

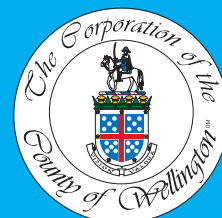


ANNUAL FINANCIAL REPORT | 2019



For the year ended December 31, 2019

Corporation of the County of Wellington
Guelph, Ontario, Canada



2019 Annual Financial Report

For the fiscal year ending December 31, 2019



For information on programmes
and services, or to obtain a copy
of this document, please contact:

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TABLE OF CONTENTS

INTRODUCTION

- 4 Message from the Warden
- 5 Strategic Planning at the County
- 7 Canadian Award for Financial Reporting
- 8 2019 Awards and Recognition
- 10 Corporate Organizational Chart
- 12 Wellington County Council
- 13 County of Wellington at a Glance
- 16 County Services
- 21 Economic Development Highlights
- 29 Report from the County Treasurer
- 35 Key Financial Indicators
- 44 Management Discussion and Analysis
- 63 Annual Surplus Reconciliation

FINANCIAL REPORTS

THE COUNTY OF WELLINGTON

- 65 Independent Auditors' Report
- 67 Consolidated Statement of Financial Position
- 68 Consolidated Statement of Operations
- 69 Consolidated Statement of Change in Net Financial Assets
- 70 Consolidated Statement of Cash Flows
- 71 Notes to the Consolidated Financial Statements

WELLINGTON HOUSING CORPORATION

- 102 Independent Auditors' Report (WHC)
- 104 Statement of Financial Position
- 105 Statement of Operations
- 106 Statement of Change in Net Financial Assets
- 107 Statement of Cash Flows
- 108 Notes to the Financial Statements

TRUST FUNDS

- 114 Independent Auditors' Report (Trust Funds)
- 116 Trust Funds—Statement of Financial Position
- 117 Trust Funds—Statement of Operations

- 118 Notes to Trust Fund Financial Statements

STATISTICAL DATA

- 120 Five-Year Financial Statistics (unaudited)
- 129 Top 20 Corporate Taxpayers in 2019
- 130 Acknowledgements





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COUNTY OF WELLINGTON

74 WOOLWICH STREET

GUELPH, ONTARIO

N1H 3T9

July 20, 2020

Dear Residents of Wellington County:

It is my pleasure to present you with the County's Annual Financial Report for the year 2019 on behalf of County Council and the employees of the County of Wellington. Based on direction provided in the County's Strategic Action Plan, in 2019 the County was able to provide high-quality services and capital investment while maintaining a strong financial position. As a result, the County was able to:

- Capitalize an investment of \$17.1 million to improve the County road and bridge network, facilities, and equipment, and \$2.9 million in capital repairs and enhancements within social and affordable housing units;
- Open the new Wellington Place Child Care and Learning Centre;
- Support local hospital development with an in-year contribution of \$5,940,000;
- Completed a Strategic Action Plan to outline the direction that the Corporation will be taking over the remaining Term of Council;
- Together with the member municipalities completed a Service Efficiency Review to enumerate opportunities to improve the overall effectiveness and efficiency of the County's current service delivery model.
- Allocate \$1,000,000 to continue with investigation, design and costing of the Continuum of Care model at the Wellington Place Campus;
- End the year with a \$1.5 million operating budget surplus;
- Maintain Wellington County's Credit Rating at AA+ (stable) in 2019

Subsequent to year-end, the COVID-19 outbreak was declared a pandemic by the World Health Organization bringing with it uncertainty for the residents and businesses of Wellington County. We are confident that we are in a strong position to ensure our residents and businesses are supported through this crisis.

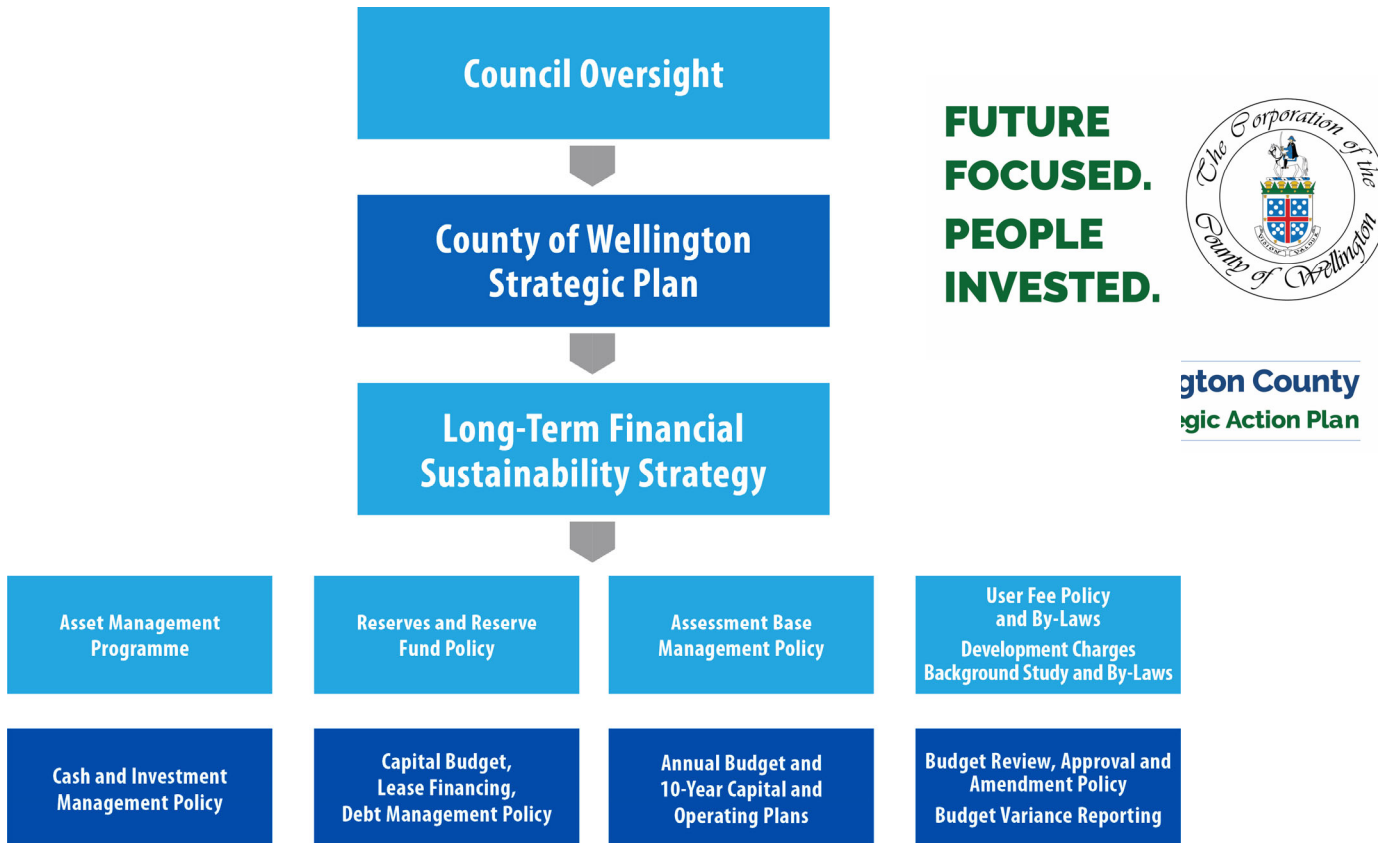
I would like to thank County staff for preparing the Annual Report, and Council for their ongoing oversight of County activities, strong leadership and well-informed decision-making.

A handwritten signature in blue ink, appearing to read "Kelly Linton".

Kelly Linton

Wellington County Warden

STRATEGIC PLANNING AT THE COUNTY

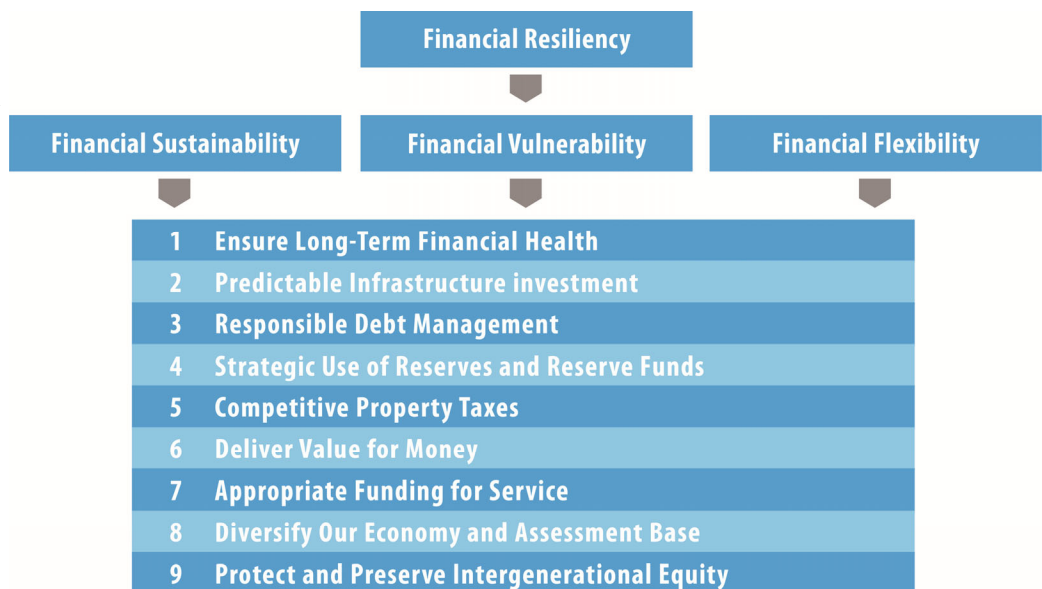


SERVICE EFFICIENCY REVIEW

We completed a review of service provision within the County with KPMG. As a result of this review, we were able to identify a number of areas where we can gain efficiency through collaboration and technologies. The list of top priorities can be found on the County website.

LONG-TERM FINANCIAL SUSTAINABILITY STRATEGY

This strategy highlights nine principles by which resource allocation decisions will be evaluated. These principles are intended to promote financial resiliency and ensure that the funding models for service provision are sustainable and efficient.



STRATEGIC ACTION PLAN PRIORITIES

PEOPLE AS THE MAIN PRIORITY OF WELLINGTON COUNTY

In order to achieve this objective, we will:

1. Partner with the Canadian Mental Health Association (CMHA) and the Ontario Provincial Police (OPP) to increase awareness and promote good mental health and suicide prevention;
2. Engage in a conversation about mental health and suicide prevention with Here4Hope;
3. Conduct the Guarding Minds at Work employee survey;
4. Implement a “Be Well” Committee;
5. Conduct ASIST and Safe Talk training sessions with staff;
6. Enhance the Corporate Tuition and Training grant to enable staff to develop a variety of skills.



MAKING THE BEST DECISIONS

To achieve this objective:

1. We have invested significant time and effort into our Strategic Action Plan, Long-Term Financial Sustainability Strategy, and the Service Efficiency Review conducted with KPMG. The rest of the term of Council will be focused on implementing these directions;
2. We have conducted a Service Efficiency Review, to identify areas where we can perform more effectively and efficiently. Senior staff across our member municipalities are in discussions regarding service coordination and a broader IT review;
3. The County and all seven local municipalities are moving forward with a common Asset Management software programme, to enhance our ability to coordinate future asset management activities;
4. We will develop a working group to review the recommendations in the Attainable Housing Strategy report.



PROVIDING THE HIGHEST LEVEL AND BEST QUALITY SERVICES

To achieve this objective, we will:

1. Implement the Solid Waste Services Strategy, which includes a new collection contract, the closure of Phase 1 of the Riverstown Landfill and opening of Phase 2, and take measures to extend the life of the County’s landfill site through more diversion opportunities and a move towards full cost recovery at our landfill sites through tipping fees;
2. Improve resident care at the Wellington Terrace Long-Term Care Home, with additional shifts and further investigation of a potential Continuum of Care facility.



PLANNING FOR AND PROVIDING THE BEST PHYSICAL INFRASTRUCTURE

To achieve this objective, we will:

1. Continue our investment in County infrastructure, while fully integrating building condition audits and lifecycle needs into our 10-year plan;
2. Continue with the implementation of rural broadband, with our \$12.1 million funding from SWIFT;
3. Invest in our Asset Management Planning Resources, including additional staff, new Asset Management software, and coordination of activities across our member municipalities.



CANADIAN AWARD FOR FINANCIAL REPORTING

The Government Finance Officers' Association of the United States and Canada (GFOA) awarded a Canadian Award for Financial Reporting to the County of Wellington for its annual financial report for the fiscal year ended December 31, 2018.

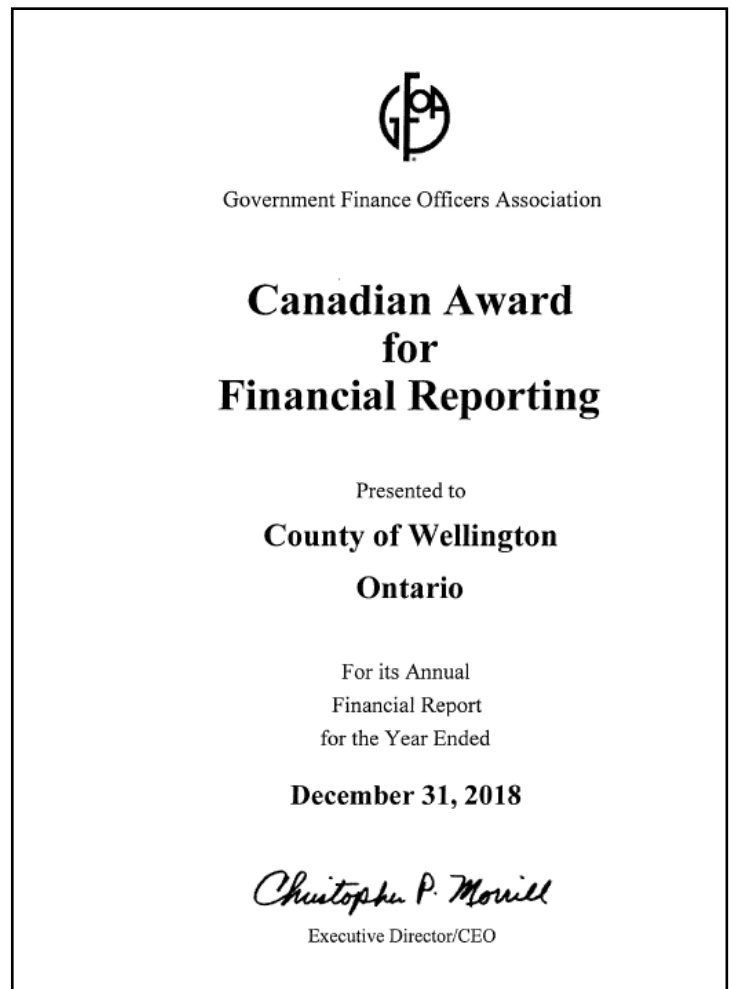
The County of Wellington joined this programme in 2014 and has received six consecutive awards for the 2013-2018 Annual Financial Reports.

The Canadian Award for Financial Reporting programme was established to encourage municipal governments to publish high-quality financial reports and to provide peer recognition and technical guidance for officials preparing these reports.

In order to be awarded a Canadian Award for Financial Reporting, a government unit must publish an easily readable and efficiently organized annual financial report, whose contents conform to programme standards.

Such reports should go beyond the minimum requirements of generally accepted accounting principles and demonstrate an effort to clearly communicate the municipal government's financial picture, enhance an understanding of financial reporting by municipal governments, and address user needs.

This award is valid for a period of one year. We believe our current report continues to conform to the Canadian Award for Financial Reporting programme requirements, and have submitted it for consideration to the GFOA.



AWARDS AND RECOGNITION



Government Finance Officers Association (GFOA)

Canadian Award for Financial Reporting

The County of Wellington won the GFOA Canadian Award for Financial Reporting for its Annual Financial Report for the year ended December 31, 2018. This award recognizes the County's ability to prepare a comprehensive annual financial report that exceeds the minimum requirements.



Distinguished Budget Presentation Award

The GFOA presented a Distinguished Budget Presentation Award to the County of Wellington for its annual budget for the fiscal year beginning January 1, 2019. In order to receive this award, a governmental unit must publish a budget document that meets programme criteria as a policy document, an operation guide, a financial plan, and as a communications device.



Standard and Poor's County of Wellington Credit Rating

The Standard and Poor's credit rating agency announced that the County of Wellington's rating has been maintained at AA+, with a stable outlook. The AA+ credit rating was maintained as a result of:

- The County's very strong and largely stable economy, as well as an advantageous location, close to the GTA and cities of Hamilton and Guelph, and along the highway 401 corridor;
- Although less diversified than some of its peers, the County is focused on diversifying its economy, particularly in advanced healthcare, creative professional sectors, and higher education;
- Robust budgetary performance;
- Exceptional liquidity position;
- Very low debt burden;
- Strong financial management;
- Very low contingent liabilities.

AWARDS AND RECOGNITION



The Canadian Public Works Association (CPWA): **Excellence Awards Programme**

CPWA is a not-for-profit organization supporting public works professionals and working to increase public awareness of the many areas public works touches our lives. CPWA awarded the Engineering Services Department two awards – “**Canadian First Time Entry**” and “**Community of 30,000 to 99,999.**” In winning these awards it was the first time a community that was a First Time Entry award winner also won their Community population category award.



The Ontario Public Works Association (OPWA) is a chapter of the CPWA and awarded the County with the **Roger Brown Award** for municipalities with populations of 150,000 or less.



The Municipal Waste Association (MWA) is an incorporated not-for-profit organization that provides its members an opportunity to share waste reduction and recycling information and experience. Each year they host a competition for municipalities to submit the best of their promotion and education materials. The Solid Waste Services Division was pleased to accept two awards on behalf of the County for municipalities with 39,999 or less households.

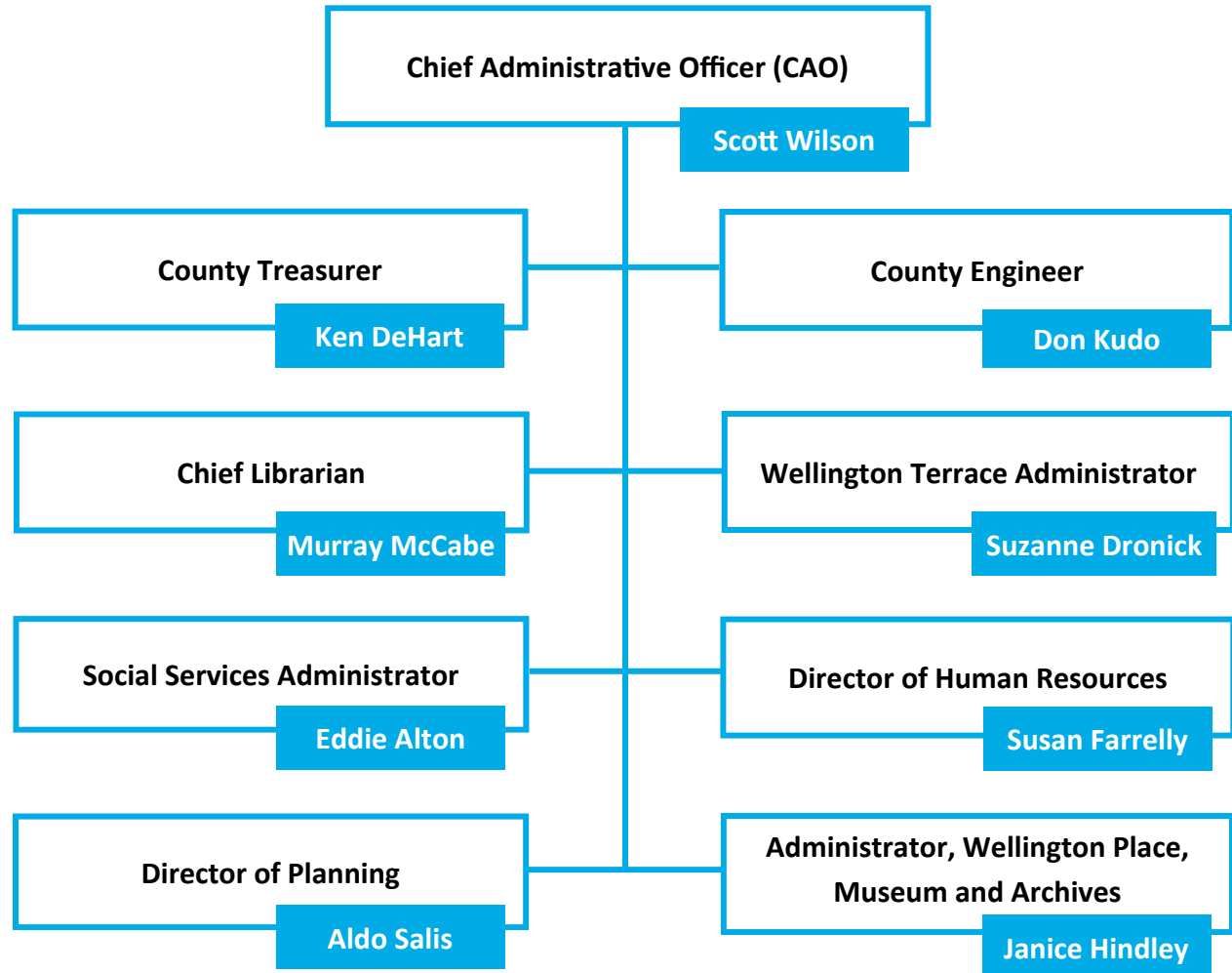
Calendar: Gold For the 2019 Garbage, Recycling and Programme Information Calendar”.

Print Tool: Gold For the SWS Spring/Summer 2019 Newsletter printed in the July 11, 2019 issue of the Wellington Advertiser.



Through advocacy and direct action, **ARCHITECTURAL CONSERVANCY ONTARIO** has been involved in preserving Ontario's architectural and environmental heritage since 1933 by helping communities and owners preserve buildings and structures of architectural merit, and places of natural beauty or interest. The annual **Gordon Couling Award** recognizes the exemplary restoration or adaptive re-use of a significant heritage structure or structures within the City of Guelph or the County of Wellington. The County received the award for the Hillsburgh Library construction.

CORPORATE ORGANIZATIONAL CHART



The County of Wellington has the Chief Administrative Officer (CAO) system of management. The CAO reports to the Warden and Council on all major initiatives and issues affecting the County. The Chief Administrative Officer attends all Council, Standing Committee, Police Services Board and Library Board meetings and provides advice and information on operations as required. The CAO ensures that direction from County Council, its Committees and Boards is implemented in conformity with applicable County policy, and Provincial and Federal legislation/regulations.

The Chief Administrative Officer has overall responsibility for the County's operating departments. Department Heads, the County Clerk, the Construction and Property Manager, the Director of Economic Development and the Communications Manager are responsible for the day-to-day operations of the departments and report directly to the CAO.

DEPARTMENT HEADS



Back Row Left to Right - Eddie Alton, Murray McCabe, Scott Wilson, Ken DeHart, Aldo Salis

Front Row Left to Right - Don Kudo, Janice Hindley, Susan Farrelly, Laura Holtom
(former Wellington Terrace Administrator).

Not pictured: Suzanne Dronick (current Wellington Terrace Administrator).

WELLINGTON COUNTY COUNCIL



Top Row Left to Right - Kelly Linton, Gregg Davidson, Andy Lennox, James Seeley, Allan Ails, Chris White, George Bridge, David Anderson

Bottom Row Left to Right - Earl Campbell, Campbell Cork, Steve O'Neill, Mary Lloyd, Diane Ballantyne, Don McKay, Doug Breen, Jeff Duncan

Warden Kelly Linton
Mayor, Township of Centre
Wellington
T 226.820.6851

Councillor Gregg Davidson
Mayor, Township of
Mapleton
T 226.929.7481

Councillor Andy Lennox
Mayor, Township of
Wellington North
T 519.831.9612

Councillor James Seeley
Mayor, Township of
Puslinch
T 519.400.7984

Councillor Allan Ails
Mayor, Town of Erin
T 416.200.9153

Councillor Chris White
Mayor, Township of Guelph/
Eramosa
T 519.856.0450

Councillor George Bridge
Mayor, Town of Minto
T 519.323.1642

**Councillor David
Anderson**
County Ward 1
T 519.750.0782

Councillor Earl Campbell
County Ward 2
T 519.400.7168

Councillor Campbell Cork
County Ward 3
T 519.400.8953

Councillor Steve O'Neill
County Ward 4
T 519.400.3571

Councillor Mary Lloyd
County Ward 5
T 519.400.0748

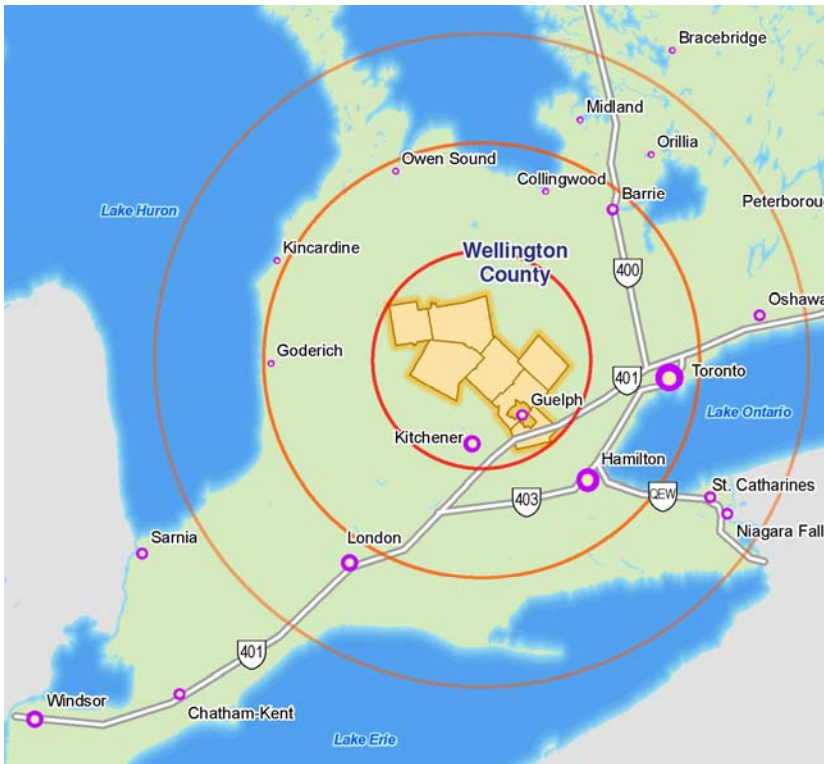
Councillor Diane Ballantyne
County Ward 6
T 519.400.9851

Councillor Don McKay
County Ward 7
T 519.822.2984

Councillor Doug Breen
County Ward 8
T 519.573.4965

Councillor Jeff Duncan
County Ward 9
T 519.400.8297

COUNTY OF WELLINGTON AT A GLANCE



Wellington County is located in south-western Ontario just over 100 kilometres west of Toronto. Four renowned post-secondary institutions surround the County including the University of Waterloo, University of Guelph, Wilfrid Laurier University and Conestoga College.

