

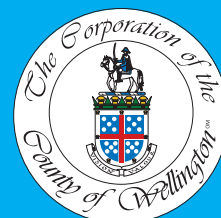


ANNUAL FINANCIAL REPORT 2020



For the year ended December 31, 2020

Corporation of the County of Wellington
Guelph, Ontario, Canada



2020 Annual Financial Report

For the fiscal year ending December 31, 2020



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

**The County of Wellington • 74 Woolwich Street
Guelph, ON • N1H 3T9
T 519.837.2600 • www.wellington.ca**

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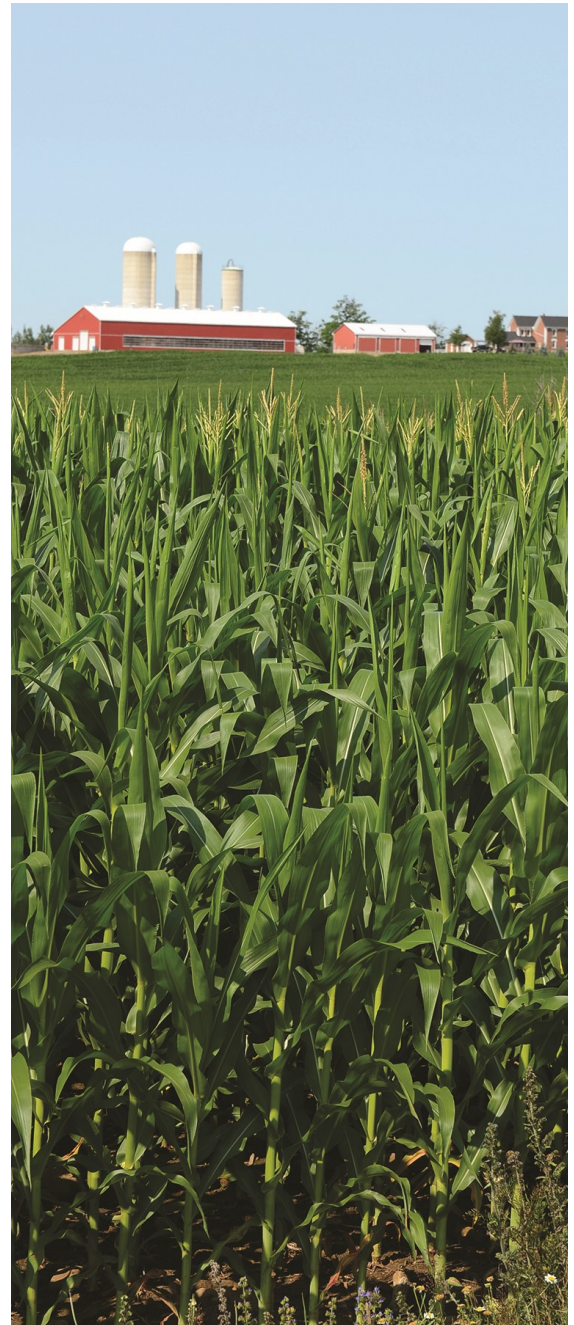
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COUNTY OF WELLINGTON

74 WOOLWICH STREET

GUELPH, ONTARIO

N1H 3T9

July 20, 2021

Dear Residents of Wellington County:

It is my pleasure to present you with the County's Annual Financial Report for the year 2020 on behalf of County Council and the employees of the County of Wellington. COVID-19 presented the County with unprecedented challenges as the global pandemic caused significant changes in how we conduct business as well as the way we go about our daily lives. With the help of the federal and provincial governments, the County, along with its member municipalities have been able to adapt and make adjustments to assist the most vulnerable in our communities. Within this ever changing environment the County was able to:

- Provide the highest level of care and safety for residents and staff of the Wellington Terrace, our long-term care home, as well as County employees across all departments;
- Establish the Keep Well Emergency Business Sustainability Fund to provide low-interest loans to Wellington County businesses to help support them during the economically challenging period;
- Enhance the County's curbside collection programme, including organics collection, standardized collection frequency, leaf and yard waste collection and a collection fleet fueled by natural gas;
- Capitalize an investment of \$27.4 million to improve the County road and bridge network, facilities, and equipment, and \$5.6 million in capital repairs and enhancements within social and affordable housing units;
- Open four new affordable townhouse units at 440 King Street in Mount Forest;
- Work with all seven local municipalities to implement new asset management software to enhance the ability to coordinate future asset management activities;
- End the year with a \$6.9 million operating budget surplus;
- Maintain Wellington County's Credit Rating at AA+ (stable) in 2020

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

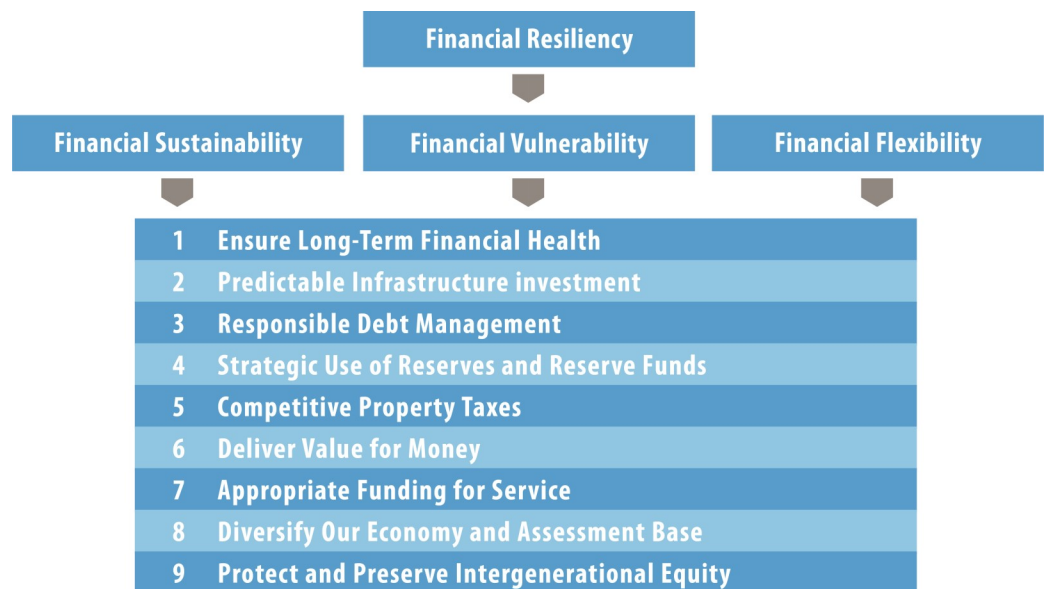


SERVICE EFFICIENCY REVIEW

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

To achieve this objective we:

1. Continued a partnership 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. Completed the installation of fresh air filtration and humidification at County facilities in order to provide staff and visitors with a healthy environment;



MAKING THE BEST DECISIONS

To achieve this objective we:

1. Used the 2020 County budget surplus to reduce future budget financial pressures as well as to reduce future debt issues and the related tax supported debt servicing;
2. Established the Keep Well fund in partnership with Wellington-Waterloo Community Futures and the Saugeen Economic Development Corporation to provide low-interest loans to Wellington County businesses to support them during the economically challenging period brought on by the Covid-19 pandemic.
3. Undertook a Wellington County Museum and Archives Strategic Plan that incorporates stakeholders input as well as public consultation in order to develop a five year Strategic Plan to provide direction for its operation and growth that aligns with the Corporation of the County of Wellington's strategic plan,



PROVIDING THE HIGHEST LEVEL AND BEST QUALITY SERVICES

To achieve this objective we:

1. Implemented the Solid Waste Services Strategy with curbside collection changes including organics collection, standardized collection frequency, leaf and yard waste collection and a collection fleet fueled by natural gas;
2. Provided additional resources at the Wellington Terrace Long-Term Care Home to provide the highest level of resident care during the COVID -19 pandemic.



PLANNING FOR AND PROVIDING THE BEST PHYSICAL INFRASTRUCTURE

To achieve this objective we:

1. Opened four new affordable townhouse units at 440 King Street in Mount Forest;
2. Initiated the County of Wellington's Climate Change Mitigation Plan in order to quantify the greenhouse gases produced from County operations (buildings, fleet, solid waste, street lighting) and the community (buildings, transportation, solid waste, agriculture) and set out a pathway for reduction.



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, 2019.

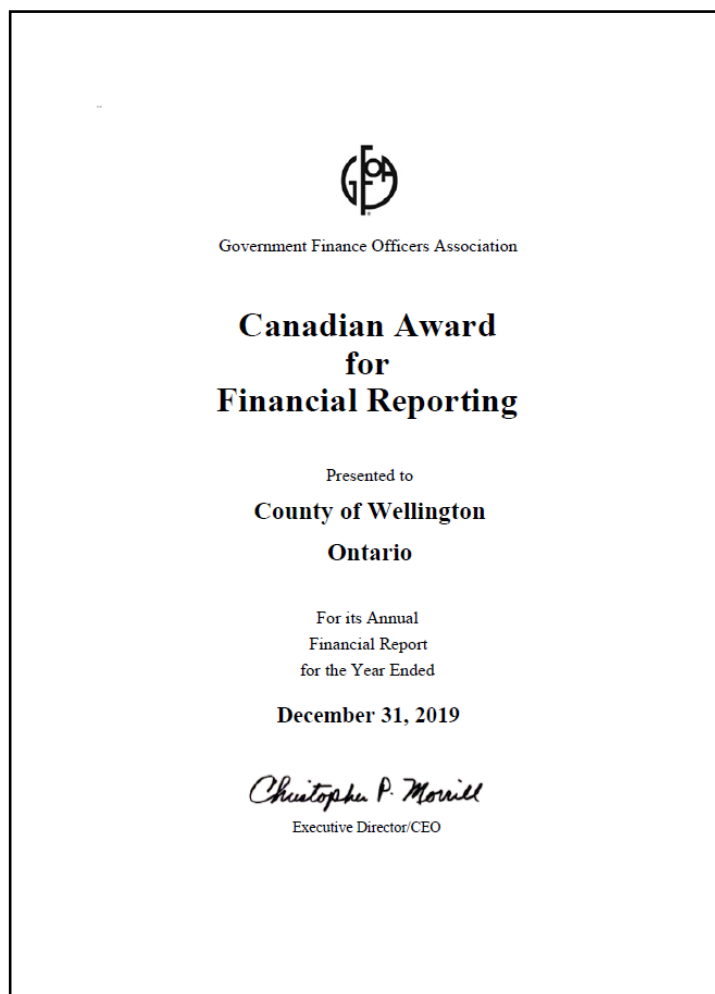
The County of Wellington joined this programme in 2014 and has received six consecutive awards for the 2013-2019 Annual Financial Reports.

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, 2019. 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, 2020. 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 and improving financial management;
- Very low contingent liabilities.

AWARDS AND RECOGNITION

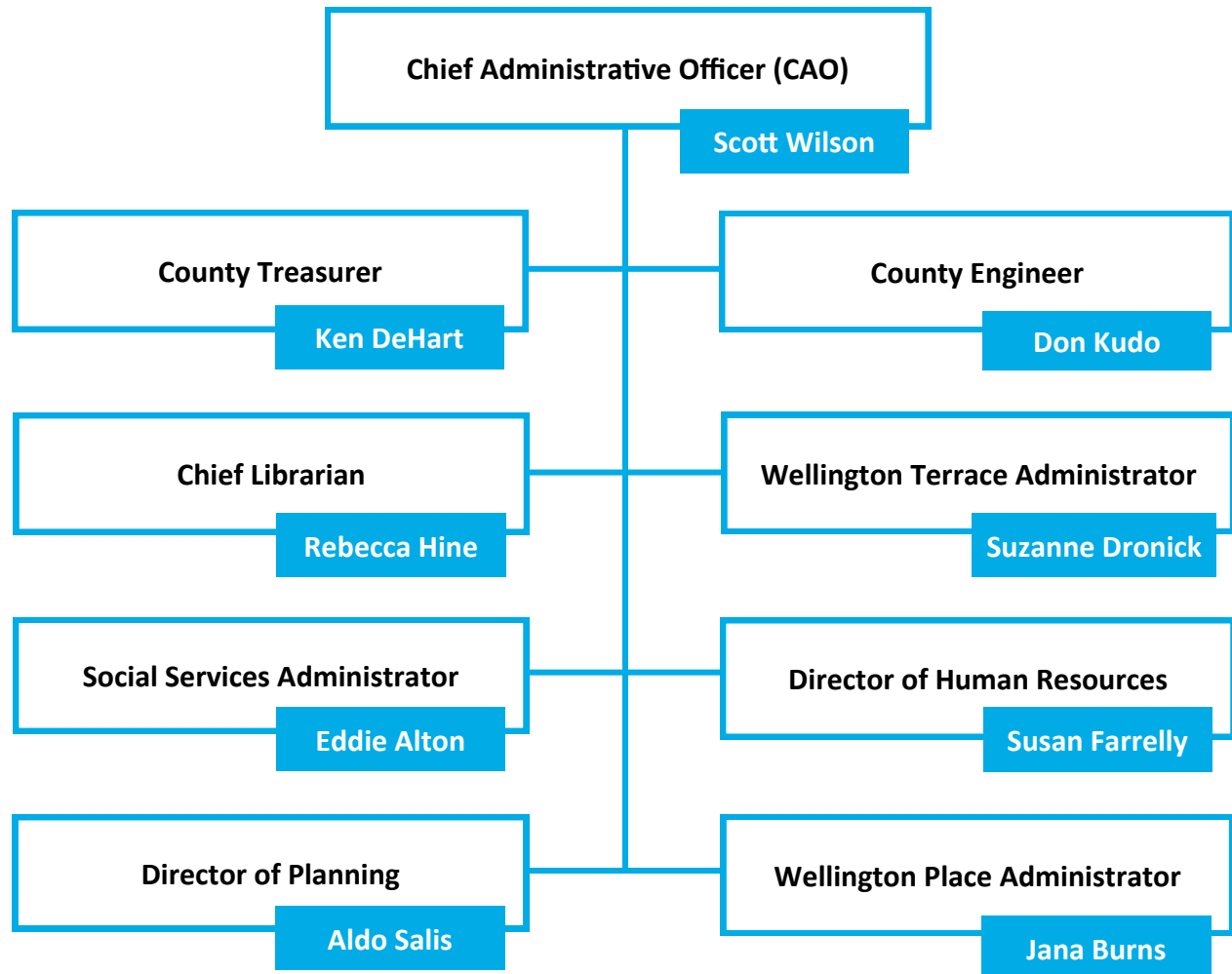


GOLD Award for Campaign by a Small Municipality

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 the MWA hosts a friendly competition for municipalities to submit the best of their promotion and education materials. The awards are scored on a variety of criteria including planning and implementation, effectiveness, and novelty, innovation, and value to others.

The Solid Waste Services Division was pleased to be awarded a GOLD Award for a Campaign by a Small Municipality (up to 50,000 households). The award-winning campaign supported the successful roll-out of the County's new and enhanced curbside collection services, including the launch of the green bin organics collection programme.

