of Wellington Trust Funds
Financial Statements
For the year ended December 31, 2022



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INDEPENDENT AUDITOR'S REPORT

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

Opinion

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, 2022
- the statement of operations 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, 2022, and its results of operations, 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 “***Auditor’s Responsibilities for the Audit of the Financial Statements***” section of our auditor’s 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.

Auditor's 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 auditor's 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 auditor's 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 auditor's 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Kitchener, Canada

May 29, 2023

County of Wellington
Trust Funds – Statement of Financial Position
As at December 31, 2022

	Comfort Money	County Wellness Centre	Safe Communities	2022	2021
	\$	\$	\$	\$	\$
Financial Assets					
Cash and Bank	42,854	21,585	49,957	114,396	103,264
Liabilities					
Accounts Payable	-	-	-	-	-
Balance	<u>42,854</u>	<u>21,585</u>	<u>49,957</u>	<u>114,396</u>	<u>103,264</u>

County of Wellington
Trust Funds - Statement of Operations
For the year ended December 31, 2022

	Comfort Money	County Wellness Centre	Safe Communities	2022	2021
	\$	\$	\$	\$	\$
Balance at the beginning of the year	49,716	8,995	44,553	103,264	122,848
Source of Funds:					
Deposits	188,070	35,535	30,770	254,375	173,858
Use of Funds					
Withdrawals	194,932	22,945	25,366	243,243	193,442
Balance at the end of the year	<u>42,854</u>	<u>21,585</u>	<u>49,957</u>	<u>114,396</u>	<u>103,264</u>

**Notes to the Trust Fund Financial Statements
For the Year Ended December 31, 2022**

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 based on their individual balances in the fund.