The County of Wellington has a vibrant economy and an active economic development office. The key industries in Wellington County are manufacturing, agriculture, health care and the creative economy. Proximity to vital transportation corridors and urban centres, as well as high speed broadband coverage and excellent green space make Wellington an attractive place to both work and live.

The County is made up of the following seven member municipalities:



Township of Centre Wellington
519.846.9691
www.centrewellington.ca



Township of Mapleton
519.638.3313
www.mapleton.ca



Town of Erin
519.855.4407
www.erin.ca



Town of Minto
519.338.2511
www.town.minto.on.ca



Township of Guelph/Eramosa
519.856.9596
www.get.on.ca



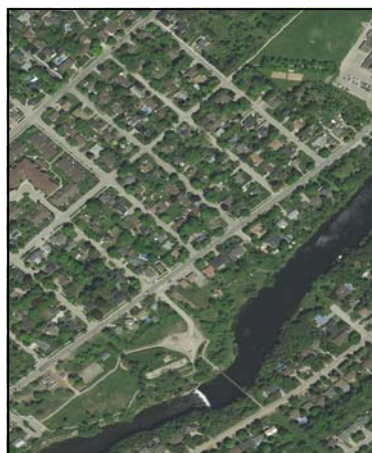
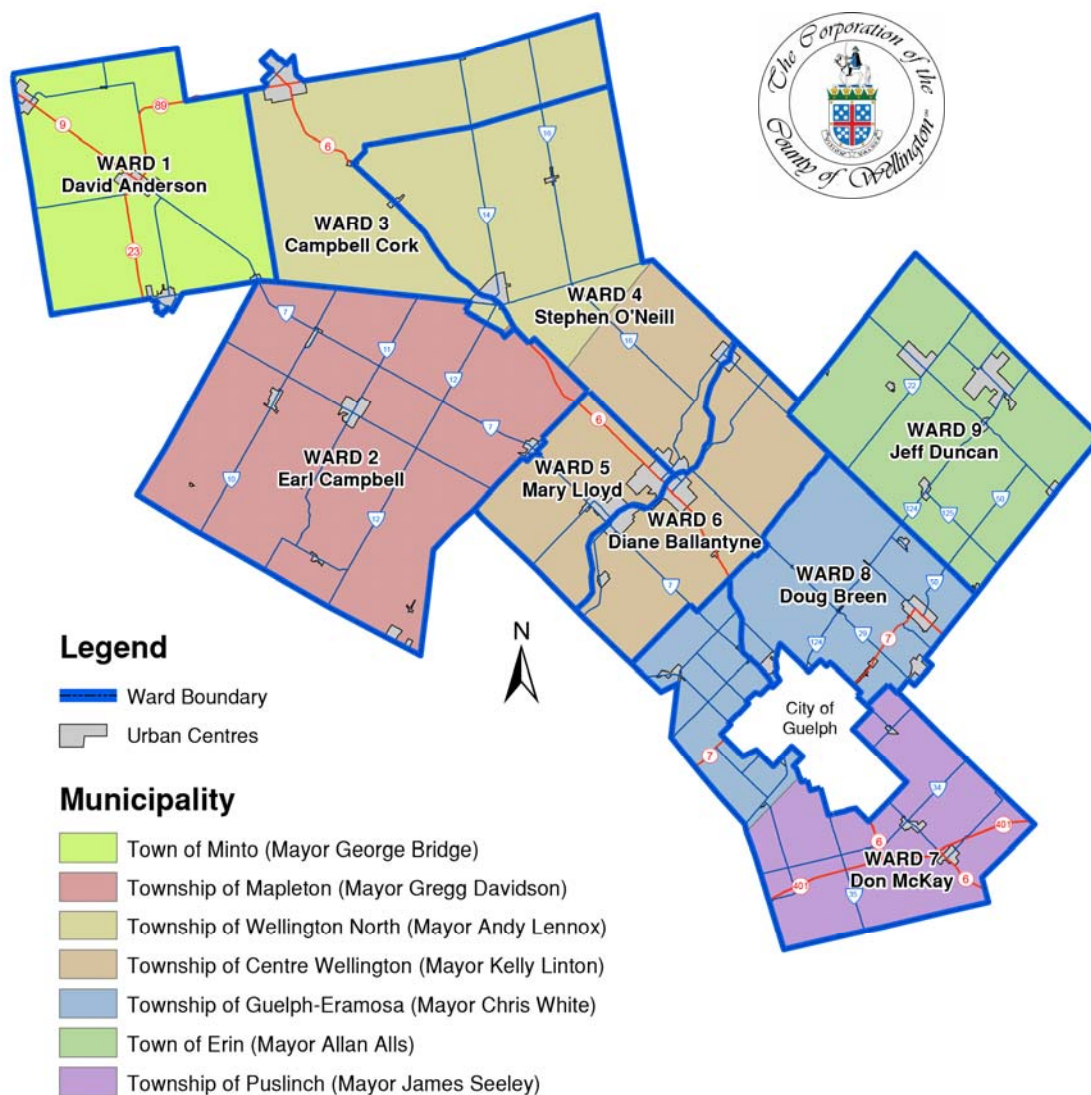
Township of Puslinch
519.763.1226
www.puslinch.ca



Township of Wellington North
519.848.3620
www.wellington-north.com

COUNTY OF WELLINGTON AT A GLANCE

County of Wellington Ward Boundaries



Population	Households	Municipalities
99,200	34,930	7
Land area	Pop. Density	Credit rating
2,610km²	38/km²	AA+
Businesses	Jobs	Workforce
3,890	48,378	55,558
Average Household Income	Job Growth (2015-2019)	Annual budget
\$119,363	6.4%	\$235 million



COUNTY OF WELLINGTON POPULATION

At the end of 2019, Wellington County had **34,930** households and a population (adjusted for net Census undercount) of **99,200**. The population of Wellington County is projected to grow to 140,000 by 2041.

Wellington County 2019 Population Estimates				
	Mid-Year (2016)		End of Year (2019)	
	Population	Households	Population	Households
Centre Wellington	29,350	10,830	31,490	11,590
Fergus	14,860	5,670	16,490	6,240
Elora/Salem	7,170	2,670	7,620	2,820
Centre Wellington Rural	7,320	2,490	7,380	2,530
Erin	11,890	3,955	12,160	4,220
Erin Village / Hillsburgh	4,490	1,670	4,550	1,690
Erin Rural	7,520	2,450	7,610	2,810
Guelph/Eramosa	12,890	4,220	13,890	4,680
Rockwood	4,530	1,595	5,350	1,870
Guelph/Eramosa Rural	8,350	2,625	8,540	2,810
Mapleton	10,400	2,930	11,310	3,280
Drayton	1,960	675	2,420	860
Moorefield	430	155	680	220
Mapleton Rural	8,010	2,100	8,210	2,200
Minto	8,680	3,140	9,410	3,390
Clifford	820	335	960	390
Harriston	2,040	775	2,250	820
Palmerston	2,720	1,025	2,950	1,140
Minto Rural	3,100	1,005	3,250	1,040
Puslinch	7,320	2,535	8,130	2,900
Aberfoyle	320	120	350	200
Morrison	460	180	480	170
Puslinch Rural	6,530	2,235	7,300	2,530
Wellington North	11,950	4,450	12,810	4,870
Arthur	2,550	940	2,750	1,070
Mount Forest	4,950	2,075	5,480	2,320
Wellington North Rural	4,450	1,435	4,580	1,480
Wellington County	90,880	31,190	99,200	34,930

COUNTY SERVICES

THE WELLINGTON TERRACE

Wellington Terrace is the County's Long Term Care Home. Located in Centre Wellington, it has 176 approved beds. The Wellington Terrace is committed to providing compassionate care honoring the unique needs of each resident. The Terrace is responsible for providing nursing healthcare to residents, recreation and restorative services for residents, and comfort for those in the final stages of life.



LIBRARY SERVICES

The Wellington County Library system consists of fourteen branches. The libraries provide access to a rich and broad range of print materials and electronic resources. The library system also provides a weekday courier service that makes stops at all fourteen branches ensuring patrons have easy access to materials held at all the libraries. Membership is free to County residents.

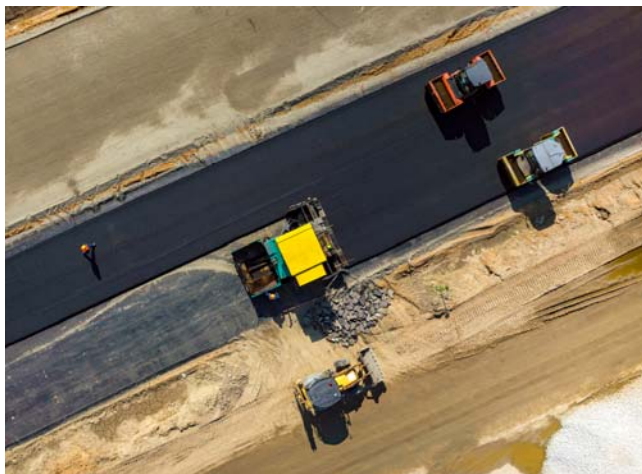


MUSEUM AND ARCHIVES

Wellington County Museum and Archives (WCMA) is a National Historic Site located in Aboyne. It was originally built as the House of Industry and Refuge in 1877 and is the oldest remaining Poor House in Canada. WCMA serves as a cultural centre providing resources, programmes, exhibits, support and services for historical, educational and artistic interests. WCMA collects, preserves, researches, interprets and exhibits artifacts and archival records that reflect and document the settlement and development of the County of Wellington.



COUNTY SERVICES



ROADS

The mission of the Roads Department is to provide a safe and efficient transportation network for the movement of people and products throughout the County of Wellington, while preserving the public investment in the road system and protecting the natural state of the environment.

Roads staff manage and maintain 1,438 lane-kilometres of roadways, 103 bridges and 90 culverts.



SOLID WASTE SERVICES

The Solid Waste Services Department provides programmes to collect, divert, or dispose of municipal solid waste and recyclables. Responsibilities include overseeing landfill sites, transfer stations, and Reuse Centres. Staff facilitate curbside collection of garbage and recyclables, as well as recycling and safe disposal of Household Hazardous Waste.



COUNTY SERVICES

SOCIAL SERVICES

The County of Wellington is the Consolidated Municipal Services Manager (CMSM) for Social Services in the City of Guelph and County of Wellington. These social services include:

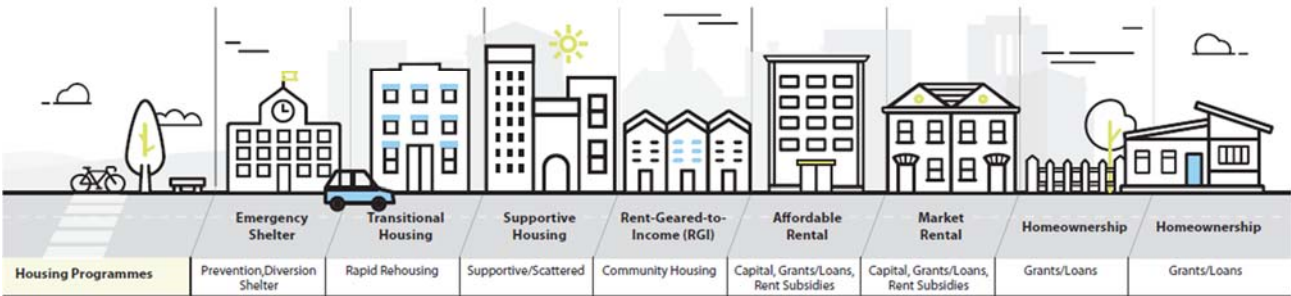
- **Ontario Works:** helping people in temporary need of financial support to find sustainable employment and achieve self-reliance by providing employment services and financial assistance.
- **Children’s Early Years:** investing in and supporting an affordable, accessible, and accountable child care system. Services include child care subsidies for financially eligible families; special needs resourcing; wage subsidies to increase the overall level of wages paid to child care workers; and quality monitoring, training, and support.
- **Social Housing Services:** ensuring effective, efficient, and fair provision of high quality affordable housing to residents of Wellington County and the City of Guelph. The department strives to create innovative solutions to local housing needs in cooperation with tenants and the local community. Services provided include programmes that address rent affordability, loan assistance, as well as financial assistance.



The costs to provide these services are shared with the City of Guelph.

HOUSING CONTINUUM

Guelph-Wellington



COUNTY SERVICES

PLANNING AND DEVELOPMENT

The Planning Department is responsible for approving official plan amendments, developing County planning policies, approving new lots, providing emergency management services, reviewing development proposals, managing County forests, developing rail trails, and creating County maps.



GREEN LEGACY PROGRAMME

The Green Legacy Programme is the largest municipal tree planting programme in North America. In 2010, the programme was recognized under the Billion Tree Campaign for their help in the fight against climate change.



ECONOMIC DEVELOPMENT

The County's Economic Development Department strives to grow the economy and build on the community's many strengths. The County works as a facilitator, connecting businesses with resources, contacts, and supply chain opportunities. These efforts are aligned and promoted on a County level, to ensure employers, newcomers and investors can make informed decisions and take advantage of opportunities.



COUNTY SERVICES

POLICE SERVICES

The County of Wellington has a contract with the Ontario Provincial Police (OPP) to provide policing services. The County's OPP Detachment was formed in 1999 and provides police services for the entire County excluding the City of Guelph. There are three operation centres in North Wellington, Aboyne and Rockwood. The Police Services Board oversees police operations in Wellington County.



LAND AMBULANCE



Ambulance services for Wellington County are provided by the City of Guelph and are cost shared based on the proportion of calls in each municipality. The City of Guelph was designated as the delivery agent by the Province of Ontario and assumed responsibility for service delivery in 2001. Guelph-Wellington Paramedic Service provides emergency pre-hospital medical care to Guelph and Wellington County.

PROVINCIAL OFFENCES COURT

The City of Guelph delivers Provincial Offences Act (POA) administration and prosecution on behalf of Wellington County and its member municipalities. The City provides administration for the Ontario Court of Justice with respect to all provincial offences and prosecution services regarding Part I Provincial Offences Act charges. These charges include tickets issued pursuant to the Highway Traffic Act, Liquor Licence Act and similar provincial statutes. The County shares in the net revenue which is distributed between the City and County based on location of each offence. Wellington County and the City of Guelph also cost share capital expenses on a 50/50 basis.

PUBLIC HEALTH SERVICES

Public Health Services are provided by Wellington-Dufferin-Guelph Public Health (WDGPH). WDGPH was formed in 1967

and is governed by an autonomous Board of Health consisting of elected and appointed representatives from the Counties of Wellington and Dufferin and the City of Guelph. WDGPH receives an annual operating grant from the Province of Ontario and the net municipal cost is then funded by Guelph (46.3%), Wellington (32.0%) and Dufferin (21.7%) in proportion to their population.



ECONOMIC DEVELOPMENT HIGHLIGHTS

Like many rural communities, Wellington County faces challenges associated with an ageing population, talent attraction barriers, and a large geographic area. The Economic Development department works toward creating a resilient local economy. To that end, we focus on business infrastructure, supporting local businesses, building the local labour market and promoting the region.

Working with our member municipalities and providing County-wide programming enables us to support businesses throughout Wellington County. Initiatives undertaken in 2019 include the Invest Well Community Improvement Programme, Ride Well Rural Transportation, updates to signage throughout the County, Business Retention and Expansion programming, the Live and Work Wellington talent attraction initiative, and the Taste Real Local Food programme.



Crystal Ellis, BA, CMM III

Director of Economic
Development

We believe that partnerships are vital to supporting our economy. In May 2019, Guelph-Wellington was awarded the \$10 million Smart Cities Challenge grant from Infrastructure Canada. The “Our Food Future” project aims to create Canada’s first Circular Food Economy by seeking solutions to food waste, encouraging innovative business development and increasing access to nutritious food. Part of enabling a smart rural community involves reliable internet access. We are collaborating with the South Western Integrated Fibre Technology (SWIFT) programme to bring internet infrastructure to residents and businesses in Wellington County. And in 2019 began a \$12.1 million infrastructure project.

We reaffirm our goals and actions and move forward with the 2019-2021 Three-Year Economic Development Plan. Wellington County remains focused on helping business thrive, and moving our local economy forward.



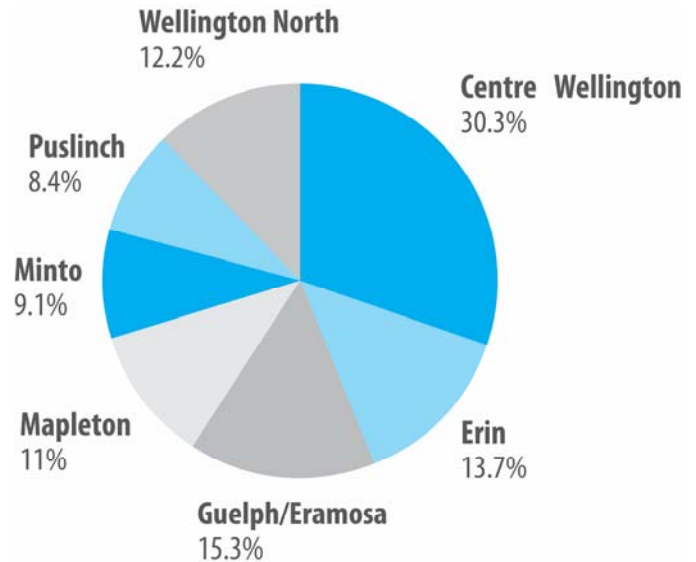
LOCAL ECONOMY

Jobs in the County of Wellington stand at 48,378 (2019) and the labour force totals 55,558 employees. From 2015 to 2019 job growth has increased by 6.4% or 3,073 jobs.

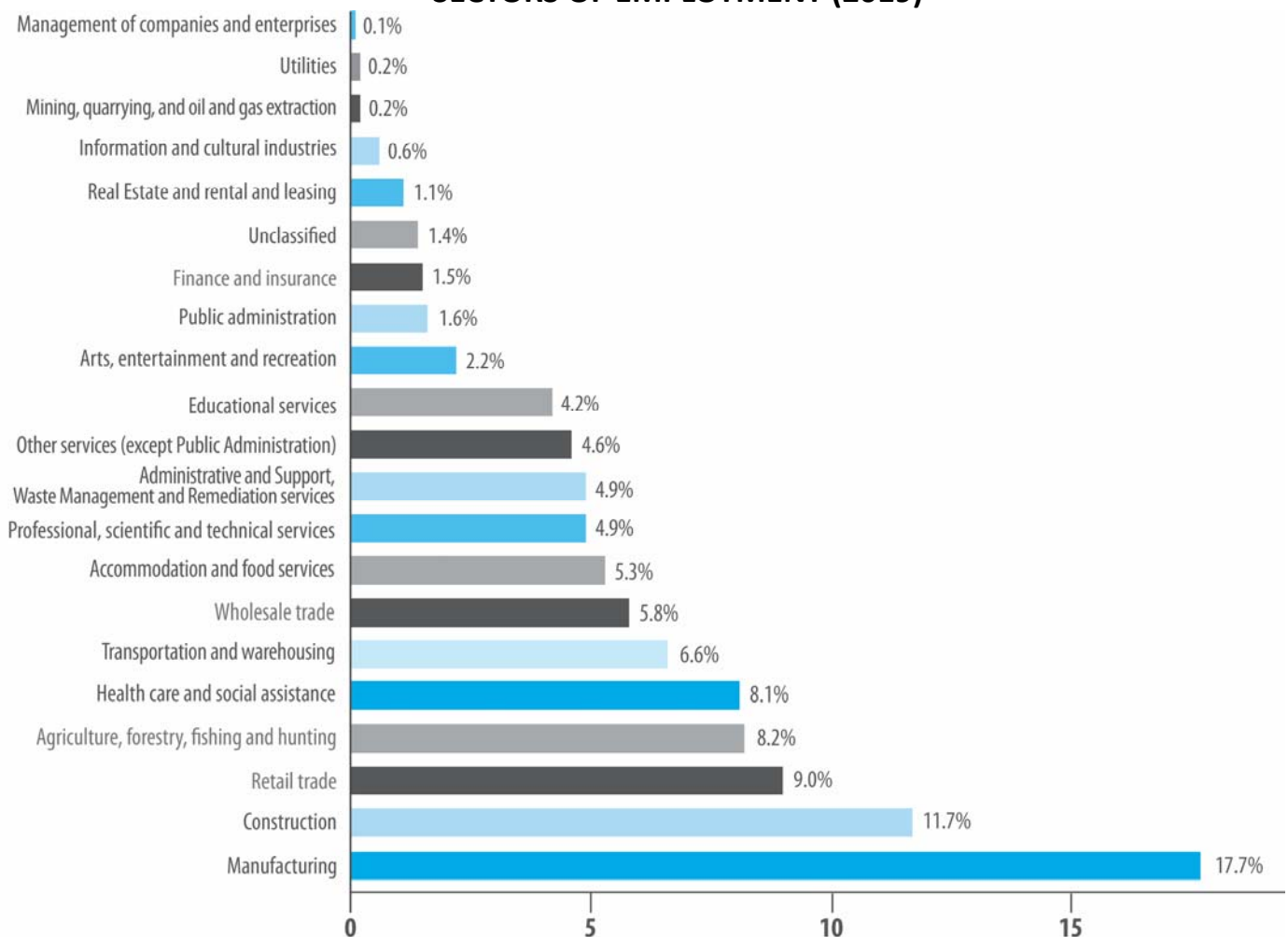
Over the past several years, Wellington has been experiencing significant growth in the number of jobs in manufacturing, transportation, the arts, and professional services. The growth represents an excellent indication of the very strong, stable and expanding economy found in Wellington.

Small and medium-sized enterprises (SMEs) in Canada employ 90.3% of workers in the private sector, play a proportionally large role in job creation and produce approximately 30% of Canada's gross domestic product. SMEs represent the majority of all Wellington County businesses.

LABOUR FORCE DISTRIBUTION (2019)



SECTORS OF EMPLOYMENT (2019)



2019 NOTABLE PROGRAMMES AND EVENTS

Talent Attraction Initiative

Live and Work Wellington™ is a talent attraction initiative that supports the labour market needs of Wellington County businesses. The programme focuses on growing a diversified workforce, attracting new employees, making connections between employers, job seekers and educational institutions, and showcasing employment opportunities in Wellington County.

The activities also consist of:

- Working with Immigrant Services Guelph-Wellington to promote and connect immigrants to employment opportunities in Wellington County.
- Promoting Wellington County to regional, national and international audiences.
- Providing support to Wellington County businesses regarding immigration opportunities.



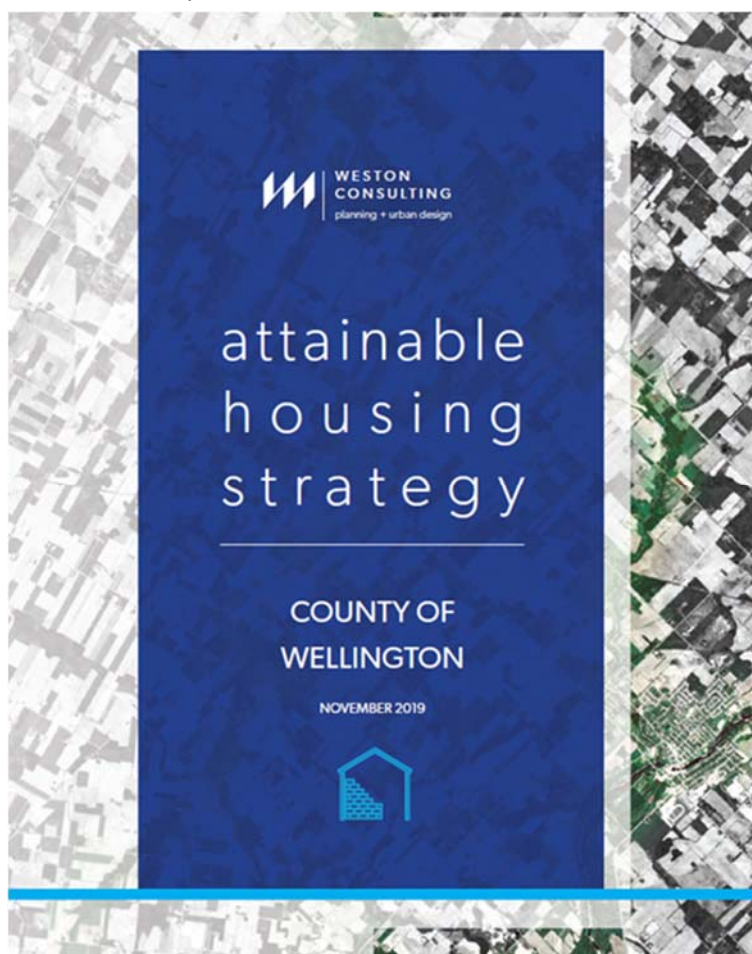
Recently completed projects funded by the Ministry of Citizenship and Immigration include “Supporting the Economic Integration of Immigrants and International Students in Rural Labour Markets” (2017-2018) and “Ease in to Canada” (2018), an employer toolkit to support newcomers in the workplace.

Attainable Housing Strategy

In 2019 the Economic Development division developed an Attainable Housing Strategy with the assistance of Weston Consulting.

The project goal was to seek out recommendations to encourage attainable housing options in Wellington County that would support the local labour force. The strategy was completed in November 2019 and provides a well-informed framework of research, public input, a simulated pilot project for a Community Land Trust solution, and a study of housing types that address attainable housing issues in Wellington County.

The document will guide staff in 2020 as they work with the planning department and our member municipalities to implement appropriate recommendations.