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



Scott Wilson
Chief Administrative Officer



Ken DeHart
County Treasurer



Don Kudo
County Engineer



Rebecca Hine
Chief Librarian



Suzanne Dronick
Wellington Terrace Administrator



Eddie Alton
Social Services Administrator



Susan Farrelly
Director of Human Resources



Aldo Salis
Director of Planning



Jana Burns
Wellington Place 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

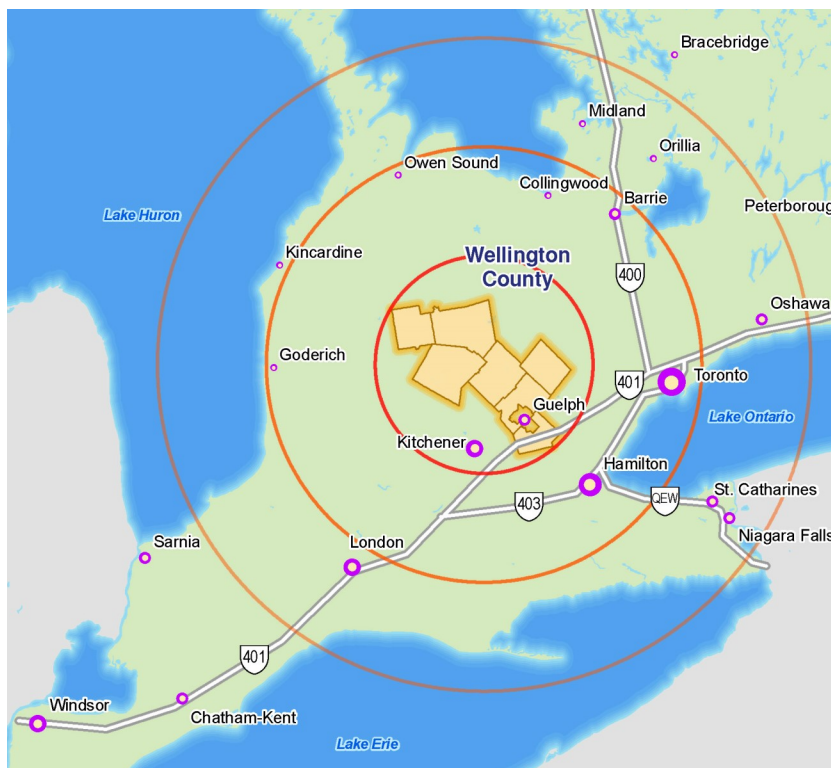
Councillor Diane Ballantyne
 County Ward 6
 T 519.400.9851

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 Guelph, University of Waterloo, 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
EST. 1850

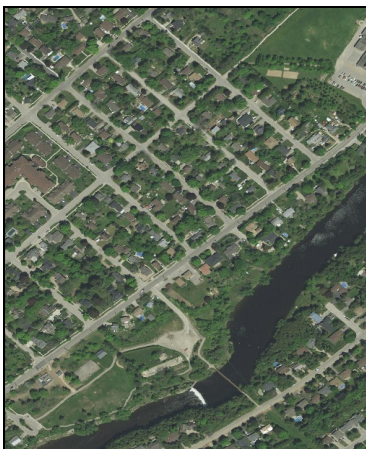
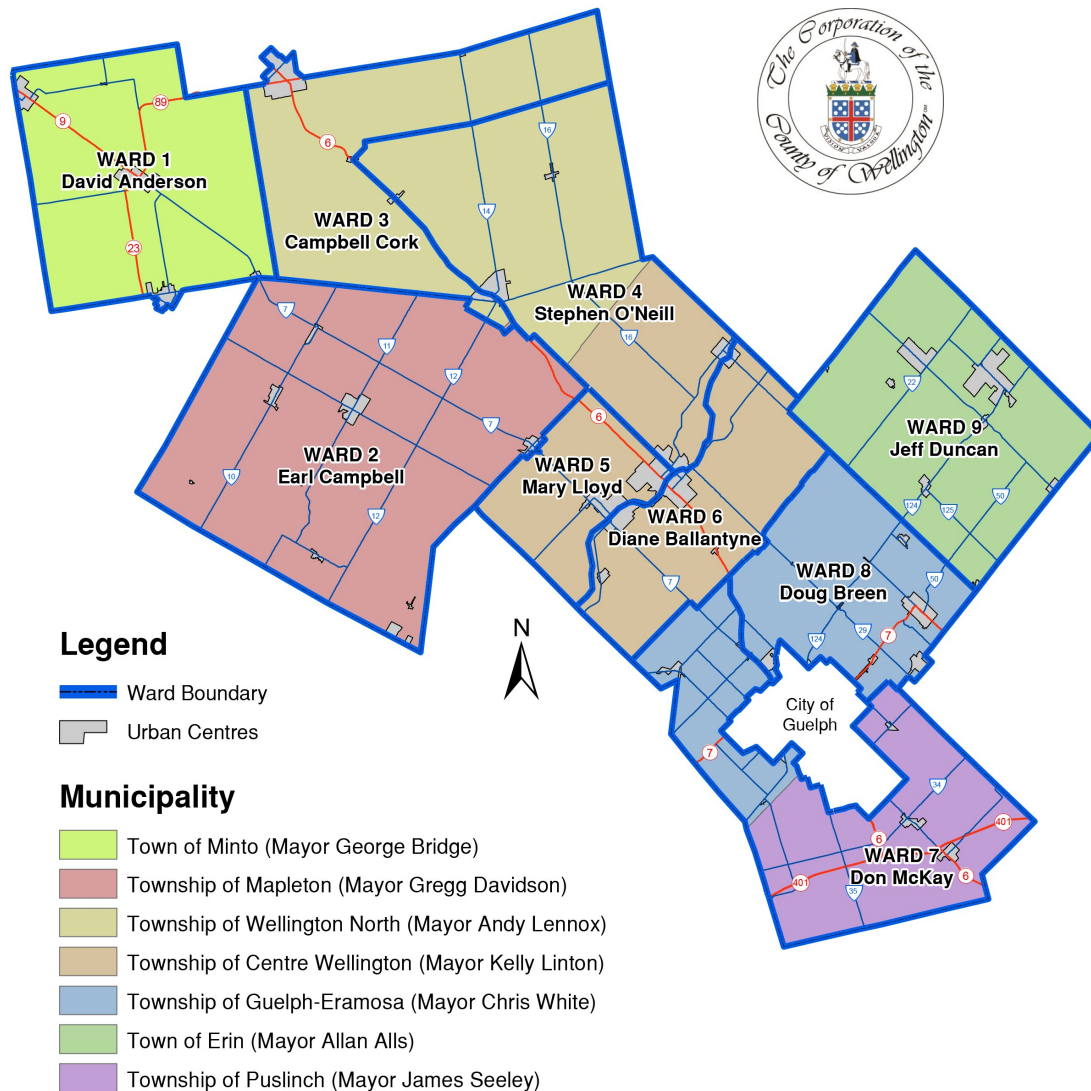
Township of Puslinch
519.763.1226
www.puslinch.ca



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

COUNTY OF WELLINGTON AT A GLANCE

County of Wellington Ward Boundaries



Population
100,980

Land area
2,610km²

Businesses
3,651

Average Household Income
\$121,334

Households
35,580

Pop. Density
38.7/km²

Jobs
46,794

Job Growth (2016-2020)
2%

Municipalities
7

Credit rating
AA+

Workforce
56,185

Annual budget
\$230 million



COUNTY OF WELLINGTON POPULATION

At the end of 2020, Wellington County had **35,580** households and a population (adjusted for net Census undercount) of **100,980**. The population of Wellington County is projected to grow to 140,000 by 2041.

Wellington County 2020 Population Estimates				
	Mid-Year (2011)		End of Year (2020)	
	Population	Households	Population	Households
Centre Wellington	29,350	10,830	32,450	11,970
Fergus	14,860	5,670	17,310	6,560
Elora/Salem	7,170	2,670	7,730	2,870
Centre Wellington Rural	7,320	2,490	7,410	2,540
Erin	11,890	3,955	12,210	4,250
Erin Village / Hillsburgh	4,490	1,670	4,550	1,700
Erin Rural	7,520	2,450	7,660	2,550
Guelph/Eramosa	12,890	4,220	14,090	4,750
Rockwood	4,530	1,595	5,500	1,920
Guelph/Eramosa Rural	8,350	2,625	8,590	2,830
Mapleton	10,400	2,930	11,480	3,330
Drayton	1,960	675	2,490	880
Moorefield	430	155	740	230
Mapleton Rural	8,010	2,100	8,250	2,220
Minto	8,680	3,140	9,570	3,440
Clifford	820	335	980	390
Harriston	2,040	775	2,280	830
Palmerston	2,720	1,025	3,030	1,170
Minto Rural	3,100	1,005	3,280	1,050
Puslinch	7,320	2,535	8,260	2,940
Aberfoyle	320	120	340	200
Morrison	460	180	490	170
Puslinch Rural	6,530	2,235	7,430	2,570
Wellington North	11,950	4,450	12,920	4,900
Arthur	2,550	940	2,790	1,080
Mount Forest	4,950	2,075	5,520	2,330
Wellington North Rural	4,450	1,435	4,610	1,490
Wellington County	90,880	31,190	100,980	35,580

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



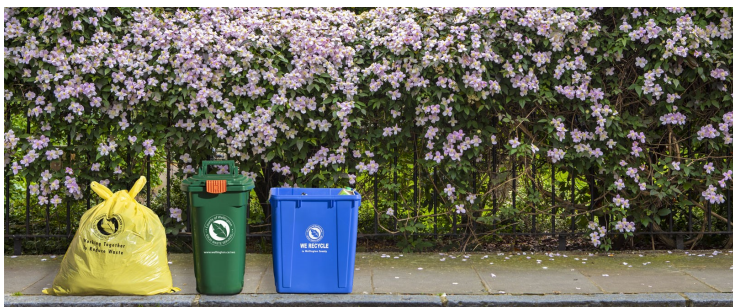
ROADS

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.



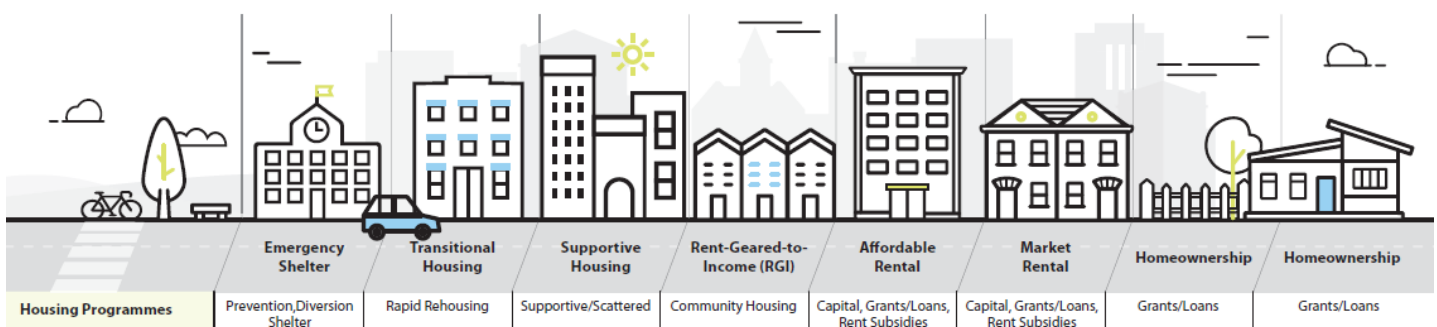
- **Children's Early Years:** investing in and supporting an affordable, accessible, and accountable child care system. Services include child care subsidies for financially eligible families; special needs resourcing; wage subsidies to increase the overall level of wages paid to child care workers; 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.

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

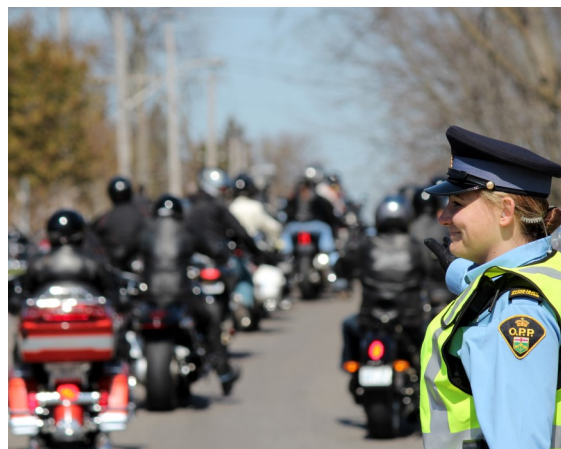
The County's Economic Development Department strives to grow the economy and build on the community's many strengths. The County works as a facilitator, connecting businesses with resources, contacts, and supply chain opportunities. These efforts are aligned and promoted on a County level, to ensure 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

2020 was a year that required us to be flexible, innovative and patient. Wellington County and our rural communities forged a path towards recovery and continues to adapt and change through this process. Many rural communities are facing challenges related to housing, talent attraction, and internet connectivity, and these challenges have been amplified by the pandemic. The Economic Development department continues to work towards developing and supporting 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 2020 include the Keep Well Emergency Business Fund, Invest Well Community Improvement Programme, Ride Well Rural Transportation, Wellington County community signage, talent attraction and the Taste Real Local Food programme. In 2020 we reached out to businesses with the Business Recovery Survey and gained feedback from 435 local businesses. This allowed us to develop recovery actions like the Business Recovery Grants, workshop sponsorship and shop local promotion of Wellington County into 2021.

In 2019, Guelph-Wellington was awarded the \$10 million Smart Cities Challenge grant from Infrastructure Canada. “Our Food Future” officially launched in 2020 and quickly refocused activities due to the pandemic with the successful 10-point recovery plan. Partnerships are vital to supporting our economy, and the Our Food Future project supports business development, access to nutritious food and innovative solutions to food waste as we strive to influence sustainable, circular practices in Guelph-Wellington.

Communities need reliable internet access and Wellington County is taking steps to connect rural homes and businesses. The South Western Integrated Fibre Technology (SWIFT) programme began building out \$12.1 million of internet infrastructure to 3,000 residents and businesses in Wellington County in 2021 and we aim to enhance those connections further.

In 2021, Wellington County continues to support businesses as they recover from the effects of the COVID-19 pandemic, and we remain focused on helping business thrive, facing our challenges with innovation solutions and moving our local economy forward.



Crystal Ellis,
BA, CMM III

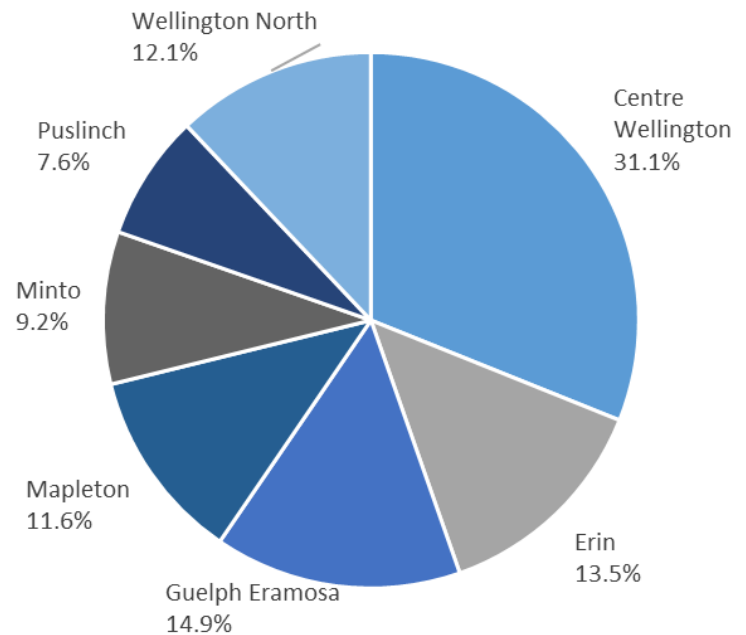
Director of Economic
Development



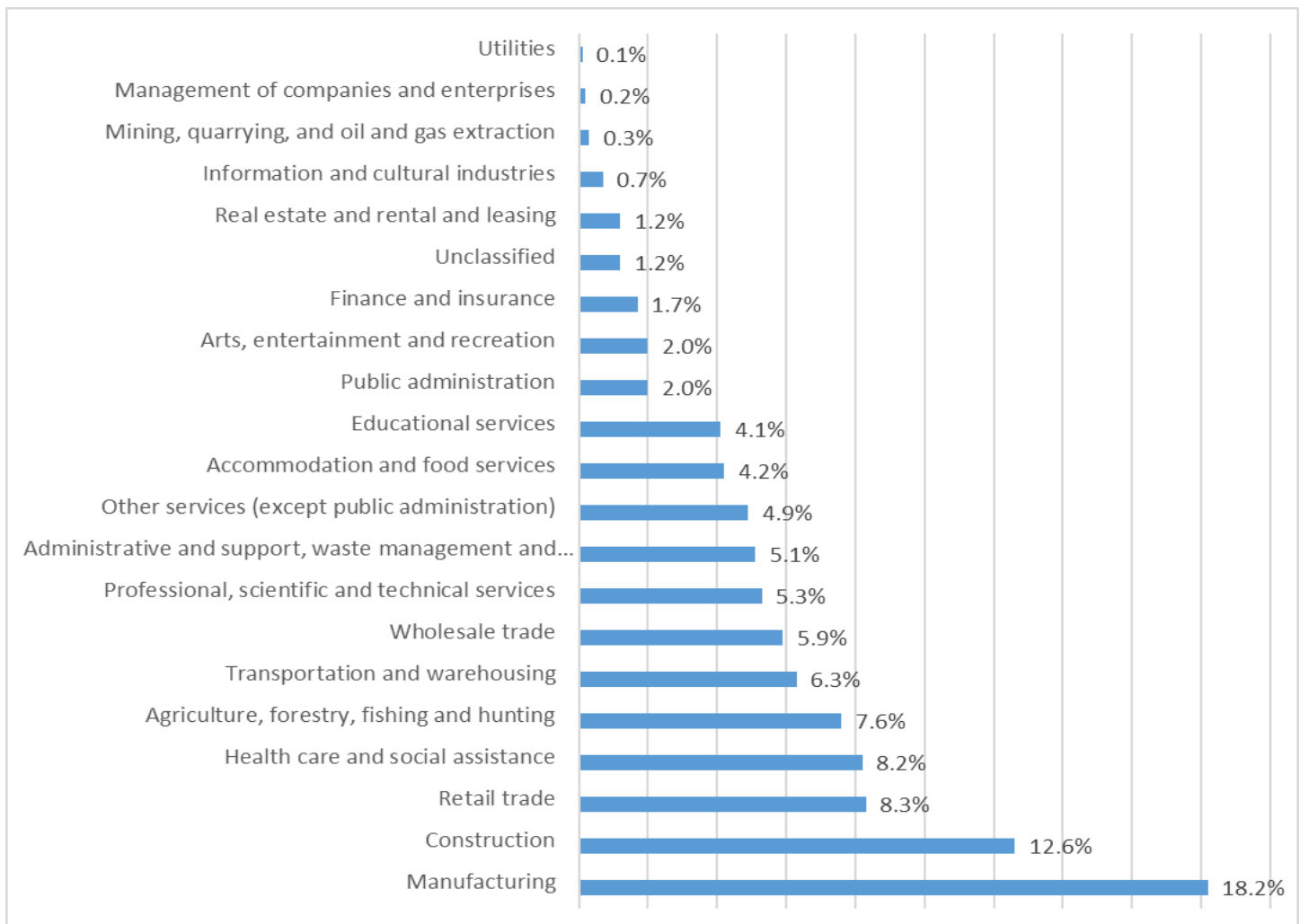
LOCAL ECONOMY

Jobs in the County of Wellington stand at 46,794 (2020) and the labour force totals 56,185 employees. From 2016 to 2020 job growth has increased by 2% or 923 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. In 2020, growth has decreased across the province; however, jobs are rebounding as businesses begin reopening after mandatory lockdowns.



