
County of Wellington
Financial Statements
For the year ended December 31, 2019

County of Wellington
Index to Financial Statements
For the year ended December 31, 2019

Consolidated Financial Statements

Independent Auditors' Report	
Consolidated Statement of Financial Position	1
Consolidated Statement of Operations	2
Consolidated Statement of Change in Net Financial Assets	3
Consolidated Statement of Cash Flows	4
Notes to the Financial Statements	5-26

Wellington Housing Corporation Financial Statements

Independent Auditor's Report	
Statement of Financial Position	33
Statement of Operations	34
Statement of Net Change in Financial Assets	35
Statement of Cash Flow	36
Notes to the Financial Statements	37-43

Trust Fund Financial Statements

Independent Auditors' Report	
Statements of Financial Position and Operations	47
Notes to the Financial Statements	48



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INDEPENDENT AUDITORS' REPORT

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

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

- the consolidated statement of financial position as at December 31, 2019
 - 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, 2019, and its consolidated results of operations, its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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



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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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



Page 3

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

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

Chartered Professional Accountants, Licensed Public Accountants

Waterloo, Canada
May 28, 2020

County of Wellington

Consolidated Statement of Financial Position

As at December 31

	2019	2018
	\$	\$
Assets		
Financial Assets		
Cash and Cash Equivalents (Note 3)	33,769,955	28,409,641
Accounts Receivable	11,023,432	10,246,721
Portfolio Investments (Note 3)	92,039,667	87,029,011
Loans Receivable (Note 4)	127,385	156,311
Total Financial Assets	136,960,439	125,841,684
Liabilities		
Accounts Payable and Accrued Liabilities	16,642,272	19,091,324
Deferred Revenue (Note 5)	10,586,567	8,655,199
Landfill Site Closure & Post Closure Liability (Note 6)	8,581,220	8,035,076
Post-Employment/Retirement Liability (Note 7)	2,313,789	2,180,162
WSIB Liability (Note 8)	1,340,327	1,323,092
Other Long-Term Liabilities (Note 9)	150,215	-
Net Long-Term Liabilities (Note 10)	38,652,583	32,928,833
Total Liabilities	78,266,973	72,213,686
Net Financial Assets	58,693,466	53,627,998
Non-Financial Assets		
Tangible Capital Assets (Note 11)	430,447,282	421,421,924
Inventories of Supplies	779,004	922,697
Prepaid Expenses	2,088,423	2,041,694
Total Non Financial Assets	433,314,709	424,386,315
Accumulated Surplus (Note 12)	492,008,175	478,014,313

County of Wellington Consolidated Statement of Operations

For the year ended December 31	(Note 20) Budget	2019	2018
	\$	\$	\$
Revenues			
Taxation (Note 13)	100,943,800	101,785,776	97,111,559
Government Transfers			
Provincial (Note 14)	72,974,597	75,341,570	76,302,765
Federal (Note 14)	9,343,191	9,144,215	6,346,680
Municipal	27,138,633	26,604,122	24,451,012
Fees and Service Charges	11,894,500	12,319,029	10,930,545
Licences, Permits, Rent	8,258,900	8,549,762	8,470,225
Interest, Donations, Other	3,740,340	3,581,633	2,933,760
Development Charges	1,056,000	1,453,012	2,864,445
Total Revenues	235,349,961	238,779,119	229,410,991
Expenses			
General Government	19,334,170	19,644,954	16,979,429
Protection to Persons & Property	18,540,613	18,372,745	17,785,831
Transportation Services	28,057,961	33,381,891	30,265,167
Environmental Services	10,048,809	10,229,115	8,774,198
Health Services	13,345,332	18,935,820	14,639,123
Social Housing	33,354,930	34,540,776	34,280,657
Social and Family Services	75,467,799	75,860,161	73,961,938
Library	8,558,269	7,831,715	7,577,951
Museum	2,407,079	2,281,744	2,291,333
Planning and Development	4,053,399	3,706,336	3,507,201
Total Expenses	213,168,361	224,785,257	210,062,828
Annual Surplus	22,181,600	13,993,862	19,348,163
Accumulated Surplus, Beginning of Year	478,014,313	478,014,313	458,666,150
Accumulated Surplus, End of Year	500,195,913	492,008,175	478,014,313

County of Wellington
Consolidated Statement of Change in Net Financial Assets

For the year ended December 31	(Note 20) Budget	2019	2018
	\$	\$	\$
Annual Surplus	22,181,600	13,993,862	19,348,163
Acquisition of Tangible Capital Assets	(47,986,700)	(33,558,567)	(33,001,713)
Amortization of Tangible Capital Assets	22,400,000	23,830,562	22,601,203
Loss on Disposal of Tangible Capital Assets	-	418,246	306,492
Proceeds on Sale of Tangible Capital Assets	-	284,401	464,742
	<u>(3,405,100)</u>	<u>4,968,504</u>	<u>9,718,887</u>
Acquisition of Inventories of Supplies	-	(779,004)	(922,697)
Acquisition of Prepaid Expenses	-	(2,088,423)	(2,041,694)
Consumption of Inventories of Supplies	-	922,697	782,046
Use of Prepaid Expenses	-	2,041,694	1,752,572
	<u>(3,405,100)</u>	<u>5,065,468</u>	<u>9,289,114</u>
Change in Net Financial Assets	(3,405,100)	5,065,468	9,289,114
Net Financial Assets, Beginning of Year	<u>53,627,998</u>	<u>53,627,998</u>	<u>44,338,884</u>
Net Financial Assets, End of Year	<u>50,222,898</u>	<u>58,693,466</u>	<u>53,627,998</u>



County of Wellington

Consolidated Statement of Cash Flows

For the year ended December 31	2019	2018
	\$	\$
Cash Provided By (Used In):		
Operating Activities:		
Annual Surplus	13,993,862	19,348,163
Items Not Involving Cash:		
Amortization	23,830,562	22,601,203
Loss on Disposal of Tangible Capital Assets	418,246	306,492
Change in Post Employment/Retirement Liability	133,627	44,004
Change in WSIB Liability	17,235	(5,395)
Change in Landfill Liability	546,144	(122,452)
Change in Other Long-Term Liabilities	150,215	-
Change in Non-Cash Assets and Liabilities:		
Accounts Receivable	(701,711)	(1,176,002)
Accounts Payable and Accrued Liabilities	(2,524,052)	1,665,598
Deferred Revenue	1,931,368	(848,336)
Inventories of Supplies	143,693	(140,651)
Prepaid Expenses	(46,729)	(289,122)
Net Change in Cash from Operating Activities	37,892,460	41,383,502
Capital Activities:		
Proceeds on Sale of Tangible Capital Assets	284,401	464,742
Cash Used to Acquire Tangible Capital Assets	(33,558,567)	(33,001,713)
Net Change in Cash from Capital Activities	(33,274,166)	(32,536,971)
Investing Activities:		
Loan Receivable Collected	28,926	28,926
Change in Long-Term Investments	(5,010,656)	(6,961,036)
Net Change in Cash from Investing Activities	(4,981,730)	(6,932,110)
Financing Activities:		
Long-Term Debt Issued	9,610,000	9,250,000
Long-Term Debt Repaid	(3,886,250)	(3,451,228)
Net Change in Cash from Financing Activities	5,723,750	5,798,772
Net Change in Cash and Cash Equivalents	5,360,314	7,713,193
Cash and Cash Equivalents, Beginning of Year	28,409,641	20,696,448
Cash and Cash Equivalents, End of Year	33,769,955	28,409,641

Notes to the Financial Statements For the Year Ended December 31, 2019

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

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% (2018 – 32.0%) based on population, as stated in the agreement with the other participants, the City of Guelph and the County of Dufferin.