2019 NOTABLE PROGRAMMES AND EVENTS

Business Retention and Expansion (BR+E)

Municipal Implementation Fund

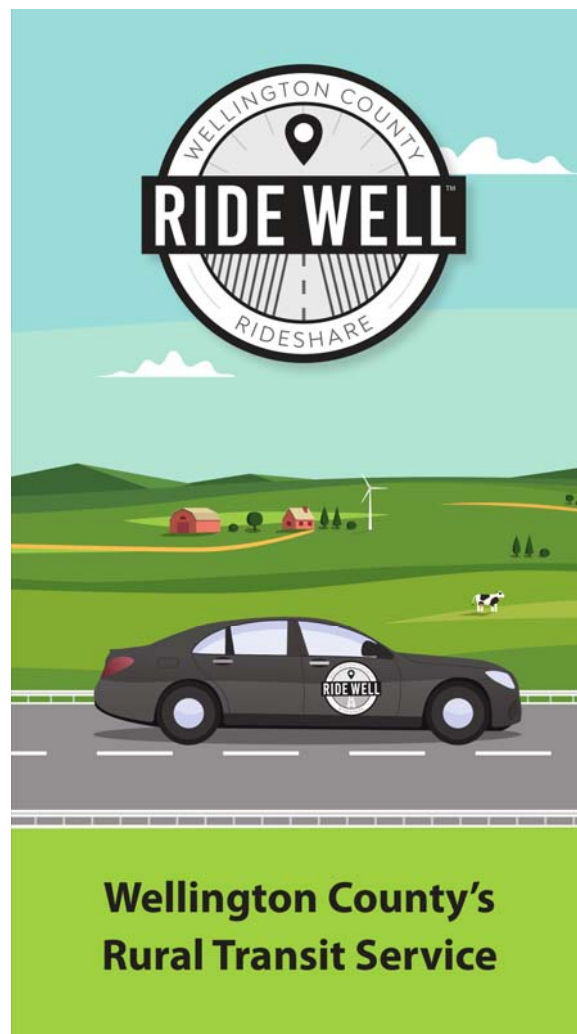
The BR+E Municipal Implementation Fund provides funding for the direct execution of BR+E activities to enhance the local economy. Since it was enacted in 2014, the County BR+E Fund has generated \$1.7 million in leveraged investments within Wellington County. Resulting projects include business recruitment activities, business support, signage, community growth plans, community improvement plans and marketing programmes. The \$940,000 County investment has created a 63% return on investment and resulted in noticeable, positive changes within Wellington County.

RIDE WELL Rural Transportation Pilot Programme

On October 1, 2019 the County of Wellington's RIDE WELL rural transportation service officially launched. RIDE WELL is a pilot programme, supported by a MTO Community Transportation grant of \$499,550, available over five years, to allow for the implementation of a ridesharing system across Wellington County. The goal of the County's RIDE WELL service is to make it more convenient for residents and visitors, including seniors, youth, persons with disabilities and others to access essential services, get to work and participate in our community. Staff from Social Services, Treasury and Economic Development worked closely with Dillon Consulting and existing community partners to develop a sustainable ridesharing programme for residents and visitors alike.

"This Way to Wellington" Signage Programme

The County of Wellington approved the, "This Way to Wellington Signage Programme" in February 2016. This initiative is designed to promote greater awareness of Wellington's boundary communities, to generate new investments, attract tourism and strengthen County pride. Since 2016, gateway and tourism directional signage have been installed across the County, with community signage to come in 2020.



2019 NOTABLE PROGRAMMES AND EVENTS

Ontario Food Cluster, Investment Attraction

In 2016 the County of Wellington became a member of the Ontario Food Cluster (OFC). The OFC is a cost-sharing partnership of government and economic development organizations in southern Ontario that pool their resources together to attract agri-food company investment to the participating Ontario communities.



Taste Real Local Food

Guelph Wellington is a region deeply rooted in agriculture, with a long tradition in food preparation and processing. The Taste Real programme helps to build connections within the region to make it easy for residents and visitors to access local food and local food experiences. Wellington County is home to a number of excellent food events and festivals, engaging on-farm experiences and six farmers' markets. The region is also famous for its craft breweries - a testimony to the type of entrepreneurial spirit and craftsmanship that makes this region unique.

Taste Real Programming:

- Taste Real Local Food Map
- Local Food B2B Networking and Learning Workshops
- Local Food Fest, award winning festival celebrating food, drink and agriculture
- Spring Rural Romp, Self-Guided Farm Tour in Northern Wellington County
- Fall Rural Romp, Self-Guided Farm Tour in Southern Wellington County
- Taste Real Experiences, highlighting local food options in the "off-season"

Festivals and Events Guide

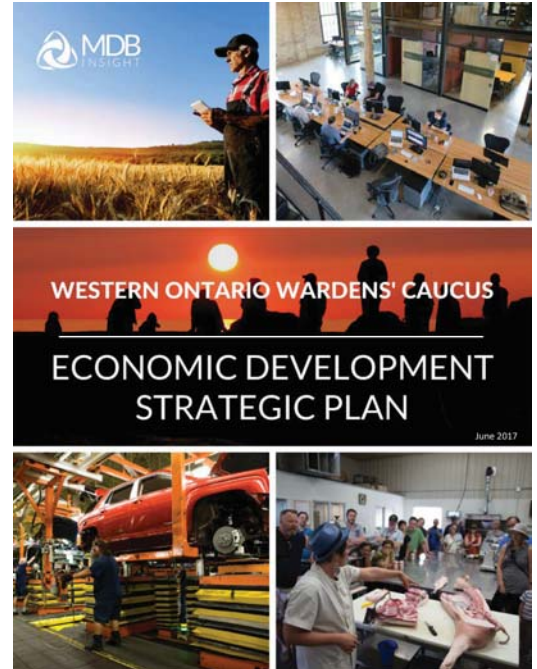
Each year in partnership with Wellington's seven member municipalities, the Economic Development division produces the Festivals and Event Guide. Wellington County boasts over 200 local festivals and events annually. Top events include the Hillside Music Festival, Fergus Scottish Festival and Highland Games, and the Mount Forest Fireworks Festival. In addition to the spring / summer edition, a digital winter edition was developed in 2019.



2019 NOTABLE PROGRAMMES AND EVENTS

Western Ontario Warden Caucus (WOWC) Economic Development Strategic Plan

The Economic Development Strategic Plan for Southwestern Ontario was completed in 2017 and highlighted many shared challenges and opportunities. These include infrastructure investment, workforce planning and regional marketing. As Chair of the WOWC Economic Development Committee, Councillor George Bridge championed the creation of a fund to hire an Executive Director to lead the implementation of the Plan. The project has connected many leaders across the province and in 2019 great headway was made in terms of trust building amongst politicians and practitioners, network building and advocacy for regional efforts.



Southwest Integrated Fibre Technology (SWIFT)

In 2011, the Western Wardens initiated the SWIFT project with the goal of providing 3.5 million people across 350 Ontario communities with high-speed internet service. Today SWIFT includes 20 partners who have contributed \$17 million in funding in addition to \$180 million in financial support from the Provincial and Federal governments. The County of Wellington is one of these partners, having committed to \$880,000 over a five-year period in the Economic Development budget. Wellington County is actively engaging in activities to strengthen internet service, gather data and engage the community to help solve connection challenges in the years to come. In 2019, SWIFT launched an RFP for a \$12.1 million, internet infrastructure buildout in Wellington County. Bringing residents in Wellington County one step closer to getting better high-speed internet, with work beginning in 2020.



2019 NOTABLE PROGRAMMES AND EVENTS

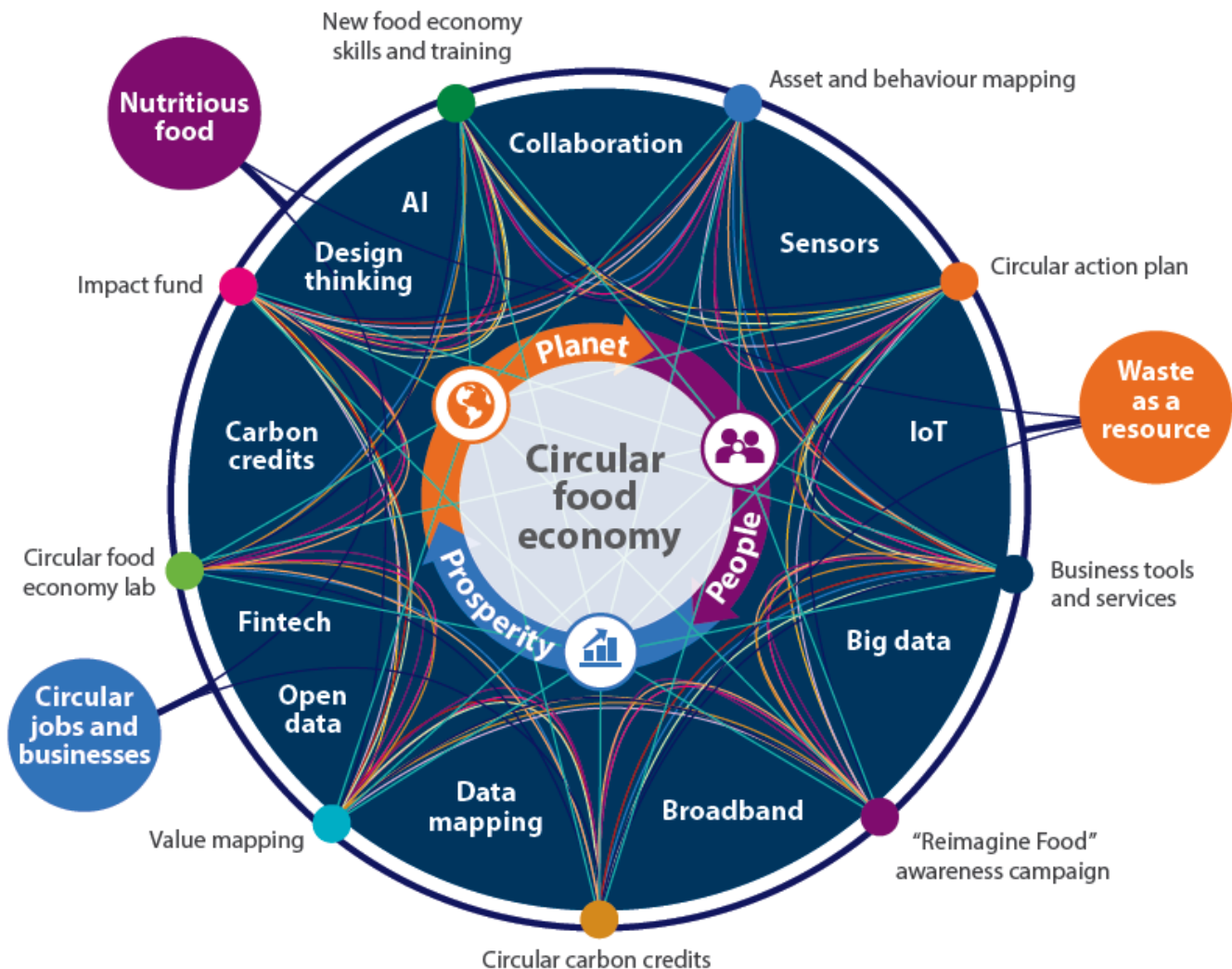
Smart Cities: Our Food Future

50 x 50 x 50 by 2025: Creating Canada's first circular food economy

On May 14, 2019 Guelph-Wellington was awarded the Smart Cities Challenge \$10 Million prize from Infrastructure Canada to implement the Smart Cities vision: Our Food Future, Canada's first circular food economy. January 2020 marked the official launch of Guelph-Wellington's Our Food Future project.

The project aims to create a Guelph-Wellington Circular Food Economy. The 50x50x50 by 2025 campaign focuses on three bold goals:

- 50% increase in access to affordable, nutritious food;
- 50 new circular food business and collaboration opportunities; and
- 50% increase in economic revenues by reducing or transforming food waste.



2019 NOTABLE PROGRAMMES AND EVENTS

Invest Well - Community Improvement Programme (CIP)

In 2018, the County of Wellington approved its first ever countywide Community Improvement Programme (CIP). With the goal to “Invest Well” this CIP establishes a framework that allows the County to participate financially in local grant and loan programmes aimed at revitalizing, beautifying, and attracting investment in Wellington. A CIP is intended to encourage rehabilitation initiatives and stimulate development. A CIP also allows the County to provide tax assistance, grants or loans to assist in the rehabilitation of lands and buildings within the defined Community Improvement Project Area.



Wellington County provides leadership in community improvement planning by offering incentives to eligible owners and tenants of lands and buildings in key sectors and areas of economic activity across the County. The County’s Invest Well Programme works together with the Member Municipal Community Improvement Plans.

The Invest Well CIP is based on countywide goals, guided by priorities identified in the Official Plan, Economic Development Strategy, Business Retention and Expansion findings, the Taste Real programme and the Investment Attraction Strategy.

Three-Year Plan (2019-2021)

The Economic Development Three-Year Plan, approved in January 2019, guides the department as an action plan. The Plan was developed in consideration of the division’s mandate to support the activities of the member municipalities while aligning countywide priorities for larger, regional projects. The Plan highlights five priority and action areas:

- Growing Key Industries
- Attracting Talent
- Supporting Business
- Planning for the Future
- Promoting Wellington County

WELLINGTON COUNTY ECONOMIC DEVELOPMENT THREE YEAR PLAN (2019-2021)



County of Wellington
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www.wellington.ca

Report from the County Treasurer

KEN DEHART, CPA, CGA

July 27, 2020

Wellington County Council and staff are dedicated to long-term strategic planning and financial sustainability to ensure that the services and programmes provided to residents and the related infrastructure are maintained at the highest levels. This is evident in the completion and implementation of strategic planning processes including a Long-Term Strategic Plan, Long-Term Financial Sustainability Strategy and Operational Service Efficiency Review.



In addition to these plans the County is continuing its work on incorporating asset management activities into daily practices and collecting data to make more informed decisions on growing infrastructure needs. This is being addressed through the hiring of additional staff positions as well as a new City-Wide asset management software implementation. With this stronger focus on the long-term infrastructure requirements the County will be able to create a framework that facilitates incorporation of asset management into the annual 10-year plan with minimal impact on the County's financial condition.

As of the writing of this report the COVID-19 pandemic will have been well into its fourth month across the globe with widespread financial and social repercussions, many of which are still to be determined. The County and all levels of government face the prospect of significant financial and operational impacts from the global pandemic as we navigate this unprecedented environment. The County has put itself in a strong position to maintain services and programmes without long term effects as a result of its well established financial planning and monitoring of fiscal performance. Despite the unanticipated financial implications that have arisen during the pandemic the County is projecting a break-even or small operating surplus in 2020.

The County's strong financial position and ability to adapt quickly to changing financial conditions allowed for the establishment of the Keep Well—Emergency Business Sustainability Fund early in 2020. This fund provides up to \$1 million in low-interest loans to Wellington County businesses to help support them during the economically challenging period brought on by the COVID-19 pandemic.

The County's Treasury Department is putting into practice the recommendations generated from the Long-Term Financial Sustainability Strategy as well as multiple policies approved in 2019. For example, the County's user fee policy was established to provide a framework as to when and how user fees should be charged according to the type of service. Following its approval, solid waste user fees have been updated to move towards full cost recovery and additional planning application fees have been established. These changes will generate additional revenue and reduce pressure on property tax revenues.

The County of Wellington maintained its strong credit rating of AA+ with a stable outlook in July of 2020. It was noted that the County has strong and improving financial management practices, a stable economy and an advantageous location that will allow the County to produce a strong budgetary performance and maintain a healthy liquidity position.

Report from the County Treasurer

KEN DEHART, CPA, CGA

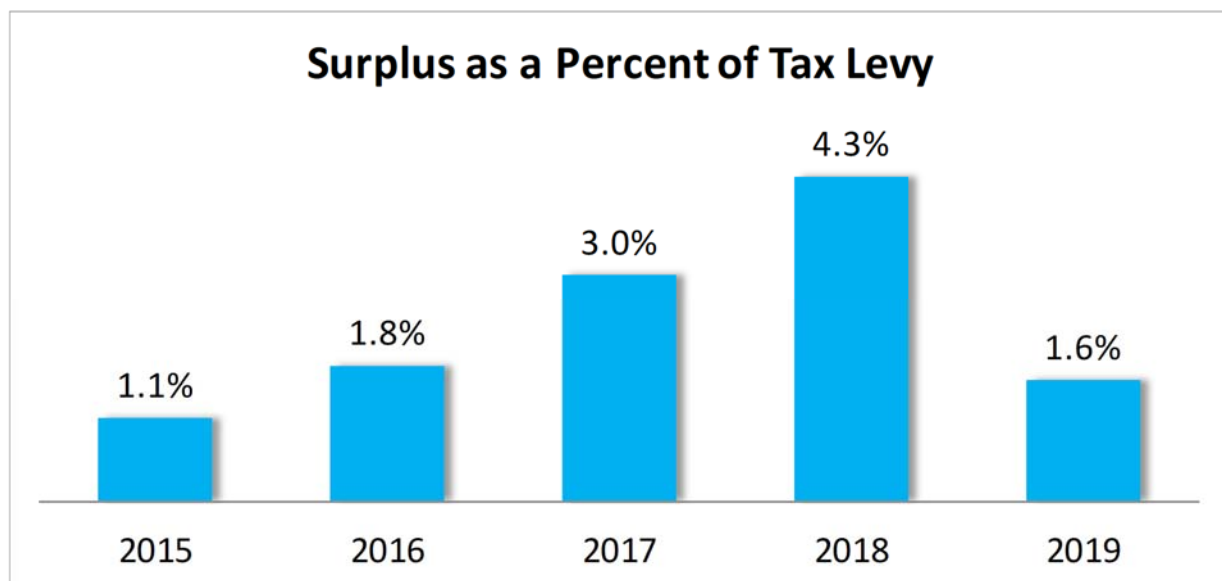
Other accomplishments include:

- The Treasury Department was recognized by the Government Finance Officers' Association (GFOA) with awards for both its Annual Financial Report and Budget and Ten-Year Plan document.
- We continue to invest in technology and will be implementing a new asset management and work order system in 2020 that will be common to all of our member municipalities. As well, the County is implementing a new financial reporting software in order to save time and reduce errors.
- Further review of the County's financial policies and practices is currently being conducted. We expect to bring forward an updated Purchasing Policy and review our Budget Review, Approval and Amendment and Budget Variance reporting policies to reflect best practices as identified by the GFOA. All of these policy updates are being developed in accordance with the County's Long-Term Financial Sustainability framework.

Operating Results

As described further on pages 62-63 of this report, the County approves its budget and reports regularly on its financial results on a modified accrual basis of reporting. For practical purposes, this demonstrates that property taxes were collected and spent for their intended purpose.

The County's 2019 year-end position on a modified accrual (cash) basis was a surplus of \$1,547,400 which is 1.6% of the tax levy. As approved by County Council, the entire surplus was transferred to the Corporate Contingency Reserve to mitigate the impact of COVID-19 on the 2020 budget as necessary.



Report from the County Treasurer

KEN DEHART, CPA, CGA



Long-Term Financial Planning

The County's long-term financial planning process aims to create a local government that is financially resilient. The County strives to provide services to residents and ratepayers at a reasonable cost, while maintaining its ability to mitigate the impacts of economic downturns, severe weather conditions, and changes in funding and operational requirements by other levels of government.

To that end, the County takes a long-term approach to financial management. The County has implemented several policies and procedures that contribute to an integrated financial planning approach which balances three areas of financial resiliency:

1. **Financial Sustainability:** addresses the County's stability. It is the ability to provide and maintain service and infrastructure levels without resorting to unplanned increases in rates or cuts to services.
2. **Financial Vulnerability:** addresses the County's vulnerability to external sources of funding that it cannot control. It is focused on minimizing the level of risk that could impact the County's ability to meet existing financial obligations and commitments, including the delivery of services.
3. **Financial Flexibility:** is the County's ability to issue debt responsibly without impacting the credit rating or ability to generate required revenues. It is the County's capacity to change debt or tax levels to meet financial obligations.

Report from the County Treasurer

KEN DEHART, CPA, CGA

Financial Sustainability

Wellington efficiently manages its resources to ensure the current needs of its citizens are met without jeopardizing the ability for future generations to meet their own needs. This requires long term planning through multi-year budgeting. The County annually prepares a ten-year operating and capital budget and forecast that provides for consistent contributions to reserves and reserve funds and recognizes the ongoing operating costs associated with capital projects.

This diligent reserve and reserve fund management allows the County to avoid the issuance of debt for the repair, rehabilitation and replacement of existing assets where possible, build up funding for future liabilities such as landfill closure and post-closure costs and provides contingency funding for unexpected events. The County recognizes its responsibility to provide good stewardship of public assets and has prepared ten-year asset management plans for the majority of its capital assets including roads, bridges, culverts and County owned social housing units. These plans are currently being updated.

Financial Vulnerability

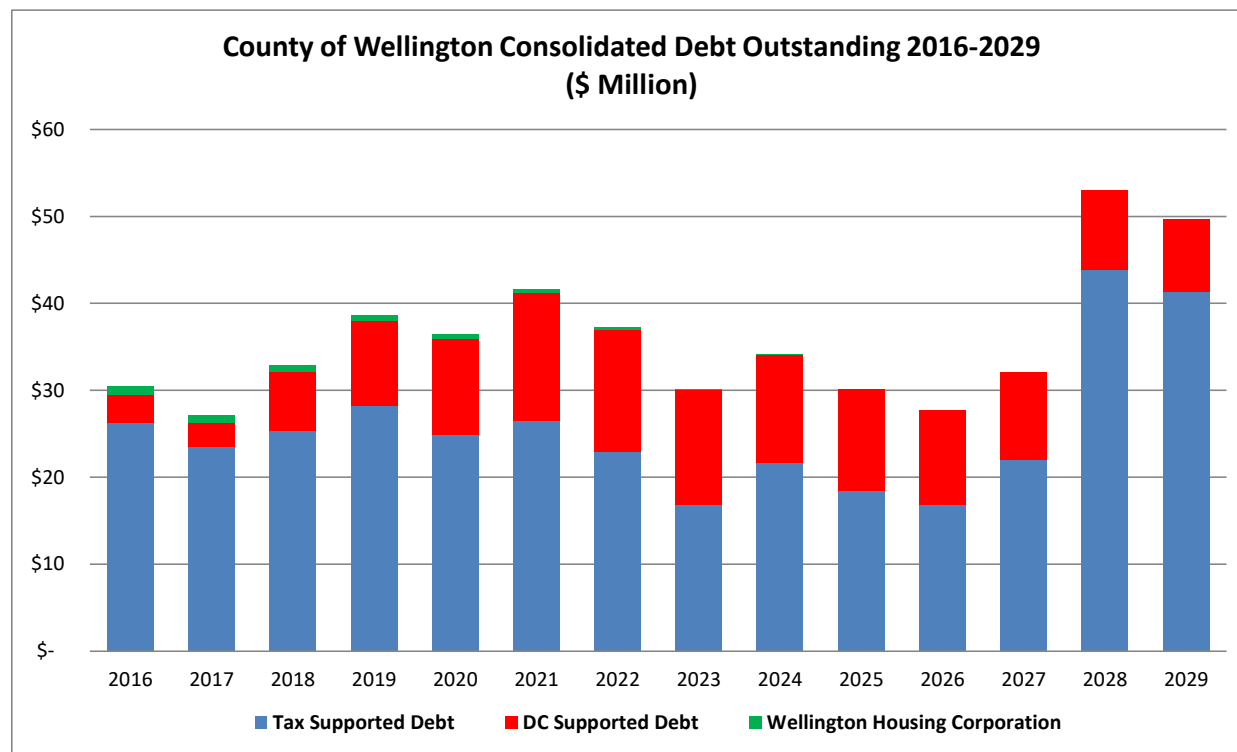
To ensure consistency and stability in funding, the County recognizes the importance of managing its revenue sources effectively. County staff actively manage the property tax assessment base to ensure that properties are added to the roll in a timely manner and are assessed in a fair and consistent basis. The County's Economic Development Strategic Plan assists current business owners to succeed and helps to attract new investment into the County and increase commercial and industrial assessment. The County's Cash and Investment Management Policy was updated in 2019 to incorporate recent amendments to the legal list of eligible investments as well as emphasize the importance of diversity by allowing investment in the ONE Investment—Equity Fund. As the County has always transferred investment income to reserves funds, the current downturn in investment income does not impact budgetary performance. As well, the County charges user fees and collects development charges to assist with funding where appropriate and to ensure growth pays for growth to the maximum extent possible. These policies have been updated to reflect best practices.

Financial Flexibility

The Capital Budget, Lease Financing and Debt Management Policy governs the preparation of the capital budget and financing of the County's long-term infrastructure and facility requirements. The policy provides a debt management framework that establishes debt limits, debt structuring and debt issuance procedures in accordance with industry best practices. The 2020 credit rating review spoke to the County's manageable debt burden at less than 30% of operating revenues and strong liquidity. Both of these characteristics provide flexibility to adapt to external challenges such as extreme weather conditions, reduced funding by higher levels of government or a pandemic.

Report from the County Treasurer

KEN DEHART, CPA, CGA



Financial Ratio Analysis

The following page shows a number of ratios used by Standard and Poor's and County staff to assess the ongoing financial health of the corporation. Explanations for year-over-year changes are provided for comparison purposes. The ratios show the continued strength of the County's financial operations.

I hope that you find this annual report informative and helpful in assessing the County's financial health. Please do not hesitate to contact the County's Treasury Department with any questions at 519.837.2600.

Sincerely,

Ken DeHart, CPA, CGA
County Treasurer

Report from the County Treasurer

KEN DEHART, CPA, CGA

Financial Indicator	2019	2018	Status Compared to Prior Year	Explanation
Capital Expenditures/ Total Expenditures	15.9%	16.7%	↓	Wellington County's capital expenditures have slightly decreased to just under 16% of 2019 total expenditures, which maintains the County at or above its peers for spending. Capital investment should continue to be strong for the next few years.
Modifiable Revenue/ Operating Revenue	72.0%	76.2%	↓	Wellington County's budget flexibility remains positive on the revenue side with modifiable (own source) revenues in 2019 of about 72% of operating revenues.
Operating Balance/ Operating Revenue	11.3%	14.7%	↓	The County demonstrates strong operating surpluses as a share of operating revenues and is close to its five-year average of approximately 13%.
After-Capital Balance/ Total Revenue	1.9%	4.3%	↓	Wellington County experienced another after-capital surplus in 2019 at almost 2% of total adjusted revenue. This demonstrates healthy liquidity and robust budgetary performance.
Free Cash and Liquid Assets/next 12 months debt service	1,092%	980%	↑	Wellington County has a very strong liquidity position with adjusted free cash and liquid assets totalling \$102.2 million in 2019. This should cover about 1,092% of the next 12 months debt service for the County and Member Municipalities.
Tax Supported Debt (incl lower tiers) / Operating Revenue	31.5%	31.4%	→	At fiscal year-end 2019, tax supported debt (upper and lower tier) was 31.5% of operating revenues. This debt is manageable and remains well below 60% of operating revenues.
Tax Supported Debt (County only) / Operating Revenue	19.3%	17.1%	↓	At fiscal year-end 2019, tax supported debt (County only) was 19.3% of adjusted operating revenues. This debt is manageable and remains well below the County's self imposed limit of 30% of operating revenues.
Debt Interest / Operating Revenue	1.1%	1.2%	→	This ratio is positive, stable and indicates that only 1.1% of the County's adjusted operating revenues are committed to funding debt interest charges.
Debt to Reserve	0.43	0.40	→	This ratio is positive, stable and indicates that the County has approximately \$1 in reserves and reserve funds for every \$0.43 in debt.