SECTORS OF EMPLOYMENT (2020)



2020 NOTABLE PROGRAMMES AND EVENTS

Keep Well Emergency Business Sustainability Fund

In April 2020, the Keep Well Fund was developed in partnership with the Wellington-Waterloo Community Futures (WWCF) and the Saugeen Economic Development Corporation (SEDC) to provide low-interest loans to Wellington County businesses to help support them during the economically challenging period brought on by the COVID-19 pandemic. In total 60 loans were provided totaling \$891,400 in support for Wellington County business through the onset of the COVID-19 pandemic.

Business Retention and Expansion (BR+E)

Business Retention and Expansion (BR+E) is a community-based economic development programme that focuses on supporting existing businesses. The BR+E programme not only assists with building and improving relationships but also helps in establishing strategic actions plans to support business and enable business development, investment and job creation. In November and December 2020, staff from the County and all seven member municipalities conducted the OMAFRA Business Retention and Expansion (BR+E) Recovery Survey. In total, 435 surveys were submitted by Wellington County businesses and a BR+E Recovery Action plan was developed. In 2021, recovery efforts will address four key areas with actions that support: Operating Safety, Business Services, Mental Health Resources for Businesses, and Shop Local and Promotion of Wellington County.

Talent Attraction Initiative

Live and Work Wellington™ the Talent Attraction Initiative continues to promote Wellington County as a desirable place to live and work. In 2020, Immigration, Refugee and Citizenship Canada (IRCC) funding was secured to support the Economic Development Talent Attraction position with the aim to attract and connect newcomers with employers, thus helping address the labor skills shortage. The last year has been challenging due to the COVID-19 pandemic, impacting international immigration, in person meetings and service delivery programmes like language training etc. for newcomers in the County. However, efforts continue to make Wellington County more inclusive and welcoming through various initiatives. Several employers, especially in manufacturing, health and social services sector continue to employ newcomers.



Maple Leaf Food, Puslinch



Quality Homes, Wellington North

2020 NOTABLE PROGRAMMES AND EVENTS

Business Retention and Expansion (BR+E) Municipal Implementation Fund

The BR+E Local Implementation Fund provides funding for the direct execution of BR+E activities to enhance the local economy. The BR+E Implementation Fund began in 2014 and in seven years has produced a total investment of approximately \$3.3 million in Wellington County with a 64% return on investment.

RIDE WELL Rural Transportation Pilot Programme

In 2018, the County of Wellington was awarded a \$499,500 MTO Community Transportation Grant over a five-year period to pilot the RIDE WELL rural transit programme. A demand-based, rideshare transit service that provides transportation for Wellington County residents and visitors is supported by the RideCo technology platform.



The RIDE WELL service launched on October 1, 2019 and has grown over time. In 2020, RIDE WELL expanded service to include drop-off or pick-up in the City of Guelph, and developed protocols to operate safely during the COVID-19 pandemic. In 2021, RIDE WELL will continue to reach new customers and build the service to support transportation needs in Wellington County.

In June 2021, the Government of Ontario announced the extension of the Community Transportation (CT) Grant Programme for an additional two years to continue supporting communities across Ontario until the 2024-25 fiscal year. This provides RIDE WELL with \$242,541 in additional funding and expands the pilot until 2025.

“This Way to Wellington” Signage Programme

The County of Wellington’s signage programme is an initiative to promote greater awareness of Wellington County, to generate new investments, attract tourism and strengthen County pride. The implementation of the programme rolled out in three phases. Gateway Entrance Signage on County boundary roads (2017-2019), Pay-to-Play Directional Tourism Signage, an annual programme to promote tourism based businesses (2018 launched) and Community Directional Signs for urban population centres (2020).



2020 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 that highlight the county's diverse terroir. The region is also famous for its craft breweries - a testimony to the type of entrepreneurial spirit and craftsmanship that makes this region unique and complements Wellington's authentic food culture.

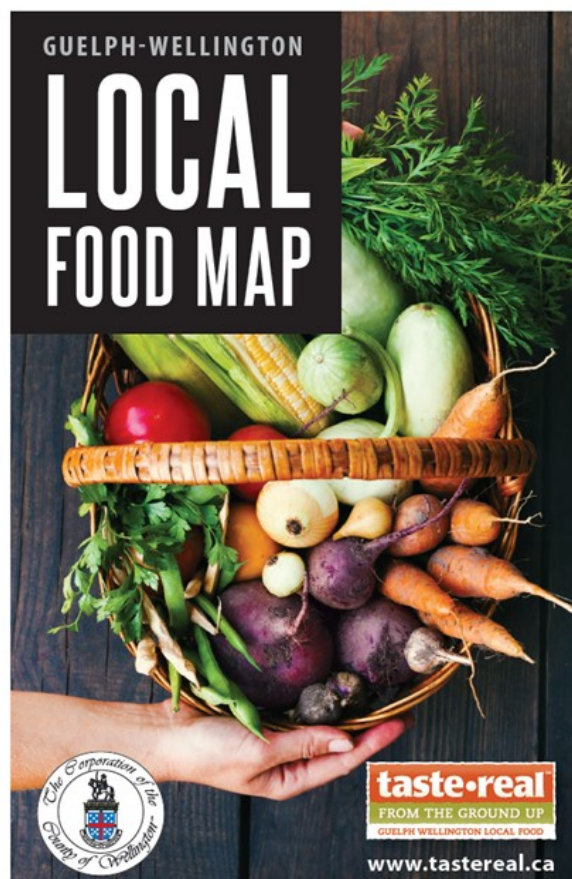


Taste Real Programming:

- Taste Real Local Food Map and promotional brochures.
- Local Food B2B Networking and Learning Workshops.
- Rural Romp, Self-Guided Farm and Food Tour.
- Seasonal campaigns, highlighting experiences, farm and food outings, and local ingredients.

In response to the COVID-19 pandemic, interest in locally grown food has increased significantly. To support local farms and food businesses, Taste Real created an updated business list highlighting the different purchasing procedures for each business, making it easier for customers to access local foods. Additional shop local initiatives included a Food Take Out Map to support the local restaurant sector. Various shop local campaigns were carried out, such as a Local Food Box containing products from local producers and seasonal food and gift guides.

While in-person events were cancelled, Taste Real promoted self-guided tours, outdoor experiences through the Taste Real Summer Campaign, and the Fall Flavours Map.



2020 NOTABLE PROGRAMMES AND EVENTS

Western Ontario Warden Caucus (WOWC)

Councillor Bridge, Chair of the County Economic Development Committee, led the creation of a regional Economic Development Strategic Plan for Southwestern Ontario that was completed in 2017. In 2021, Council Bridge was re-appointed as Chair of the WOWC Economic Development Sub-Committee. The County continues to play an active role in WOWC advocacy and projects.



WOWC Regional Economic Development Strategic Plan emphasizes a regional and collaborative approach.

The project actions:

1. Identify opportunities to advance the economy of Southwestern Ontario that also leverages the ongoing efforts of WOWC.
2. Improve the underlying conditions for economic development throughout the region.
3. Generate a series of actions at the regional level that enables the creation of jobs, wealth and investment across the region.

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.



SWIFT announced in May 2019 that Wellington County would receive \$12.1 million in targeted projects focused on underserved homes and businesses. Requests for proposals were submitted in September 2019 and in January 2020 the successful Wellington County projects were announced. The projects have been executed with a total project value of \$12,953,100, the final number of premises passed reached 3,009 and 277.6 total fibre road kilometres archived.

In 2021, the Economic Development Committee and Council further supported the County's investment in SWIFT 2.0, dedicating \$4 million over the next five years to support further internet infrastructure across Wellington County.

2020 NOTABLE PROGRAMMES AND EVENTS

Smart Cities: Our Food Future

Our Food Future is Guelph-Wellington's \$10 million federally-funded partnership, focused on building Canada's first circular food economy. The project officially launched in January 2020, with plans revised during the first COVID-19 lockdown in order to bring business and community support to the forefront of five-year project.



The Grow Back Better plan launched in May 2020, with a ten-point plan committed to funding programmes, partnerships, and challenges for Guelph-Wellington. The plan reflects our circular economy principles of food access, waste reduction, and small business support. The highlights include:

- Increased emergency food relief, through support of a local not-for-profit food project, The SEED
- Community Urban Agriculture Challenge grants
- Kids Get Growing home garden kits
- Seeding Our Food Future small business grants available through Innovation Guelph
- Harvest Impact's Social Finance Fund zero-interest loans offered through partnership with 10 Carden
- Waste reduction training for businesses by Provision Coalition Inc.

The Grow Back Better plan was recognized as one of Canada's Top 100 Recovery Projects at the Future of Good Summit (November 2020). By the end of 2020, Grow Back Better injected \$780,000 of project funding into the community, received \$1.2 million of cash and in-kind business donations, and leveraged \$1.5 million in public and private donations.

Looking ahead, Our Food Future continues to focus on achieving the following three bold goals by 2025:

- 50% increase in access to affordable, nutritious food
- 50 new circular food businesses, collaborations and social enterprises
- 50% increase in economic benefit by unlocking the value of waste

To achieve these, in 2021 our work will include a public awareness campaign focused on minimizing food waste, a local food hub feasibility report, an exchange marketplace for waste from the food system, on-farm pilots, and other initiatives.



2020 NOTABLE PROGRAMMES AND EVENTS

Invest Well - Community Improvement Programme (CIP)

The Invest Well, Community Improvement Programme (CIP) launched in 2018, and continues to support business revitalization, beautification, and investment attraction in Wellington County.

The CIP provides a framework for the County to participate financially in local member municipal CIP projects by providing tax incentives and grants to projects that align with our countywide goals. The Invest Well priorities include:

1. Using land strategically
2. Provide rental housing
3. Improve building infrastructure
4. Diversify the economy
5. Promote Tourism

Wellington County will continue to offer Invest WELL to member-municipalities and businesses in 2021. This programme illustrates the County's ongoing commitment to fostering a dynamic and productive business community.



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
74 Woolwich Street, Guelph, ON N1H 3T9
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www.wellington.ca

Report from the County Treasurer

KEN DEHART, CPA, CGA

July 29, 2021



Last year was a challenging year for everyone due to the global pandemic. The County spent the year focused on safety and supporting the community by adapting services. Service delivery changed by having offices closed to the public; adapting to working from home; and supporting our long-term care facility by re-deploying staff. In order to support the community, the County provided emergency child care for health care and other frontline workers; waived all penalties and interest on 2020 tax payment amounts for 60 days from the due date; and increased the minimum tax rebate amount for low income seniors and low income persons with disabilities. We supported our local businesses with low-interest loans through the County's Keep Well Emergency Business Sustainability Fund.

In order to limit transmission, the County closed (and later re-opened) facilities throughout the year including County waste facilities; child care and learning centres; social services offices; libraries as well as the museum and archives; while offering more services online. These changes had negative impacts on County revenues but were offset by deliberate expense mitigation efforts and significant funding from the Provincial and Federal Governments of more than \$8.4 million. As a result the County experienced a much higher than normal surplus of nearly \$7.0 million in 2020.

Having the confidence of knowing the County's finances are in good shape has allowed the County to prepare for lower than projected tax levy increases in 2021 and 2022. The County came in at a tax increase of only 1.2% in 2021 and has utilized the 2020 surplus to lower expected debt issuances over the next two years which will have a positive impact on 2022 levy projections. The County's focus has now shifted towards supporting Wellington-Dufferin-Guelph Public Health on the vaccination effort and providing Economic Development programmes to support local businesses in the recovery effort as we reopen and work towards a new normal.

Part of maintaining a healthy community is to invest in local infrastructure. As such, the County has improved its Asset Management Planning capabilities. A great deal of work occurred in this area across the corporation and member municipalities over the last year and an updated Asset Management Plan for core assets will be available in the fall of 2021 to align with the 2022 capital budget deliberations.

The County remains committed to implementing its Long-Term Financial Sustainability Strategy. The County practices responsible debt, reserve and reserve fund management. A third-party review of the County's financial policies and conditions was conducted and resulted in some updates to the County's Reserve and Reserve Fund Policy. This report will show improvements to a number of financial indicators supporting sustainability, vulnerability and flexibility.

Standard and Poor's maintained the County's strong credit rating of AA+ with a stable outlook in July of 2021. It was noted that Wellington's stable economy will continue to support healthy operating surpluses and robust liquidity which will allow the county to manage future increases in tax-supported debt. The County's financial management is considered strong and prudent and continuing to improve.

The Treasury Department recently completed its second successful virtual year-end audit and received a very clean audit findings report. KPMG found no control deficiencies or audit risk issues identified, no concerns with respect to the presentation and disclosure of the financial statements, and no adjustments requested for identified differences. I'm pleased to present the 2020 year-end statements and annual report that follow.

Report from the County Treasurer

KEN DEHART, CPA, CGA

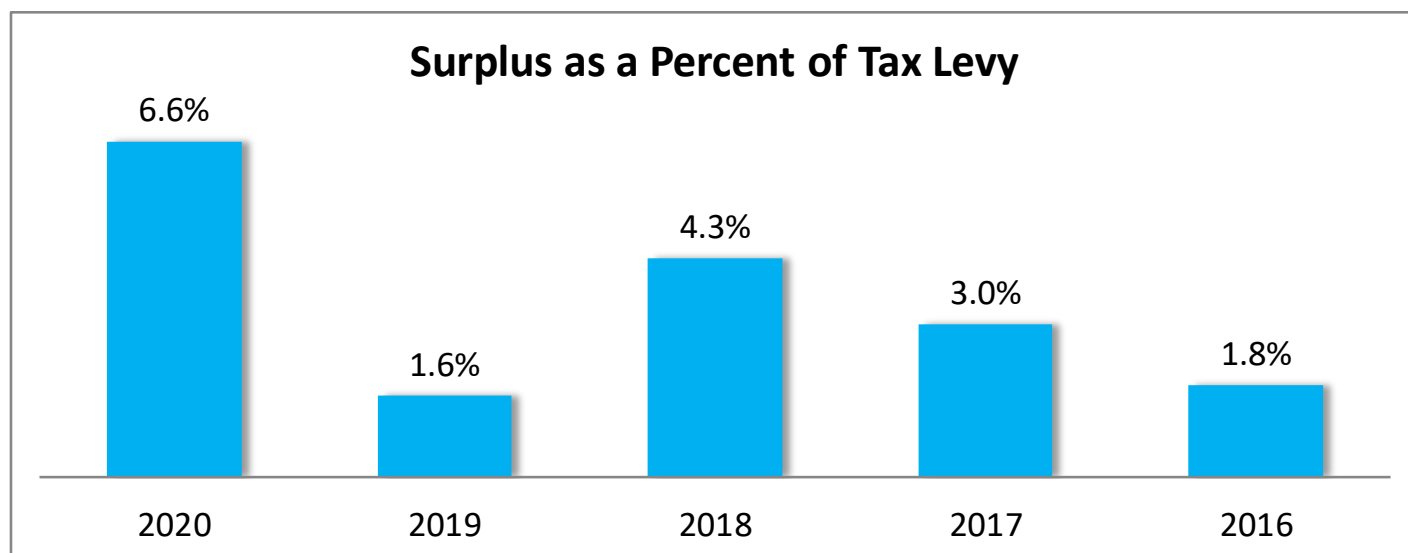
Other accomplishments include:

- 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.
- Implementation of a new asset management software in 2020 that will be completed in 2021. All seven member municipalities along with the County will now be using the same software. Last year also saw collaboration between the County and member municipalities in the development of an Asset Management Plan template to help make future reporting comparable.
- We continued the review and updates of our financial policies in 2020 including updates to our Accounting and Reporting for Tangible Capital Assets (TCA) Policy, Purchasing Policy and Reserve and Reserve Fund Policy as well as a new Development Charge Interest Policy. 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 2020 year-end position on a modified accrual (cash) basis was a surplus of \$6,962,000 which is 6.6% of the tax levy. As approved by County Council, the surplus was transferred to the Tax Stabilization Reserve (\$2 million) to mitigate future budget impacts, the SWS Capital Reserve (\$2.35 million) as well as the Roads Capital Reserve (approx. \$2.65 million) in order to reduce future debt issuances for capital projects.



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 along with the implementation of a new asset management software and TCA policy update.