(ii) Trust Funds

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

b) Basis of Accounting

(i) Accrual Basis of Accounting

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

(ii) Investments

Cash and cash equivalents

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

Notes to the Financial Statements For the Year Ended December 31, 2019

Portfolio Investments

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

(iii) Deferred Revenue

In accordance with PSAB requirements obligatory reserve funds are reported as a component of deferred revenue. The County has obligatory development charge reserve funds in the amount of \$4,006,516 (2018 - \$2,273,137). 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 \$5,297,933 (2018 - \$5,295,166) received by the County under the Federal Gas Tax Revenue Transfer are reported as deferred revenue and will be recognized as revenue in the fiscal year in which the eligible expenses are incurred. Unexpended funds of \$0 (2018 - \$496,737) received by County under the Ontario Capital Infrastructure Fund are reported as deferred revenue and will be recognized as revenue in the fiscal year in which they eligible expenses are incurred. (Note 5)

(iv) Taxation

Under PS3510, taxes receivable and tax revenue are recognized when they meet the definition of an asset, the tax is authorized and the taxable event has occurred (Note 13).

(v) Government Transfers

Under PS3410, government transfers received relate to social services, police, health and cultural programs. Transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made (Note 14).

(vi) Contaminated Sites

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

(vii) Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Significant estimates include assumptions used in estimating provisions for accrued liabilities, landfill closure and post-closure liability, actuarial valuations of employee future benefits, and the historical cost and useful lives of tangible capital assets.

Actual results could differ from these estimates.

**Notes to the Financial Statements
For the Year Ended December 31, 2019**

c) Physical Assets

(i) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land and landfill sites, is amortized on a straight line basis over their estimated useful lives as follows:

Major Asset Classification	Component Breakdown	Useful Life - Years
Land		N/A
Landfill Sites		N/A - Based on usage
Buildings	Structure	15 to 50
	Exterior	20 to 40
	Interior	15 to 40
	Site Elements	10 to 30
	Leasehold Improvements	Lease Term
Infrastructure	Roads and Parking Lots - Asphalt	20
	Roads and Parking Lots - Gravel	10
	Roads - Base	50
	Bridges - Surface	20
	Bridges and Culverts - Structure	50
	Structural Walls	50
	Traffic Signals, Street Signs, Outdoor Lighting	20
Vehicles & Machinery	Licensed Equipment	7
	Unlicensed Equipment	15
Furniture & Fixtures		15
Technology & Communications		5
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 2019 is \$0 (2018 - \$0).

(iii) Works of Art and Cultural and Historic Assets

Works of art and cultural and historic assets are not recorded as assets in these financial statements. The County's art collection includes approximately 1,300 pieces, either created by a significant Wellington County artist and/or depicting Wellington County subject matter. The Museum's collection contains over 21,000 artifacts. The Archives' collection contains over 103,000 photographs, as well as maps, microfilm and audio-visual media. Both collections relate to the history of Wellington County and are fully catalogued with appraised values in the County's collections database. The collection is maintained and stored at the Wellington County Museum & Archives as per Provincial Standards for Ontario Museums.

Notes to the Financial Statements For the Year Ended December 31, 2019

(iv) Interest Capitalization

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

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

The capitalized interest costs associated with the acquisition or construction of tangible capital assets during the year was \$3,157 (2018 - \$122,871).

(v) Leased Tangible Capital Assets

Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are expensed as incurred.

(vi) Inventories of Supplies

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

(vii) Tangible Capital Assets recorded at Nominal Value

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

2. TRUST FUNDS

Trust funds administered by the County amounting to \$129,754 (2018 - \$140,818) 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 \$33,769,955 (2018 - \$28,409,641) are reported on the Consolidated Statement of Financial Position at cost.

Total portfolio investments of \$92,039,667 (2018 - \$87,029,011) are reported on the Consolidated Statement of Financial Position at cost and have a market value of \$93,998,857 (2018 - \$87,849,405).

At December 31, 2019 the County had two credit facilities arrangements. Facility 1 is \$5,000,000 by way of loans with an interest rate of prime less .50% and remains undrawn at December 31, 2019. 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.

**Notes to the Financial Statements
For the Year Ended December 31, 2019**

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, 2019 was \$42,930 (2018- \$57,780).

In 2015, the County and Centre Wellington agreed to share soil remediation costs for the Fergus Library Expansion Project. The land, originally owned by Centre Wellington was remediated by the County upfront and will be repaid by the Township at 60%. The Township will repay the County over ten years, interest free, starting in 2016. The amount to be repaid to the County as at December 31, 2019 was \$84,455 (2018 - \$98,531).

**Notes to the Financial Statements
For the Year Ended December 31, 2019**

5. DEFERRED REVENUE

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

	2019	2018
	\$	\$
Federal Gas Tax	5,297,933	5,295,166
Ontario Community Infrastructure Fund (OCIF)	-	496,737
Development Charges	4,006,516	2,273,137
Deferred Capital Grants	-	121,255
Deferred Operating Grants	1,218,274	382,218
Other	63,844	86,686
	10,586,567	8,655,199
	2019	2018
Balance, Beginning of Year		
Federal Gas Tax	5,295,166	5,114,489
Ontario Community Infrastructure Fund (OCIF)	496,737	-
Development Charges	2,273,137	3,357,150
Deferred Capital Grants	121,255	449,707
Deferred Operating Grants	382,218	513,792
Other	86,686	68,399
	8,655,199	9,503,537
Amounts Received		
Federal Gas Tax	5,570,535	2,760,586
OCIF	1,823,229	1,190,383
Development Charges	3,100,466	1,942,851
Deferred Capital Grants	-	129,255
Deferred Operating Grants	1,136,305	327,244
Other	29,035	33,097
Interest Earned	273,151	273,219
	11,932,721	6,656,635
Contributions Used	(10,001,353)	(7,504,973)
Balance, End of Year	10,586,567	8,655,199

6. LANDFILL SITE CLOSURE AND POST-CLOSURE LIABILITY

The County is responsible for all aspects of solid waste management. As of December 31, 2019 there were 16 closed landfill sites (of which 6 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, 2019 is \$9,968,675 (2018- \$8,994,320). The amount reported on the Consolidated Statement of Financial Position as of December 31, 2019 is \$8,581,220 (2018 - \$8,035,076) and the amount remaining to be recognized is \$1,387,455 (2018 - \$959,244).