Key Financial Indicators

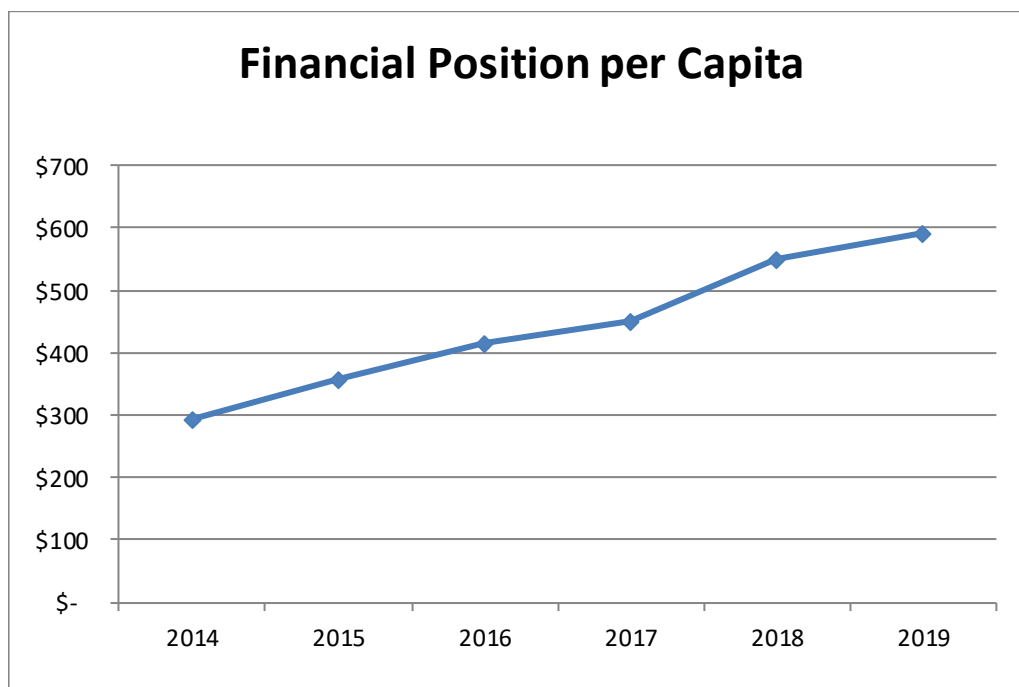
Background:

Each year, BMA Consulting Inc. completes a comparative study on behalf of participating Ontario municipalities. This section takes measures from that study and calculates the current year's values from the FIR. The analysis is completed using the most recent current value assessment, tax policies, levy by-laws, development charges, water/sewer rates, FIRs, user fees and economic development programmes. These indicators help evaluate each municipality's existing financial condition and identify future challenges and opportunities. This section illustrates Wellington County's performance over a five-year period and is based on information contained in the Annual Financial Information Return submitted to the Ministry of Municipal Affairs and Housing (MMAH).

SUSTAINABILITY - The ability to provide and maintain service and infrastructure levels without resorting to unplanned increases in rates or cuts to services.

Indicator 1: Financial Position Per Capita

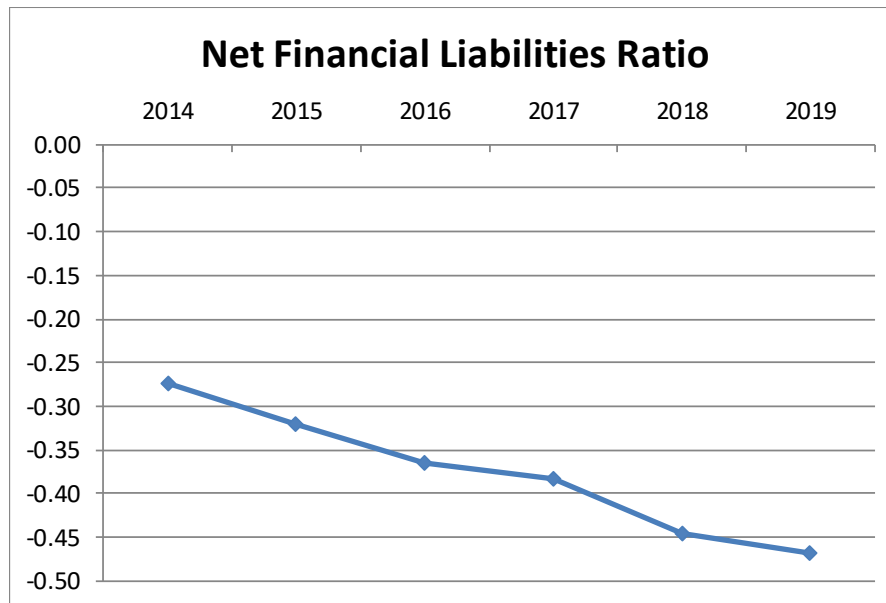
Financial position is a key indicator of a municipality's financial health. It provides an indication of the affordability of future municipal spending. The net financial position is a broader measure of a municipality's indebtedness than debenture debt as it includes all of the municipality's financial assets and liabilities. A negative number indicates that a municipality's total liabilities exceed its total assets.



Key Financial Indicators

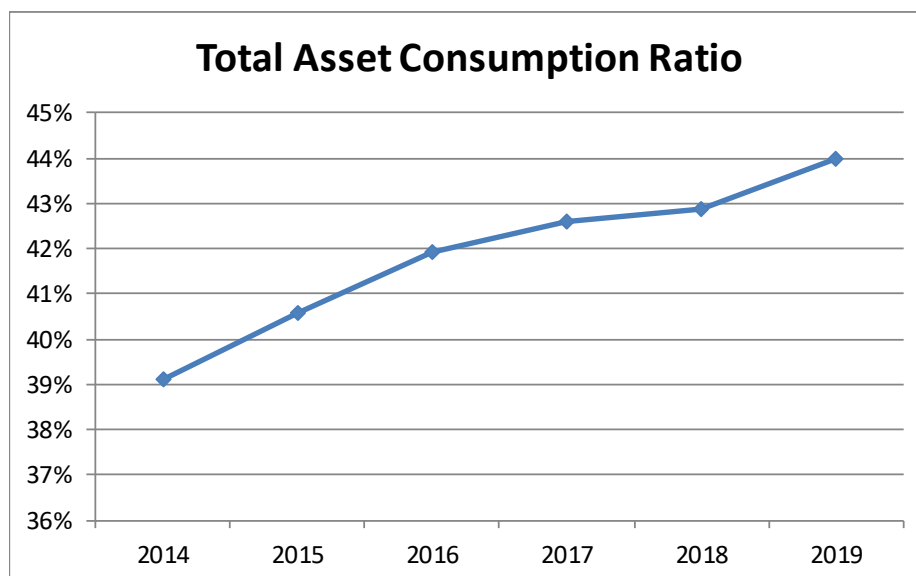
Indicator 2: Net Financial Liabilities Ratio

Net Financial Liabilities ratio is total liabilities minus assets as a percentage of own source revenues. It indicates the extent to which financial liabilities could be met by its operating revenue. A ratio greater than zero indicates that the municipality's total liabilities exceed the total assets.



Indicator 3: Asset Consumption Ratio

This provides an estimate of the useful life remaining in the municipality's capital assets. It shows the value of the tangible capital assets that have been consumed and seeks to highlight the aged condition of the assets and the potential asset replacement needs. The MMAH considers a ratio of 25% or under to be relatively new; 26%-50% to be moderately new; 51%-75% to be moderately old and over 75% to be old.



Key Financial Indicators

FLEXIBILITY – The ability to issue debt responsibly without impacting the credit rating. Also, the ability to generate required revenues.

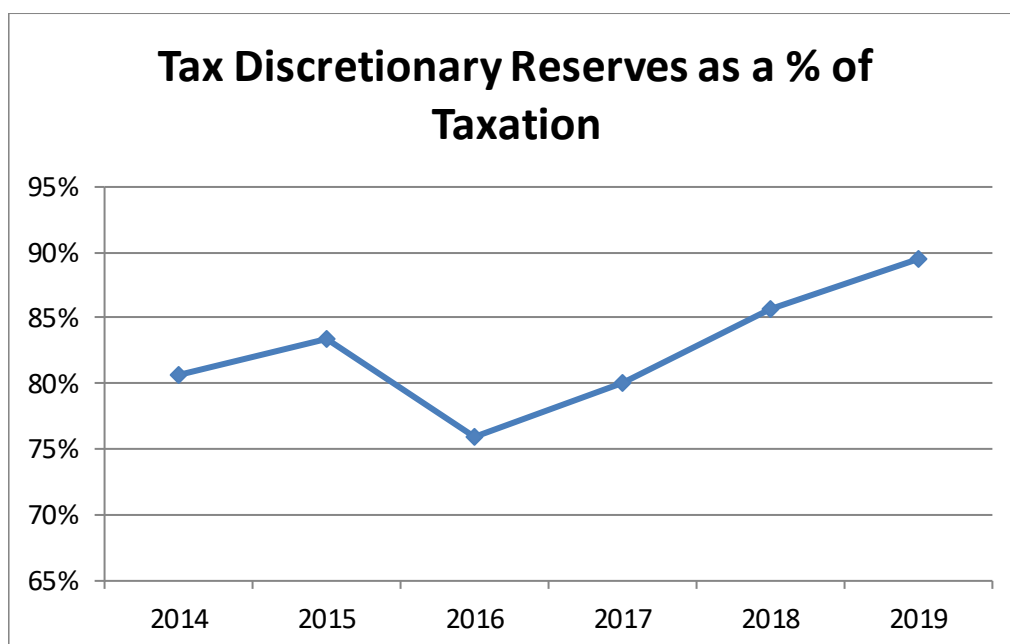
Indicator 4: Reserves

Reserves are a critical component of a municipality's long-term financial plan. Reserves offer liquidity which enhances the municipality's flexibility in addressing operating requirements and in permitting the municipality to temporarily fund capital projects internally, allowing it time to access debt markets and take advantage of favourable conditions.

Three financial indicators have been included for tax reserves. In each case, the obligatory reserve funds have been excluded.

I. Tax Discretionary Reserves as a % of Taxation

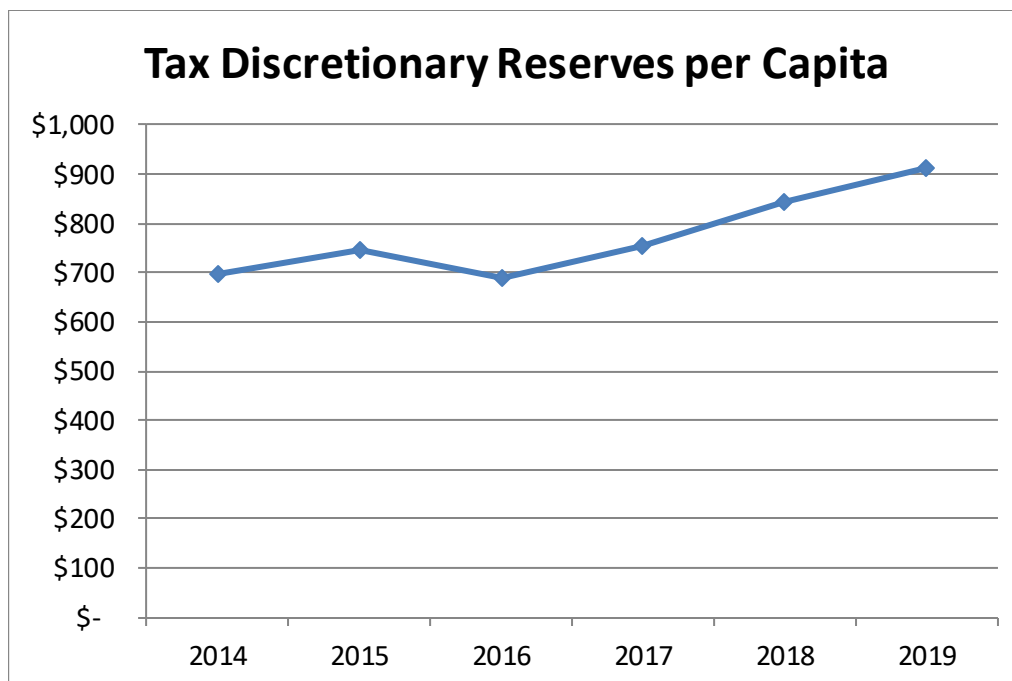
This provides the total tax discretionary reserves and reserve funds in relation to total taxation.



Key Financial Indicators

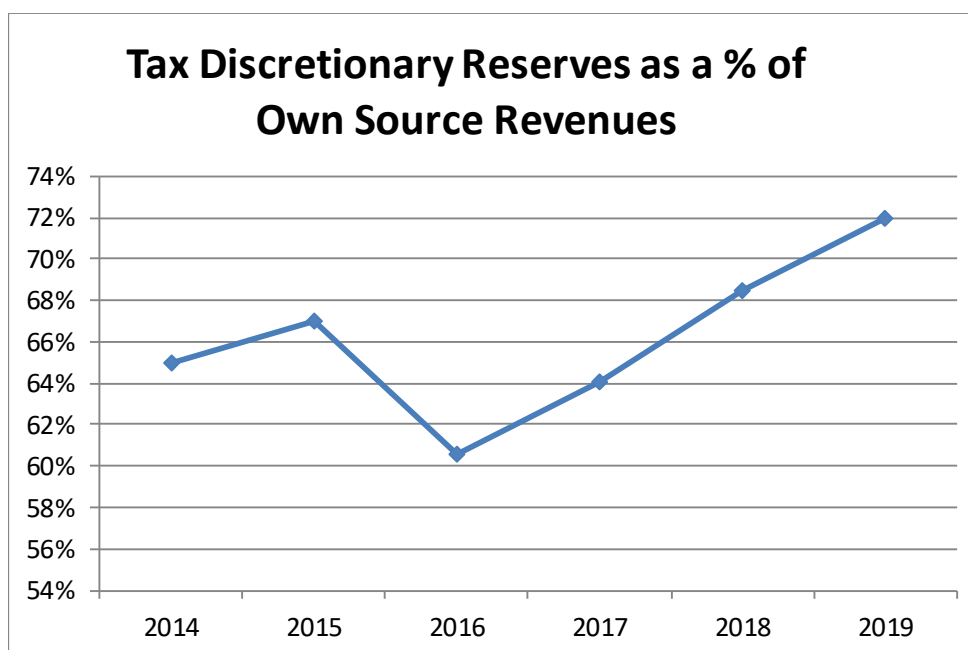
II. Tax Discretionary Reserves per Capita

This provides the total tax discretionary reserves in relation to the population.



III. Tax Discretionary Reserves as a % of Own Source Revenues

This shows the total value of funds held in reserves and reserve funds compared to a single year's own source revenue. It is a strong indicator of financial stability.



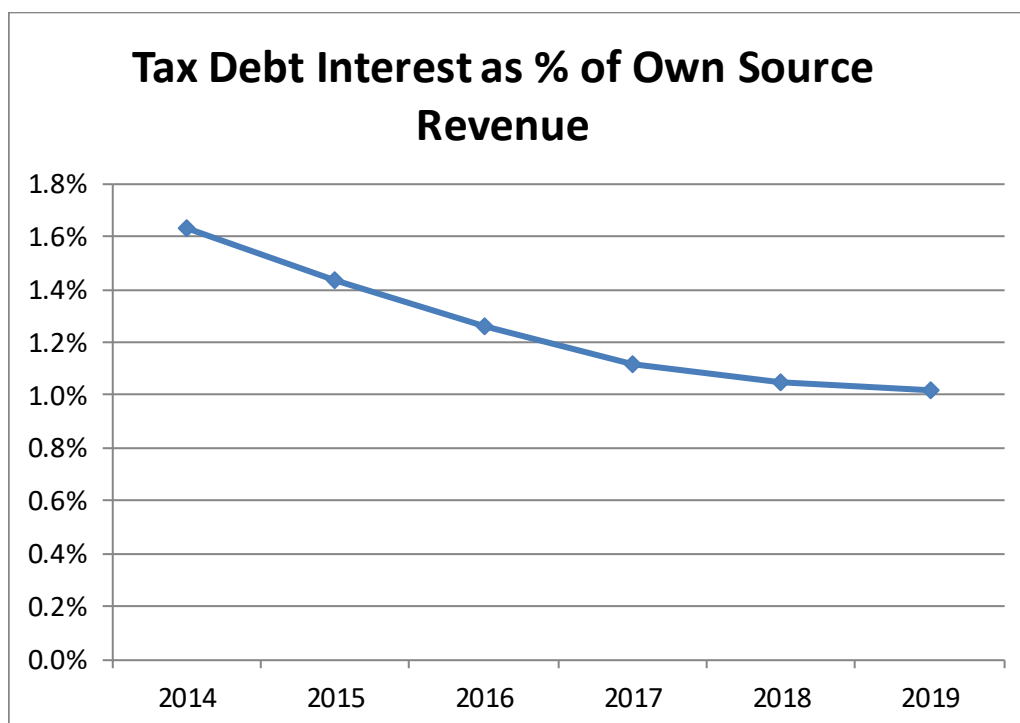
Key Financial Indicators

Indicator 5: Debt

There are five financial debt indicators that have been included in the analysis to provide a clear understanding of the overall debt outstanding and the debt servicing costs.

I. Tax Debt Interest as % of Own Source Revenue

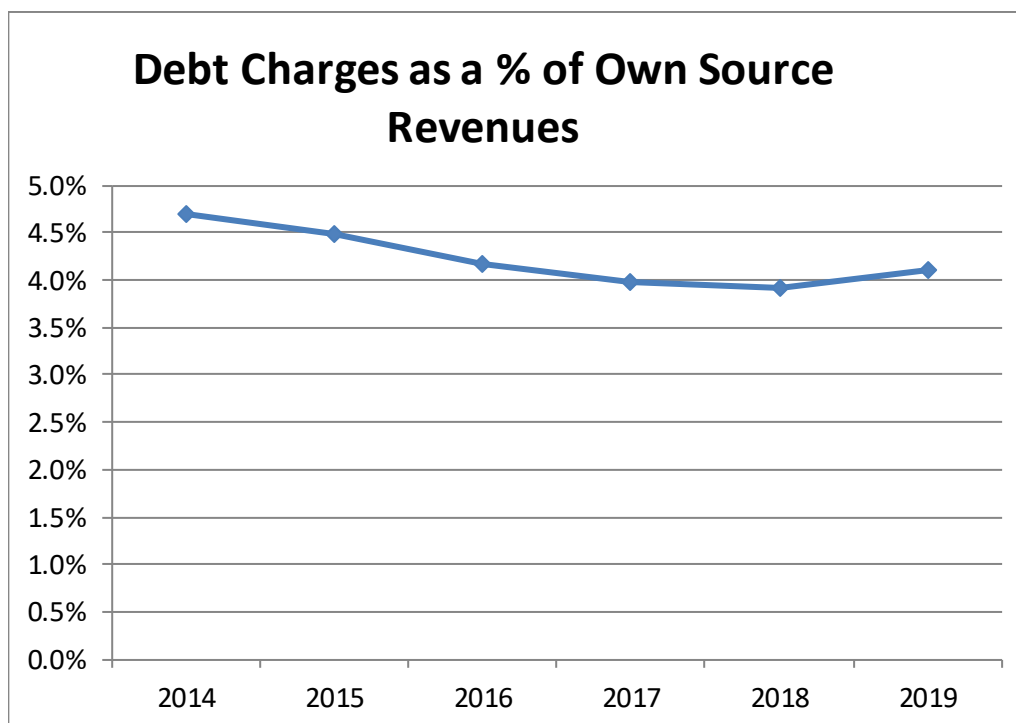
This ratio indicates the extent to which the municipality's own source revenues are committed to debt interest charges.



Key Financial Indicators

II. Debt Charges as a % of Own Source Revenues (Debt Service Ratio)

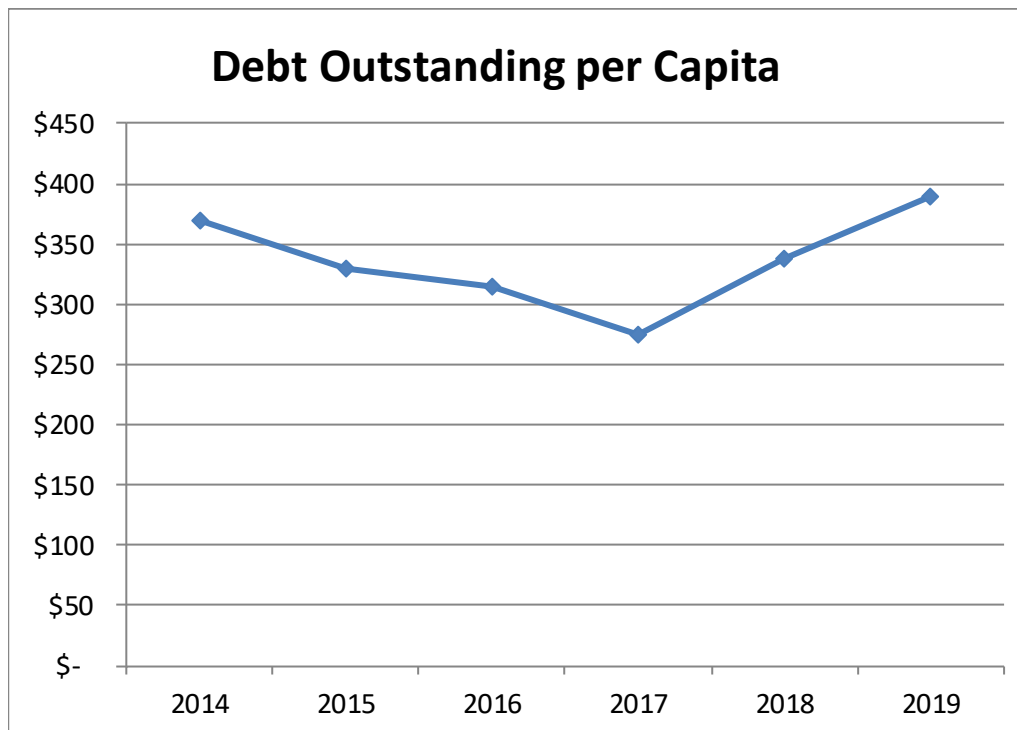
Debt service is the amount of principal and interest that a municipality must pay each year to service the debt. As debt service increases it reduces expenditure flexibility. This shows the % of total debt expenditures, including interest as a % of own source revenue. It is a measure of the municipality's ability to service its debt payments. Credit rating agencies consider that principal and interest should be below 10% of own source revenue.



Key Financial Indicators

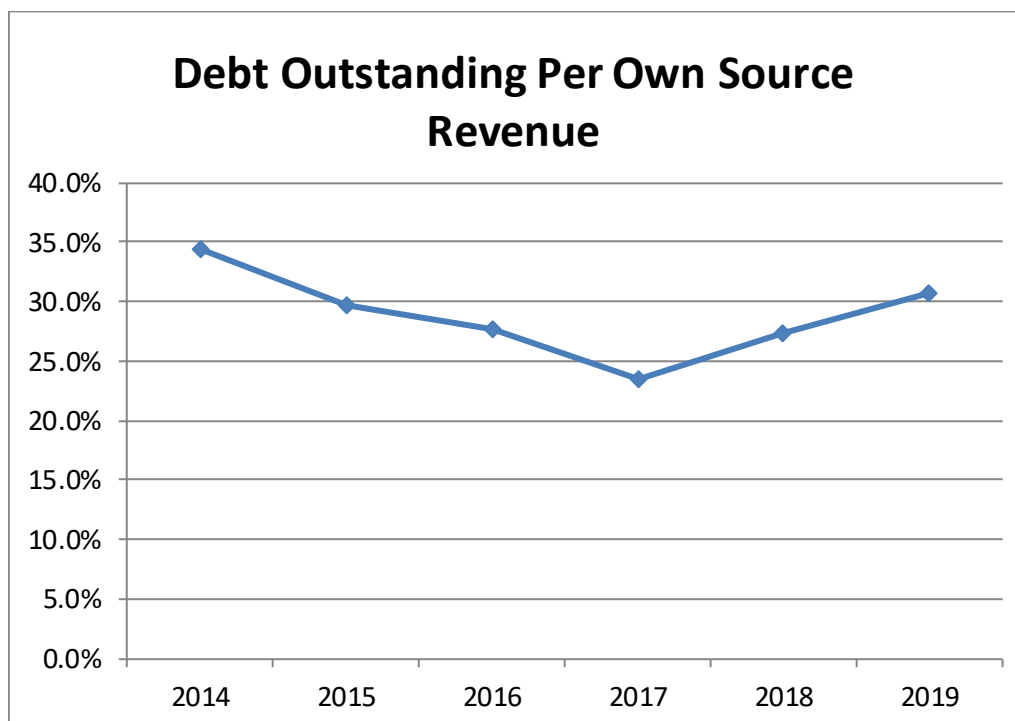
III. Debt Outstanding per Capita

This provides the debt outstanding divided by the population.



IV. Debt Outstanding Per Own Source Revenue

This provides the debt outstanding divided by the municipality's own source revenues.

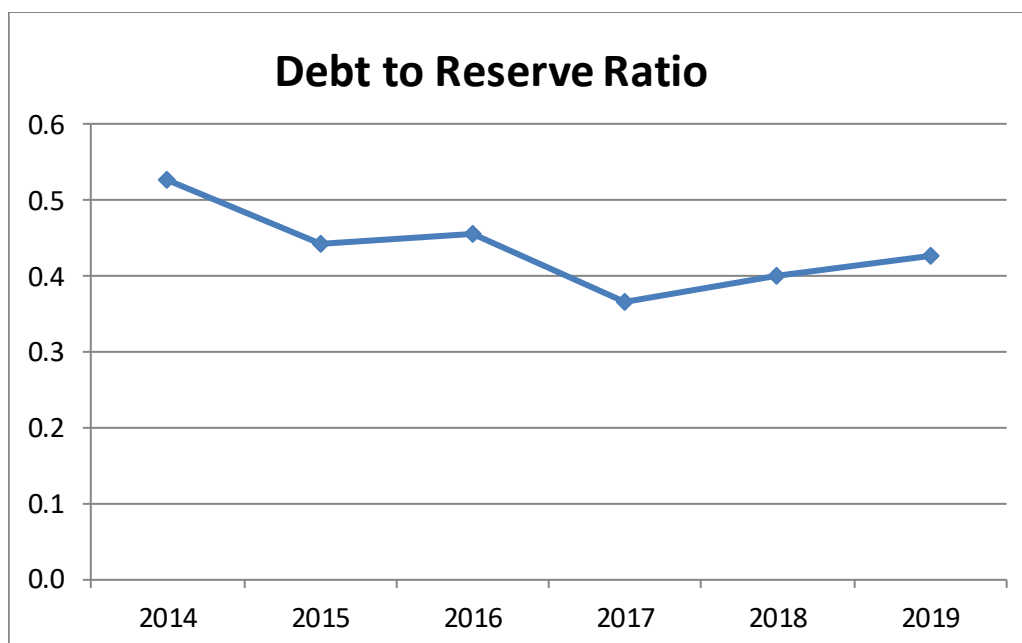


*Includes lower tier municipal debt

Key Financial Indicators

V. Debt to Reserve Ratio

This measure reflects the amount of debt outstanding divided by a municipality's reserves and reserve funds. A measure above 1.0 indicates that a municipality has more long-term debt than reserves.