Financial Vulnerability

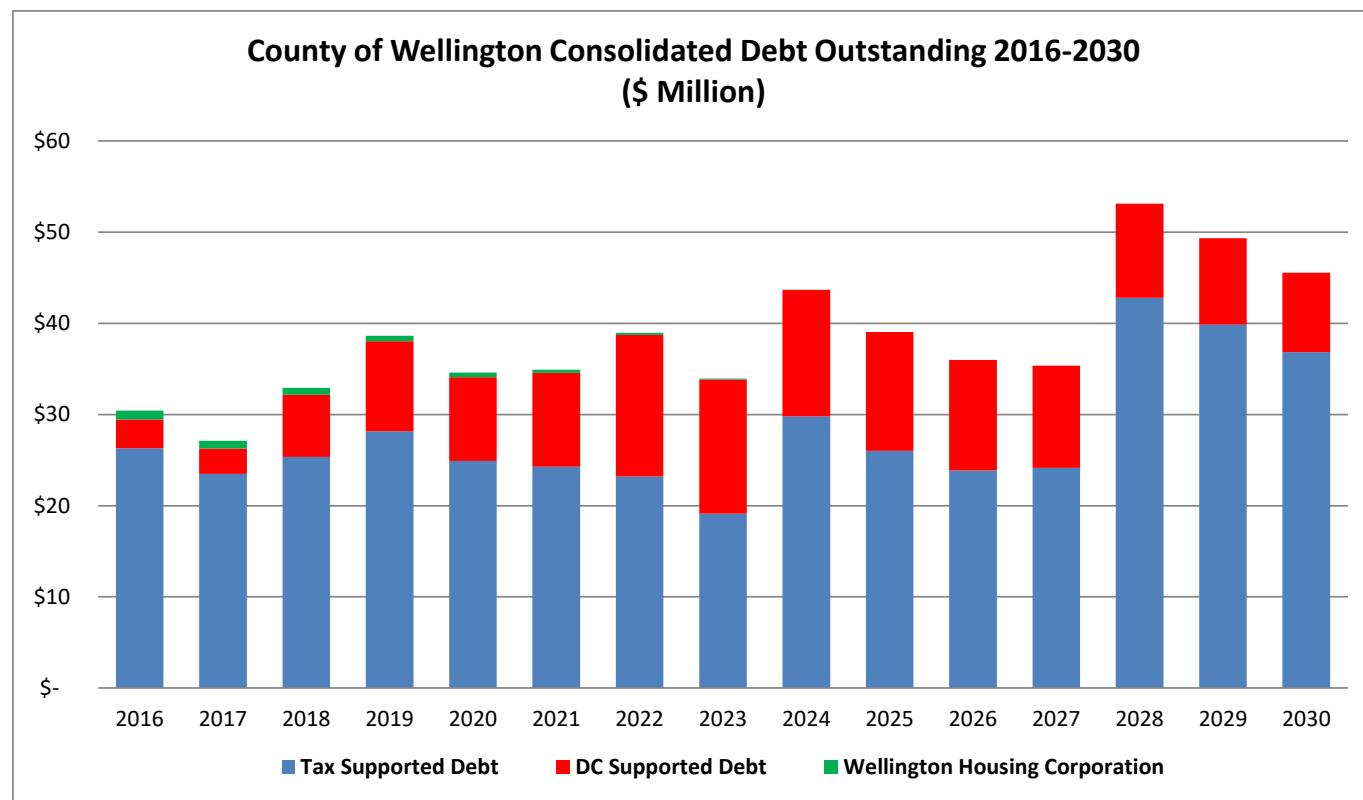
To ensure consistency and stability in funding, the County recognizes the importance of managing its revenue sources effectively. County staff actively manage the property tax assessment base to ensure that properties are added to the roll in a timely manner and are assessed in a fair and consistent 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 transfers investment income to reserves funds, so lower investment returns do not impact budgetary performance. As well, the County charges user fees according to the Council approved User Fee Policy that promotes ongoing review of user fees and full cost recovery when appropriate. In 2020, the planning Department added new fees for rezoning, site plan and minor variance reviews to reflect this principal. The County also collects development charges to assist with funding growth related capital projects to ensure growth pays for growth to the maximum extent possible.

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 2021 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	2020	2019	Status Compared to Prior Year	Explanation <i>(Indicators are based on S&P Global Rating results)</i>
Capital Expenditures/ Adjusted Total Expenditures	15.7%	15.9%	→	Wellington County's capital expenditures are maintained at slightly under 16% of 2020 total expenditures which reflects less spending during the pandemic.
Modifiable Revenue/ Adjusted Operating Revenue	70.4%	72.0%	↓	Wellington County has flexibility on the revenue side with 70.4% of revenue being modifiable which is slightly less than 2019.
Adjusted Operating Balance/Adjusted Operating Revenue	17.0%	11.3%	↑	The County demonstrates a strong operating surplus in 2020 with a higher than average surplus of 17.0% (average is 13% of adjusted total revenues) mainly due to cost-mitigation strategies and pandemic funding received from the provincial government.
After-Capital Balance/Adjusted Total Revenue	5.7%	1.9%	↑	Wellington County experienced an after-capital surplus in 2020 of 5.7% of adjusted total revenue. This demonstrates healthy liquidity and robust budgetary performance.
Free Cash and Liquid Assets/next 12 months debt service	1,088%	1,048%	↑	Wellington County has a very strong liquidity position with free cash and liquid assets of about \$125 million able to cover 1,088% of the next 12 months debt service for the County and Member Municipalities.
Tax Supported Debt (incl lower tiers) / Adjusted Operating Revenue	25.5%	31.5%	↑	At fiscal year-end 2020, tax supported debt (upper and lower tier) was 25.5% of operating revenues. This debt is manageable and remains well below 60% of operating revenues.
Tax Supported Debt (County only) / Adjusted Operating Revenue	16.25%	19.3%	↑	At fiscal year-end 2020, tax supported debt (County only) was 16.25% 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 / Adjusted Operating Revenue	1.0%	1.1%	→	This ratio is positive, stable and indicates that only 1.0% of the County's adjusted operating revenues are committed to funding debt interest charges.
Debt to Reserve	0.33	0.43	→	This ratio is positive, stable and indicates that the County has approximately \$1 in reserves and reserve funds for every \$0.33 in debt.

Key Financial Indicators

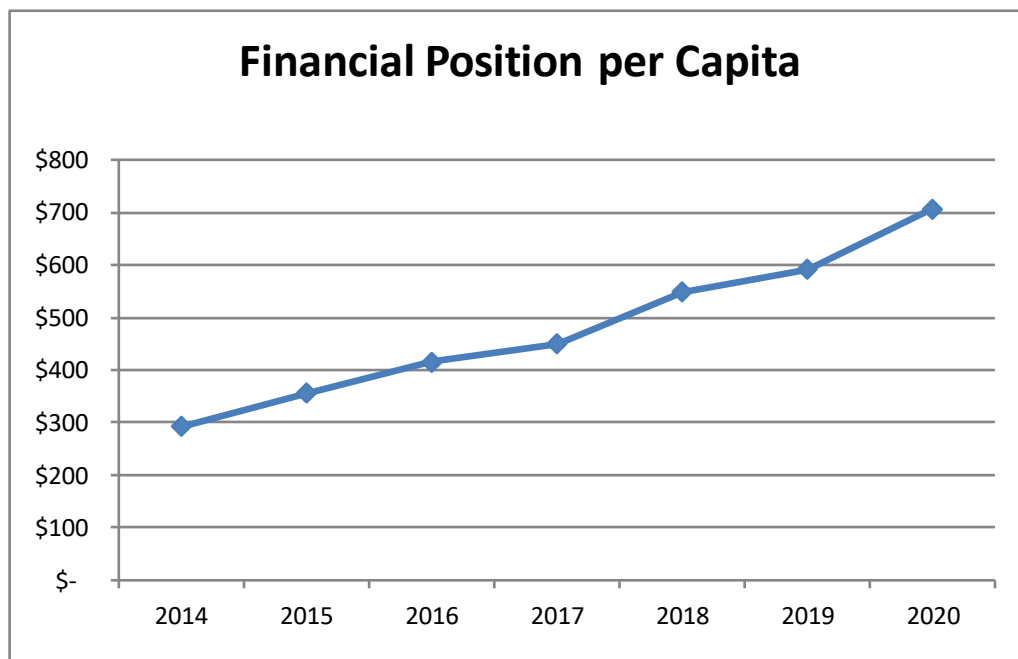
Background:

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

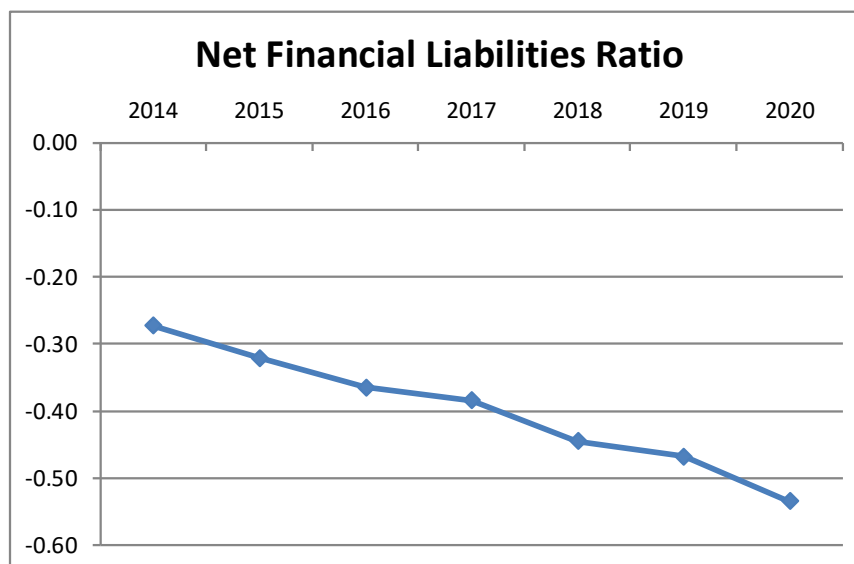
Financial position is a key indicator of a municipality's financial health. It provides an indication of the affordability of future municipal spending. The net financial position is a broader measure of a municipality's indebtedness than debenture debt as it includes all of the municipality's financial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



Key Financial Indicators

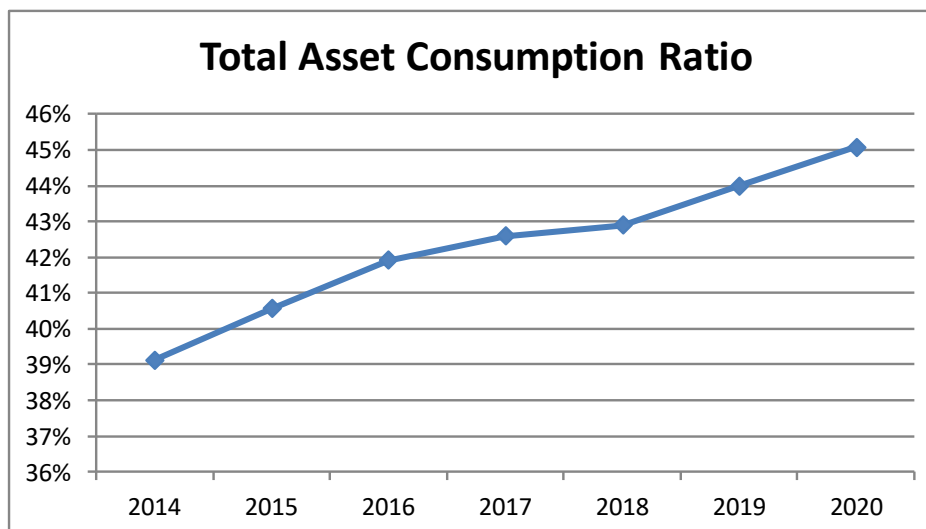
Indicator 2: Net Financial Liabilities Ratio

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.

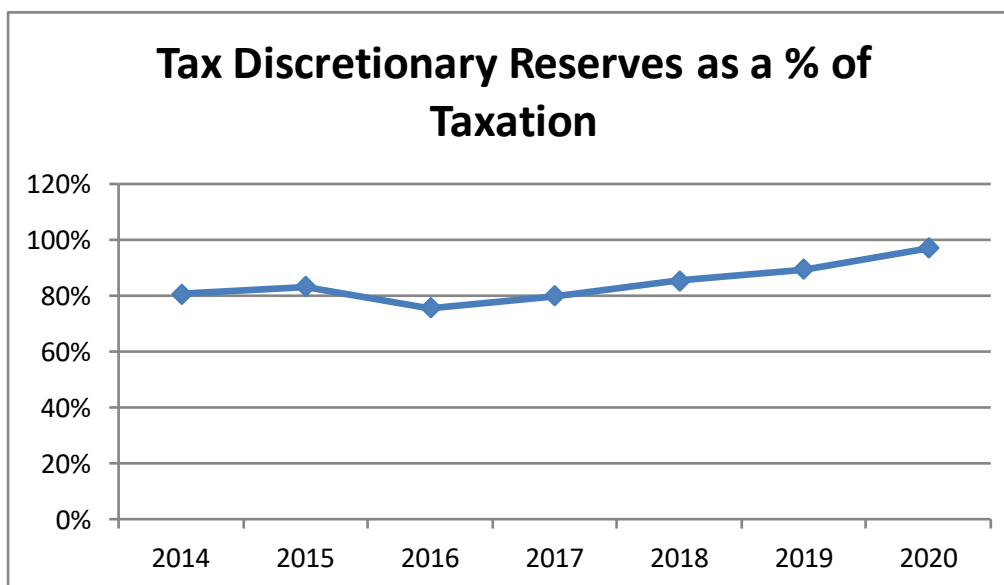
Indicator 4: Reserves

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

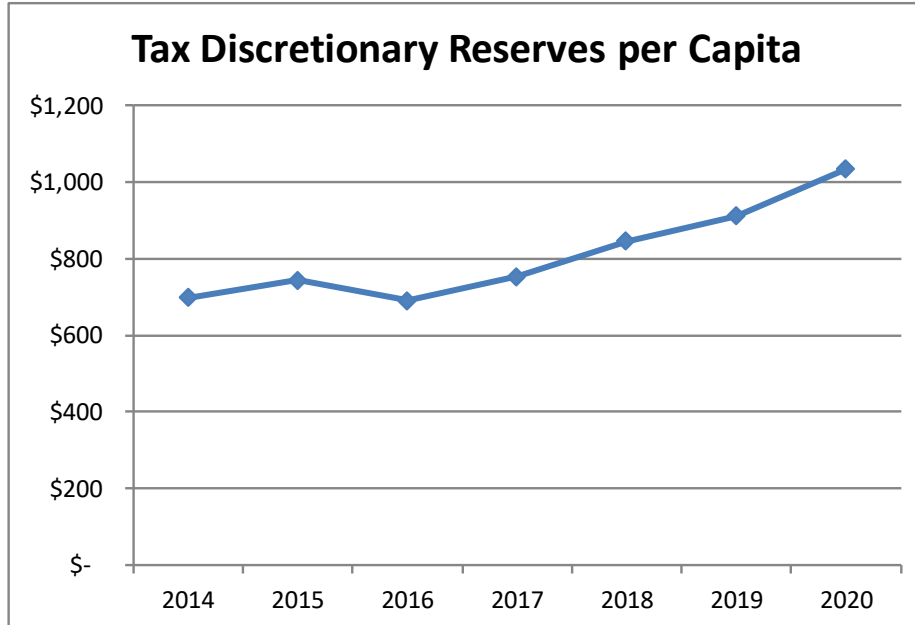
This provides the total tax discretionary reserves and reserve funds in relation to total taxation.



Key Financial Indicators

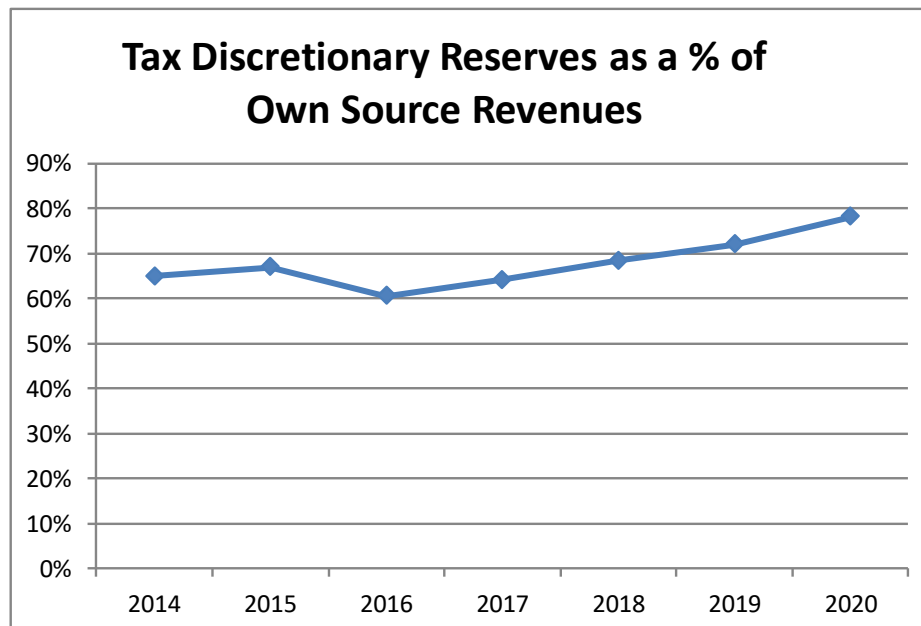
II. Tax Discretionary Reserves per Capita

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.