Closure costs include final cover and vegetation, drainage control features, leachate control and monitoring systems, water quality monitoring systems, gas monitoring and recovery, land acquisition, site remediation, and site closure reports. Post-closure costs include leachate monitoring and treatment, water quality monitoring, gas monitoring and recovery, ongoing maintenance and annual reports. The discounted cash flow analysis is based on the estimated costs for each of these items over a 25-year period using a long term borrowing rate of 2.82% (2018 – 3.51%).

**Notes to the Financial Statements
For the Year Ended December 31, 2019**

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 86.08% (2018 – 89.34%) of the liability is recognized and reported, which represents the estimated weighted average capacity used to December 31, 2019. It is estimated that sufficient landfill site capacity exists for approximately 25 years.

Of the \$8,581,220 (2018 - \$8,035,076) recognized as a liability, \$611,147 (2018 - \$584,355) 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 \$7,970,073 (2018 - \$7,450,721) is shown as an amount to be recovered from reserve funds (see note 11).

7. POST-EMPLOYMENT / RETIREMENT LIABILITY

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

In 2014, unionized employees agreed to a payout of the sick leave accumulation plan in the amount of \$908,792. This amount was funded from reserve funds and no remaining liability has been recognized. At the time employees were given the option to retain up to a maximum of 175 hours of sick time not eligible for payout and at December 31, 2019 the outstanding balance of sick hours was 924 hours (2018 – 1,041 hours).

The present value of these benefit obligations at December 31, 2019 was estimated from an actuarial review completed in December 2017. The review calculated the benefit obligations using an accrued benefit obligation methodology, which recognizes the accrued benefit over the employees' working lifetime.

Benefit	Number of Employees Entitled to Benefit as at December 31, 2019	Liability as at December 31, 2019	Liability as at December 31, 2018
		\$	\$
Dental	42	391,285	365,005
Extended Health Care	42	1,384,403	1,294,900
Life Insurance	40	87,573	78,216
County of Wellington Total		1,863,261	1,738,121
Wellington-Dufferin Guelph Public Health Unit		450,528	442,041
Consolidated Total		2,313,789	2,180,162

**Notes to the Financial Statements
For the Year Ended December 31, 2019**

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

	2019	2018
	\$	\$
Accrued Benefit Obligation:		
Balance, beginning of year	2,911,863	2,944,548
Current benefit cost	140,900	132,824
Interest	114,325	114,832
Benefits paid	(248,374)	(280,341)
Actuarial loss	-	-
Balance, end of year	2,918,714	2,911,863
Unamortized actuarial loss	(1,055,453)	(1,173,742)
Liability for benefits	1,863,261	1,738,121
Wellington-Dufferin-Guelph Public Health Unit	450,528	442,041
Consolidated Total	2,313,789	2,180,162

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

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

- (i) Interest (discount rate):
The present value of future liabilities and the expense for the 12 months ended December 31, 2019 were determined using a discount rate of 4.00%.
- (ii) Health Care Cost Rates:
Medical costs were assumed to increase at a rate of 6.42% for 2019 vs. 2018 reducing by .33% 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 2019 resulting from approved claims were \$93,530 (2018 - \$201,415) 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 2017. 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 \$1,340,327 (2018 - \$1,323,092).

Information about the WSIB liability is as follows:

**Notes to the Financial Statements
For the Year Ended December 31, 2019**

	2019	2018
	\$	\$
Accrued Benefit Obligation:		
Balance, beginning of year	1,223,522	1,173,910
Current benefit cost	149,515	144,967
Interest	46,046	44,125
Expected benefit payments	(140,762)	(139,480)
Expected accrued benefit obligation, end of year	1,278,321	1,223,522
Actual accrued benefit obligation, end of year	1,278,321	1,223,522
Unamortized actuarial gain	62,006	99,570
WSIB Liability	1,340,327	1,323,092

Included as a reduction in expenses is \$37,564 (2018 – \$55,007) 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, 2018 were determined using a discount rate of 3.75%
- (ii) Administration costs:
Administration costs were assumed to be 36.0% of the compensation expense
- (iii) Compensation expense:
Compensation costs, which include loss of earnings benefits, health care costs and non-economic loss awards, were assumed to increase at rates ranging from 1.75% to 4.5% depending on the benefit type.

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

9. OTHER LONG-TERM LIABILITIES

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

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

**Notes to the Financial Statements
For the Year Ended December 31, 2019**

	2019	2018
	\$	\$
2020	60,086	-
2021	45,064	-
2022	30,043	-
2023	15,022	-
	150,215	-

10. NET LONG-TERM LIABILITIES

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

	2019	2018
	\$	\$
Long-term liabilities outstanding for County purposes	38,031,935	32,178,682
Long-term liabilities outstanding for Wellington Housing Corporation	620,648	750,151
Total long-term liabilities at the end of the year	38,652,583	32,928,833

Long-term liabilities outstanding for Local Municipal purposes (2019 – \$24,494,314, 2018 - \$27,835,359) are direct, unsecured, unsubordinated, joint and several obligations of the County and such Local Municipalities.

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

	2019	2018
	\$	\$
Long-term liabilities incurred by the County, including those incurred on behalf of member municipalities, and outstanding at the end of the year (Interest rates range from 1.35% - 5.875%)	62,526,249	60,014,041
Long-term liabilities incurred by the County and recoverable from member municipalities	(24,494,314)	(27,835,359)
Net long-term liabilities at the end of the year	38,031,935	32,178,682