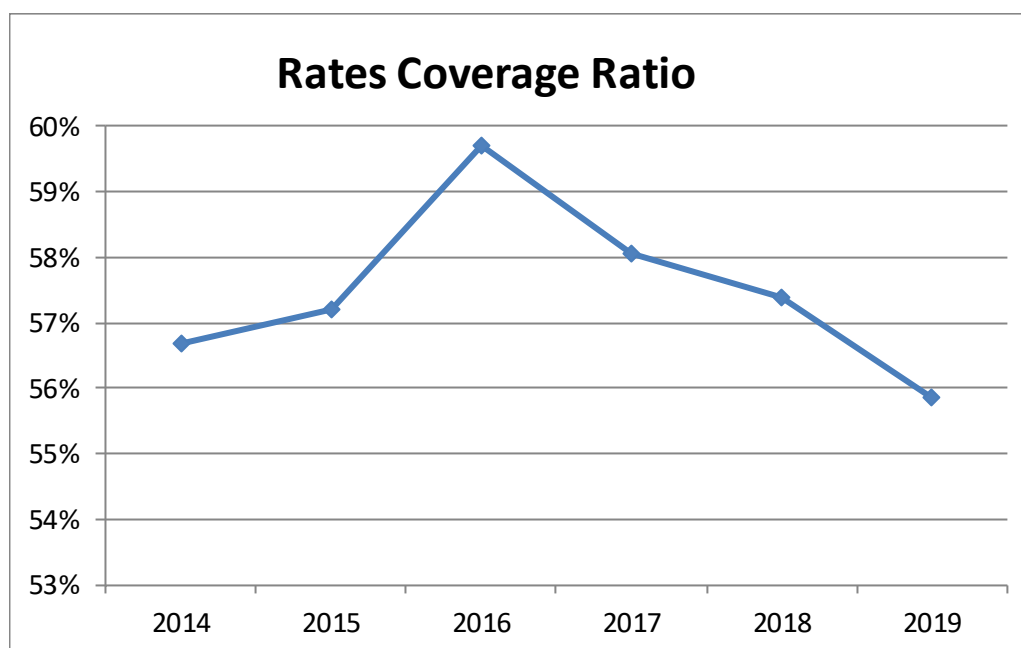
Key Financial Indicators

VULNERABILITY – Addresses a municipality’s vulnerability to external sources of funding that it cannot control and its exposure to risks.

Indicator 6: Rates Coverage Ratio

The Rates Coverage Ratio provides a measure of the municipality’s ability to cover its costs through its own sources of revenue. It measures own source revenue as a % of total expenditures.

According to the MMAH, a basic target is 40%-60%; an intermediate is 60%-90% and an advanced target is 90% or greater.



Management Discussion and Analysis

Management and Auditor Responsibilities

Management at the County of Wellington is responsible for the accuracy of the data presented in the 2019 Annual Financial Report and the completeness and fairness of the financial statements, including all disclosures. (See Signed Management Report—Pages 65-66).

The purpose of management's financial discussion is to analyze and comment on the principal features of the 2019 audited financial statements and to highlight key financial results that occurred during the year. This discussion allows readers to assess the County's financial activities and available resources.

More generally, the 2019 Annual Financial Report serves to provide stakeholders with full access to the County's financial statements with supplemental information, both financial and non-financial, that provides readers with a detailed view of the year's activities.

The presented financial statements and accompanying notes meet the accounting principles and disclosure requirements of the Chartered Professional Accountants of Canada guidelines included in the CPA Canada Public Sector Accounting Handbook. The financial statements have been examined by KPMG, LLP Chartered Professional Accountants, the external auditors for the Corporation of the County of Wellington. The responsibility of the external auditor is to express an opinion on whether the financial statements are fairly represented, in all material respects, in accordance with Canadian generally accepted accounting principles.

Financial Policies

As discussed in the Report from the County Treasurer, the County follows financial policies to govern budgeting and finance activities. These policies are regularly updated to reflect applicable legislation and internal procedures. The **Capital Budget, Lease Financing, and Debt Management Policy** was updated in March 2019 to incorporate best practices and reflect the ten-year forecasts used by the County.

The **Cash and Investment Management Policy** was revised and approved by Council in May 2019. The main purpose of the revision was to update the policy for recent amendments to the legal list of eligible investments provided in Ontario Regulation 438/97. Other important changes included recognizing the importance of diversification by adding it as a policy goal and objective and the addition of ONE Investment—Equity Fund as an eligible investment to provide further investment diversification options.

In May of 2019, two new policies were developed and approved by Council:

User Fee Policy - The User Fee Policy was developed in order to provide overall corporate guidance for County Departments in evaluating all fees against the cost of providing the service. This policy will assist in the determination of well-designed user fees and help to ensure the optimal and efficient use of scarce resources and reduce pressures on property tax revenues.

Donation Policy - The Donation Policy was developed to provide uniform criteria and procedures to guide the review and acceptance of donations from individuals and organizations, confirm that the County has relevant and adequate resources to administer such donations, and ensure that the County appropriately acknowledges the generosity of the donor.

As well in July of 2019 the **Strategic Asset Management Policy** was approved and reinforces the County's commitment to asset management best practices (see following page).

Management Discussion and Analysis

The Treasury Department has also developed policies and procedures for:

- Assessment Base Management
- Budget Review, Approval, and Amendment
- Budget Variance Reporting
- Internal Controls
- Purchasing and Risk Management
- Receivables Management
- Reserve and Reserve Fund Management
- Year End Accounting

Asset Management Planning

The County owns and operates approximately \$1.2 billion in assets that deliver continued services to the Community. The following services are supported by the Corporate Asset Management Programme at the County of Wellington:

- Transportation – Roads, Bridges and Culverts (Core Assets)
- Storm Water Management – Ditches, Storm Water Pipes, Catch Basins (Core Assets)
- Facilities Management – Social Housing, Libraries, County Offices, Public Works Yards
- Fleet Management – Vehicles and Equipment
- Solid Waste Management – Landfill Sites and Waste Facilities
- Technology and Communications – Hardware, Software and Communication infrastructure

The County continues to focus Corporate Asset Management Programme activities on best practices and compliance with the Provincial Asset Management Planning Regulation (O. Reg 588/17). Compliance with the Regulation is phased in over a 6-year time line as follows:

Date	Requirement	Description
July 1, 2019	Strategic Asset Management Policy	Identifies municipal goals the asset management plan supports, how the budget is informed, asset management planning principles, considerations for climate change, and a commitment to provide opportunities for stakeholder input.
July 1, 2021	Asset Management Plan (Core Assets)	The plan must address current levels of service and the associated costs of maintaining that service for roads, bridges, culverts and storm water assets.
July 1, 2023	Asset Management Plan (All municipal assets)	The plan must address current levels of service and the associated costs of maintaining that service for all municipal assets.
July 1, 2024	Proposed Levels of Service	Builds on the 2023 requirement by including a discussion of proposed levels of service, the activities required to meet those proposed levels, and a strategy to fund those activities.

Management Discussion and Analysis

Asset Management Planning cont'd

In 2019, the County completed the following major asset management Initiatives:

- The County continued to work collaboratively on Asset Management initiatives by working with its Internal and External Asset Management Working Groups:

Working Group	Membership
Internal Asset Management Working Group	Representatives from County of Wellington internal departments including: Roads, Solid Waste Services, Housing, Planning, Libraries, Museums, Long-Term Care, and Property Services
External Asset Management Working Group	Representatives from County of Wellington member municipalities and neighbouring communities (including City of Guelph and Township of Woolwich)

- The County approved and published its Strategic Asset Management Policy required under the Asset Management Planning Regulation (O. Reg 588/17) in July 2019.
- In order to successfully integrate asset management practices, a Corporate Asset Management Framework and Governance model was approved that expanded the Roles and Responsibilities across service areas within the County.
- The County participated in Canada's Core Public Infrastructure Survey which contributes information in order to better understand the current condition of infrastructure at the national level.
- With the adoption of the Strategic Action Plan and completion of the Service Efficiency Review, the County and its seven member municipalities have committed to work together to review the opportunities in asset management planning and coordinated service delivery, including the use of a common software platform, centralized GIS information, a common performance measurement system and standards for asset condition rating categories.

The internal and external asset management working groups continue to meet on a regular basis to implement strategies and coordinate activities in order to meet the remaining requirements under the Asset Management Regulation. The external asset management working group continues to discuss and develop strategies to share data and information, mapping capabilities and mobile services across common technology platforms.

Management Discussion and Analysis

Financial Statements Discussion and Analysis

2019 Financial Highlights

The County of Wellington continued to maintain its strong financial position in 2019 with an accumulated surplus of \$492.0 million (an increase of 2.9%). The County's debt servicing costs of \$5.15 million are only 4.1% of own source revenue which is well below the 2019 prescribed limit of 25% (\$28,878,355) established by the Ministry of Municipal Affairs and Housing using 2017 Financial Information Return data.

Total consolidated revenue for 2019 is \$239 million compared to total expenses of \$225 million resulting in a net revenue of \$14.0 million (2018 - \$19.3 million) which is used to fund capital assets and also to contribute to reserves. Reserve balances increased by \$7.9 million over 2018. The \$1.5 million overall year-end surplus was transferred to the Corporate Contingency Reserve to mitigate the impact of COVID-19 on the 2020 budget and provide funds for the Keep Well - Emergency Business Sustainability Fund loan programme established by Council.

Consolidated Statement of Financial Position

Net Financial Assets

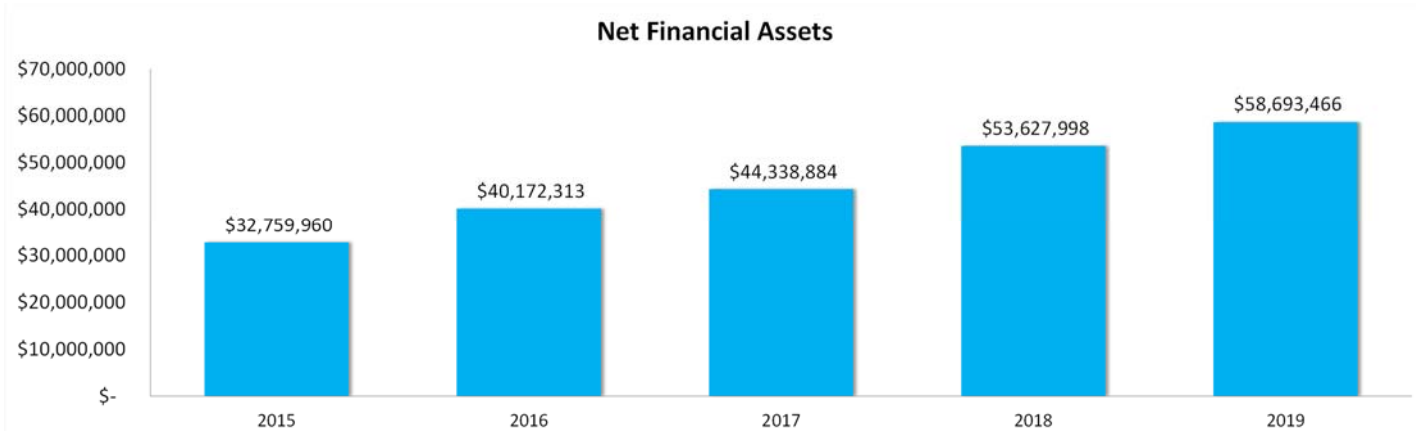
(in thousands of dollars)

	2019	2018	Change	% Change
Financial assets	\$ 136,960	\$ 125,841	\$11,119	8.8%
Less financial liabilities	78,267	72,213	6,054	8.4%
Net financial assets	\$ 58,693	\$ 53,628	\$5,065	9.4%

The County ended the year with a net financial asset position (financial assets less financial liabilities) of \$58.7 million, a 9.4% increase (or \$5.0 million) from the prior year. This results from an increase in financial assets of \$11.1 million with Cash, Cash Equivalents and Portfolio Investments accounting for more than \$10.4 million of this. However, this is offset by an increase in Financial Liabilities of \$6.1 million mainly due to the \$9.6 million debt issuance, increased development charge collections with lower related spending and higher deferred Social Services government operating grants. The following chart illustrates the five-year trend in net financial assets.

Management Discussion and Analysis

Net Financial Assets (cont'd)



Financial Assets

In 2019, the County's financial assets had a significant increase of 9.4% due to an increase in cash and portfolio investments. This is related to timing of the final 2019 tax levy instalment received in mid-December 2019 and the proceeds from the November \$9.6 million debt issue for already expended capital funding for the Hospital Grants (\$5.9 million), and Roads related projects (\$3.7 million). At 2019 year-end the County held \$6.5 million in a high-interest savings account to take advantage of higher yield over mid-to-long term options.

Portfolio Investments

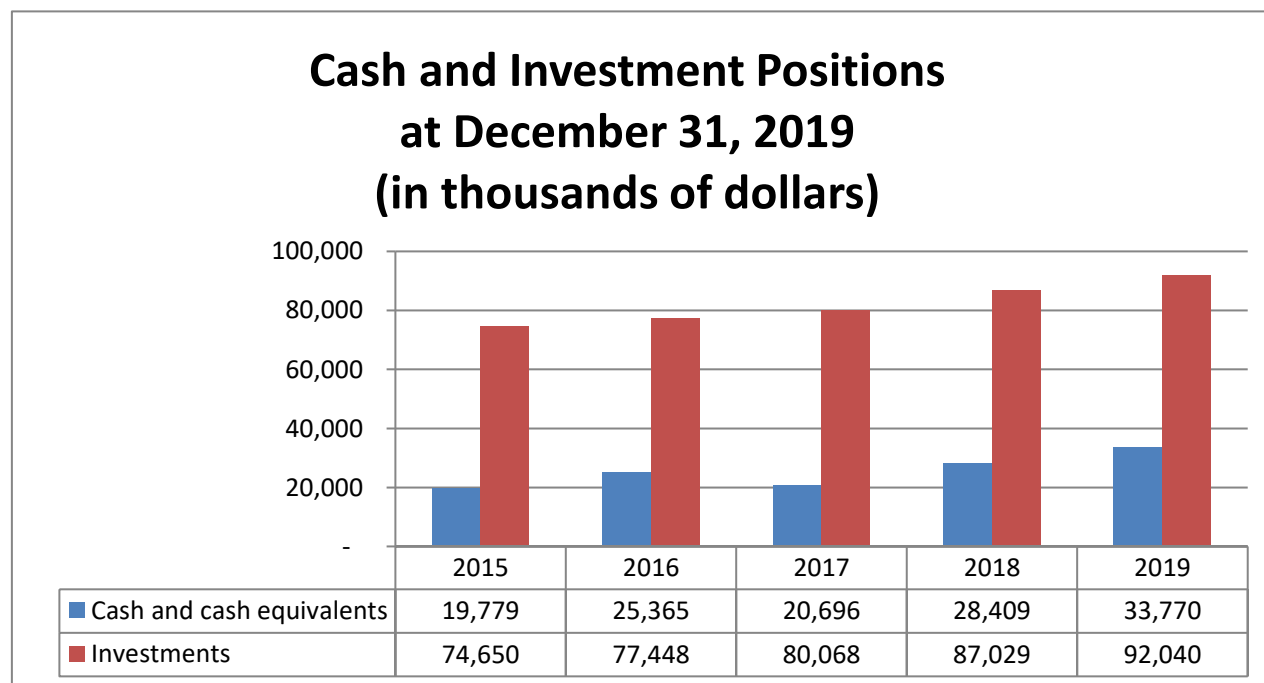
Portfolio investments include all investments with an original maturity date of more than three months. The county uses a "laddering strategy" to maintain a relatively consistent amount of maturities each year. This helps to maintain a competitive rate of return, reduce risk and ensure cash is available to coincide with the future expected use of reserves and reserve funds.

An average rate of return in 2019 for short-term investments (securities maturing in less than one year) was 3.31% (2018—3.66%) and for long-term investments was 3.11% (2018— 3.14%) generating \$2.61 million in investment income (2018—\$2.5 million). Long-term investment returns continue to decline as investments mature and are reinvested at lower prevailing rates. The County has recently revised the Cash and Investment Management Policy in order to provide greater opportunities for diversification and this allowed the County to invest in the ONE Investment Equity Fund for the first time in 2019. The market value of this investment was \$1.5 million at year-end. The County has also invested in Principal Protected Notes (PPN) which are deposit notes with variable interest linked to the price performance of an equity index. At December 31, 2019 the County held \$4 million face value in PPN investments.

Management Discussion and Analysis

Portfolio Investments (cont'd)

Cash and investment holdings at year end are compared over the past five years in the following graph:



Liabilities

Financial liabilities increased by \$6.05 million in 2019 with the balance of this increase due to an increase of \$5.9 million in long-term liabilities. This is a result of the \$9.61 million new debt issue offset by \$3.89 million in long term liability repayment.

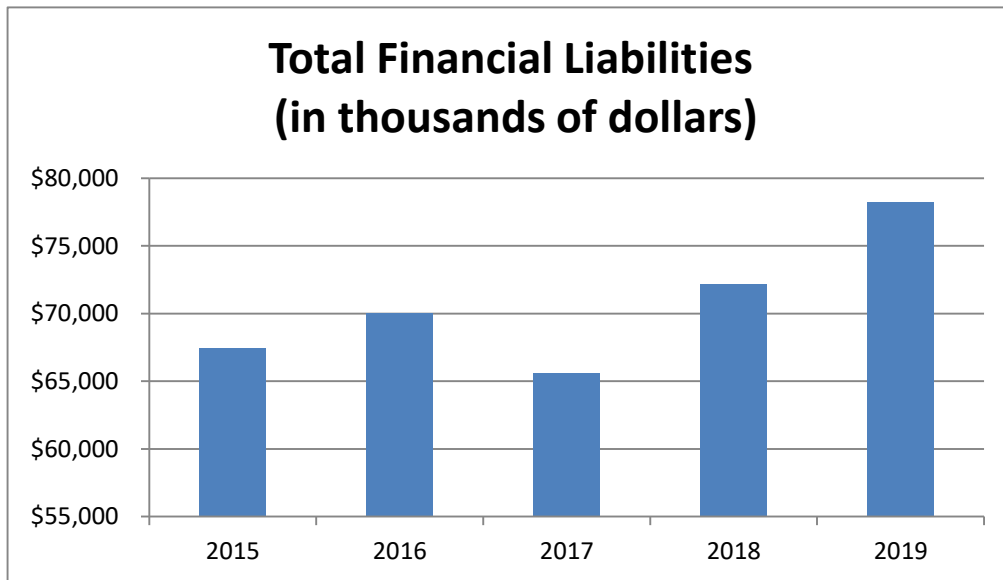
As well, in 2019 the County of Wellington entered into a Financial Assistance Agreement with the Township of Centre Wellington in order to participate in the Invest Well Community Improvement Programme through Tax Increment Equivalent Grants. This agreement requires annual grant payments equal to the County portion of any property tax increases incurred as a result of a community improvement project on a declining basis from 100% of the increase in year one to 20% in year five. At December 31, 2020 the County had made the year one grant payment of \$75,107 leaving a liability balance of \$150,215 to be paid over the next four years.

As mentioned previously, development charge collections were up \$1 million over 2018 with less spending and there was also almost another million increase in Social Services related government grants that were deferred at year-end including over \$766,000 for the Social Housing related multi-year Social Infrastructure Funding (SIF) Programme (\$450,000) and the Community Homelessness Prevention Initiative (CHPI) to account for the difference in fiscal years between the Province and County (\$316,000).

Management Discussion and Analysis

Liabilities (cont'd)

The chart below outlines the trend in financial liabilities over the previous five years:



Debt

Long-term liabilities—Debt outstanding at December 31, 2019 has increased to \$38.7 million from \$32.9 million last year. These amounts include \$38.0 million in debentures payable for 2019 (\$32.2 million in 2018) as well as the long-term mortgage payable for Wellington Housing Corporation (WHC) held by the Canadian Mortgage and Housing Corporation with a carrying amount of \$0.62 million in 2019 (\$0.75 million in 2018).

As mentioned previously, the increase in long-term liabilities is due to the \$9.61 million debt issuance in 2019 which is offset by long-term liability repayment of \$3.9 million. Guidelines established by the Ministry of Municipal Affairs and Housing (MMAH) state that total debt charges (principal and interest) cannot exceed 25% of own source revenues. Based on Financial Information Return information from 2017, 25% of the County's own source revenue was \$28,878,355. Debenture servicing costs for 2019 were \$5.15 million which is well below the guideline set by the MMAH.

The County also has additional self-imposed limitations:

- Maintain tax-supported direct debt to operating revenue at less than 30%: 2019—19.0%, 2018— 16.7%
- Maintain an interest payment to adjusted operating revenues of less than 5%: 2019—1.0% 2018 - 1.0%
- Maintain a direct debt to reserve ratio of 0.75:1: 2019—0.43:1, 2018 – 0.40:1

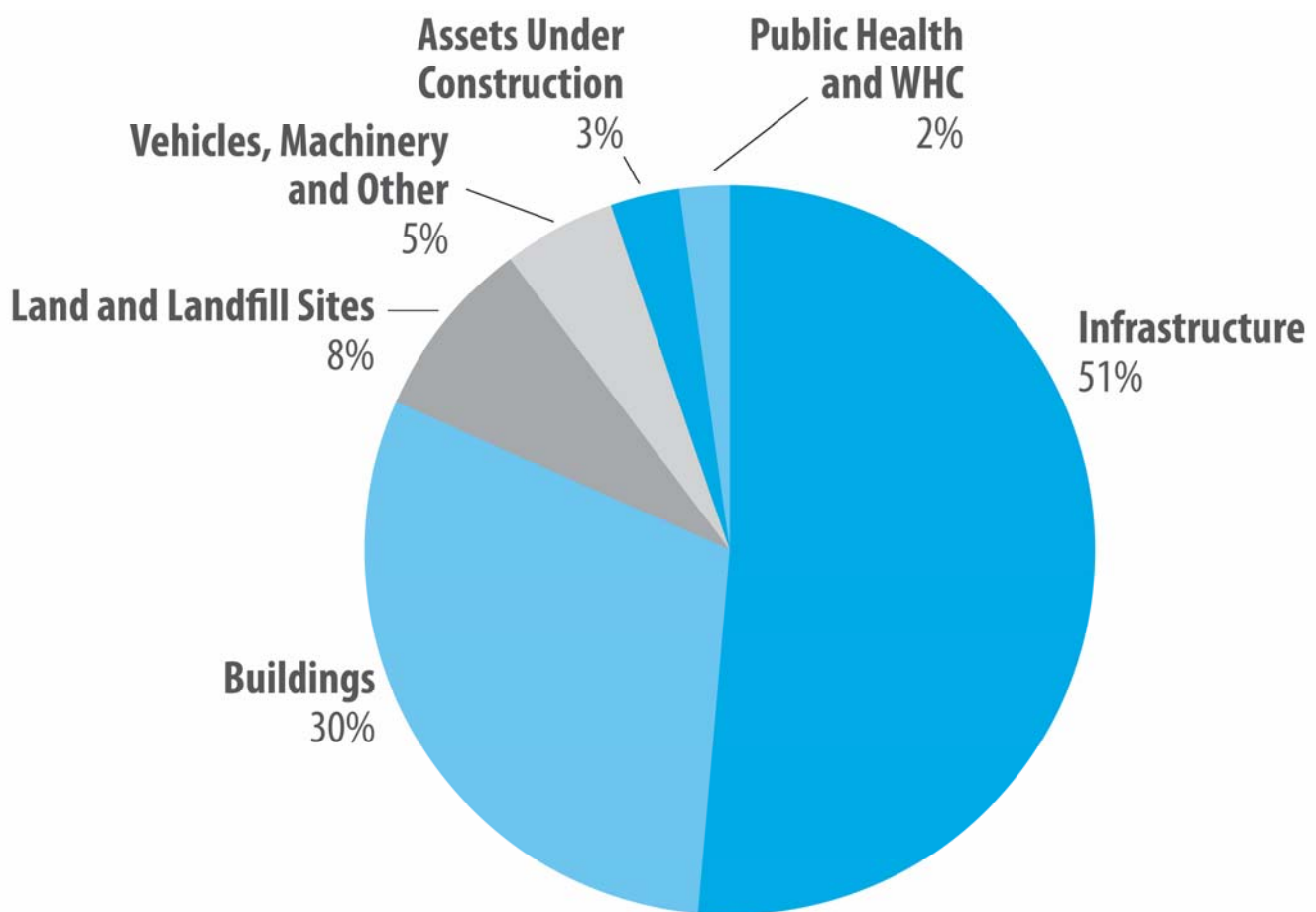
The County remains well within these additional restrictive guidelines and demonstrates responsible debt management practices.

Management Discussion and Analysis

Non-Financial Assets

Total non-financial assets, primarily consisting of tangible capital assets, increased by 2.10% over 2018 equating to an increase of almost \$9.0 million including a \$144,000 decrease in inventories of supplies. For Tangible Capital Assets specifically the increased net investment was \$9.02 million which reflects that the value of new assets being added to the County's inventory is outpacing the annual amortization costs.