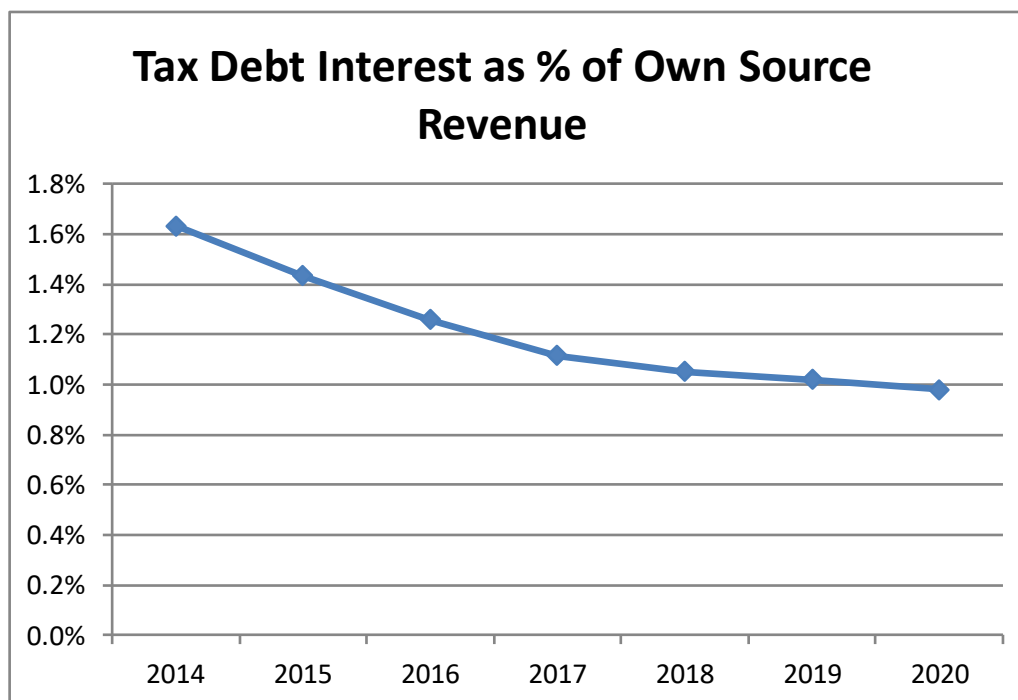
Key Financial Indicators

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

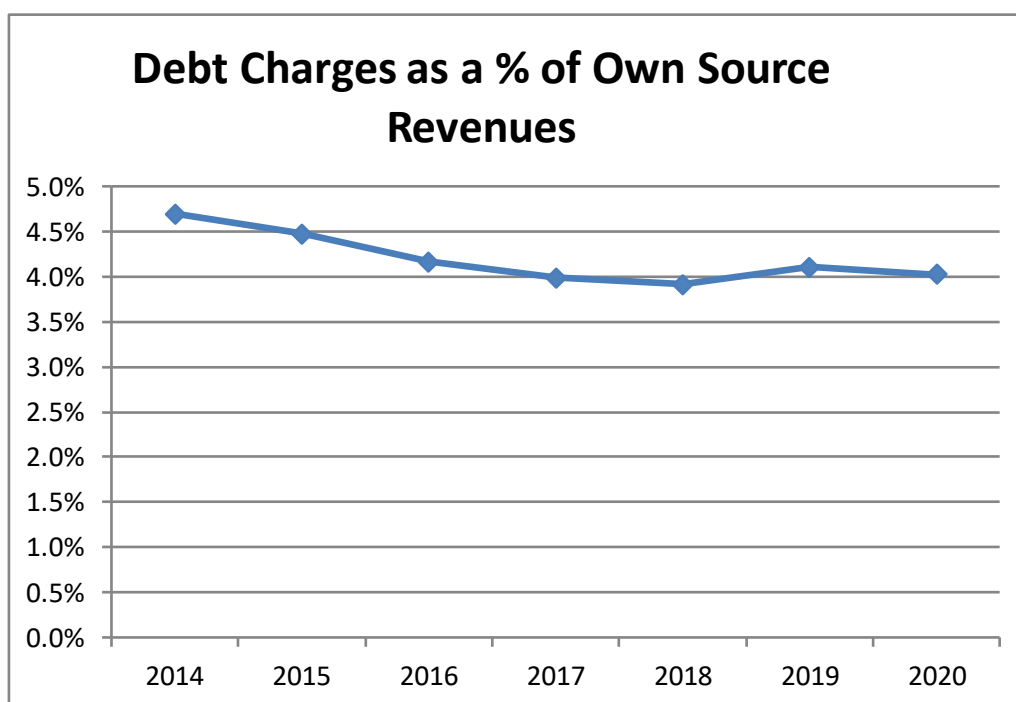
This ratio indicates the extent to which the municipality's own source revenues are committed to debt interest charges.



Key Financial Indicators

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

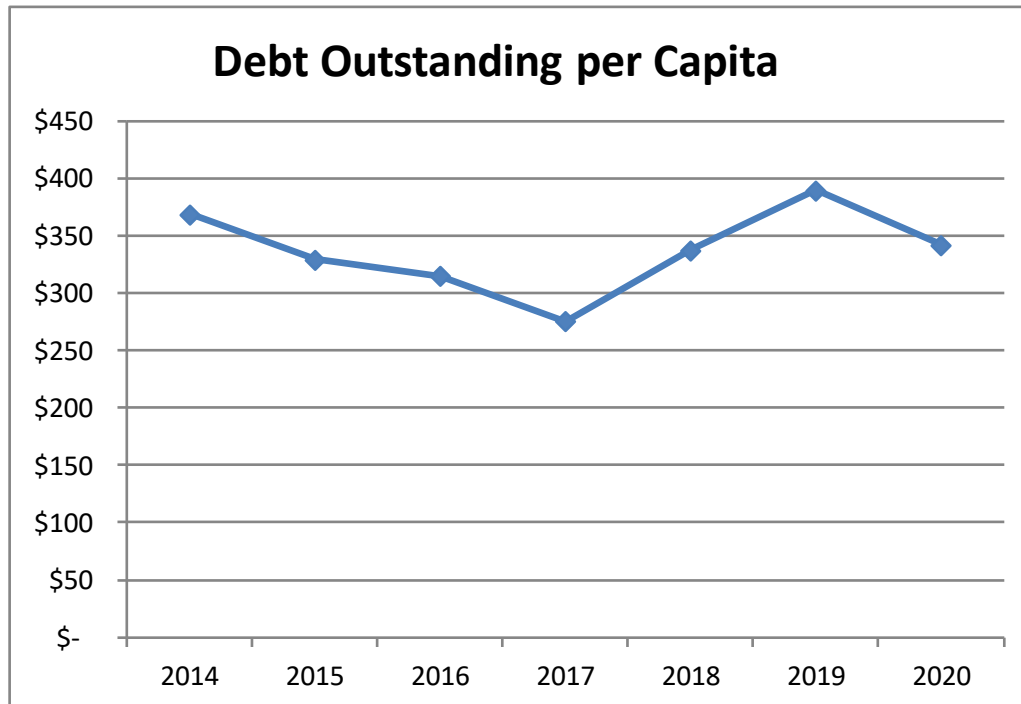
Debt service is the amount of principal and interest that a municipality must pay each year to service the debt. As debt service increases it reduces expenditure flexibility. This shows the % of total debt expenditures, including interest as a % of own source revenue. It is a measure of the municipality's 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

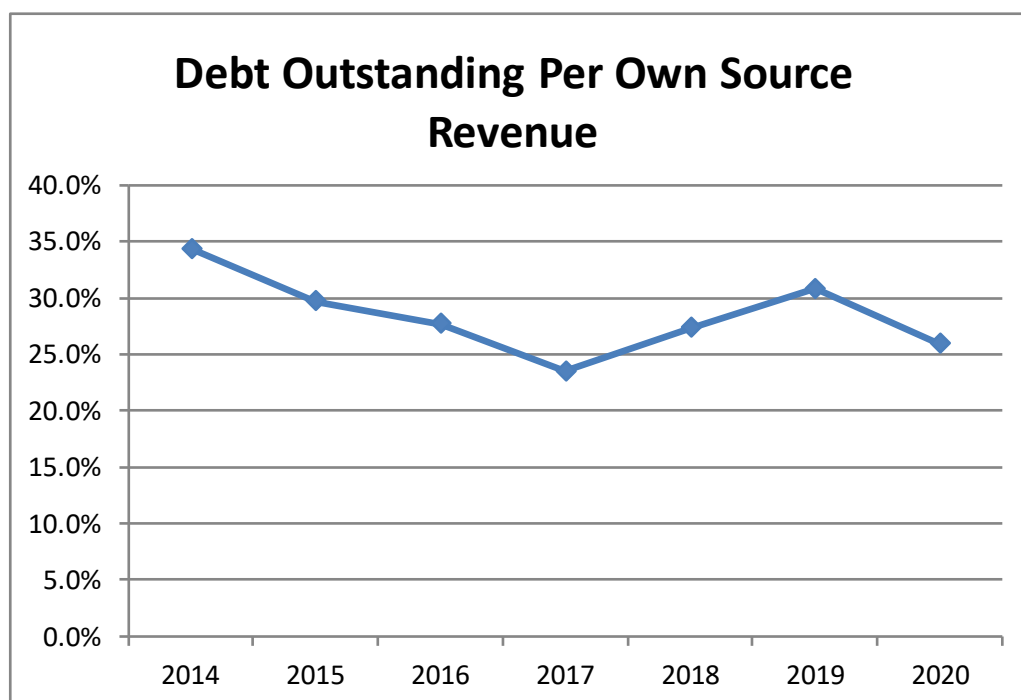
III. Debt Outstanding per Capita

This provides the debt outstanding divided by the population.



IV. Debt Outstanding Per Own Source Revenue

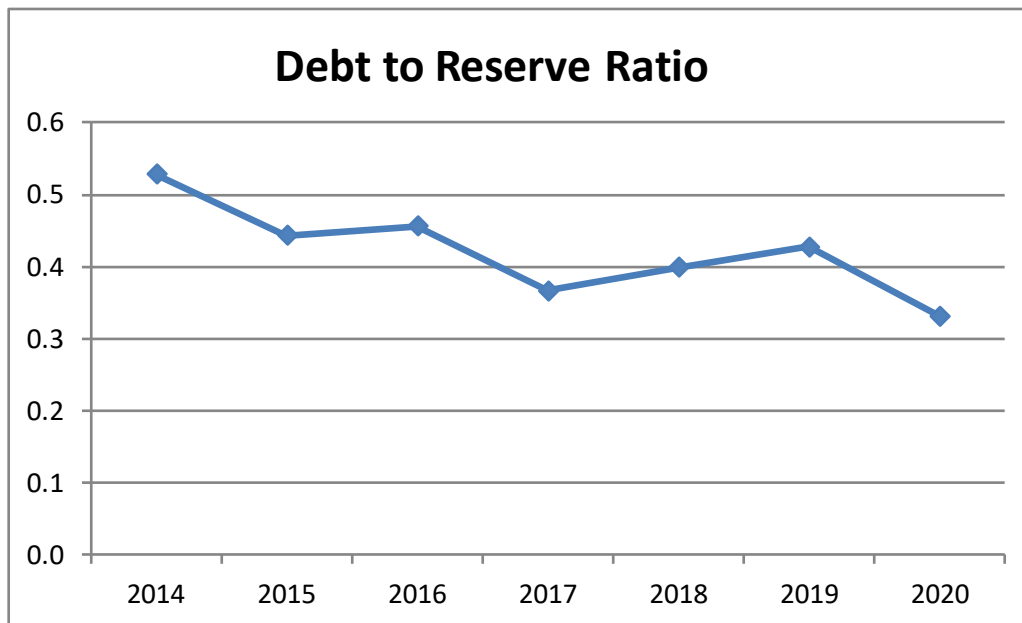
This provides the debt outstanding divided by the municipality's own source revenues.



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.



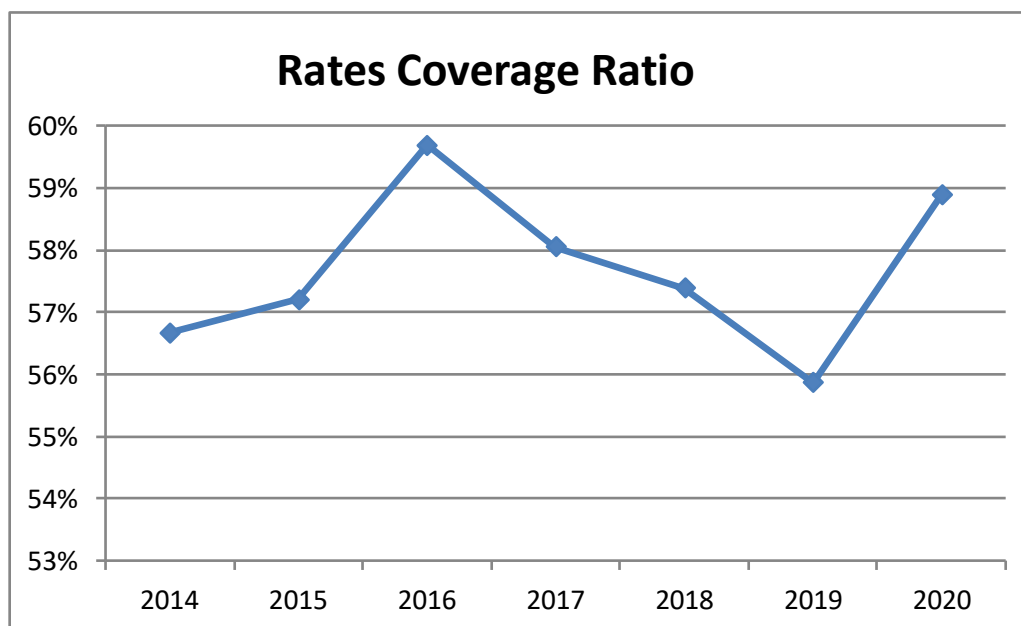
Key Financial Indicators

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 2020 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 2020 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 2020 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 **Accounting and Reporting for Tangible Capital Assets (TCA) Policy** was updated in November 2020 to review useful lives, update capitalization thresholds, clarify definitions and procedures including betterments versus repairs and maintenance to ensure consistent accounting practices.

On January 1, 2020 the following changes to O. Reg. 82/98 under the Development Charges Act (DCA) came into effect:

- Freezing of DC's for a limited time earlier in the development process when a site plan application, or in its absence, a zoning application, is submitted to a municipality;
- Deferral of DC's (paid in installments) for rental housing, non-profit housing, and institutional developments; and
- Ability to charge interest related to the DC freeze and deferral

A new **Development Charge Interest policy** was developed to establish the form and timing of interest applicable to development charges in order to promote the County's objective for growth to pay for growth as much as the Development Charges Act allows.

In March of 2021 the **Purchasing Policy** was updated to reflect current procurement process and practices such as increasing staff's approval authority to award contracts, documenting changes to informal and non-competitive procurement methods, the addition of a **Corporate Credit Card Policy** and updates related to Contract Risk Management.

In June of 2021 the **Reserve and Reserve Fund Policy** was updated to document roles and responsibilities and recommend reserve and reserve fund targets to ensure adequate reserve and reserve fund balances are maintained and are in alignment with the County's **Long-Term Financial Sustainability Strategy** and **Asset Management Plan**.

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
- Strategic Asset Management
- Tangible Capital Asset Accounting

Asset Management Planning

The County owns and operates approximately \$1.1 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). The compliance timeline within the regulation was amended in 2020 and is reflected in the table below:

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, 2022	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, 2025	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 2020, 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, Museum, 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)

- Established a Corporate Asset Management Team and expanded roles and responsibilities across service areas within the County
- Continued to work collaboratively with our seven member municipalities to review the opportunities in asset management planning and coordinated service delivery, including
 - Implementation of common asset management software (CityWide) platform
 - Centralized Geographic Information System software licensing, providing all municipalities with unlimited access to a centralized data repository
 - Discussions around a coordinated lifecycle approach for core assets
- Modified existing manual processes in order to pilot new software and mobile technology with the goal of improving efficiencies and reducing paper records
- Developed a common template for use by all member municipalities in order to meet the Asset Management Plan regulatory requirements for Core assets under O Regulation 588/17
- Completed a state of maturity assessment report to guide corporate asset programme development
- Initiated asset inventory review and cost estimations in preparation for compliance with the upcoming accounting standard for asset retirement obligation (PSAB 3280)
- Updated and published the Accounting and Reporting for Tangible Capital Assets Policy

Management Discussion and Analysis

Financial Statements Discussion and Analysis

2020 Financial Highlights

Total consolidated revenue for 2020 is \$245 million compared to total expenses of \$227 million resulting in a net revenue of \$18 million (2019—\$14 million) which is used to fund capital assets and also to contribute to reserve and reserve funds. Reserve and reserve fund balances increased by \$14 million over 2019.

As well the County repaid \$4.1 million in long-term debt in 2020. The County's debt servicing costs of \$5.25 million are only 3.9% of own source revenues which is well below the 2020 prescribed limit of 25% or \$30.14 million (MMAH 2018 Financial Information Return Data).

The County of Wellington continued to maintain its strong financial position in 2020 with an accumulated surplus of \$509.99 million (an increase of 3.65%). The accumulated surplus on the Consolidated Statement of Financial Position is a key measure of the County of Wellington's financial strength and long-term sustainability. Accumulated surplus consists of Net Financial Assets and Non-Financial Assets.

While the large majority of the accumulated surplus is related to non-financial assets such as the County's infrastructure, which is used to support service delivery, the greatest growth in 2020 was related to net financial assets with an increase of 21.6% over 2020.