**Notes to the Financial Statements
For the Year Ended December 31, 2019**

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

	2019	2018
Debenture payable, 4.9%, repayable in annual principal and semi-annual interest payments of approximately \$356,000 annually, due February 5, 2019	\$ -	\$ 356,000
Debenture payable, 4.7% - 4.85%, repayable in annual principal and semi-annual interest payments of approximately \$358,000 annually, due June 3, 2020	348,000	680,000
Debenture payable, 4.75%-4.85%, repayable in annual principal and semi-annual interest payments of approximately \$225,000 annually, due October 5, 2021	419,000	617,000
Debenture payable, 2.75% - 3.35%, repayable in annual principal and semi-annual interest payments of approximately \$365,500 annually, with a balloon payment of \$735,000, due March, 6, 2022	1,695,000	2,002,000
Debenture payable, 2.45% - 3.20%, repayable in annual principal and semi-annual interest payments of approximately \$677,500 annually with a balloon payment of \$3,135,000, due June 3, 2023	5,305,000	5,810,000
Debenture payable, 5.84%, repayable in blended semi-annual payments of \$119,573, due August 12, 2024	1,024,160	1,195,935
Debenture payable, 5.875%, repayable in blended semi-annual payments of \$856,527, due August 12, 2025	8,557,775	9,716,747
Debenture payable, 1.35%-2.45%, repayable in annual principal and semi-annual interest payments of approximately \$133,500 annually, due November 30, 2026	859,000	974,000
Debenture payable, 4.7% - 5.35%, repayable in annual principal and semi-annual interest payments ranging from \$195,266 to \$164,280 annually, due June 3, 2030	1,461,000	1,577,000
Debenture payable, 2% - 3.45%, repayable in annual principal and semi-annual interest payments ranging from \$430,683.25 to \$770,754.50 annually, due May 30, 2038	8,753,000	9,250,000
Debenture payable, 1.9% - 2.6%, repayable in annual principal and semi-annual interest payments of approximately \$610,000 annually, due November 4, 2039	9,610,000	-
	\$ 38,031,935	\$ 32,178,682

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

	Principal
2020	\$ 3,934,015
2021	3,714,005
2022	4,361,997
2023	6,579,291
2024	3,009,201
Subsequent to 2024	16,433,426
	\$ 38,031,935

(c) The long-term liabilities in (a) of this note issued in the name of the County, as well as those pending issues of long-term liabilities and commitments to be financed by revenues beyond the term of Council, have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

**Notes to the Financial Statements
For the Year Ended December 31, 2019**

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

	2019	2018
	\$	\$
Principal Payments	3,756,747	3,322,936
Interest	1,272,933	1,260,803
	<u>5,029,680</u>	<u>4,583,739</u>

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

	2019	2018
	\$	\$
General Municipal Revenues	4,189,301	4,026,339
Development Charges	840,379	557,400
	<u>5,029,680</u>	<u>4,583,739</u>

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

	2019	2018
	\$	\$
Net Long-Term Liabilities		
Recovered from General Municipal Revenues	28,142,935	29,794,682
Recovered from Development Charges	9,889,000	2,384,000
	<u>38,031,935</u>	<u>32,178,682</u>

(g) Wellington Housing Corporation:

The mortgage payable is held by the Canadian Mortgage and Housing Corporation at an interest rate of 0.94% with monthly installments of \$11,323 (2018 - \$11,323) principal and interest and due September 2020. For reporting purposes, it has been assumed that the mortgage will be renewed at this time at the same interest and with the same monthly installments.

The mortgage payable is secured by real estate and chattels owned by the corporation with a carrying value of \$2,596,483 (2018 - \$2,270,751).

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

	Principal
2020	131,100
2021	489,548
	<u>\$ 620,648</u>

11. TANGIBLE CAPITAL ASSETS

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

**Notes to the Financial Statements
For the Year Ended December 31, 2019**

Cost	December 31, 2018	Additions	Disposals	December 31, 2019
Land	\$ 33,631,664	-	-	\$ 33,631,664
Landfill Sites	1,871,638	-	-	1,871,638
Buildings	185,883,892	7,900,444	(983,704)	192,800,632
Infrastructure				
Roads	340,172,430	8,589,123	(297,362)	348,464,191
Bridges	84,633,447	4,387,463	(2,053,645)	86,967,265
Culverts	20,868,166	944,420	(104,311)	21,708,275
Structural Walls	-	190,367	-	190,367
Traffic Lights	2,982,026	397,533	(62,613)	3,316,946
Trails	244,777	5,207	-	249,984
Parking Lots	2,433,206	319,028	(20,038)	2,732,196
Vehicles & Machinery				
Licensed Equipment	11,844,960	2,040,591	(1,167,047)	12,718,504
Unlicensed Equipment	7,223,314	1,487,109	(73,654)	8,636,769
Furniture & Fixtures	7,982,128	787,614	(11,971)	8,757,771
Technology & Communications	5,530,883	1,515,442	(698,495)	6,347,830
Library Books	3,227,600	603,695	(613,050)	3,218,245
Wellington Housing Corporation	2,739,488	593,247	(174,373)	3,158,362
Public Health	10,850,170	281,714	(24,574)	11,107,310
Capital Work-in Progress	9,022,539	6,751,989	(3,236,419)	12,538,109
Total	\$ 731,142,328	\$ 36,794,986	\$ (9,521,256)	\$ 758,416,058
Accumulated Amortization	December 31, 2018	Amortization Expense	Disposals	December 31, 2019
Land	\$ -	-	-	\$ -
Landfill Sites	(958,386)	(54,956)	-	(1,013,342)
Buildings	(55,161,648)	(7,536,393)	686,015	(62,012,026)
Infrastructure				
Roads	(175,318,714)	(9,221,925)	284,445	(184,256,194)
Bridges	(46,004,039)	(1,605,218)	2,053,645	(45,555,612)
Culverts	(9,154,604)	(447,102)	104,311	(9,497,395)
Structural Walls	-	(772)	-	(772)
Traffic Lights	(2,009,934)	(150,448)	61,144	(2,099,238)
Trails	(32,644)	(10,816)	-	(43,460)
Parking Lots	(585,178)	(174,861)	16,983	(743,056)
Vehicles & Machinery				
Licensed Equipment	(4,782,983)	(1,212,363)	933,357	(5,061,989)
Unlicensed Equipment	(3,033,615)	(792,693)	51,509	(3,774,799)
Furniture & Fixtures	(3,801,238)	(579,450)	11,971	(4,368,717)
Technology & Communications	(3,333,519)	(777,189)	698,495	(3,412,213)
Library Books	(1,585,844)	(644,577)	613,050	(1,617,371)
Wellington Housing Corporation	(468,737)	(135,857)	42,715	(561,879)
Public Health	(3,489,321)	(485,942)	24,550	(3,950,713)
Total	\$ (309,720,404)	\$ (23,830,562)	\$ 5,582,190	\$ (327,968,776)
Net Book Value	December 31, 2018			December 31, 2019
Land	\$ 33,631,664			\$ 33,631,664
Landfill Sites	913,252			858,296
Buildings	130,722,244			130,788,606
Infrastructure				
Roads	164,853,716			164,207,997
Bridges	38,629,408			41,411,653
Culverts	11,713,562			12,210,880
Structural Walls	-			189,595
Traffic Lights	972,092			1,217,708
Trails	212,133			206,524
Parking Lots	1,848,028			1,989,140
Vehicles & Machinery				
Licensed Equipment	7,061,977			7,656,515
Unlicensed Equipment	4,189,699			4,861,970
Furniture & Fixtures	4,180,890			4,389,054
Technology & Communications	2,197,364			2,935,617
Library Books	1,641,756			1,600,874
Wellington Housing Corporation	2,270,751			2,596,483
Public Health	7,360,849			7,156,597
Capital Work-in-Progress	9,022,539			12,538,109
Total	\$ 421,421,924			\$ 430,447,282

**Notes to the Financial Statements
For the Year Ended December 31, 2019**

(a) Assets Under Construction

Assets under construction having a value of \$12,538,109 (2018 - \$9,022,539) have not been amortized. Amortization of these assets will commence when the asset is available for use.