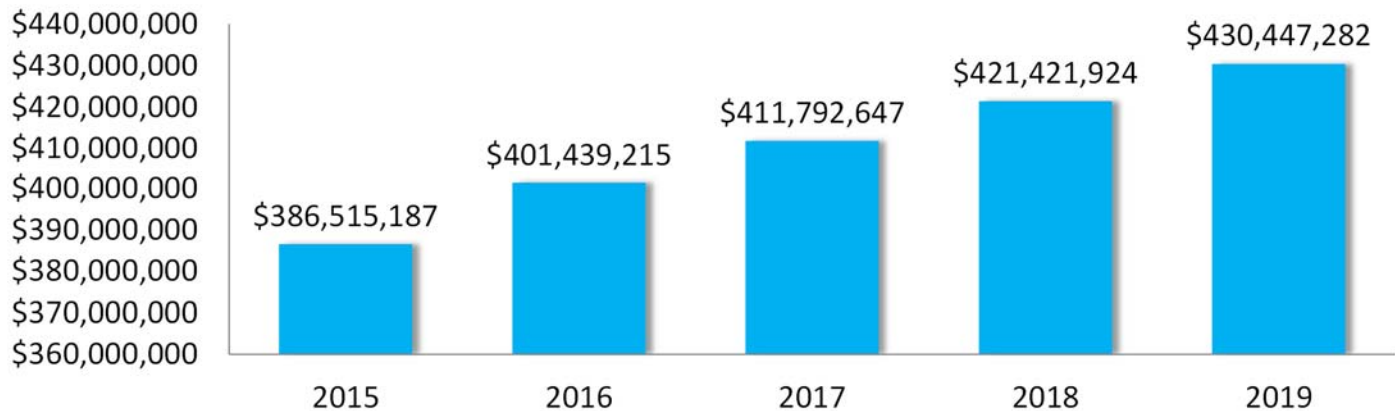
The pie chart below provides the breakdown of tangible capital assets by the function they support:



Management Discussion and Analysis

The chart below shows the tangible capital asset growth trend over the previous five years.

Net Book Value of Tangible Capital Assets



(in thousands of dollars)

	2019	%	2018	%	Change	% Change
Land and landfill sites	\$ 34,489	8%	\$ 34,545	8%	\$(56)	-0.2%
Buildings	130,789	30%	130,722	31%	67	0.1%
Infrastructure	221,443	51%	218,229	52%	3,204	1.5%
Vehicles, machinery and other	21,444	5%	19,272	5%	2,172	11.3%
Assets under construction	12,538	3%	9,022	2%	3,516	39%
Public health and WHC	9,753	2%	9,631	2%	122	1.3%
	\$ 430,447	100%	\$ 421,421	100%	\$ 9,025	2.1%

In 2019, the County increased its spending on vehicles and machinery by approximately 11% and increased the number assets under construction by approximately 39 % or \$3.5 million.

Accumulated Surplus

Overall, the County has maintained a strong accumulated surplus with a total of \$492 million, an increase of 2.9% from the prior year balance of \$478 million. The change in accumulated surplus arises from the annual excess of revenues over expenses for the year, representing \$14.0 million. This includes revenues used for the acquisition of assets.

It is critical for readers of the financial statements to understand that the term “accumulated surplus” cannot be construed as “cash or funds” available for spending, as the bulk of the value is non-financial assets and reflects the County’s investment in infrastructure which is used to deliver programmes and services. They are not assets which are surplus to operations and available to be liquidated.

Management Discussion and Analysis

Accumulated Surplus (cont'd)

A detailed breakdown of accumulated surplus (in thousands) is present in Note 11 of the Consolidated Financial Statements. Summary information is included in the table below:

(in thousands of dollars)

	2019	2018	Change
Reserves	\$ 70,885	\$ 67,383	\$ 3,502
Reserve funds	19,517	15,112	4,405
Investment in tangible capital assets	430,447	421,422	9,025
Invested in Capital Fund	21,427	15,722	5,705
Share of Public Health	771	2,230	(1,459)
Amount recovered from Public Health	-	612	(612)
Amounts to be recovered - from future revenues	(41,728)	(35,693)	(6,035)
Amounts to be recovered - from reserve funds	(9,310)	(8,774)	(536)
	\$ 492,009	\$ 478,014	\$ 13,995

Reserve and Reserve Fund balances have increased by \$7.9 million over 2018. A significant reserve balance increase is \$3.9 million for Contingencies and Stabilization Reserves. This is a result of the transfer of the 2019 year-end budget surplus of \$1.55 million to the Corporate Contingency Reserve. As well, the \$725,000 Provincial Modernization Grant was transferred to the Tax Rate Stabilization Reserve with \$175,000 of this grant used in 2019 for a service efficiency review and the balance to be used over the following two years for asset management initiatives. In 2019, an additional \$332,000 was transferred to the Tax Rate Stabilization Reserve from the reconciliation of the Police contract and another \$700,000 budgeted transfer from general revenues and expenditures. Another significant increase is for the Housing Regeneration Reserve fund of almost \$1 million from affordable housing operating and capital surpluses. A new reserve fund was established in 2019, Public Health Debt Retirement, which has a balance of \$2.8 million at December 31, 2019 and was funded from current and prior year one-time lump sum loan payments from the Public Health Unit (including the \$0.61 million amount recovered from the Public Health in 2017) and will be saved for repayment of the Public Health Unit balloon debt payment due in 2023 of \$3.05 million.

The invested in capital fund value represents financing transferred to approved capital projects as per the County Reserve and Reserve Fund Policy which stipulates that reserve or reserve fund transfers to capital projects are made at the time of budget approval and in advance of expenditures that may span across several years. This amount also includes current year transfers to the capital fund from the operating budget and has increased in 2019 by nearly \$5.7 million.

Management Discussion and Analysis

Accumulated Surplus (cont'd)

As per Note 16, the \$770,751 share of Health Unit represents the County share of the Health Unit's Financial Assets, Accounts Payable, Deferred Revenue and Non-Financial Assets. This has decreased over 2018 by \$1.5 million related to the 2019 lump sum repayment to the County of the long-term capital facility loan.

Amounts to be recovered from future revenues has increased by \$6.03 million and is related to the \$9.61 million debt issuance offset by debt repayment of \$3.89 million in 2019.

Consolidated Statement of Operations

The Consolidated Statement of Operations is the municipal equivalent of the private sector's income statement, providing a summary of revenues and expenses throughout the year. The annual surplus reported on this statement represents the difference between the cost of providing the County's services and the revenues recognized for the year on an accrual basis. Budget figures represent capital and operating budgets combined as outlined in Note 20 of the financial statements.

Total revenue for 2019 is \$238.8 million compared to total expenses of \$224.8 million resulting in net revenue of \$14.0 million. For 2018, net revenue was \$19.3 million resulting in a decrease in net revenue of \$5.3 million. This decrease can be largely attributed to the payment of \$5.94 million in capital improvement grants for three County hospital foundations. This payment was funded through a 2019 debt issuance and leaves only \$200,000 remaining from the 2014 commitment of \$9.4 million. See Note 15.

Revenues

2019 Budget to Actual Comparative Analysis

(in thousands of dollars)

Revenues	Budget	Actual	Variance	% Variance
Taxation (Note 13)	\$ 100,944	\$ 101,786	\$ 842	0.8%
Government transfers:				
Provincial (Note 14)	72,975	75,342	2,367	3.2%
Federal (Note 14)	9,343	9,144	(199)	-2.1%
Municipal	27,138	26,604	(534)	-2.0%
Fees and Service Charges	11,895	12,319	424	3.6%
Licenses, Permits, Rent	8,259	8,550	291	3.5%
Interest, Donations, Other	3,740	3,582	(158)	-4.2%
Development Charges Earned	1,056	1,453	397	37.6%
	\$ 235,350	\$ 238,780	\$ 3,430	1.5%

Management Discussion and Analysis

Revenues (cont'd)

The variances in the budget and actual columns are often related to differences in assumptions used. As Council-approved budgets are prepared to determine the levy requirements, they are primarily on a cash basis. The actuals reported on the audited financial statements are following PSAB requirements, and are predominantly fully accrued transactions. These differences in reporting methodologies will always generate variances when compared to each other.

One significant factor is the timing of capital expenses and revenues being incurred in a different year from the budget year. For example, the development charge revenue budget is based on funds needed for 2019 capital projects. However, this assumes the capital project will be constructed and funded in the same year and this is regularly not the case. Development charges are not recognized as revenue until they are used to fund a capital project which could be a 2019 project or projects budgeted in prior years and therefore a variance is incurred. In 2019, development charges recognized as revenue were \$0.04 million higher than budgeted. This applies to the Federal Gas Tax and Ontario Capital Infrastructure funded capital projects where funds are kept in obligatory reserve funds until related capital expenditures occur and revenue recognized in the consolidated financial statements.

Taxation revenue was higher than budgeted due to higher supplementary and omitted assessment revenue and PIL revenue of \$0.82 million.

Note 20, "Budget Data" provides a reconciliation of the 2019 operating and capital budgets approved by Council on January 31, 2019 plus capital budget amendments approved by Council throughout the year with the budget data presented in these consolidated financial statements.

Year Over Year Comparative Analysis

(in thousands of dollars)

Revenues	2019	2018	Change	% Change
Taxation (Note 13)	\$ 101,786	\$ 97,112	\$ 4,674	4.8%
Government transfers:				
Provincial (Note 14)	75,342	76,302	(960)	-1.3%
Federal (Note 14)	9,144	6,346	2,798	44.1%
Municipal	26,604	24,451	2,153	8.8%
Fees and Service Charges	12,319	10,931	1,388	12.7%
Licenses, Permits, Rent	8,550	8,470	80	0.9%
Interest, Donations, Other	3,582	2,934	648	22.1%
Development Charges Earned	1,453	2,864	(1,411)	-49.3%
	\$ 238,780	\$ 229,410	\$ 9,370	4.1%

Management Discussion and Analysis

Revenues (cont'd)

Total revenue reported for the year 2019 was \$238.8 million, an increase of \$9.3 million over last year's amount of \$229.4 million. One driver of the increase was Federal Gas Tax revenue being earned for the capital expenses incurred within the calendar year increasing by \$3.0 million over 2018. This relates to more capital work activity being completed and funded through Federal Gas Tax revenue rather than actual cash collected during 2019.

The increase in taxation revenue of \$4.6 million is consistent with the increased 2019 levy requirement approved by Council. Municipal Recoveries were higher than 2018 by \$2.1 million due to cost sharing of roads capital projects including the Township of Centre Wellington \$1.15 million and the Township of Guelph/Eramosa for \$0.69 million.

Expenses

2019 Budget to Actual Comparative Analysis

(in thousands of dollars)

Amortization is a non-cash item and was not included in the approved budget, however, it has been included in the consolidated financial statements budget based on estimated annual amortization presented to Council prior to budget approval per Ontario Regulation 284/09. The estimated 2019 amortization included in the budget is \$22.4 million, while the actual amortization expensed in 2019 was \$23.8 million, a difference of \$1.4 million.

In addition, \$10.9 million of expenses were included in capital budgets and could not be capitalized, and therefore needed to be expensed on the Statements of Operations. This amount includes the \$5.94 million in capital grants provided to the County Hospitals. These grants related to Hospital building projects and were paid over several years so lent themselves better to the capital budget for transparency but the underlying assets are not owned by the County of Wellington so needed to be expensed.

Expenses	Budget (includes amortization)	Actual	Variance
General Government	\$ 19,334	\$ 19,645	\$ (311)
Protection Services	18,541	18,373	168
Transportation Services	28,058	33,382	(5,324)
Environmental Services	10,049	10,229	(180)
Health Services	13,345	18,936	(5,591)
Social Housing	33,355	34,541	(1,186)
Social and Family Services	75,467	75,860	(393)
Library	8,558	7,832	726
Museum	2,407	2,282	125
Planning and Development	4,054	3,706	348
	\$ 213,168	\$ 224,786	\$ (11,618)

Management Discussion and Analysis

Expenses (cont'd)

For Transportation services, \$3.7 million in capital budget expenses were expensed on the Statement of Operations. These amounts include for example, studies or work undertaken on behalf of others that appear in the capital budget for project administration purposes.

On the other hand, Library expenditures were below budget by \$726,000 due to library expenditures related to collections being budgeted as operating expenses but capitalized in the amount of \$683,587 in 2019.

Year Over Year Comparative Analysis

(in thousands of dollars)

The 2019 financial position of the County results in a \$14.72 million increase in expenses over 2018. Adjusting for the \$5.94 million contribution to the County Hospitals, this increase falls to \$8.78 million or a 4.2% increase over 2018.

General government expenses have increased by \$2.67 million compared to previous year. Among the contributing factors were \$0.34 million increase in legal fees mostly related to the gravel pit assessment appeals, \$0.76 million increase related to salary and benefits, and \$0.42 million related to software and hardware purchases. An additional \$0.15 million was expensed related to the liability for future tax increment grant payments.

Expenses	2019	2018	Change	% Change
General Government	\$ 19,645	\$ 16,979	\$ 2,666	15.70%
Protection Services	18,373	17,786	587	3.30%
Transportation Services	33,382	30,265	3,117	10.30%
Environmental Services	10,229	8,774	1,455	16.58%
Health Services	18,936	14,639	4,297	29.35%
Social Housing	34,451	34,281	260	0.76%
Social and Family Services	75,860	73,962	1,898	2.57%
Library	7,832	7,578	254	3.35%
Museum	2,282	2,291	(9)	-0.39%
Planning and Development	3,706	3,507	199	5.67%
	\$ 224,786	\$ 210,062	\$ 14,724	7.01%

Management Discussion and Analysis

Expenses (cont'd)

Transportation services expenses were \$3.1 million more in 2019 than 2018. Much of this increase is due to additional capital expensed to operating in 2019 in the amount of \$1.9 million and additional amortization expenses of \$0.6 million. As well, goods and services were \$1.3 million higher in 2019 than 2018 with most of this increase related to increased spending on engineering studies, drainage structure maintenance, garage operating supplies and road painting safety devices.

Social and family services which includes Ontario Works, Children's Early Years and Wellington Terrace Long-Term Care facility also had an increase in expenses over 2018 of \$1.9 million. This is primarily related to Children's Early Years with salaries and benefits costs increasing by more than \$2.1 million. The 2019 Budget approved the hiring of 23.4 FTE with the majority related to the Wellington Place and the Palmerston Child Care and Learning Centres.

Consolidated Statement of Change in Net Financial Assets

The purpose of the Statement of Change in Net Financial Assets is to assist financial statement users in fully understanding the nature of the County's financial activities in the period. The statement backs out all of the non-financial activity from the statement of operations (e.g. amortization, gains/losses, purchases and sales of assets). As a result, the financial impact on the surplus attributable to change in financial assets is an increase of \$5.07 million, compared to last year's increase of \$9.3 million.

Consolidated Statement of Cash Flows

The Consolidated Statement of Cash Flows explains how the County financed its activities and met its cash requirements. It also details items not involving cash such as annual amortization and changes in estimated liabilities. This schedule reconciles the change in cash and cash equivalents from one year to another. The consolidated cash position of the municipality increased from \$28.4 million in 2018 to \$33.8 million in 2019. Factors contributing to the increase in cash position were:

- Long-term debt issued of \$9.61 million
- Increase in deferred revenue of \$1.93 million
- Sale of County assets of \$284,401

Factors contributing to a decrease in cash position were:

- Long-term debt repayment of \$3.89 million
- Increase in long-term investments of \$5.01 million
- Decrease in accounts payable of \$2.49 million

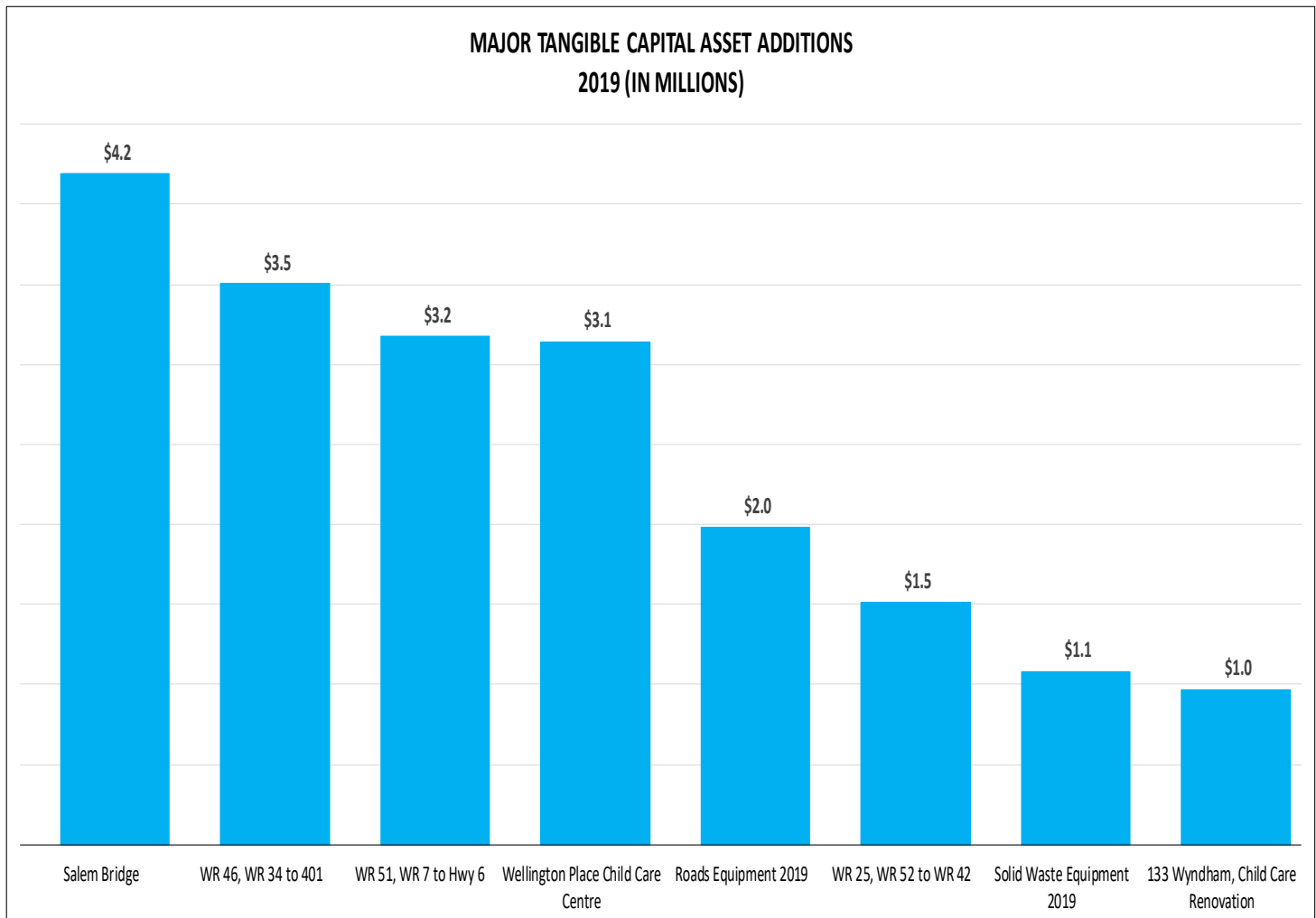
This means the County of Wellington had a net cash increase of \$5.36 million in 2019.

Management Discussion and Analysis

2019 Capital Financial Highlights

In 2019, the County had capital additions and betterments of \$30 million (not including capital work-in-progress). The following major capital projects were complete and capitalized at year end:

- ◆ \$12.4 million in the rehabilitation and construction of County roads, bridges and culverts
- ◆ \$3.1 million for the construction of the new Wellington Place Child Care Centre
- ◆ \$2 million in roads vehicle and equipment purchases
- ◆ \$1.1 million in solid waste vehicle and equipment purchases
- ◆ \$1 million in the renovation of 133 Wyndham Child Care Office

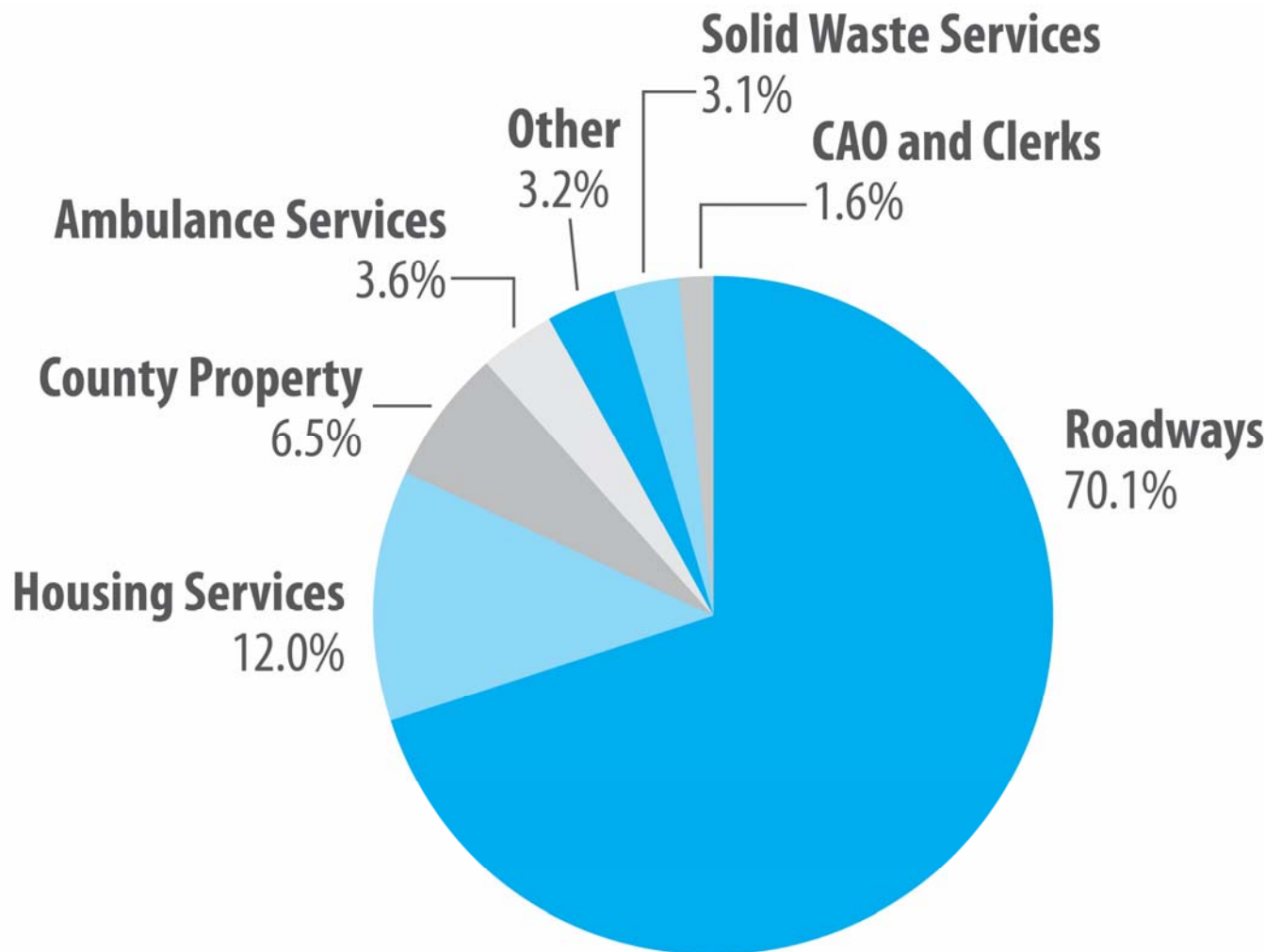


Management Discussion and Analysis

Prospects for the Future

The County's 2020 Budget and Ten-Year Plan highlights the following projects for the upcoming years:

- Investment in roads capital infrastructure and facilities over the next ten years, including \$24.2 million for facility upgrades to fund the replacement of the Arthur, Erin, Brucedale, Harriston and begin design work on Aberfoyle public works facilities throughout the forecast
- The construction of a new ambulance station in Erin to improve response times, with four of the five remaining stations to be built included in the forecast (a total of \$8.5 million capital investment).
- Planning for the closure of Phase I and opening of Phase II at the Riverstown Landfill, the County's only active landfill site
- Continued investment in the County's social and affordable housing units



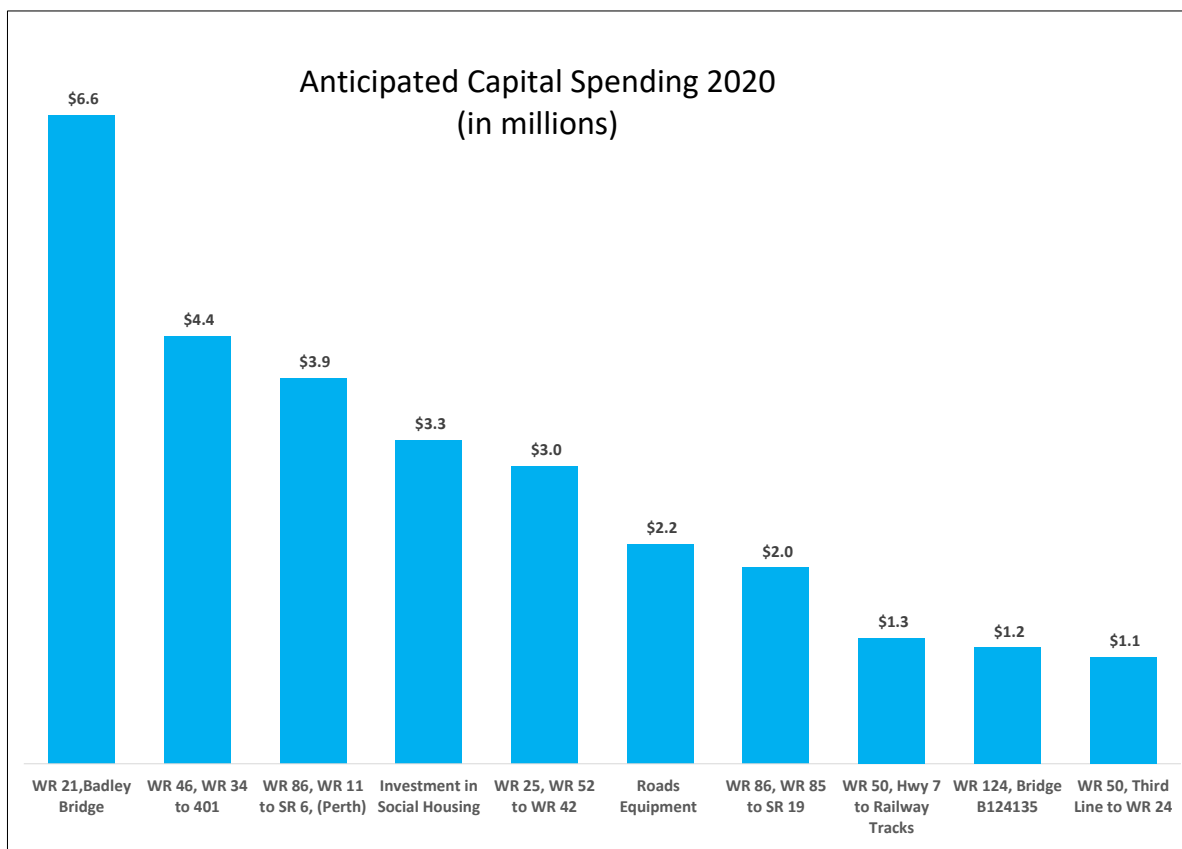
Management Discussion and Analysis

2020 Operating Budget

- Operating expenditure = \$229.8 million
- 2020 tax levy = \$105.6 million
- County tax impact = 3.3% which on average results in 1.8% on the total residential property tax bill
- Residential tax impact per \$100,000 of assessment = \$20

2020-29 Budget Forecast

- Total 2020 capital investment = \$38.8 million
- Total ten-year capital investment = \$394.2 million
- New debt issues total \$41.8 million over ten years and include \$20.8 million for roads projects, \$1.5 million Ambulance, \$2.4 million for Solid Waste and \$17.1 million for Admin Centre Expansion
- Total debt outstanding peaks at \$52.9 million in 2028



County Tax Levy Projection	Actual		Forecasted			
	2019	2020	2021	2022	2023	2024
County Tax Levy (\$000's)	\$99,742	\$104,643	\$111,288	\$116,807	\$122,497	\$128,955
Residential Tax Impact	2.8%	3.3%	4.3%	3.9%	3.8%	4.2%

County Tax Levy Projection	Forecasted				
	2025	2026	2027	2028	2029
County Tax Levy (\$000's)	\$135,300	\$142,508	\$149,920	\$157,205	\$165,157
Residential Tax Impact	3.9%	4.3%	4.2%	3.8%	4.0%

Annual Surplus Reconciliation

The County of Wellington approves its annual operating and capital budgets using the modified accrual basis of accounting. The annual (audited) financial statements are presented on a full accrual basis of accounting. In order to help the reader understand the differences between the two basis of accounting, a conversion or reconciliation of the surplus relative to the budget approved by County Council is presented in the following section of the report.