(in thousands of dollars)	2020	2019	Change	% Change
Net Financial Assets	\$71,380	\$58,693	\$ 12,687	21.6%
Non-Financial Assets	438,608	433,315	5,293	1.2%
Accumulated Surplus	\$509,988	\$492,008	\$ 17,980	3.65%

Consolidated Statement of Financial Position

Net Financial Assets

(in thousands of dollars)

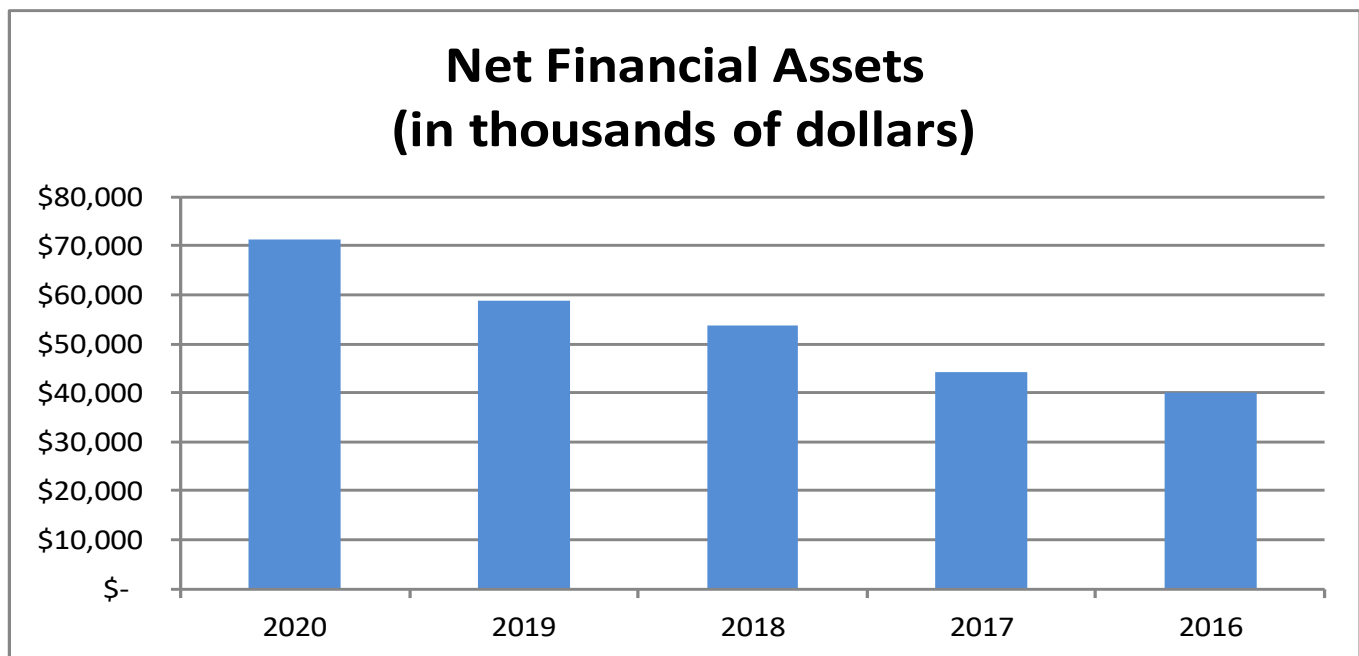
Net Financial assets is the amount by which all assets exceed all liabilities and represents the County's ability to meet its future obligations. The County ended the year with a net financial asset position of \$71.4 million, a 21.6% increase (or \$12.7 million) from the prior year. The increase in financial assets of \$17.4 million was offset by an increase in liabilities of \$4.7 million. The largest contributors to the change was the increase in the County's cash and cash equivalents (\$12.6 million) and portfolio investments (\$4.9 million) and an increase in accounts payable and accrued liabilities (\$4.9 million) and deferred revenue (\$3.8 million) offset by a decrease to net long-term liabilities (\$4.1 million).

Management Discussion and Analysis

Net Financial Assets (cont'd)

	2020	2019	Change	% Change
Financial assets	\$ 154,380	\$ 136,960	\$ 17,420	12.7%
Less liabilities	82,999	78,266	4,733	6.0%
Net financial assets	\$ 71,381	\$ 58,693	\$ 12,687	21.6%

The following chart illustrates the five-year trend in net financial assets.



Financial Assets

In 2020, the County's financial assets increased by \$17.4 million, mostly due to the increase in cash and cash equivalents and portfolio investments as previously mentioned. As well, there was an increase in loans receivable of \$0.83 million due to the establishment of the Keep Well—Emergency Business Sustainability Fund which provided \$0.89 million in low-interest loans to support local businesses during the pandemic through agreements with the Wellington-Waterloo Community Futures Development Corporation and the Saugeen Economic Development Corporation.

Portfolio Investments

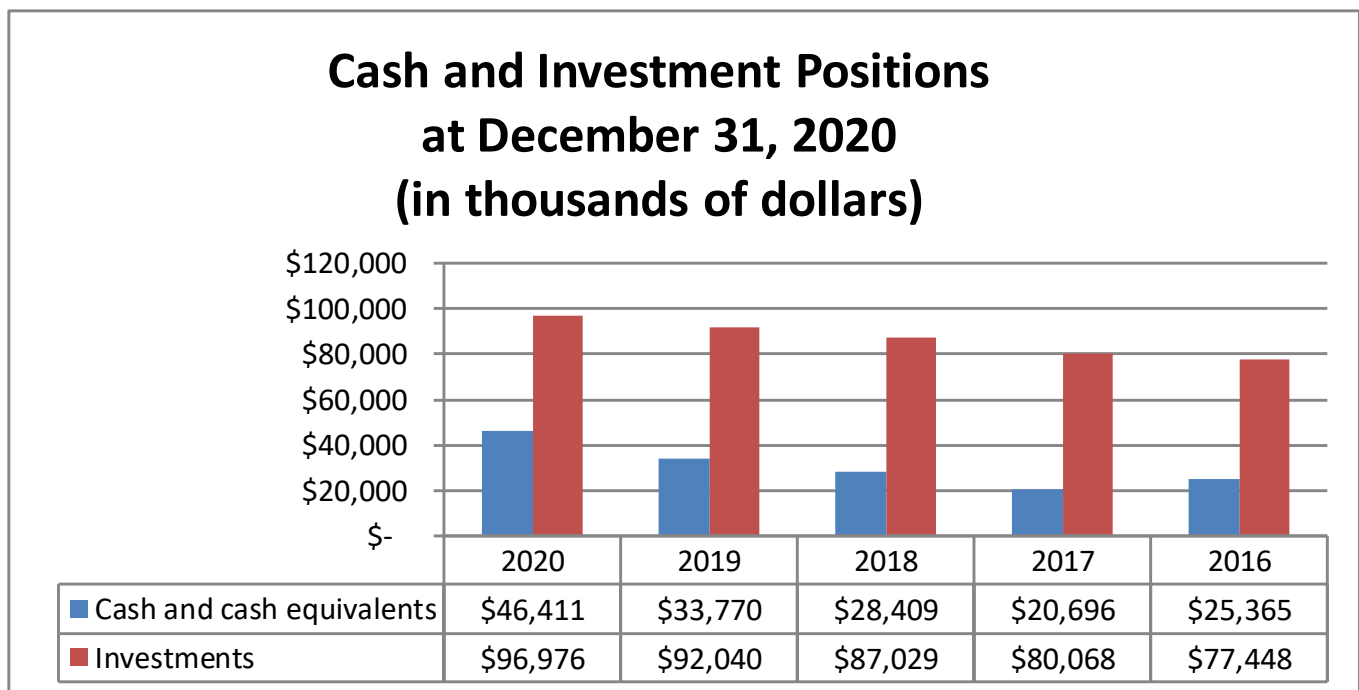
Portfolio investments include all investments with an original maturity date of more than three months. The county uses a "laddering strategy" to maintain a relatively consistent amount of maturities each year. This helps to maintain a competitive rate of return, reduce risk and ensure cash is available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

Management Discussion and Analysis

Portfolio Investments (cont'd)

For 2020, the weighted average yield to maturity for all portfolio investments was 2.86%, generating \$2.91 million in investment income (2019—\$2.61 million). Higher cash balances were held in 2020 as a contingency for impacts due to the pandemic and record low investment yields. The County continued to invest in Principal Protected Notes (PPNs) and the One Investment Equity Fund in order to improve investment returns. The total investment in PPNs at December 31, 2020 was \$6.8 million (2019—\$4 million). The market value of the County's investment in the One Investment Equity Fund at December 31, 2020 was \$7.3 million (2019 - \$1.5 million).

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



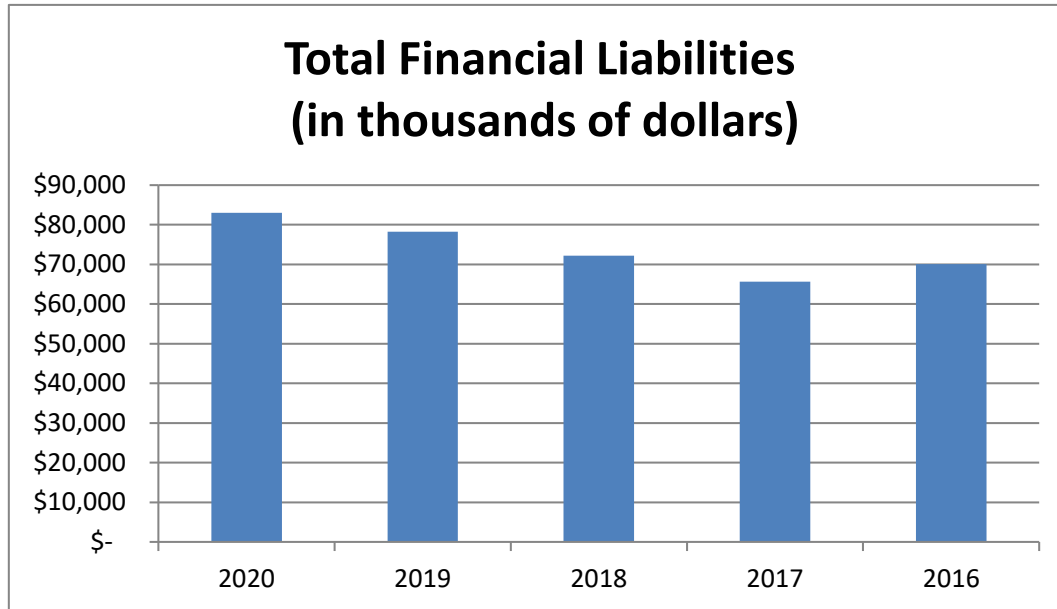
Liabilities

Financial liabilities increased by \$4.7 million in 2020 with the balance of this increase due to an increase in Accounts Payable and Accrued Liabilities of \$4.9 million and Deferred Revenue of \$3.9 million offset by a decrease of \$4.1 million in net long-term liabilities. A major reason for the increase in accrued liabilities is a significant amount owing back to the Province of \$3.4 million for various Ontario Works and Children's Early Years programme closures and underspending related to the pandemic. Deferred revenue is also higher due to an increase in deferred operating grants of \$1.5 million largely related to social housing and a \$1.3 million increase in deferred Ontario Community Infrastructure Funding (OCIF) related to roads capital expenditures.

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 at December 31, 2020 has decreased to \$34.6 million from \$38.7 million last year. These amounts include \$34.1 million in debentures payable for 2020 (\$38.0 million in 2019) 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 \$0.49 million in 2020 (\$0.62 million in 2019).

As mentioned previously, the decrease in long-term liabilities is due to the fact that there was no new debt issued in 2020 while \$4.1 million in principal payments were made. 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 2018, 25% of the County's own source revenue was \$30,139,241. Debt servicing costs for 2020 were \$5.7 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 adjusted operating revenue at less than 30%: 2020—16.3%, 2019— 19.3%
- Maintain an interest payment to adjusted operating revenues of less than 5%: 2020—1.0% 2019— 1.1%
- Maintain a direct debt to reserve ratio of 0.75:1: 2020—0.33:1, 2019 – 0.43:1

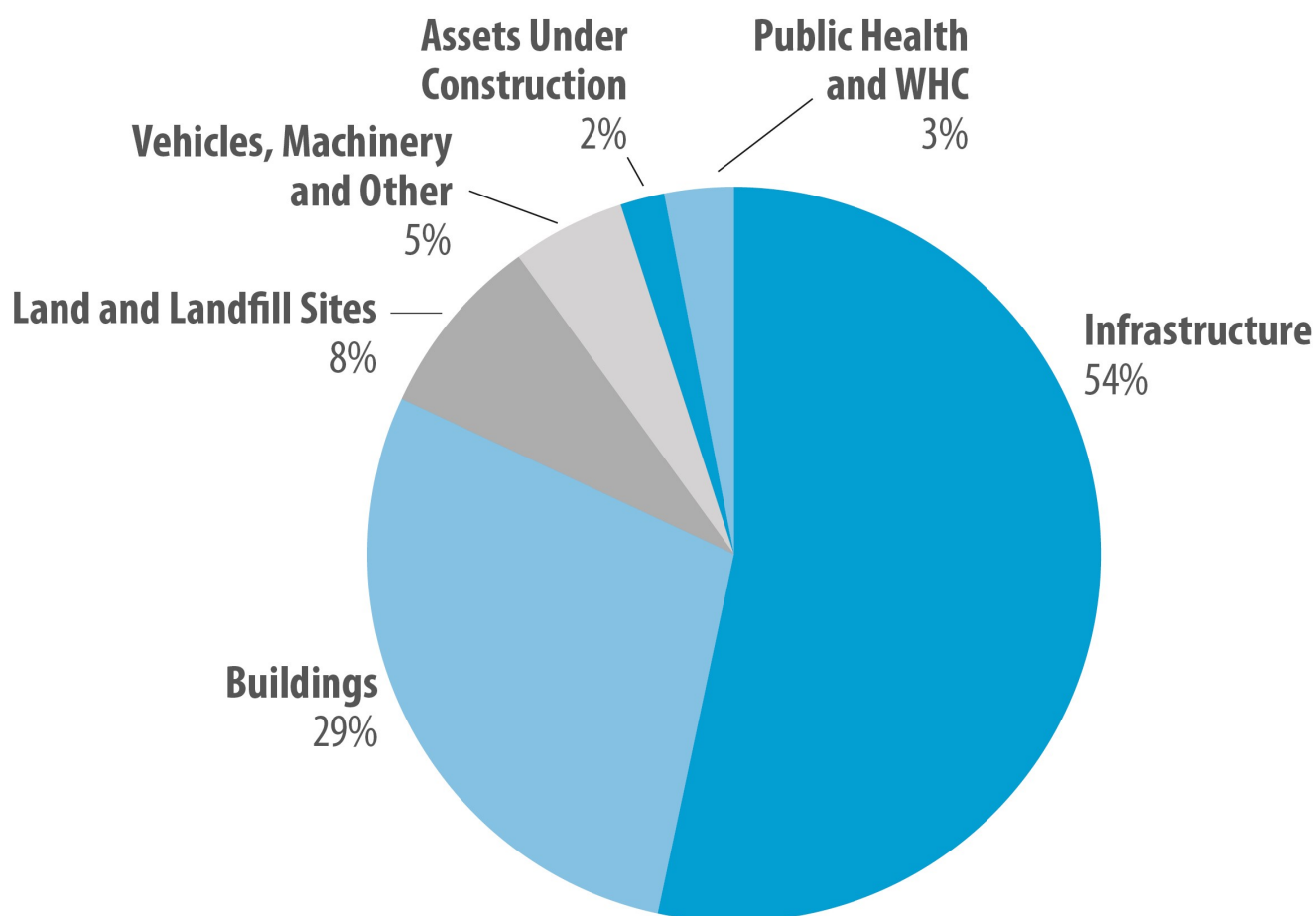
The County remains well within these additional restrictive guidelines and demonstrates responsible debt management practices.

Management Discussion and Analysis

Non-Financial Assets

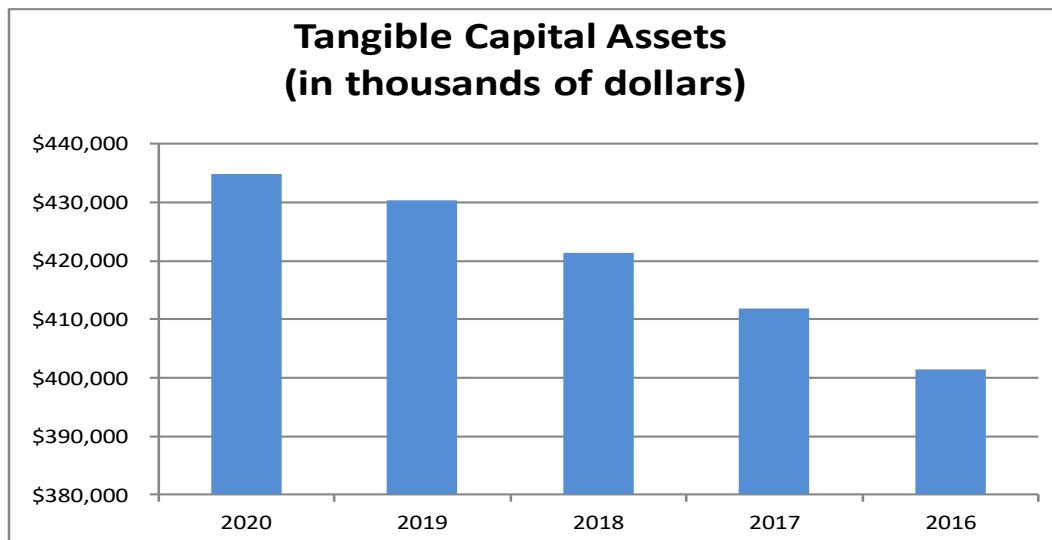
Total non-financial assets, primarily consisting of tangible capital assets, increased by 1.0% over 2019 equating to an increase of almost \$5.3 million including a \$0.6 million increase in inventories of supplies. For Tangible Capital Assets specifically, the increased net investment was \$4.3 million which reflects that the value of new assets being added to the County's inventory is outpacing the annual amortization costs. Due to the pandemic, there was a shortage of materials and a freeze on student hiring implemented, which resulted in some delays in capital investment.

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.