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

The write-down of tangible capital assets during the year was \$0 (2018 - \$0). The loss on disposal of assets during the year was \$418,246 (2018 - \$306,492).

12. ACCUMULATED SURPLUS

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

As at December 31	2019	2018
	\$	\$
Surplus:		
Invested in Tangible Capital Assets	430,447,282	421,421,924
Invested in Capital Fund	21,426,805	15,722,458
Public Health Unit (Note 16)	770,751	2,230,346
Amount Recovered from Public Health	-	611,964
Amounts to be Recovered		
From Future Revenues		
Net Long-Term Liabilities	(38,652,583)	(32,928,833)
Post-Employment Benefits	(2,313,789)	(2,180,162)
Landfill Liability	(611,147)	(584,355)
Other Long-Term Liabilities	(150,215)	-
From Reserve Funds		
Landfill Liability	(7,970,073)	(7,450,721)
WSIB	(1,340,327)	(1,323,092)
Total Surplus	401,606,704	395,519,529
Reserves set aside by Council for:		
Capital	40,452,850	40,251,045
Contingencies and Stabilization	20,152,166	16,285,406
Equipment Replacement	4,192,172	4,795,658
Benefit and Insurance	3,363,032	3,276,719
Programme Specific	2,724,387	2,774,150
Total Reserves	70,884,607	67,382,978
Reserve Funds set aside for specific purposes by Council for:		
Landfill Closure and Post Closure	7,970,073	7,450,721
Workplace Safety and Insurance	3,569,701	3,464,351
Housing Regeneration	3,337,662	2,410,787
Public Health Debt Retirement	2,785,879	-
Housing Development	1,217,787	1,474,588
Museum Donations and Endowments	190,705	156,564
Logan Donation	148,158	-
Homeownership Loan	132,753	-
Library Donations	93,025	91,028
Wellington Terrace Donations	71,121	63,767
Total Reserve Funds	19,516,864	15,111,806
Accumulated Surplus	\$ 492,008,175	\$ 478,014,313

**Notes to the Financial Statements
For the Year Ended December 31, 2019**

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.

	2019	2018
	\$	\$
Property Tax Levy	99,741,800	95,079,100
Supplementary & Omitted Taxes	2,223,353	2,212,685
Payment in Lieu of Taxes	765,247	721,500
Other	31,680	31,640
	102,762,080	98,044,925
Less:		
Property Taxes written off as uncollectible	(971,519)	(808,366)
Provision for Assessment at Risk	(4,785)	(125,000)
	(976,304)	(933,366)
Tax Revenue recognized	\$ 101,785,776	\$ 97,111,559

**Notes to the Financial Statements
For the Year Ended December 31, 2019**

14. PROVINCIAL AND FEDERAL GOVERNMENT TRANSFERS

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

	2019	2018
	\$	\$
Provincial Government Transfers		
Affordable Housing Construction Funding	209,930	195,266
Community Homelessness Prevention Initiative, SHEEP	3,560,452	3,608,384
Community Policing Partnership, RIDE, 1000 Officers, Court Security	238,528	358,261
Health Unit – Ministry of Children and Youth Services	825,987	831,175
Health Unit – Ministry of Health and Long Term Care	4,984,829	4,874,185
Library Capacity Grant	-	15,775
Library Operating Grant	141,275	152,454
Library Other Grants	6,720	10,654
Long Term Care Operating Subsidy	9,440,048	9,458,245
MCI Immigration Funding	15,519	106,271
Ministry of Education Funding Childcare	22,672,005	23,176,321
Ministry of Housing-SIF, IAH, SHIP, OPHI	1,792,501	4,069,432
MMAH Modernization Grant	725,000	-
Museum Operating Grant & Other	56,184	57,304
Ontario Community Infrastructure Fund (OCIF)	2,327,003	701,170
Ontario Municipal Partnership Fund (OMPF)	1,508,100	1,774,200
Ontario Works Administration Subsidy	4,848,006	4,846,756
Ontario Works Benefit Subsidy	19,080,571	18,841,792
Ontario Works Provincial Addictions Funding	69,975	119,275
Reaching Home	112,535	-
Strong Communities Rent Supplement	543,002	582,167
Waste Diversion Ontario, Stewardship Ontario, OTS Tire	977,680	865,675
Other	1,205,720	1,658,003
Subtotal Provincial Government Transfers	\$75,341,570	\$76,302,765
Federal Government Transfers		
Citizenship and Immigration Canada Subsidy	428,111	421,614
FCM Asset Management Grant	12,924	35,401
Federal Block Funding Housing	2,874,904	3,006,307
Federal Gas Tax	5,747,957	2,740,633
Health Unit - Public Health Agency of Canada	7,233	14,700
Homeless Partnering Strategy	73,086	128,025
Subtotal Federal Government Transfers	\$9,144,215	\$6,346,680
Total Government Transfers	\$ 84,485,785	\$82,649,445

**Notes to the Financial Statements
For the Year Ended December 31, 2019**

**Notes to the Financial Statements
For the Year Ended December 31, 2019**

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, 2019 the sum of \$3,566,444 (2018 - \$3,562,388) has been paid to GMCH, leaving an outstanding commitment of \$1,433,556 (2018 - \$1,437,612).

In June 2014 the County approved capital improvement grants for three County hospital foundations; Groves Memorial Community Hospital Foundation, \$5,000,000; the Mount Forest Louise Marshall Hospital Foundation, \$2,200,000; and the Palmerston & District Hospital Foundation \$2,200,000; for a total pledge of \$9,400,000 over the five-year period 2015 to 2019. As of December 31, 2019 the sum of \$2,200,000 (2018 - \$1,760,000) has been paid to the Palmerston & District Hospital Foundation, leaving an outstanding commitment of \$0 (2018 - \$440,000). The sum of \$2,000,000 (2018 - \$1,500,000) has been paid to the Mount Forest Louise Marshall Hospital Foundation, leaving an outstanding commitment of \$200,000 (2018 - \$700,000). As of December 31, 2019 the sum of \$5,000,000 has been paid to Groves Memorial Community Hospital Foundation, leaving an outstanding commitment of \$0 (2018 - \$5,000,000).

