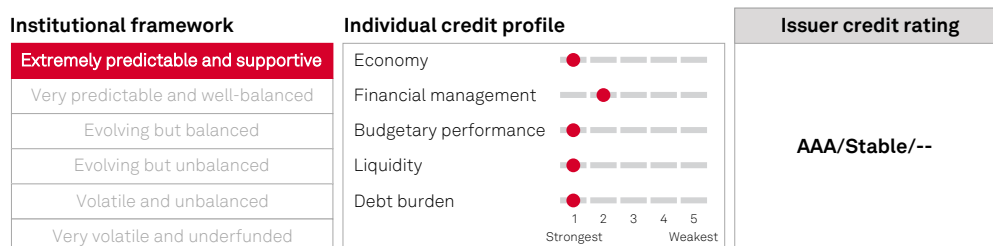


County of Wellington

September 17, 2025

This report does not constitute a rating action.

Ratings Score Snapshot



Primary Contact

Elisa Lopez cortes
Toronto
1-416-507-2574
elisa.lopez.cortes
@spglobal.com

Secondary Contact

Jennifer Love, CFA
Toronto
1-416-507-3285
jennifer.love
@spglobal.com

Credit Highlights

Overview

Credit context and assumptions	Base-case expectations
Supportive institutions and prudent financial management practices underpin the credit profile.	We expect the county will continue to post solid operating balances, anchored by stable tax receipts.
We expect income levels will remain steady in a strong economy with a favorable geographic location.	The capital plan is mostly funded by Wellington's accumulated reserves, which support a moderate debt burden.
Wellington's relationship with the Province of Ontario is likely to remain extremely predictable and supportive.	The county is likely to maintain healthy reserves, contributing to its exceptional liquidity.

S&P Global Ratings expects the County of Wellington to maintain its strong financial performance, with robust operating surpluses averaging approximately 14% of operating revenues over 2023–2027. Given the county's sizable capital plan, we project very modest post-capital surpluses on average throughout the forecast period--effectively near-balanced results. We project the debt burden will remain low in the next two years, as the capital plan is primarily funded through accumulated reserves, requiring lower debt issuance. In our view, the county's manageable debt and exceptional liquidity position are key credit strengths. We believe Wellington has a strong and diversified economy.

Research Contributor

Ekta Bhayani
CRISIL Global Analytical Center,
an S&P Global Ratings affiliate
Mumbai

Outlook

The stable outlook reflects S&P Global Ratings' expectation that in the next two years, the county's strong revenue sources and prudent financial management will support modest surpluses after-capital accounts. Furthermore, we expect Wellington's debt burden will remain less than 30% of operating revenue. The county's liquidity position remains a credit strength.

Downside scenario

Although unlikely, we could lower the rating over the next two years if the county's capital program expands beyond our base-case assumptions, leading to after-capital deficits of greater than 5% of operating revenue on a sustained basis and a debt burden of more than 60% of operating revenue.

Rationale

Strong local economic foundations and robust financial management bolster Wellington's creditworthiness

The county benefits from a stable economy and a strategic location close to the Greater Toronto Area, as well as the cities of Hamilton and Guelph, and situated along the Highway 401 corridor. We expect economic activity in Wellington to remain healthy, despite the potential impact of reduced international immigration targets, which could pose some risk to future growth. However, these effects have yet to materialize and remain uncertain.

In addition, our base-case assumption is that the local economy will largely remain stable in the face of increased uncertainty associated with international trade disputes, given recent experience weathering the effects of tariffs (for further information, see "[Economic Outlook Canada Q3 2025: U.S. Tariff Uncertainty And Slower Population Growth Weigh On Momentum](#)," June 24, 2025). We estimate the county's GDP per capita will be higher than Canada's US\$55,300 in 2025. We expect that following sustained residential and industrial development in recent years, the county will remain an attractive destination for new residents.

In our opinion, Wellington's management team is experienced and capable of effective leadership, as demonstrated through prudent financial policies. It produces clear goals and objectives observed through 10-year operating budgets and tax-rate projections, approved annually; and uses realistic underlying assumptions, in our view. It also produces a 10-year capital budget accompanied by identified funding sources, which provides transparency around future capital priorities and investment needs.

Like other Canadian municipalities, Wellington benefits from an extremely predictable and supportive local and regional government framework that has demonstrated high institutional stability and evidence of systemic extraordinary support in times of financial distress. Most recently through the COVID-19 pandemic, senior levels of government provided operating and transit-related grants to municipalities, in addition to direct support to individuals and businesses. Although provincial governments mandate a significant proportion of municipal spending, they also provide operating fund transfers and impose fiscal restraint through legislative requirements to pass balanced operating budgets. Municipalities are generally able to match expenditure well with revenue, except for capital expenditure (capex), which can be intensive. Any operating surpluses typically fund capex and future liabilities (such as postemployment obligations) through reserve contributions. Municipalities have demonstrated a

track record of strong budget results and, therefore, average debt burdens are low relative to those of global peers, and growth over time has been modest.

Wellington will post near balanced after-capital accounts on average due to significant capex amid a slower increase in its debt burden

Wellington is responsible for delivering a range of services, including key social services for both the county and the City of Guelph, as part of its role as consolidated municipal services manager. These services are provincially mandated and, along with collective agreements with employees, limit the county's flexibility to reduce spending. Nevertheless, we expect the county will continue the necessary measures to address its spending needs and continue generating strong budgetary performance, with operating balances averaging 14% of operating revenue in our 2023-2027 base-case period.