In accordance with the **Municipal Act**, the County approves a balanced budget on an annual basis—which includes both an operating and a capital budget. The budget provides for the costs of all programmes provided by the County, any debt payments required during the year (including principal repayments), capital project expenses to be financed through the current year's levy, contributions to reserve funds to finance future infrastructure replacements, and may include contingencies and provisions for tax rate stabilization. The County continues to budget using the modified accrual basis of accounting because it provides the best measure of determining the annual tax levy requirement and meaningful and understandable budget to actual results throughout the year. Through its Budget Variance Reporting Policy, the County provides monthly financial statements to Council and variance reports throughout the year to establish controls and monitor results.

The annual financial statements provide information about the broad fiscal situation of the County over time. The “annual surplus” in these statements represents the amount of municipal funding available for capital formation and debt repayment after interest costs and amortization. This is different than the annual surplus reported on a modified accrual basis—which measures how tax dollars were collected and spent for their intended purpose over the year.

Annual financial statements are presented by the mandated programme categories as indicated in the chart below.

Expense by Function	Description of Department or Programme
General Government	Property Assessment (MPAC), Council, CAO/Clerks, Treasury, Human Resources, Economic Development, Property, and Community Grants.
Protection to Persons and Property	Police Services, Emergency Management, and Provincial Offences Act Administration.
Transportation Services	Roads Department including roads maintenance activities and winter control.
Environmental Services	Solid Waste Services, consisting of garbage collection, recycling, operation of transfer stations and landfills.
Health Services	Land Ambulance Services and Public Health.
Social Housing	Housing Services Department, including the operation of Social and Affordable Housing units.
Social and Family Services	Social Services such as Children's Early Years and Ontario Works, as well as the Wellington Terrace, the County's long-term care home.
Library and Museum	The County's 14 library branches and the Wellington County Museum and Archives.
Planning and Development	Planning Services as well as the Green Legacy tree planting programme.

Annual Surplus Reconciliation

Wellington County Council approves the operating and capital budgets each year on a modified-accrual basis of accounting (sometimes referred to as cash basis). Since the audited financial statements are prepared on a full accrual basis, a reconciliation must be performed in order to show the difference in the annual surplus on a property tax basis to the full accrual method. The reconciliation for 2019 is as follows:

Reconciliation of County Property Tax Surplus and Consolidated Financial Statement Annual Surplus	2019	2018
County Tax Supported Operating Surplus	\$1,547,435	\$4,054,947
Revenue Not Included in Operating Surplus		
Development Charges	1,453,012	2,864,455
Deferred Federal Gas Tax Revenue	5,747,957	2,740,633
Ontario Community Infrastructure Fund Revenue	2,327,003	701,170
Capital Provincial Grants	828,454	3,454,569
Capital Municipal Transfers	4,939,057	4,517,699
Wellington-Dufferin-Guelph Public Health Net Revenues	257,590	(93,343)
Wellington Housing Corporation Net Revenues	1,792,837	253,868
Other	1,262,811	623,072
	18,608,721	15,062,113
Expenses not Included in Operating Surplus		
Amortization of Tangible Capital Assets	23,208,763	21,847,243
Operating Expenses from Capital	10,952,613	5,425,486
Landfill, WSIB and Post-Employment Liability	697,006	(122,452)
Tax Increment Equivalent Grant Liability	150,125	-
Loss on Disposal of Assets	285,564	239,060
Other	304,441	164,132
	35,599,602	27,553,469
Revenue Included in Operating Surplus, but not in Consolidated Statements		
Transfers from Reserves	3,475,724	1,256,709
Interest - Development Charge and Federal Gas Tax Reserve Funds	273,151	273,218
Sale of Assets	284,401	464,742
	4,033,276	1,994,669
Expenses Included in Operating Surplus, but not in Consolidated Statements		
Transfers to Reserves and Reserve Funds	15,305,859	13,530,186
Transfers to Capital	12,293,000	11,378,000
Landfill Liability and Short Term Disability	532,959	269,623
Debt Principal Repayments	3,756,747	3,322,936
Operating Expenses Capitalized	1,582,019	1,278,496
	33,470,584	29,779,241
Consolidated Financial Statement Annual Surplus	13,993,863	19,348,163

Financial Statements

For the Year Ended December 31, 2019

Consolidated Financial Statements

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of the Corporation of the County of Wellington, which comprise :

- the consolidated statement of financial position as at December 31, 2019
- the consolidated statements of operations and accumulated surplus for the year then ended
- 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 these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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.

Consolidated Financial Statements

INDEPENDENT AUDITORS' REPORT

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.



Chartered Professional Accountants, Licensed Public Accountants

May 28, 2020

Waterloo, Canada

Consolidated Financial Statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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 and 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

The accompanying notes are an integral part of these financial statements.

Consolidated Financial Statements

CONSOLIDATED STATEMENT OF OPERATIONS

County of Wellington

Consolidated Statement of Operations

	Budget	2019	2018
	\$	\$	\$
	(Note 20)		
Revenues			
Taxation (Note 12)	100,943,800	101,785,776	97,111,559
Government Transfers			
Provincial (Note 13)	72,974,597	75,341,570	76,302,765
Federal (Note 13)	9,343,191	9,144,215	6,346,680
Municipal	27,138,633	26,604,122	24,451,012
Fees and Services Charges	11,894,500	12,319,029	10,930,545
Licenses, 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 Earned	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 and 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	7,557,951
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

The accompanying notes are an integral part of these financial statements.

Consolidated Financial Statements

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

County of Wellington

Consolidated Statement of Change in Net Financial Assets

For the year ended December 31	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
	(3,405,100)	4,968,504	9,718,887
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
Change in Net Financial Assets	(3,405,100)	5,065,468	9,289,114
Net Financial Assets, Beginning of Year	53,627,998	53,627,998	44,338,884
Net Financial Assets, End of Year	50,222,898	58,693,466	53,627,998

Consolidated Financial Statements

CONSOLIDATED STATEMENT OF CASH FLOWS

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

For the year ended December 31

2019**(Note 1 a) i)****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)	(1,176,003)
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:		
Change in Loan Receivable	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 Short Term Investments	5,360,314	7,713,193
Cash and Short Term Investments, Beginning of Year	28,409,641	20,696,448
Cash and Short Term Investments, End of Year	33,769,955	28,409,641

The accompanying notes are an integral part of these financial statements.

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 Wellington-Dufferin-Guelph Public Health to the extent of 32% (2018 – 32%) 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 programmes. Transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made (Note 14).

(vi) Contaminated Sites

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

(vii) Use of Estimates

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

Actual results could differ from these estimates.

Notes to the Financial Statements

For the Year Ended December 31, 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 Exterior Interior Site Elements Leasehold Improvements	15 to 50 20 to 40 15 to 40 10 to 30 Lease Term
Infrastructure	Roads and Parking Lots—Asphalt Roads and Parking Lots—Gravel Roads—Base Bridges—Surface Bridges and Culverts—Structure Traffic Signals, Street Signs, Outdoor Lighting	20 10 50 20 50 20
Vehicles and Machinery	Licensed Equipment Unlicensed Equipment	7 15
Furniture and Fixtures		15
Technology and Communications		5
Library Books and Media		5

Notes to the Financial Statements

For the Year Ended December 31, 2019

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 Archive's 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 and Archives as per Provincial Standards for Ontario Museums.

(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.

Notes to the Financial Statements

For the Year Ended December 31, 2019

(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.

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

Notes to the Financial Statements

For the Year Ended December 31, 2019

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%).

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.

Notes to the Financial Statements

For the Year Ended December 31, 2019

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		450,528	442,041
Consolidated Total		2,313,789	2,180,162

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	450,528	442,041
Consolidated Total	2,313,789	2,180,162

Notes to the Financial Statements

For the Year Ended December 31, 2019

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, beginning 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 the rate of 6.42% for 2019 vs. 2018 reducing by 0.33% 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:

	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	62,066	99,570
WSIB Liability	1,340,327	1,323,092

Notes to the Financial Statements

For the Year Ended December 31, 2019

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, 2019 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 municipality 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.

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

Notes to the Financial Statements

For the Year Ended December 31, 2019

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

Notes to the Financial Statements

For the Year Ended December 31, 2019

(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.

(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
	5,029,680	4,583,739

(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
	5,029,680	4,583,739

(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
	38,031,935	32,178,682

Notes to the Financial Statements

For the Year Ended December 31, 2019

(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 (2017 - \$11,323) principal and interest and due September 2020.

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

	Principal
2019	131,100
2020	489,548
	620,648

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 and 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 and Fixtures	7,982,128	787,614	(11,971)	8,757,771
Technology and Communications	5,530,883	1,515,442	(698,495)	6,347,830
Library Books and Media	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	10,850,171	281,714	(24,575)	11,107,310
Capital Work-in-Progress	9,022,539	6,751,989	(3,236,419)	12,538,109
Total	\$ 731,142,329	\$ 36,794,986	\$ (9,521,257)	\$ 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 and 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 and Fixtures	(3,801,238)	(579,450)	11,971	(4,368,717)
Technology and Communications	(3,333,519)	(777,189)	698,495	(3,412,213)
Library Books and Media	(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)

Notes to the Financial Statements

For the Year Ended December 31, 2019

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 and Machinery		
Licensed Equipment	7,061,977	7,656,515
Unlicensed Equipment	4,189,699	4,861,970
Furniture and Fixtures	4,180,890	4,389,054
Technology and Communications	2,197,364	2,935,617
Library Books and Media	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

(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).

Notes to the Financial Statements

For the Year Ended December 31, 2019

12. ACCUMULATED SURPLUS

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

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
Share of Public Health Unit (Note 15)	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	(150,125)	-
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
Benefits 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 and 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)
Provisions 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 Grants		
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 - Children's Early Years	22,672,005	23,176,321
Ministry of Municipal Affairs - Investing in Affordable Housing	1,792,501	4,069,432
MMAH Modernization Grant	725,000	-
Museum Operating Grant	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	865,674
Other	1,205,720	1,658,004
Subtotal Provincial Grants	\$75,341,570	\$76,302,765

Notes to the Financial Statements

For the Year Ended December 31, 2019

	2019	2018
Federal Grants		
Citizenship and Immigration Canada Subsidy	428,111	421,614
FCM Asset Management Grant	12,924	35,401
Federal Housing Block Funding	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 Grants	\$9,144,215	\$6,346,680
Total Grant Revenues	\$ 84,485,785	\$ 82,649,445

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 and 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 and 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).

Notes to the Financial Statements

For the Year Ended December 31, 2019

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 programmes, and is responsible for a similar share of the assets, liabilities and municipal position of the Health Unit. Based on updated 2016 Census information, the County share is 32.0% except for the share of the long-term loan which remains at 32.7%. The County's share of the results of the Health Unit's financial activities for the year and its financial position at year end have been consolidated in these financial statements. At December 31, 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 Public Health's assets, liabilities and municipal position 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 Public Health (Note 11)	770,751	2,230,346
Long Term Debt	(1,828,864)	(3,799,106)
Post Employment Liability (Note 7)	(450,528)	(442,041)
Invested in Tangible Capital Assets (Note 10)	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 programme of risk identification, evaluation and control to minimize the risk of injury to its employees and third parties and to minimize the risk of damage to its property and the property of others.

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

Based on claims received to December 31, 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 contributions 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 Affordable 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 Amount	2018 Budget Amount
Revenue	\$	\$
Operating Budget	220,706,700	214,247,700
Capital Budget	48,041,700	43,097,000
Public Health Budget	8,799,061	6,050,259
Less:		
Transfers from other funds	(25,727,700)	(22,774,600)
New debt financing	(9,640,000)	(4,360,000)
Internal Recoveries	(6,929,800)	(6,928,400)
Total Revenue	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
Public Health Budget	6,322,061	6,050,259
Less:		
Transfers from 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.

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.

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Notes to the Financial Statements

For the Year Ended December 31, 2019

2019						
	General Government	Protection	Transportation Services	Environmental Services	Health Services	Social Housing
Revenues						
Taxation	11,560,243	18,427,751	28,230,297	5,760,579	7,724,619	5,157,264
Grants and Subsidies	2,277,086	238,528	8,087,884	977,680	5,818,049	9,596,572
Municipal Revenue	103,643	333,698	3,140,560	-	79,918	16,112,239
Fees and Service Charges	818,491	27,927	1,237,379	3,949,208	(24)	(244,174)
Licenses, Permits, Rents	1,266,519	122,508	-	8,836		7,055,609
Interest, Donations, Other	3,112,460	3,104	57,662	-	48,398	174,241
Development Charges	45,291	168,912	544,561	-	80,339	66,741
Total Revenues	19,183,733	19,322,428	41,298,343	10,696,303	13,751,299	37,918,492
Expenses						
Salaries and Benefits	9,488,288	421,270	5,899,654	2,592,283	4,460,203	4,109,176
Goods and Services	6,842,885	710,017	13,537,578	7,021,332	1,463,371	6,819,340
Transfer Payments	685,002	16,259,035	-	-	12,407,298	19,297,608
Insurance and Interest	1,218,127	84,295	721,824	235,584	119,006	490,772
Amortization	1,410,652	898,128	13,222,835	379,916	485,942	3,823,880
Total Expenses	19,644,954	18,372,745	33,381,891	10,229,115	18,935,820	34,540,776
Excess (deficiency) of revenue over expenses	(461,221)	949,683	7,916,452	467,188	(5,184,521)	3,377,716

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Notes to the Financial Statements

For the Year Ended December 31, 2019

2019					
	Social and Family Services	Library	Museum	Planning and Development	Consolidated
Revenues					
Taxation	12,349,288	7,371,631	2,127,217	3,076,887	101,785,776
Grants and Subsidies	57,245,916	147,995	56,184	39,891	84,485,785
Municipal Revenue	6,713,480	30,600	-	89,984	26,604,122
Fees and Service Charges	5,626,707	84,248	88,656	730,611	12,319,029
Licenses, Permits, Rents	-	53,032	43,258	-	8,549,762
Interest, Donations, Other	168,564	3,990	1,946	11,268	3,581,633
Development Charges	11,889	535,279	-	-	1,453,012
Total Revenues	82,115,844	8,226,775	2,317,261	3,948,641	238,779,119
Expenses					
Salaries and Benefits	29,011,909	4,389,885	1,496,496	2,382,055	64,251,219
Goods and Services	4,432,206	1,322,804	500,333	465,385	43,251,108
Transfer Payments	39,958,503	-	500	733,103	89,341,049
Insurance and Interest	1,080,159	191,762	51,557	54,090	4,247,176
Amortization	1,377,384	1,927,264	232,858	71,703	23,694,705
Total Expenses	75,860,161	7,831,715	2,281,744	3,706,336	224,785,257
Excess (deficiency) of revenue over expenses	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
Revenues						
Taxation	10,036,804	18,047,825	27,748,859	5,309,932	7,363,716	5,143,550
Grants and Subsidies	1,880,472	358,261	3,477,204	865,674	5,720,059	11,869,723
Municipal Revenue	-	248,907	2,627,591	-	52,126	15,999,058
Fees and Service Charges	466,870	96,366	755,348	3,921,356	(2,115)	(56,420)
Licenses, Permits, Rents	1,253,659	114,765	-	8,992	-	6,991,448
Interest, Donations, Other	2,608,317	11,847	-	-	46,789	110,259
Development Charges	25,413	79,674	2,465,505	-	53,165	-
Total Revenues	16,271,535	18,957,645	37,074,507	10,105,954	13,233,740	40,057,618
Expenses						
Salaries and Benefits	8,792,287	489,597	7,595,299	2,354,956	3,956,175	3,768,297
Goods and Services	5,585,115	625,176	8,356,484	6,003,639	3,357,655	6,128,244
Transfer Payments	328,424	15,667,821	-	-	6,609,430	20,435,794
Insurance and Interest	981,474	128,019	1,689,406	201,281	95,993	373,927
Amortization	1,292,129	875,218	12,623,978	214,322	619,870	3,574,395
Total Expenses	16,979,429	17,785,831	30,265,167	8,774,198	14,639,123	34,280,657
Excess (deficiency) of revenue over expenses	(707,894)	1,171,814	6,809,340	1,331,756	(1,405,383)	5,776,961

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Notes to the Financial Statements

For the Year Ended December 31, 2019

2018					
	Social and Family Services	Library	Museum	Planning and Development	Consolidated
Revenues					
Taxation	11,305,310	6,801,916	2,105,874	3,247,773	97,111,559
Grants and Subsidies	58,236,803	178,883	57,304	5,062	82,649,445
Municipal Revenue	5,419,718	29,760	-	73,852	24,451,012
Fees and Service Charges	5,166,884	102,948	89,871	389,437	10,930,545
Licenses, Permits, Rents	-	47,980	53,381	-	8,470,225
Interest, Donations, Other	73,389	56,966	7,031	19,162	2,933,760
Development Charges	45,664	195,024	-	-	2,864,445
Total Revenues	80,247,768	7,413,477	2,313,461	3,735,286	229,410,991
Expenses					
Salaries and Benefits	26,783,080	4,228,741	1,478,257	2,170,213	61,616,902
Goods and Services	4,028,439	1,293,660	549,792	598,146	36,526,350
Transfer Payments	40,879,369	-	-	639,513	84,560,351
Insurance and Interest	992,029	233,552	35,648	26,693	4,758,022
Amortization	1,279,021	1,821,998	227,636	72,636	22,601,203
Total Expenses	73,961,938	7,577,951	2,291,333	3,507,201	210,062,828
Excess (deficiency) of revenue over expenses	6,285,830	(164,474)	22,128	228,085	19,348,163

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Wellington Housing Corporation

Financial Statements

For the year ended December 31, 2019

Financial Statements

INDEPENDENT AUDITORS' REPORT (WHC)

To the Members of the Board of Directors, Wellington Housing Corporation (WHC):

We have audited the accompanying 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 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 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 these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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’ Responsibility

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.

Financial Statements

INDEPENDENT AUDITORS' REPORT (WHC)

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.



Chartered Professional Accountants, Licensed Public Accountants

May 6, 2020

Waterloo, Canada

Financial Statements

WHC — STATEMENT OF FINANCIAL POSITION

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 Financial Assets	1,111,756	(355,349)
Non Financial Assets		
Tangible Capital Assets (Note 6)	2,596,483	2,270,751
Accumulated Surplus (Note 8)	3,708,239	1,915,402

The accompanying notes are an integral part of these financial statements.

Financial Statements

WHC — STATEMENT OF OPERATIONS

Wellington Housing Corporation

Statement of Operations

For the year ended December 31

(Note 9)

	Budget	2019	2018
	\$	\$	\$
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
Expenses			
Office and general	15,000	9,511	18,525
Professional fees	17,000	11,763	14,037
Management fees	40,000	32,316	27,067
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
 Annual Surplus	 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	 3,708,439	 1,915,402

The accompanying notes are an integral part of these financial statements.

Financial Statements

WHC — STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

Wellington Housing Corporation

Statement of Change in Net Financial Assets

For the year ended December 31

	(Note 9) Budget	2019	2018
	\$	\$	\$
Annual Surplus	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
Change in Net Financial Assets	146,000	1,467,105	295,223
Net Financial Assets (Debt), Beginning of Year	(355,349)	(355,349)	(650,572)
Net Financial Assets (Debt), End of Year	(209,349)	1,111,756	(355,349)

The accompanying notes are an integral part of these financial statements.

Financial Statements

WHC — STATEMENT OF CASH FLOWS

Wellington Housing Corporation
Statement of Cash Flows
For the year ended December 31

	2019	2018
	\$	\$
Cash Provided By (Used In):		
Operating Activities:		
Annual surplus	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 Change in Cash from Operating Activities	1,778,781	497,459
Capital Activities:		
Cash used to acquire tangible capital assets	(593,247)	(158,051)
Net Change in Cash from Capital Activities	(593,247)	(158,051)
Investing Activities:		
Change in long term investments	(1,782)	(10,259)
Net Change in Cash from Investing Activities	(1,782)	(10,259)
Financing Activities:		
Long term debt repaid	(129,503)	(128,293)
Net Change in Cash from Financing Activities	(129,503)	(128,293)
Net Change in Cash and Cash Equivalents	1,054,249	200,856
Cash and Cash Equivalents, Beginning of Year	207,859	7,003
Cash and Cash Equivalents, End of year	1,262,108	207,859

The accompanying notes are an integral part of these financial statements.

Notes to the WHC 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 V1 and V11 of the Housing Services Act (HSA); 440 King Street East, Mount Forest, ON. At the end of 2016, Mount Forest Non-Profit Housing Corporation, previously operating 440 King Street East was dissolved.

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. SUMMARY OF 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:

Notes to the WHC Financial Statements

For the Year Ended December 31, 2019

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 and Fixtures		15
Technology and 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 expenditures. 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 expenditures. Government transfers are recognized as revenue in the financial statements when the transfer is authorized, any eligibility criteria are met and a reasonable estimate of the amount can be made except, when and to the extent that, stipulations by the transferor give rise to an obligation that meet the definition of a liability. Government transfers that meet the definition of a liability are recorded as deferred revenue on Statement of Financial Position and recognized as revenue on Statement of Operations as the liability is extinguished. Government transfers paid are recognized as a liability and an expense when the transfer is authorized and all eligibility criteria have been met by the recipient.

(f) Rental Revenue

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

(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.

Notes to the WHC Financial Statements

For the Year Ended December 31, 2019

(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	-
	535,860	168,584

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.

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
	620,648

Notes to the WHC 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	December 31, 2018	Additions	Disposals	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 and 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	December 31, 2018	Disposals	Amortization Expense	December 31, 2019
Land	\$ -	\$ -	\$ -	\$ -
Buildings	(425,024)	42,715	(113,742)	(496,051)
Infrastructure—Parking Lots	(26,256)	-	(13,128)	(39,384)
Furniture and Fixtures	(17,457)	-	(8,987)	(26,444)
Total	\$ (468,737)	\$ 41,715	\$ (135,857)	\$ (561,839)
Net Book Value	December 31, 2018			December 31, 2019
Land	\$ 304,679			304,679
Buildings	1,685,967			1,716,507
Infrastructure—Parking Lots	256,124			242,996
Furniture and Fixtures	23,981			19,659
Capital Work-in-Progress	-			312,642
Total	\$ 2,270,751			2,596,483

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.

Notes to the WHC Financial Statements

For the Year Ended December 31, 2019

8. 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	2,596,483	2,270,751
Invested in Capital Fund	1,288,458	
Long term Liabilities	(620,648)	(750,151)
Total Surplus	3,264,293	1,520,600
Reserve Funds set aside by the Corporation Board for:		
WHC Capital Reserve	443,946	394,802
Total Reserves	443,946	394,802
Accumulated Surplus	\$ 3,708,239	\$ 1,915,402

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
Revenue	\$	\$
Operating Budget	856,000	634,000
Capital Budget	2,331,100	185,000
Less:		
Transfer from other funds	(331,000)	(185,000)
Total Revenue	2,856,000	634,000
Expenses		
Operating Budget	856,000	634,000
Capital Budget	2,331,100	185,000
Less:		
Transfers to other funds	(350,000)	(125,000)
Capital Expenses	(2,331,100)	(185,000)
Debt principal payments	(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.

Trust Fund Financial Statements

For the Year Ended December 31, 2019

Financial Statements

INDEPENDENT AUDITORS' REPORT (TRUST FUNDS)

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 of 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 of 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' Responsibility

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.

Financial Statements

INDEPENDENT AUDITORS' REPORT (TRUST FUNDS)

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.



Chartered Professional Accountants, Licensed Public Accountants

May 28, 2020

Waterloo, Canada

Financial Statements

TRUST FUNDS—STATEMENT OF FINANCIAL POSITION

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	45,320	20,492	63,942	129,754	140,818

The accompanying notes are an integral part of these financial statements.

Financial Statements

TRUST FUNDS—STATEMENT OF OPERATIONS

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	40,766	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	45,320	20,492	63,942	129,754	140,818

The accompanying notes are an integral part of these financial statements.