16. GOVERNMENT PARTNERSHIP

The County of Wellington is a partner in the Wellington-Dufferin-Guelph Health Unit. The County provides 32.0% (2018 - 32.0%) of the municipal funding to the Health Unit for the Cost Shared Mandatory and related programs, and is responsible for a similar share of the assets, liabilities and municipal position of the Health Unit. Based on updated 2016 Census information, the County share is 32.0% except for the share of the long-term loan which remains at 32.7%. The County's share of the results of the Health Unit's financial activities for the year and its financial position at year end have been consolidated in these financial statements. At December 31, 2019, the Health Unit's financial results and financial position are as follows:

	2019	2018
	\$	\$
Financial Assets	3,651,530	7,976,783
Liabilities	(8,311,312)	(14,124,423)
Non-Financial Assets	22,437,800	23,120,690
Accumulated Surplus	17,778,018	16,973,050
Revenues	27,597,773	27,085,026
Expenses	26,792,805	26,759,441
Annual Surplus	804,968	325,585

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

	2019	2018
	\$	\$
Financial Assets	1,168,490	2,552,571
Accounts Payable and Deferred Revenue	(421,237)	(359,996)
Non-Financial Assets	23,498	37,771
Share of Health Unit (Note 12)	770,751	2,230,346
Long-Term Debt (County share remains at 32.7%)	(1,828,864)	(3,799,106)
Post-Employment Liability (Note 7)	(450,528)	(442,041)
Invested in Tangible Capital Assets (Note 11)	7,156,597	7,360,849
Accumulated Surplus	5,647,956	5,350,048

Notes to the Financial Statements For the Year Ended December 31, 2019

On December 19, 2012, the County entered into a Financing Agreement with the Wellington-Dufferin-Guelph Public Health Unit, the County of Dufferin and the City of Guelph, to finance the County portion of the cost of building the two new facilities at Chancellors Way, Guelph, and Broadway, Orangeville. The Financing Agreement allows for quarterly advances of capital by the County of Wellington to Public Health beginning in January 2013, until the completion of the new facilities. The total amount of the advances from all obligated municipalities will not exceed \$24,400,000 and based on 2011 Census population information, the County of Wellington's obligation is 32.7% or \$8,000,000. The interest rate on the loan repayment from the Health Unit to the County will be 3.34% per annum, and the term and amortization of the loan will be twenty years. The whole or any part of the capital financing under this agreement may be prepaid at any time without penalty or bonus and the Health Unit has made three prepayments; December 2014 - \$490,500, April 2017 - \$611,964 and August 2019 - \$1,665,800. These amounts have been transferred to the County's Public Health Debt Retirement Reserve Fund. At December 31, 2019 the balance of the loan receivable is \$1,828,864 (2018 - \$3,799,106).

17. PUBLIC LIABILITY INSURANCE

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

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

Based on claims received to December 31, 2019, the maximum deductible exposure to the County is estimated at \$654,000. These claims have not been accrued in the Financial Statements because the outcome of these claims is not known and the loss will be accounted for in the period in which the loss, if any, becomes likely and can be reasonably estimated. For claims not covered by purchased insurance, the County has established a reserve, which as at December 31, 2019 totaled \$483,088 (2018 - \$427,367).

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 689 (2018 - 664) 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 \$57,400 and at a rate of 14.6% for earnings over the yearly maximum.

The County's contribution to OMERS for 2019 was \$4,076,613 (2018 - \$3,818,064) for current service and past service costs and is included as an expense on the Consolidated Statement of Operations. Employee contribution to OMERS in 2019 was \$4,076,613 (2018 - \$3,818,064).

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

As at December 31, 2019, the OMERS Primary Plan had a funded ratio of assets to pension obligations of 97% (2018 - 96%). The OMERS pension plan funding deficit remains \$3.4 billion (2018 - \$4.2 billion).

**Notes to the Financial Statements
For the Year Ended December 31, 2019**

19. SOCIAL HOUSING PROPERTIES

The County has title to the 1,189 Social Housing units of the former Wellington-Guelph Housing Authority. The units are located in the City of Guelph and throughout the County. The related debt on these units remains with the Province of Ontario. Of the \$2,874,902 (2018 - \$3,006,308) in federal government subsidies provided to the County for social housing, \$947,562 (2018 - \$961,006) 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 35-unit townhouse complex that is split approximately 50/50 between RGI and market rent units. At December 31, 2019 the mortgage outstanding was \$620,648 (2018 - \$750,151)

20. BUDGET DATA

The budget data presented in these consolidated financial statements is based upon the 2019 operating and capital budgets approved by Council on January 31, 2019 and 2019 capital budget amendments in the amount of \$5,181,200 (2018 - \$9,430,000) 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 chart below reconciles the approved budget to the budget figures reported in these consolidated financial statements.

	2019 Budget	2018 Budget
	\$	\$
Revenues		
Operating Budget	220,706,700	214,247,700
Capital Budget	48,041,700	43,097,000
Health Unit and WHC Budget	8,799,061	6,050,259
Less:		
Transfers from other funds	(25,727,700)	(23,774,600)
New debt financing	(9,640,000)	(4,360,000)
Internal recoveries	(6,829,800)	(6,928,400)
Total Revenues	235,349,961	228,331,959
Expenses		
Operating Budget	220,706,700	214,247,700
Capital Budget	47,986,700	43,097,000
Amortization	22,400,000	22,100,000
Health Unit and WHC Budget	6,322,061	6,050,259
Less:		
Transfer to other funds	(25,787,500)	(23,216,200)
Capital Expenses	(47,986,700)	(43,097,000)
Debt principal payments	(3,757,700)	(3,449,900)
Internal charges	(6,715,200)	(6,553,600)
Total Expenses	213,168,361	209,178,259
Annual Surplus	22,181,600	19,153,700

**Notes to the Financial Statements
For the Year Ended December 31, 2019**

21. COMPARATIVE FIGURES

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

22. SUBSEQUENT EVENT

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact.

At this time these factors present uncertainty over future cash flows, may cause significant changes to the assets or liabilities and could potentially have a significant impact on future operations. While an estimate of the financial impacts is not practicable at this time, the County has taken steps to support its citizens and businesses. On March 24, 2020, the County and its member municipalities agreed to waive penalties and interest on the next property tax instalment for 60 days from the due date. The County also established the Keep Well – Emergency Business Sustainability Fund to provide up to \$1,000,000 in low-interest loans to support local businesses. The County has entered in to agreements with the Wellington-Waterloo Community Futures Development Corporation and the Saugeen Economic Development Corporation to administer these loans.

In March 2020, the County increased its credit facility to assist with potential impacts on cash flows (Note 3) from \$5,000,000 to \$10,000,000.