We expect in the next few years the county will direct capital investments across essential service areas, including infrastructure development, waste management upgrades, housing and homelessness supports, emergency medical services, long-term care, early childhood programs, and rural transportation through the Ride Well Service. We estimate that Wellington will spend on average C\$62 million annually from 2025 to 2027 on capital expenditure. Consequently, it will post near-balanced after-capital accounts with a surplus of less than 1% of total revenue in 2023-2027. We believe the surplus will normalize to above 1% by 2027 and beyond our base case.

Of note, the primary source of capital funding is the county's reserves, which account for 64% of the 10-year capital plan. Wellington also intends to issue new debt, which we estimate will be approximately C\$42 million between 2025 and 2027, including C\$17 million on behalf of lower-tier municipalities. As a result, we forecast tax-supported debt will reach C\$68 million, or 21% of operating revenues, by 2027. Of the tax-supported debt estimated by 2027, 40% will be from the lower-tier municipalities, which we believe can support their obligations and will reimburse the county for all principal and interest payments as they come due. In turn, we recognize that there is a lower credit risk associated with this debt. We estimate interest costs will increase as the county issues more debt but remain very manageable at less than 1% of operating revenue in the next two years. In addition, Wellington's exposure to contingent liabilities is limited, in our view.

Wellington maintains an exceptional liquidity position. We estimate free cash balances and investments will be about C\$192 million in the next 12 months, which will be sufficient to cover 30x debt service requirements. Similar to that of domestic peers, the county's access to external liquidity is satisfactory, in our view.

County of Wellington Selected Indicators

Mil. C\$	2022	2023	2024	2025bc	2026bc	2027bc
Operating revenue	245	263	289	299	306	319
Operating expenditure	211	226	246	256	265	275
Operating balance	34	36	43	43	41	44
Operating balance (% of operating revenue)	14.0	13.7	14.9	14.4	13.4	13.9
Capital revenue	17	14	21	20	21	19
Capital expenditure	33	44	67	63	66	59
Balance after capital accounts	18	6	(2)	0	(4)	4
Balance after capital accounts (% of total revenue)	6.9	2.2	(0.8)	0.2	(1.2)	1.3
Debt repaid	6	9	6	6	4	5

County of Wellington Selected Indicators

Gross borrowings	7	4	0	8	22	12
Balance after borrowings	18	1	(8)	3	14	12
Direct debt (outstanding at year-end)	56	46	40	43	61	68
Direct debt (% of operating revenue)	22.7	17.6	14.0	14.4	19.8	21.3
Tax-supported debt (outstanding at year-end)	56	46	40	43	61	68
Tax-supported debt (% of consolidated operating revenue)	22.7	17.6	14.0	14.4	19.8	21.3
Interest (% of operating revenue)	0.7	0.6	0.5	0.4	0.6	0.8
Local GDP per capita (\$)	--	--	--	--	--	--
National GDP per capita (\$)	56,256.8	54,220.3	54,340.4	55,309.7	59,043.9	62,291.8

The data and ratios above result in part from S&P Global Ratings' own calculations, drawing on national as well as international sources, reflecting S&P Global Ratings' independent view on the timeliness, coverage, accuracy, credibility, and usability of available information. The main sources are the financial statements and budgets, as provided by the issuer. bc--Base case reflects S&P Global Ratings' expectations of the most likely scenario. C\$--Canadian dollar. \$--U.S. dollar.

Rating Component Scores

Key rating factors	Scores
Institutional framework	1
Economy	1
Financial management	2
Budgetary performance	1
Liquidity	1
Debt burden	1
Stand-alone credit profile	aaa
Issuer credit rating	AAA

S&P Global Ratings bases its ratings on non-U.S. local and regional governments (LRGs) on the six main rating factors in this table. In the "Methodology For Rating Local And Regional Governments Outside Of The U.S.," published on July 15, 2019, we explain the steps we follow to derive the global scale foreign currency rating on each LRG. The institutional framework is assessed on a six-point scale: 1 is the strongest and 6 the weakest score. Our assessments of economy, financial management, budgetary performance, liquidity, and debt burden are on a five-point scale, with 1 being the strongest score and 5 the weakest.

Key Sovereign Statistics

- [Sovereign Risk Indicators](http://www.spratings.com/sri), July 7, 2025. Interactive version available at <http://www.spratings.com/sri>.

Related Criteria

- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10, 2021
- [Criteria | Governments | International Public Finance: Methodology For Rating Local And Regional Governments Outside Of The U.S.](#), July 15, 2019
- [General Criteria: Principles Of Credit Ratings](#), Feb. 16, 2011

Related Research

- [Economic Outlook Canada Q3 2025: U.S. Tariff Uncertainty And Slower Population Growth Weigh On Momentum](#), June 24, 2025
- [Canadian Municipalities Are Well Positioned To Weather Temporary Trade Disruption](#), June 2, 2025
- [Subnational Government Outlook 2025: Canadian LRG Revenues Will Play Catchup To Meet Higher Operating Costs And Stabilize Debt Growth](#), Jan. 16, 2025
- [S&P Global Ratings Definitions](#), Dec. 2, 2024
- [Institutional Framework Assessment: Canadian Municipalities Employ Flexibilities Within Fiscal Framework To Temper Cost Pressures](#), April 2, 2024

Ratings Detail (as of September 17, 2025)*

Wellington (County of)	
Issuer Credit Rating	AAA/Stable/--
Senior Unsecured	AAA
Issuer Credit Ratings History	
01-Jun-2022	AAA/Stable/--
29-Aug-2014	AA+/Stable/--
16-Aug-2013	AA/Positive/--
*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.	

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