(in thousands of dollars)	2020	%	2019	%	Change	% Change
Land and landfill sites	\$ 34,477	8%	\$ 34,489	8%	\$ (12)	0.0%
Buildings	125,918	29%	130,789	30%	(4,871)	-3.7%
Infrastructure	234,238	54%	221,443	51%	12,805	5.8%
Vehicles, machinery and other	21,429	5%	21,444	5%	(15)	-0.1%
Assets under construction	7,763	2%	12,538	3%	(4,775)	-38.1%
Public health and WHC	10,955	3%	9,753	2%	1,202	12.3%
	\$ 434,781	100%	\$ 430,446	100%	\$ 4,334	1.0%

In 2020, the 12.3% increase in Public Health and Wellington Housing Corporation (WHC) assets is related to the WHC construction of four new affordable housing units. Assets under construction decreased by approximately 38.1% or \$4.8 million as the pandemic delayed the start of some projects and some major road and bridge assets being capitalized.

Accumulated Surplus

Overall, the County has maintained a strong accumulated surplus with a total of \$510 million, an increase of 3.6% from the prior year balance of \$492 million. The change in accumulated surplus arises from the annual excess of revenues over expenses for the year, representing \$18.0 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 presented in Note 11 of the Consolidated Financial Statements. Summary information is included in the table below:

(in thousands of dollars)	2020	2019	Change
Reserves	\$ 82,307	\$ 70,885	\$ 11,422
Reserve funds	22,139	19,517	2,622
Investment in tangible capital assets	434,781	430,447	4,334
Invested in Capital Fund	15,869	21,427	(5,558)
Share of Public Health	1,050	771	279
Contingency Reserve Recovery of Keep Well Loan	855	-	855
Amounts to be recovered - from future revenues	(37,159)	(41,728)	4,569
Amounts to be recovered - from reserve funds	(9,853)	(9,310)	(543)
	\$ 509,989	\$ 492,009	\$ 17,980

Reserve and Reserve Fund balances have increased by \$14 million over 2020. The County ended 2020 with a significant \$7.0 million year-end operating budget surplus and this surplus was transferred to the Tax Levy Stabilization Reserve (\$2.0 million), the Solid Waste Services Capital Reserve (\$2.35 million) to eliminate future debt for the Riverstown Leachate capital project, and the balance to the Roads Capital Reserve (\$2.6 million) to reduce debt planned for the Arthur Garage capital project. As well, the Winter Control Reserve increased by almost \$1.4 million over 2019 as winter operations did not require extraordinary funding in 2020. Another \$1 million was transferred to the Wellington Terrace Capital Reserve to fund future work on the Continuum of Care capital project.

The invested in capital fund value has decreased by almost \$5.6 million over 2019. This amount represents reserve and reserve funds transferred to approved capital projects in accordance with the County Reserve and Reserve Fund Policy and annual approved operating and capital budgets. These transfers as well as transfers from the operating fund to capital may be made in advance of expenditures that can span across several years.

The share of the Public Health represents the County's 32% share of the Wellington-Dufferin-Guelph Health Unit's Financial and Non-Financial Assets less Accounts Payable and Deferred Revenue (see Note 16).

The Contingency Reserve Recovery represents the amount of funds that will be repaid to this reserve as the Keep Well Loan payments are made until June 30th, 2026. The Contingency Reserve was identified as the funding source for the Keep Well Loan programme.

Management Discussion and Analysis

Accumulated Surplus (cont'd)

Amounts to be recovered from future revenues has decreased by \$4.6 million and is related to the repayment of debt (\$4.1 million) and the landfill liability being almost fully funded from the reserve fund rather than future revenues (\$0.5 million).

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 of \$245.0 million less total expenses of \$227.0 million has resulted in net revenue of \$18.0 million for 2020 and represents a \$4.0 million or 28.6% increase over 2019. Revenues increased over 2019 by \$6.2 million or 2.6% and expenditures increased by \$2.2 million or 0.9%.

Revenues

2020 Budget to Actual Comparative Analysis

Revenues (in thousands of dollars)	Budget	Actual	Variance	%Variance
Taxation (Note 13)	\$ 107,835	\$ 108,337	\$ 502	0.5%
Government transfers:				
Provincial (Note 14)	74,946	78,316	3,370	4.5%
Federal (Note 14)	6,996	6,020	(976)	-14.0%
Municipal	27,488	26,012	(1,476)	-5.4%
Fees and Service Charges	12,209	11,524	(685)	-5.6%
Licenses, Permits, Rent	8,382	8,584	202	2.4%
Interest, Donations, Other	3,186	3,743	557	17.5%
Development Charges Earned	929	2,419	1,490	160.4%
	\$ 241,971	\$ 244,955	\$ 2,984	1.2%

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 2020 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 2020 project or projects budgeted in prior years and therefore a variance is incurred. In 2020, development charges recognized as revenue were \$1.5 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 is recognized in the consolidated financial statements.

Note 20, "Budget Data" provides a reconciliation of the 2020 operating and capital budgets approved by Council on January 30, 2020 plus Council approved capital budget amendments made in 2020 in the amount of \$174,000 (2019—\$5,181,200).

Year Over Year Comparative Analysis

Revenues (in thousands of dollars)	2020	2019	Change	% Change
Taxation (Note 13)	\$ 108,337	\$ 101,786	\$ 6,551	6.4%
Government transfers:				
Provincial (Note 14)	78,316	75,342	2,974	3.9%
Federal (Note 14)	6,020	9,144	(3,124)	-34.2%
Municipal	26,012	26,604	(592)	-2.2%
Fees and Service Charges	11,524	12,319	(795)	-6.5%
Licenses, Permits, Rent	8,584	8,550	34	0.4%
Interest, Donations, Other	3,743	3,582	161	4.5%
Development Charges Earned	2,419	1,453	966	66.5%
	\$ 244,954	\$ 238,779	\$ 6,175	2.6%

Management Discussion and Analysis

Revenues (cont'd)

Total revenue reported for the year 2020 was \$245.0 million, an increase of \$6.2 million over last year's amount of \$238.8 million. The increase in taxation revenue of \$6.6 million is consistent with the increased 2020 levy requirement approved by Council plus higher than expected supplementary tax and payments-in-lieu of taxes revenue and lower tax write-offs (\$1.5 million).

As well, Provincial Transfers were higher in 2020 due to COVID related funding of \$8.2 million related to Children's Services (\$2.1 million), Housing Services (\$2.2 million), Long-Term Care (\$1.8 million) and the Corporate Safe Restart funding (\$2.3 million) being offset somewhat by lower Ministry of Education Funding for Childcare (\$3.4 million) resulting from childcare centre closures and lower Ontario Works Benefit Subsidy (\$1.3 million) based on lower caseloads.

In 2020, there was also lower amounts of Federal Gas Tax spent (\$3.1 million) on roads related capital projects offset by higher spending of development charges on growth related capital (\$1.0 million).

Expenses

2020 Budget to Actual Comparative Analysis

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 2020 amortization included in the financial statement budget is \$23.0 million, while the actual amortization expensed in 2020 was \$27.7 million, a difference of \$4.7 million. This difference is attributed to one time changes and corrections related to the updated TCA Policy rules and new asset management software implementation as well as underestimation of amortization related to 2020 capitalization.

Expenses (in thousands of dollars)	Budget (includes amortization)	Actual	Variance
General Government	\$ 22,296	\$ 19,513	\$ 2,783
Protection Services	19,040	19,191	(151)
Transportation Services	29,365	32,172	(2,807)
Environmental Services	11,761	11,498	263
Health Services	13,431	14,945	(1,514)
Social Housing	35,292	38,384	(3,092)
Social and Family Services	77,935	76,155	1,780
Library	8,556	8,355	201
Museum	2,467	2,590	(123)
Planning and Development	4,337	4,172	165
	\$ 224,480	\$ 226,975	\$ (2,495)

Management Discussion and Analysis

Expenses (cont'd)

For 2020, \$5.1 million worth of expenses originally budgeted as capital were expensed to operating. These expenses include \$1.3 million from a shared roads project with the County of Perth, \$0.5 million worth of COCHI and OPHI grant related community social housing expenses, \$0.5 million related to County owned social housing retrofits that are better accounted for with the updated TCA policy, \$0.4 million for shared land ambulance capital expenses related to assets owned by the City of Guelph and \$0.2 million for the final hospital grant to the Mount Forest Louise Marshall Hospital Foundation.

On the other hand, \$1.2 million worth of expenses budgeted in operating were actually capitalized. This includes \$0.5 million related to capitalization to pools for desktop, laptop, data centre and network storage expenses as well as library expenses of \$0.5 million related to capitalized library collection purchases

Year Over Year Comparative Analysis

For 2020 there is a \$2.19 million increase in expenses over 2020. This moderate increase relates to increased social housing transfer payments and the environmental services expanded curbside collection contract, offset by the decrease in health services expenses after the extraordinary 2019 funding of \$5.94 million to County hospitals as well as reduced transportation service spending due to lower salaries and benefits and goods and services, as summer students were not hired and new positions or vacancies were not filled due to the pandemic as well as lower winter control spending.

Overall spending in the general government areas were lower than 2019 as a result of staffing vacancies, delays in the hiring of vacant positions and a decision not to fill student positions during the pandemic as well as savings for training and conferences.

Expenses (in thousands of dollars)	2020	2019	Change	% Change
General Government	\$ 19,513	\$ 19,645	\$ (132)	-0.67%
Protection Services	19,191	18,373	818	4.45%
Transportation Services	32,172	33,382	(1,210)	-3.62%
Environmental Services	11,498	10,229	1,269	12.41%
Health Services	14,945	18,936	(3,991)	-21.08%
Social Housing	38,384	34,541	3,843	11.13%
Social and Family Services	76,155	75,860	295	0.39%
Library	8,355	7,832	523	6.68%
Museum	2,590	2,282	308	13.50%
Planning and Development	4,172	3,706	466	12.57%
	\$ 226,975	\$ 224,786	\$ 2,189	0.97%

Management Discussion and Analysis

Expenses (cont'd)

Protection services was up over 2019 due to \$0.5 million in various corporate COVID costs such as cleaning, personal protection equipment, IT costs and air quality improvements. These expenses were tracked in emergency management and funded by the Safe Restart funding. The O.P.P. contract also increased in 2020 by 1.8% or \$0.3 million.

There was also only a moderate increase in spending in the social and family services area as Ontario Works had savings due to lower caseloads during the pandemic and children's early years had savings at the directly operated centres as they were not operating at full capacity during the pandemic. These were offset by overspending in salaries and benefits, supplies and materials and purchased services at the Wellington Terrace Long-Term Care facility. However, provincial funding was used (\$1.8 million) to cover these pandemic related costs.

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 the change in net financial assets is an increase of \$12.69 million, compared to last year's increase of \$5.07 million. This is primarily attributable to the significant increase in cash and cash equivalents and portfolio investments balances as described in earlier sections.

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 \$33.8 million in 2019 to \$46.4 million in 2020.

Factors contributing to the increase in cash position were:

- Increase in accounts payable and accrued liabilities of \$4.9 million
- Increase in deferred revenue of \$3.8 million
- Decrease in accounts receivable of \$1.0 million
- Sale of County assets of \$0.4 million

Factors contributing to a decrease in cash position were:

- Long-term debt repayment of \$4.1 million
- Increase in long-term investments of \$4.9 million
- Keep Well loans advanced of \$0.9 million offset by repayments of \$.04 and repayments of Township of Centre Wellington loans of \$.03 million (See Note 4)
- Increase inventory of supplies and prepaid supplies of \$1.0 million.

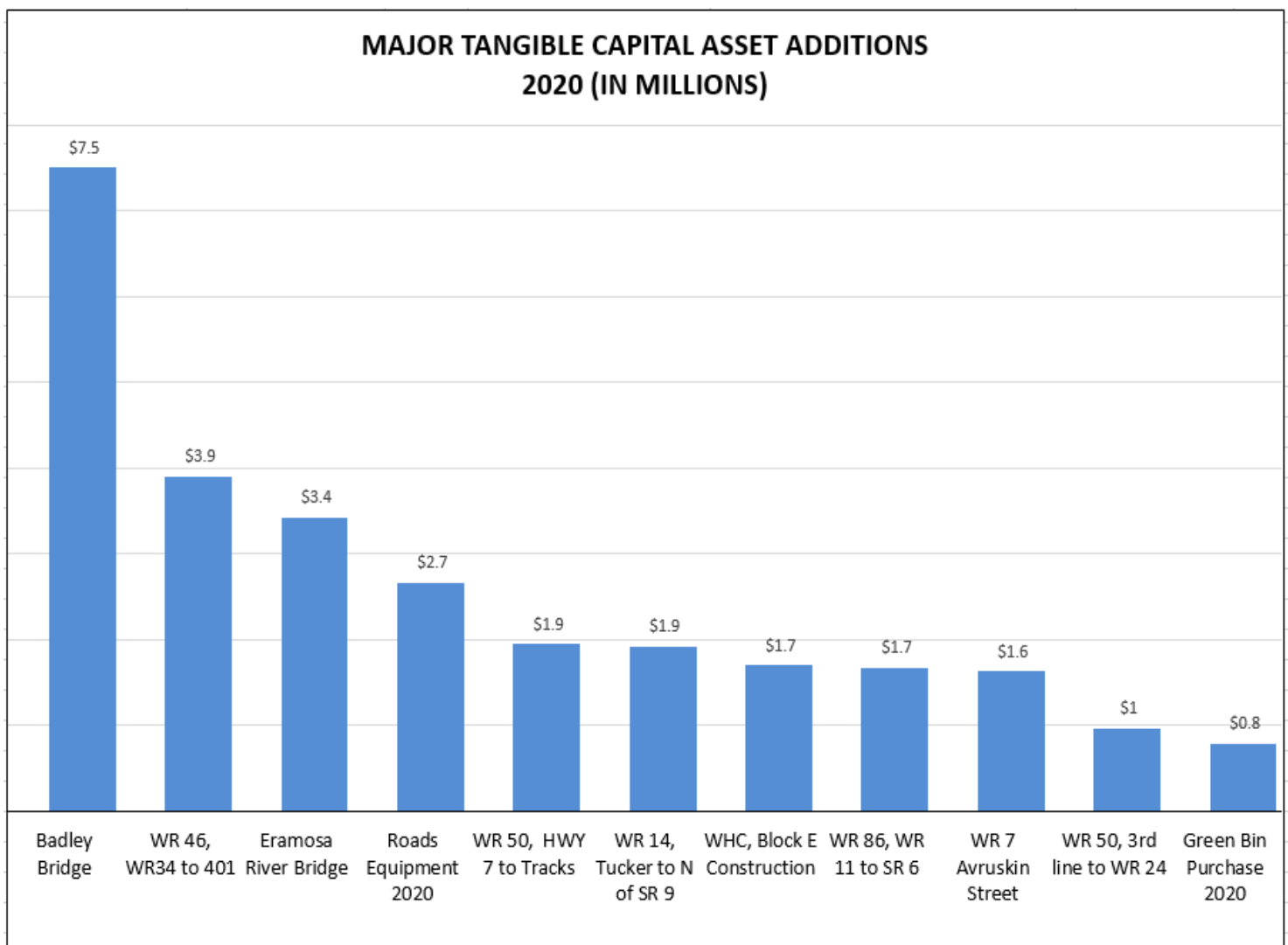
This means the County of Wellington had a net cash increase of \$12.64 million in 2020.

Management Discussion and Analysis

2020 Capital Financial Highlights

In 2020, the County had capital additions and betterments of approximately \$29 million (not including capital work-in-progress). The following major capital projects were complete and capitalized at year-end:

- ♦ \$23 million in the rehabilitation and construction of County roads, bridges and culverts
- ♦ \$2.7 million in roads vehicle and equipment purchases
- ♦ \$1.7 million to construct the new townhouse block for Wellington Housing Corporation
- ♦ \$0.8 million in green bin purchases for solid waste services

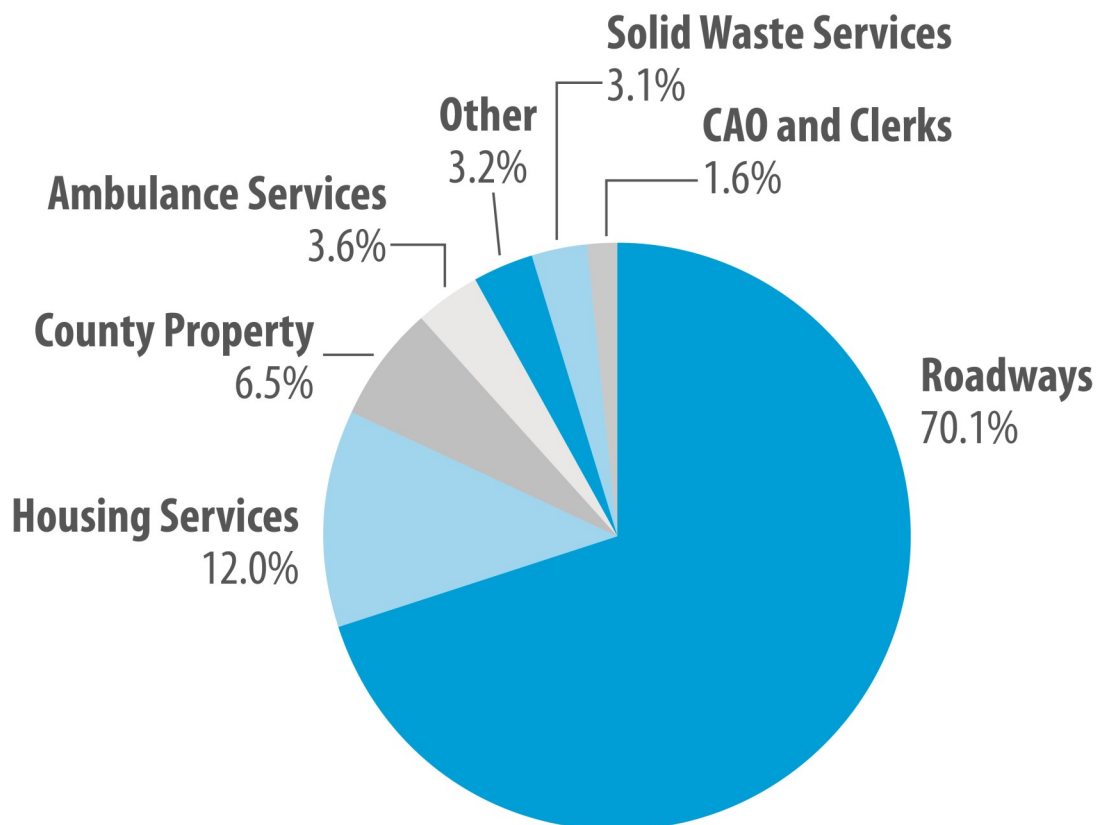


Management Discussion and Analysis

Prospects for the Future

The County's 2021 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 \$33.7 million for facility upgrades to fund the replacement of the Arthur, Erin, Brucedale, Harriston and Aberfoyle public works facilities throughout the forecast
- Continued investment in the County's social and affordable housing units
- 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 opening of Phase II at the Riverstown Landfill, the County's only active landfill site
- Funding to begin planning for and to initiate property acquisition for a new Erin Library Branch
- Rural Broadband investment to complete the gigabyte fibre optic buildout through the SWIFT initiative.