**Notes to the Financial Statements
For the Year Ended December 31, 2019**

23. SEGMENTED INFORMATION

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

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

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

**Notes to the Financial Statements
For the Year Ended December 31, 2019**

2018											
	General Government	Protection	Transportation Services	Environmental Services	Health Services	Social Housing	Social and Family Services	Library	Museum	Planning & Development	Consolidated
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues											
Taxation	10,036,804	18,047,825	27,748,859	5,309,932	7,363,716	5,143,550	11,305,310	6,801,916	2,105,874	3,247,773	97,111,559
Grants and Subsidies	1,880,472	358,261	3,477,204	865,674	5,720,059	11,869,723	58,236,803	178,883	57,304	5,062	82,649,445
Municipal Revenue	-	248,907	2,627,591	-	52,126	15,999,058	5,419,718	29,760	-	73,852	24,451,012
Fees & Service Charges	466,870	96,366	755,348	3,921,356	(2,115)	(56,420)	5,166,884	102,948	89,871	389,437	10,930,545
Licences, Permits, Rents	1,253,659	114,765	-	8,992	-	6,991,448	-	47,980	53,381	-	8,470,225
Interest, Donations, Other	2,608,317	11,847	-	-	46,789	110,259	73,389	56,966	7,031	19,162	2,933,760
Development Charges	25,413	79,674	2,465,505	-	53,165	-	45,664	195,024	-	-	2,864,445
Total Revenues	16,271,535	18,957,645	37,074,507	10,105,954	13,233,740	40,057,618	80,247,768	7,413,477	2,313,461	3,735,286	229,410,991
Expenses											
Salaries and Benefits	8,792,287	489,597	7,595,299	2,354,956	3,956,175	3,768,297	26,783,080	4,228,741	1,478,257	2,170,213	61,616,902
Goods and Services	5,585,115	625,176	8,356,484	6,003,639	3,357,655	6,128,244	4,028,439	1,361,850	549,792	598,146	36,594,540
Transfer Payments	328,424	15,667,821	-	-	6,609,430	20,435,794	40,879,369	-	-	639,513	84,560,351
Insurance and Interest	981,474	128,019	1,689,406	201,281	95,993	373,927	992,029	165,362	35,648	26,693	4,689,832
Amortization	1,292,129	875,218	12,623,978	214,322	619,870	3,574,395	1,279,021	1,821,998	227,636	72,636	22,601,203
Total Expenses	16,979,429	17,785,831	30,265,167	8,774,198	14,639,123	34,280,657	73,961,938	7,577,951	2,291,333	3,507,201	210,062,828
Excess (deficiency) of Revenue over Expenses	(707,894)	1,171,814	6,809,340	1,331,756	(1,405,383)	5,776,961	6,285,830	(164,474)	22,128	228,085	19,348,163

Wellington Housing Corporation

Financial Statements

For the year ended December 31, 2019



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INDEPENDENT AUDITORS' REPORT
To the Members of Board of Directors Wellington Housing Corporation

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

- the statement of financial position as at December 31, 2019
- the statement of operations for the year then ended
- the statement of changes in net debt for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2019, and its results of operations, its changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

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



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

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Waterloo, Canada

May 6, 2020

Wellington Housing Corporation
Statement of Financial Position

As at December 31	2019	2018
	\$	\$
Assets		
Financial Assets		
Cash and Cash Equivalents (Note 3)	1,262,108	207,859
Accounts Receivable (Note 4)	535,860	168,584
Portfolio Investments (Note 3)	81,120	79,338
Total Financial Assets	1,879,088	455,781
Liabilities		
Accounts Payable and Accrued Liabilities	135,624	46,808
Deferred Revenue	11,060	14,171
Mortgage Payable (Note 5)	620,648	750,151
Total Liabilities	767,332	811,130
Net Debt	1,111,756	(355,349)
Non-Financial Assets		
Tangible Capital Assets (Note 6)	2,596,483	2,270,751
Contingencies and commitments (Note 7)		
Accumulated Surplus (Note 8)	3,708,239	1,915,402

Wellington Housing Corporation
Statement of Operations

For the year ended December 31	(Note 9) Budget \$	2019 \$	2018 \$
<hr/>			
Revenues			
Rental revenues	211,000	198,766	213,105
Municipal operating subsidies	645,000	645,000	426,004
Municipal capital subsidies	1,100,000	1,100,000	-
Provincial capital subsidies	900,000	450,000	-
Interest and other	-	2,223	10,259
Total revenues	2,856,000	2,395,989	649,368
<hr/>			
Expenses			
Office and general	15,000	9,511	1,032
Professional fees	17,000	11,763	14,037
Management fees	40,000	32,316	32,010
Repairs and maintenance	265,000	239,041	110,340
Utilities	8,000	21,925	18,737
Insurance	22,000	11,804	6,556
Interest and bank charges	12,000	6,933	8,307
Amortization	-	135,857	134,090
Bad debt expense	-	2,344	5,075
Loss on disposal of tangible capital assets	-	131,658	65,317
Total expenses	379,000	603,152	395,501
<hr/>			
Excess of revenue over expenses	2,477,000	1,792,837	253,867
Accumulated surplus, beginning of year	1,915,402	1,915,402	1,661,535
Accumulated surplus, end of year	4,392,402	3,708,239	1,915,402

Wellington Housing Corporation
Statement of Changes in Net Debt

For the year ended December 31	(Note 9) Budget \$	2019 \$	2018 \$
Excess of revenue over expenses	2,477,000	1,792,837	253,867
Loss on disposal of tangible capital assets	-	131,658	65,317
Acquisition of tangible capital assets	(2,331,000)	(593,247)	(158,051)
Amortization of tangible capital assets	-	135,857	134,090
Decrease in net debt	146,000	1,467,105	295,223
Net debt, beginning of year	(355,349)	(355,349)	(650,572)
Net debt, end of year	(209,349)	1,111,756	(355,349)

Wellington Housing Corporation

Statement of Cash Flows

For the year ended December 31	2019	2018
	\$	\$
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	1,792,837	253,867
Items not involving cash:		
Amortization	135,857	134,090
Loss on disposal of tangible capital assets	131,658	65,317
Net change in non-cash working capital items	(281,571)	44,185
Net cash provided by operating activities	<u>1,778,781</u>	<u>497,459</u>
Cash flows from investing activities		
Purchase of tangible capital assets	(593,247)	(158,051)
Increase in portfolio investments	(1,782)	(10,259)
Net cash used in investing activities	<u>(595,029)</u>	<u>(168,310)</u>
Cash flows from financing activities		
Long-term debt repaid	(129,503)	(128,293)
Net cash used in financing activities	<u>(129,503)</u>	<u>(128,293)</u>
Net change in cash and cash equivalents	1,054,249	200,856
Cash and cash equivalents, beginning of year	<u>207,859</u>	<u>7,003</u>
Cash and cash equivalents, end of year	<u>1,262,108</u>	<u>207,859</u>

Wellington Housing Corporation

Notes to the Financial Statements

For the year ended December 31, 2019

1. AUTHORITY AND PURPOSE

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of accounting

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

(b) Tangible capital assets

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land, is amortized on a straight-line basis over their estimated useful lives as follows:

Wellington Housing Corporation
Notes to the Financial Statements
For the year ended December 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

(c) Contributions of tangible capital assets

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

(d) Reserves and reserve funds

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

(e) Government transfers

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

(f) Rental Revenue

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

Wellington Housing Corporation
Notes to the Financial Statements
For the year ended December 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Investments

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

(h) Cash and cash equivalents

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

(i) Use of estimates

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

3. CASH AND CASH EQUIVALENTS AND PORTFOLIO INVESTMENTS

Total cash and cash equivalents of \$1,262,108 (2018 - \$207,859) are reported on the Statement of Financial Position at cost.