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

Statistical Data

For the Year Ended December 31, 2019

Five-Year Financial Statistics

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	2019	2018	2017	2016	2015
Financial Assets	\$ 136,960,439	\$ 125,841,684	\$ 109,970,379	\$ 110,242,501	\$100,239,517
Liabilities	78,266,973	72,213,686	65,631,495	70,070,188	67,479,557
Net Financial Assets	\$ 58,693,446	\$ 53,627,998	\$ 44,338,884	\$ 40,172,313	\$ 32,759,960
Tangible Capital Assets	430,447,282	421,421,924	411,792,648	401,439,215	386,515,187
Prepays and Inventory	2,867,427	2,964,391	2,534,618	2,807,543	3,615,003
Accumulated Surplus	\$ 492,008,175	\$ 478,014,313	\$ 458,666,150	\$ 444,419,071	\$ 422,890,150
RESERVE AND RESERVE FUNDS					
Reserves and Reserve Funds	\$ 90,401,471	\$ 82,494,784	\$ 74,059,380	\$ 66,703,928	\$70,697,935
LONG-TERM LIABILITIES					
Gross Long Term Liabilities	\$ 62,056,249	\$ 60,014,041	\$ 55,546,727	\$ 61,784,903	\$ 58,442,982
Recoverable from Member Municipalities	(24,494,314)	(27,835,359)	(29,295,109)	(32,339,955)	(27,126,340)
NET LONG-TERM LIABILITIES	\$ 38,031,935	\$ 32,178,682	\$ 26,251,618	\$ 29,444,948	\$ 31,316,642
Supported by					
General Municipal Revenues	\$ 28,142,935	\$ 29,794,682	\$ 23,484,618	\$ 26,307,948	\$ 27,817,642
Development Charges	9,889,000	2,384,000	2,767,000	3,137,000	3,499,000
	\$ 38,031,935	32,178,682	\$ 26,251,618	\$ 29,444,948	\$ 31,316,642
CHARGES FOR NET LONG-TERM LIABILITIES					
Supported by					
General Municipal Revenues	\$ 4,189,301	\$ 4,026,339	\$ 3,992,525	\$ 3,961,165	\$ 4,258,985
Development Charges	840,379	557,400	479,819	485,515	470,743
	\$ 5,029,680	\$ 4,583,739	\$ 4,472,344	\$ 4,446,680	\$ 4,729,728
Provincial Annual Debt Repayment Limit	\$ 23,327,601	\$ 22,491,472	\$ 20,675,112	\$ 18,527,571	\$ 20,545,424

Five-Year Financial Statistics

CONSOLIDATED STATEMENT OF OPERATIONS

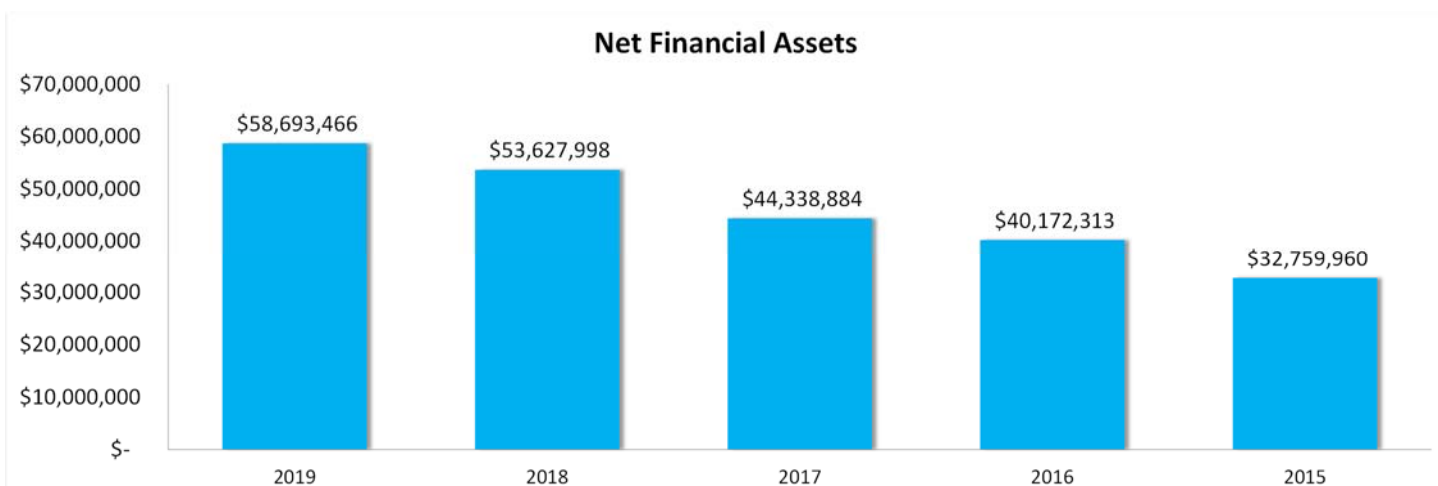
	2019	2018	2017	2016	2015
Sources of Revenue					
Taxation			\$ 93,248,002	\$ 88,587,319	\$ 85,415,402
Government Transfers					
Provincial	75,341,570	76,302,765	67,924,316	62,614,699	56,850,089
Federal	9,144,215	6,346,680	5,166,488	6,341,679	6,172,174
Municipal	26,604,122	24,451,012	24,042,601	25,486,751	24,632,718
Fees and Service Charges	12,319,029	10,930,545	10,564,373	9,467,963	9,658,152
Licenses, Permits, Rent	8,549,762	8,740,225	7,838,662	7,406,818	7,449,381
Interest, Donations, Other	3,561,633	2,933,760	2,737,834	2,824,677	2,724,605
Development Charges Earned	1,453,012	2,864,445	1,712,833	1,676,416	2,833,144
	238,779,119	229,410,991	213,235,109	204,406,322	195,735,665
Expenses by Function					
General Government	19,644,954	16,979,429	16,455,568	15,667,435	15,110,197
Protection to Persons and Property	18,372,745	17,785,831	17,347,807	18,081,503	18,562,498
Transportation Services	33,381,891	30,265,167	28,054,444	26,313,449	28,361,537
Environmental Services	10,229,115	8,774,198	9,307,931	6,540,688	8,068,797
Health Services	18,935,820	14,639,123	13,388,330	12,149,576	11,990,391
Social Housing	34,540,776	34,280,657	36,682,308	32,720,612	33,064,994
Social and Family Services	75,860,161	73,961,938	64,738,522	60,604,665	57,801,752
Library and Museum	10,113,459	9,869,284	9,566,106	9,188,608	8,737,863
Planning and Development	3,706,336	3,507,201	3,477,014	3,159,306	3,141,444
	224,785,257	210,062,828	198,988,030	184,425,572	184,839,473
Annual Surplus (Deficit)	13,993,862	19,348,163	14,247,079	19,980,750	10,896,192
Accumulated Surplus (Deficit), Beginning of	478,014,313	458,666,150	444,419,071	424,438,321	411,993,958
Accumulated Surplus (Deficit), End of Year*	\$ 492,008,175	\$ 478,014,313	\$ 458,666,150	\$ 444,419,071	\$ 422,890,150
Expenses by Object					
Salaries and Benefits	\$ 64,251,219	\$ 61,616,902	\$ 57,764,122	\$ 55,553,954	\$ 53,296,858
Goods and Services	43,115,252	36,526,350	40,530,271	33,598,557	37,085,311
Transfer Payments	89,341,049	84,560,351	74,905,837	70,953,240	69,992,322
Insurance and Interest	4,247,176	4,758,022	3,572,675	3,207,254	3,331,111
Amortization	23,830,562	22,601,203	22,215,125	21,112,567	21,133,871
	\$ 224,785,257	\$ 210,062,828	\$ 198,988,030	\$ 184,425,572	\$ 184,839,473

* 2015 surplus value has been restated

Five-Year Financial Statistics

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

	2019	2018	2017	2016	2015
Annual Surplus	\$ 13,993,862	\$ 19,348,163	\$ 14,247,079	\$ 19,980,750	\$ 10,896,192
Acquisition of Tangible Capital Assets	(33,558,567)	(33,001,713)	(33,033,303)	(35,632,618)	(24,976,854)
Amortization of Tangible Capital Assets	23,830,562	22,601,203	22,215,125	21,113,438	21,133,871
Loss on Disposal of Tangible Capital Assets	418,246	306,492	110,296	819,339	256,808
Proceeds on Sale of Tangible Capital Assets	284,401	464,742	354,449	323,984	490,602
	4,968,504	9,718,887	3,893,646	6,604,893	7,800,619
Acquisition of Inventories of Supplies	(779,004)	(922,697)	(782,046)	(768,287)	(884,946)
Acquisition of Prepaid Expenses	(2,088,423)	(2,041,694)	(1,752,572)	(2,039,256)	(2,730,057)
Consumption of Inventories of Supplies	922,697	782,046	768,287	884,946	729,083
Use of Prepaid Expenses	2,041,694	1,752,572	2,039,256	2,730,057	1,521,405
Change in Net Financial Assets	5,065,468	9,289,114	4,166,571	7,412,353	6,436,104
Net Financial Assets, Beginning of Year	53,627,998	44,338,884	40,172,313	32,759,960	26,323,856
Net Financial Assets, End of Year	\$ 58,693,466	\$ 53,627,998	\$ 44,338,884	\$ 40,172,313	\$ 32,759,960

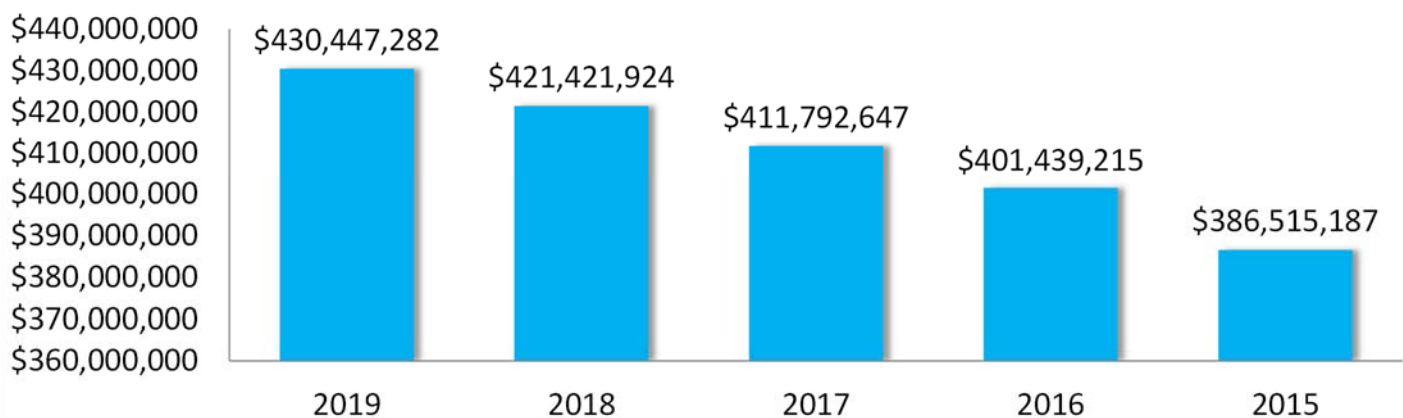


Five-Year Financial Statistics

NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS

	2019	2018	2017	2016	2015
Land	\$ 33,631,664	\$ 33,631,664	\$ 32,550,316	\$ 32,550,316	\$ 31,963,420
Landfill Sites	858,296	913,252	916,177	982,762	1,007,605
Buildings	130,788,606	130,722,244	120,492,079	109,106,097	107,035,327
Infrastructure					
Roads	164,207,997	164,853,716	160,297,095	161,266,824	162,247,462
Bridges	41,411,653	38,629,408	37,312,620	37,934,554	34,409,265
Culverts	12,210,880	11,713,562	11,328,630	10,224,321	9,792,842
Structural Walls	189,595	-	-	-	-
Traffic Lights	1,217,708	972,092	988,273	980,361	829,613
Trails	206,524	212,133	222,840	181,790	191,507
Parking Lots	1,989,140	1,848,028	805,875	814,911	826,080
Vehicles and Machinery					
Licensed Equipment	7,656,515	7,061,977	6,712,509	6,221,128	5,354,868
Unlicensed Equipment	4,861,970	4,189,699	3,852,817	4,308,217	4,488,543
Furniture and Fixtures	4,389,054	4,180,890	3,858,651	3,613,308	3,792,871
Technology and Communications	2,935,617	2,197,364	2,132,728	2,659,447	2,786,594
Library Books and Media	1,600,874	1,641,756	1,635,111	1,603,033	1,457,603
Wellington Housing Corporation	2,596,483	2,270,751	2,312,107	2,163,523	1,120,124
Public Health	7,156,597	7,360,849	8,006,413	8,481,117	8,673,162
Capital Work-in-Progress	12,538,109	9,022,539	18,368,406	18,347,506	10,538,301
Total	\$ 430,447,282	\$ 421,421,924	\$ 411,792,647	\$ 401,439,215	\$ 386,515,187

Net Book Value of Tangible Capital Assets



Five-Year Financial Statistics

CONSOLIDATED RESERVES AND RESERVE FUNDS

	2019	2018	2017	2016	2015
Capital Related Reserves					
Roads Capital	\$12,507,746	\$ 12,713,888	\$ 11,867,060	\$ 6,496,506	\$ 8,771,603
Wellington Terrace Capital	12,448,486	12,341,161	8,441,858	8,198,058	7,726,706
County Property	7,746,621	7,568,630	9,167,871	8,976,919	7,323,908
General Capital	4,845,418	4,971,163	4,507,623	3,642,829	3,743,215
Solid Waste Services	4,004,884	4,734,178	4,865,249	4,508,723	4,219,205
Social Services and Social Housing	3,566,962	3,222,418	2,741,739	2,818,321	2,639,643
Programme Specific	1,687,020	1,605,373	1,400,026	1,372,776	1,095,818
Land Ambulance and POA Capital	465,814	742,838	585,542	533,156	665,701
Hospital Capital Grants	-	-	880,000	1,820,000	760,000
	\$ 47,272,950	\$ 47,899,649	\$ 44,456,968	\$ 38,367,288	\$ 36,945,800
Contingency/Stabilization/Operating Reserves					
Corporate Contingency	\$8,810,679	\$ 7,084,393	\$ 6,893,286	\$ 6,842,293	\$ 6,549,579
Social Services and Social Housing	6,312,365	5,658,919	5,455,783	4,709,495	8,113,832
Tax Levy Stabilization	3,171,948	1,457,042	1,057,521	1,029,938	1,150,221
Employee Benefits, Sick Leave and STD	2,879,944	2,849,352	2,617,369	2,248,534	2,211,202
Winter Control	1,391,360	1,342,214	777,394	757,118	1,691,032
Programme Specific	562,273	664,043	688,938	755,929	1,249,916
Corporate Insurance	483,088	427,367	414,119	398,473	378,889
	\$ 23,611,657	\$ 19,483,330	\$ 17,904,411	\$ 16,741,780	\$ 21,344,671
Specific Purpose Reserve Funds					
Landfill Closure and Post Closure	\$7,970,073	\$ 7,450,721	\$ 6,689,659	\$ 6,004,271	\$ 5,542,938
Housing Regeneration	4,555,449	3,885,375	1,278,440	1,913,589	2,615,648
Workplace Safety and Insurance	3,569,701	3,464,351	3,305,439	3,424,523	3,291,172
Public Health Debt Retirement	2,785,879	-	-	-	-
Museum, Library and Terrace Donations	354,852	311,359	223,983	138,495	338,617
Logan Donation	148,158	-	-	-	-
Homeownership Loan Programme	132,753	-	-	-	-
Best Start Programme	-	-	200,480	113,981	619,090
	\$ 19,516,864	\$ 15,111,805	\$ 11,698,001	\$ 11,594,859	\$ 12,407,465
Total Reserves and Reserve Funds	\$ 90,401,471	\$ 82,494,784	\$ 74,059,380	\$ 66,703,928	\$ 70,697,935

Five-Year Financial Statistics

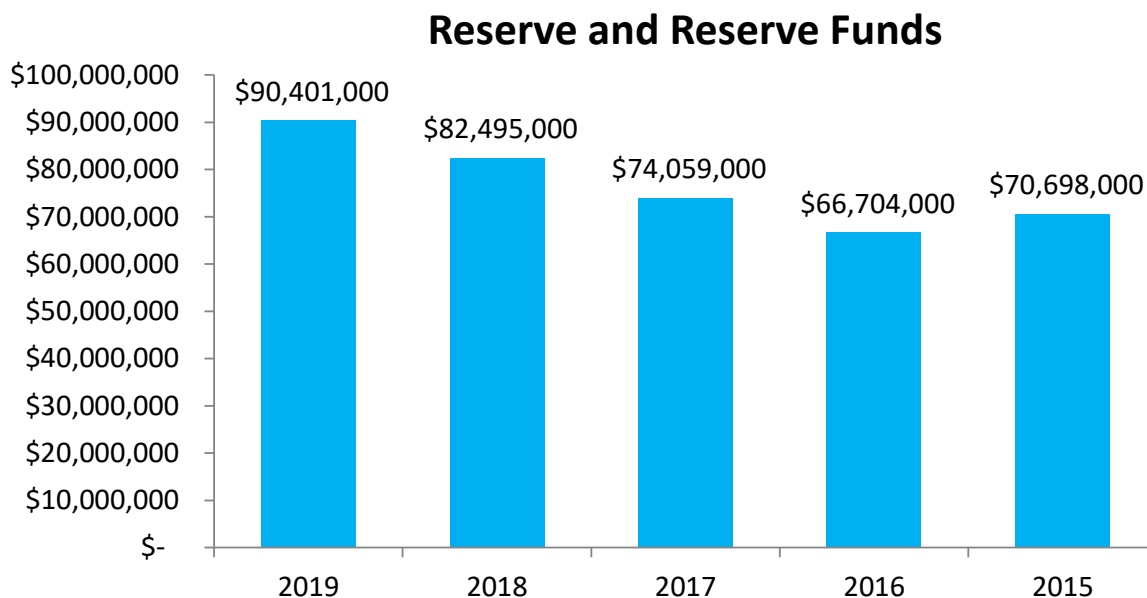
CONSOLIDATED RESERVES AND RESERVE FUNDS

The purpose of the Reserve and Reserve Fund Policy is to establish the principles regarding the creation, funding, use and closing of reserves and reserve funds in order to promote a long-term, strategic approach to the use of such funds as a financing tool. Reserves and reserve funds serve as a mechanism to plan financially for today and the future. The County strives to maintain solid reserves and reserve fund positions to ensure future liabilities can be met; capital assets/infrastructure are properly maintained; and that the County maintains sufficient financial flexibility to respond to economic cycles and unanticipated financial requirements.

Throughout 2019 three new reserve funds were created.

1. **Public Health Debt Retirement:** lump sum repayment received from Wellington-Dufferin-Guelph Public Health was set aside to fund future debt payments on the loan, including retiring the Public Health Unit Debt at the time of the balloon payment in 2023 rather than refinancing.
2. **Logan Donation:** Mr. Robert Logan, a County of Wellington resident, has made a very generous donation to the County in recognition of his wife, Luella ("Lou") to set up a scholarship fund to encourage young women in politics and to set up an award to honour retired female politicians. The funds are to be administered by the County.
3. **Home Ownership Loan Programme:** a provincial programme administered by the County to provide an interest free down payment for qualifying applicants.

The County is committed to maintaining strong reserve balances. In 2019, \$25.3 million was transferred to the County's reserve and reserve funds, with \$2.5 million used to fund operations and \$14.8 million funding capital projects.



Five-Year Financial Statistics

PROPERTY TAXES

	2019	2018	2017	2016	2015
Property Tax Rates by Class					
Residential	0.6175%	0.6278%	0.6403%	0.6428%	0.6489%
Multi-Residential	1.1732%	1.1929%	1.2165%	1.2007%	1.2266%
Farmland	0.1543%	0.1569%	0.1601%	0.1607%	0.1622%
Commercial	0.9207%	0.9361%	0.9546%	0.9507%	0.9475%
Industrial	1.4820%	1.5068%	1.5366%	1.5427%	1.5576%
Pipeline	1.3893%	1.4126%	1.4406%	1.4398%	1.4343%
Managed Forests	0.1543%	0.1568%	0.1601%	0.1607%	0.1622%
County Tax Levy	\$99,741,800	\$95,079,100	\$91,427,400	\$87,855,302	\$84,523,500
Supplementary and Omitted Taxes	\$2,223,353	\$2,212,685	\$2,075,669	\$1,996,291	\$1,642,267
Payment in Lieu of Taxes	\$765,247	\$721,500	\$671,679	\$625,203	\$590,978
Other	\$31,680	\$31,640	\$30,895	\$30,664	\$28,193
	\$102,762,080	\$98,044,924	\$94,205,643	\$90,507,460	\$86,784,938
Less:					
Property Taxes written off as uncollectible	(\$971,519)	(\$808,366)	(\$833,662)	(\$1,214,017)	(\$765,000)
Provision for Assessment as Risk	(\$4,785)	(\$125,000)	(\$123,979)	(\$706,124)	(\$604,536)
Total Property Taxes Collected By the County	\$101,785,776	\$97,111,558	\$93,248,002	\$88,587,319	\$85,415,402
Weighted Assessment (\$000)	\$16,152,362	\$15,143,290	\$14,279,600	\$13,668,000	\$13,024,000
Current Value Assessment (\$000)					
Residential	\$12,583,129	\$11,885,679	\$11,244,084	\$10,775,704	\$10,298,260
Non-residential	\$5,917,378	\$5,326,976	\$4,753,114	\$4,215,837	\$3,916,397
Total Current Value Assessment	\$18,500,507	\$17,212,448	\$15,997,198	\$14,991,541	\$14,214,658

Five-Year Financial Statistics

MUNICIPAL STATISTICS

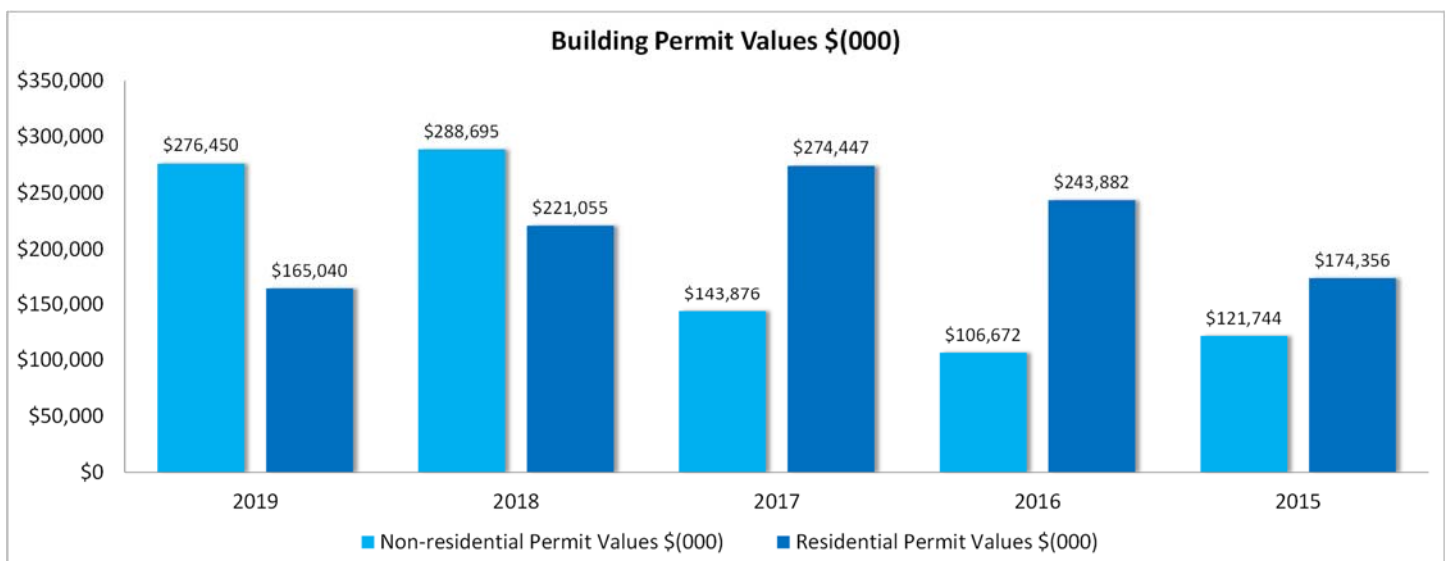
As shown by the building permit values in the table below, residential development has been steady and non-residential development is on the rise. Ontario Places to Grow has forecasted the County's population to be 122,000 in 2031 and 140,000 in 2041, which indicates stable growth throughout the years to come. Employment is forecasted to reach 54,000 in 2031 and 61,000 in 2041 reflecting expansion of Wellington's economy, backed by the ongoing implementation of a solid Economic Development Strategy.

	2019	2018	2017	2016	2015
Population*	99,200	97,610	98,400	95,805	94,440
Households*	34,930	34,350	34,050	32,960	32,500
Average Unemployment Rate**	3.3%	3.1%	3.8%	5.3%	4.6%
Jobs	48,378	47,320	45,810	46,018	45,305
Residential Permit Values (\$000) (a)	\$276,450	\$288,695	\$274,447	\$243,882	\$174,356
Non-residential Permit Values (\$000) (b)	\$165,040	\$221,055	\$143,876	\$106,672	\$121,744
Per Household Information					
County Tax Levy Per Household	\$2,855	\$2,760	\$2,685	\$2,666	\$2,600
Debt Charges Per Household	\$144	\$133	\$132	\$135	\$146
Tangible Capital Assets Per Household	\$12,323	\$12,268	\$12,093	\$12,180	\$11,892
Total Debt Outstanding Per Household	\$1,089	\$937	\$771	\$893	\$964

* Source: Watson and Associates Economists Ltd and County of Wellington Planning Department.

** Note: Unemployment figures include the City of Guelph, which is not part of the County of Wellington

(a) (b) Source: Member Municipality Building departments and County of Wellington Planning Department



Five-Year Financial Statistics

FINANCIAL INDICATORS

Financial Indicator	2019	2018	2017	2016	2015
Capital Expenditures/ Total Expenditures	15.9%	16.7%	17.6%	20.0%	14.8%
Modifiable Revenue/Total Operating Revenue	72.0%	76.2%	74.9%	76.3%	76.1%
Operating Balance/Total Operating Revenue	11.3%	14.7%	15.1%	16.5%	13.1%
After-Capital Balance/Total Operating Revenue	1.9%	4.3%	3.3%	3.0%	4.0%
Free Cash and Liquid Assets/next 12 months debt service	1,092%	980%	1,050%	980%	1,010 %
Tax Supported Debt (incl lower-tiers)/Total Operating Revenue	31.5%	31.4%	30.9%	36.9%	36.1%
Tax Supported Debt (County-only)/Total Operating Revenue	19.3%	17.1%	14.9%	17.9%	19.6%
Debt Interest/Total Operating Revenue	1.1%	1.2%	1.3%	0.8%	0.9%
Debt to Reserve	0.43	0.40	0.37	0.46	0.44

TOP 20 CORPORATE TAXPAYERS IN 2019

Nestle Canada Inc.	Puslinch
Morguard Brock McLean Limited (Maple Leaf Foods)	Puslinch
Jefferson Elora Corporation	Centre Wellington
TG Minto	Minto
Wallenstein Feed and Supply Ltd	Mapleton
RMM Fergus Property Inc. (Walmart)	Centre Wellington
Con-Cast Pipe Limited	Puslinch
1236757 Ontario Inc. (Musashi)	Wellington North
Royal Canin Canada Company	Puslinch
Nexans Canada Inc.	Centre Wellington
Coldpoint Properties Ltd	Guelph/Eramosa
25354084 Ontario Limited (Mammoet Crane)	Puslinch
Darling International Canada Inc.	Mapleton
Riocan Holdings Inc.	Centre Wellington
Skyline Retail Real Estate	Centre Wellington
1056469 Ontario Inc. (Pentalift)	Puslinch
Golden Valley Farms	Wellington North
Russel Metals Inc.	Puslinch
Sligo Road Limited	Wellington North
Kenhar	Wellington North

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