Total portfolio investments of \$81,120 (2018 - \$79,338) are reported on the Statement of Financial Position at cost and have a market value of \$96,147 (2018 - \$84,814).

4. ACCOUNTS RECEIVABLE

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

	2019	2018
	\$	\$
GST/HST Receivable	73,731	89,610
Rent	6,129	3,974
County Subsidy	-	75,000
Provincial Subsidy	450,000	-
Deposit Receivable	6,000	-
Total	535,860	168,584

Wellington Housing Corporation
Notes to the Financial Statements
For the year ended December 31, 2019

5. NET LONG-TERM LIABILITIES

The mortgage payable is held by the Canadian Mortgage and Housing Corporation at an interest rate of 0.94% with monthly installments of \$11,323 (2018 - \$11,323) principal and interest and due September 2020. For reporting purposes, it has been assumed that the mortgage will be renewed at this time at the same interest and with the same monthly installments.

The mortgage payable is secured by real estate and chattels owned by the corporation with a carrying value of \$2,596,483 (2018 - \$2,270,751).

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

	Principal \$
2020	131,100
2021	489,548
Total	620,648

Wellington Housing Corporation
Notes to the Financial Statements
For the year ended December 31, 2019

6. TANGIBLE CAPITAL ASSETS

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

Cost	Balance at December 31, 2018 (\$)	Additions (\$)	Disposals (\$)	Balance at December 31, 2019 (\$)
Land	304,679			304,679
Buildings	2,110,991	275,940	(174,373)	2,212,558
Infrastructure Parking Lots	282,380			282,380
Furniture & Fixtures	41,438	4,665		46,103
Capital Work-in-Progress		312,642		312,642
Total	2,739,488	593,247	(174,373)	3,158,362
Accumulated Amortization	Balance at December 31, 2018 (\$)	Disposals (\$)	Amortization Expense (\$)	Balance at December 31, 2019 (\$)
Land	-	-	-	-
Buildings	(425,024)	42,715	(113,742)	(496,051)
Infrastructure Parking Lots	(26,256)		(13,128)	(39,384)
Furniture & Fixtures	(17,457)		(8,987)	(26,444)
Total	(468,737)	42,715	(135,857)	(561,879)
Net Book Value	Balance at December 31, 2018 (\$)			Balance at December 31, 2019 (\$)
Land	304,679			304,679
Buildings	1,685,967			1,716,507
Infrastructure Parking Lots	256,124			242,996
Furniture & Fixtures	23,981			19,659
Capital Work-in-Progress				312,642
Total	2,270,751			2,596,483

Wellington Housing Corporation
Notes to the Financial Statements
For the year ended December 31, 2019

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 of \$360,000 will be disbursed upon structural framing completion and another \$90,000 upon confirmation of occupancy.

8. ACCUMULATED SURPLUS

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

As at December 31	2019	2018
	(\$)	(\$)
Surplus:		
Invested in Tangible Capital Assets	2,596,483	2,270,751
Invested in Capital Fund	1,288,458	-
Long-Term Liabilities	(620,648)	(750,151)
Total Surplus	<u>3,264,293</u>	<u>1,520,600</u>
Reserves set aside by the Corporation Board for:		
WHC Capital Reserve	443,946	394,802
	<u>443,946</u>	<u>394,802</u>
Accumulated Surplus	<u>3,708,239</u>	<u>1,915,402</u>

Wellington Housing Corporation
Notes to the Financial Statements
For the year ended December 31, 2019

9. BUDGET DATA

The budget data presented in these financial statements is based upon the 2019 operating and capital budgets approved by County of Wellington Council on January 30, 2019. 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.

	2019 Budget	2018 Budget
	(\$)	(\$)
Revenues		
Operating budget	856,000	634,000
Capital budget	2,331,000	185,000
Less:		
Transfers from other funds	(331,000)	(185,000)
Total revenues	2,856,000	634,000
Expenses		
Operating budget	856,000	634,000
Capital budget	2,331,000	185,000
Less:		
Transfer to other funds	(350,000)	(125,000)
Capital expenses	(2,331,000)	(185,000)
Debt principal repayments	(127,000)	(128,300)
Total expenses	379,000	380,700
Annual Surplus	2,477,000	253,300

10. COMPARATIVE INFORMATION

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

County of Wellington Trust Funds

Financial Statements

For the year ended December 31, 2019



KPMG LLP
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INDEPENDENT AUDITORS' REPORT

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

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

- the statement of financial position as at December 31, 2019
- the statement of operations and accumulated surplus for the year then ended
- the statement of changes in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2019, and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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



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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

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



Page 3

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

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

Chartered Professional Accountants, Licensed Public Accountants

Waterloo, Canada

May 28, 2020

County of Wellington
Trust Funds – Statement of Financial Position
As at December 31, 2019

	Comfort Money	County Wellness Centre	Safe Communities	2019	2018
	\$	\$	\$	\$	\$
Financial Assets					
Cash and Bank	45,320	20,492	65,444	131,256	142,753
Liabilities					
Accounts Payable	-	-	1,502	1,502	1,935
Balance	<u>45,320</u>	<u>20,492</u>	<u>63,942</u>	<u>129,754</u>	<u>140,818</u>

County of Wellington
Trust Funds - Statement of Operations
For the year ended December 31, 2019

	Comfort Money	County Wellness Centre	Safe Communities	2019	2018
	\$	\$	\$	\$	\$
Balance at the beginning of the year	40,776	38,570	61,472	140,818	174,046
Source of Funds:					
Deposits	183,415	61,814	33,354	278,583	341,188
Use of Funds					
Withdrawals	178,871	79,892	30,884	289,647	374,416
Balance at the end of the year	<u>45,320</u>	<u>20,492</u>	<u>63,942</u>	<u>129,754</u>	<u>140,818</u>

**Notes to the Trust Fund Financial Statements
For the Year Ended December 31, 2019**

1. ACCOUNTING POLICIES

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

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

In October 2012 the Safe Communities Trust fund was established. These funds are held in trust by the County for use by the Wellington County Safe Communities Committee.

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