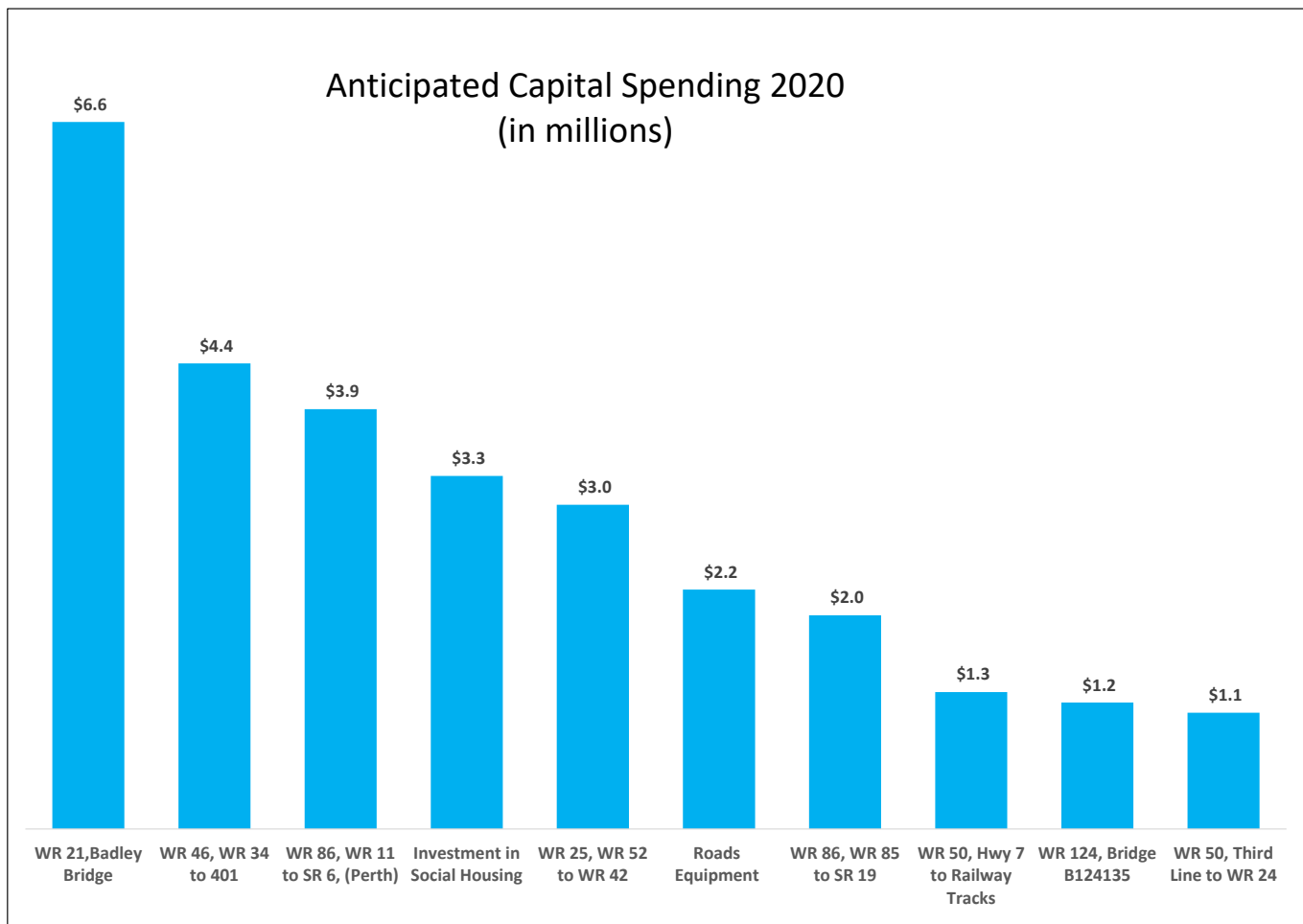
Management Discussion and Analysis

2021 Operating Budget

- Operating expenditure = \$231.7 million
- 2021 tax levy = \$108.8 million
- County tax impact = 1.2% which on average results in 0.6% on the total residential property tax bill
- Residential tax impact per \$100,000 of assessment = \$8

2021-30 Capital Budget Forecast

- Total 2021 capital investment = \$34.4 million
- Total ten-year capital investment = \$441.1 million
- New debt issues total \$46.6 million over ten years and include \$25.2 million for roads projects, \$2.4 million for Solid Waste, \$2 million for Library and \$17.1 million for Admin Centre Expansion
- Total debt outstanding peaks at \$53.1 million in 2028



County Tax Levy Projection	Actual		Forecasted			
	2020	2021	2022	2023	2024	2025
County Tax Levy (\$000's)	\$105,643	\$108,828	\$114,547	\$120,441	\$126,922	\$133,198
Residential Tax Impact	3.3%	1.2%	4.2%	4.1%	4.3%	3.9%

County Tax Levy Projection	Forecasted				
	2026	2027	2028	2029	2030
County Tax Levy (\$000's)	\$139,766	\$146,097	\$152,554	\$159,802	\$167,379
Residential Tax Impact	3.9%	3.5%	3.4%	3.7%	3.7%

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 and Hospital Grants.
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 2020 is as follows:

Reconciliation of County Property Tax Surplus and Consolidated Financial Statement Annual Surplus	2020	2019
County Tax Supported Operating Surplus	\$6,962,000	\$1,547,435
Revenue not included in Operating Surplus		
Development Charges	2,418,713	1,453,012
Deferred Federal Gas Tax Revenue	2,676,722	5,747,957
Ontario Community Infrastructure Fund Revenue	549,964	2,327,003
Safe Restart Funding	2,311,900	-
Capital Provincial Grants	472,537	828,454
Capital Municipal Transfers	4,539,347	4,939,057
Wellington-Dufferin-Guelph Public Health Net Revenues	291,457	257,590
Wellington Housing Corporation Net Revenues	911,744	1,792,837
Other	744,562	1,262,811
	14,916,946	18,608,721
Expenses not included in Operating Surplus		
Amortization of Tangible Capital Assets	27,045,085	23,208,763
Operating Expenses from Capital	5,118,288	10,952,613
Landfill, WSIB and Post-Employment Liability	23,422	697,006
Tax Increment Equivalent Grant Liability	-	150,125
Loss on Disposal of Assets	382,074	286,564
Other	363,283	304,441
	32,932,152	35,599,602
Revenue included in Operating Surplus, but not in Consolidated Statements		
Transfers from Reserves	4,809,245	3,475,724
Interest - Development Charge and Federal Gas Tax Reserve Funds	303,905	273,151
Sale of Assets	379,290	284,401
	5,492,440	4,033,276
Expenses included in Operating Surplus, but not in Consolidated Statements		
Transfers to Reserves and Reserve Funds	17,725,005	15,305,859
Transfers to Capital	11,080,500	12,293,000
Tax Increment Grant Payment	60,086	-
Landfill Liability and Short Term Disability	522,809	532,959
Debt Principal Repayments	3,934,015	3,756,747
Operating Expenses Capitalized	1,203,169	1,582,019
	34,525,584	33,470,584
Consolidated Financial Statement Annual Surplus	17,979,937	13,993,863

Financial Statements

For the Year Ended December 31, 2020

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

- the consolidated statement of financial position as at December 31, 2020
- the consolidated statements of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies (Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2020, and its consolidated results of operations, its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards and for such internal control as management determines is necessary to enable the preparation of 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

June 1, 2021

Waterloo, Canada

Consolidated Financial Statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

County of Wellington

Consolidated Statement of Financial Position

As at December 31

	2020	2019
	\$	\$
Assets		
Financial Assets		
Cash and Cash Equivalents (Note 3)	46,410,515	33,769,955
Accounts Receivable	10,039,506	11,023,432
Portfolio Investments (Note 3)	96,976,239	92,039,667
Loans Receivable (Note 4)	953,504	127,385
Total Financial Assets	154,379,764	136,960,439
Liabilities		
Accounts Payable and Accrued Liabilities	21,562,364	16,642,272
Deferred Revenue (Note 5)	14,424,777	10,586,567
Landfill Site Closure and Post Closure Liability (Note 6)	8,613,565	8,581,220
Post Employment/Retirement Liability (Note 7)	2,359,915	2,313,789
WSIB Liability (Note 8)	1,361,104	1,340,327
Other Long-Term Liabilities (Note 9)	90,129	150,215
Net Long-Term Liabilities (Note 10)	34,587,574	38,652,583
Total Liabilities	82,999,428	78,266,973
Net Financial Assets	71,380,336	58,693,466
Non Financial Assets		
Tangible Capital Assets (Note 11)	434,780,804	430,447,282
Inventories of Supplies	1,400,178	779,004
Prepaid Expenses	2,426,794	2,088,423
Total Non Financial Assets	438,607,776	433,314,709
Accumulated Surplus (Note 12)	509,988,112	492,008,175

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	(Note 20)		
	Budget	2020	2019
	\$	\$	\$
Revenues			
Taxation (Note 12)	107,834,900	108,337,251	101,785,776
Government Transfers			
Provincial (Note 13)	74,946,040	78,316,153	75,341,570
Federal (Note 13)	6,995,538	6,020,165	9,144,215
Municipal	27,487,897	26,011,667	26,604,122
Fees and Services Charges	12,208,500	11,523,390	12,319,029
Licenses, Permits, Rent	8,382,100	8,583,597	8,549,762
Interest, Donations, Other	3,185,940	3,742,772	3,581,633
Development Charges Earned	928,500	2,418,713	1,453,012
Total Revenues	241,969,415	244,953,708	238,779,119
Expenses			
General Government	22,296,246	19,513,187	19,644,954
Protection to Persons and Property	19,040,910	19,190,525	18,372,745
Transportation Services	29,364,571	32,171,614	33,381,891
Environmental Services	11,760,657	11,497,936	10,229,115
Health Services	13,430,775	14,944,922	18,935,820
Social Housing	35,292,285	38,384,207	34,540,776
Social and Family Services	77,935,477	76,155,158	75,860,161
Library	8,555,971	8,355,208	7,831,715
Museum	2,466,586	2,589,553	2,281,744
Planning and Development	4,336,536	4,171,461	3,706,336
Total Expenses	224,480,014	226,973,771	224,785,257
 Annual Surplus	 17,489,401	 17,979,937	 13,993,862
 Accumulated Surplus, Beginning of Year	 492,008,175	 492,008,175	 478,014,313
 Accumulated Surplus, End of Year	 509,497,576	 509,988,112	 492,008,175

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

(Note 20)

Budget

2020

2019

\$

\$

\$

Annual Surplus	17,489,401	17,979,937	13,993,862
Acquisition of Tangible Capital Assets	(38,985,200)	(32,931,233)	(33,558,567)
Amortization of Tangible Capital Assets	23,000,000	27,703,651	23,830,562
Loss on Disposal of Tangible Capital Assets	-	514,770	418,246
Proceeds on Sale of Tangible Capital Assets	-	379,290	284,401
	1,504,201	13,646,415	4,968,504
Acquisition of Inventories of Supplies	-	(1,400,178)	(779,004)
Acquisition of Prepaid Expenses	-	(2,426,794)	(2,088,423)
Consumption of Inventories of Supplies	-	779,004	922,697
Use of Prepaid Expenses	-	2,088,423	2,041,694
Change in Net Financial Assets	1,504,201	12,686,870	5,065,468
Net Financial Assets, Beginning of Year	58,693,466	58,693,466	53,627,998
Net Financial Assets, End of Year	60,197,667	71,380,336	58,693,466

Consolidated Financial Statements

CONSOLIDATED STATEMENT OF CASH FLOWS

County of Wellington

Consolidated Statement of Cash Flows

For the year ended December 31

	2020	2019
	\$	\$
Cash Provided By (Used In):		
Operating Activities:		
Annual Surplus	17,979,937	13,993,862
Items Not Involving Cash:		
Amortization	27,703,651	23,830,562
Loss on Disposal of Tangible Capital Assets	514,770	418,246
Change in Post Employment/Retirement Liability	46,126	133,627
Change in WSIB Liability	20,777	17,235
Change in Landfill Liability	32,345	546,144
Change in Other Long-Term Liabilities	(60,086)	150,215
Change in Non-Cash Assets and Liabilities:		
Accounts Receivable	983,925	(701,711)
Accounts Payable and Accrued Liabilities	4,920,092	(2,524,052)
Deferred Revenue	3,838,210	1,931,368
Inventories of Supplies	(621,174)	143,693
Prepaid Expenses	(338,371)	(46,729)
Net Change in Cash from Operating Activities	55,020,202	37,892,460
Capital Activities:		
Proceeds on Sale of Tangible Capital Assets	379,290	284,401
Cash Used to Acquire Tangible Capital Assets	(32,931,233)	(33,558,567)
Net Change in Cash from Capital Activities	(32,551,943)	(33,274,166)
Investing Activities:		
Change in Loan Receivable	(826,119)	28,926
Change in Long Term Investments	(4,936,572)	(5,010,656)
Net Change in Cash from Investing Activities	(5,762,691)	(4,981,730)
Financing Activities:		
Long Term Debt Issued	-	9,610,000
Long Term Debt Repaid	(4,065,008)	(3,886,250)
Net Change in Cash from Financing Activities	(4,065,008)	5,723,750
Net Change in Cash and Short Term Investments	12,640,560	5,360,314
Cash and Short Term Investments, Beginning of Year	33,769,955	28,409,641
Cash and Short Term Investments, End of Year	46,410,515	33,769,955

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

Notes to the Financial Statements

For the Year Ended December 31, 2020

The County of Wellington (the County) is an upper-tier municipality in the Province of Ontario, Canada. The County is comprised of seven member municipalities: the Towns of Erin and Minto, and the Townships of Centre Wellington, Guelph/Eramosa, Mapleton, Puslinch and Wellington North.

1. ACCOUNTING POLICIES

The consolidated financial statements of the County of Wellington are prepared by management in accordance with Canadian generally accepted accounting principles for governments as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. Significant accounting policies adopted by the County are as follows:

a) Basis of Consolidation

(i) Consolidated Entities

These consolidated statements include the activities of all committees of Council and the following boards and municipal corporation which are under the control of Council:

Wellington County Police Services Board

Wellington County Public Library Board

Wellington Housing Corporation (WHC)

All interfund assets and liabilities and sources of financing and expenses have been eliminated with the exception of loans or advances between reserve funds and any other fund of the municipality and the resulting interest income and expenses.

Under PSAB standards, the County reports only its share of assets, liabilities and results of operations of any government partnerships in which it participates. The County participates in Wellington-Dufferin-Guelph Public Health to the extent of 32% (2019 – 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, 2020

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 \$4,736,256 (2019 - \$4,006,516). 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 \$5,543,456 (2019 - \$5,297,933) 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 \$1,330,613 (2019 - \$0) 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.

(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, 2020

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 50 15 to 25 10 to 30 Lease Term
Infrastructure	Roads and Parking Lots—Asphalt Roads and Parking Lots—Gravel Roads—Base Bridges—Surface Bridges and Culverts—Structure Structural Walls Trails Traffic Signals, Street Signs, Outdoor Lighting	20 50 50 20 50 50 20 to 50 20
Vehicles and Machinery	Licensed Equipment Unlicensed Equipment Machinery and Equipment	7 15 7 to 20
Furniture and Fixtures		5 to 15
Technology and Communications		4 to 20
Library Books and Media		5

Notes to the Financial Statements

For the Year Ended December 31, 2020

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 2020 is \$0 (2019 - \$0).

(iii) Works of Art and Cultural and Historic Assets

Works of art and cultural and historic assets are not recorded as assets in these financial statements. The County's art collection includes approximately 1,300 pieces, either created by a significant Wellington County artist and/or depicting Wellington County subject matter. The Museum's collection contains over 21,000 artifacts. The Archives' collection contains over 103,000 photographs, as well as maps, microfilm and audio-visual media. Both collections relate to the history of Wellington County and are fully catalogued with appraised values in the County's collections database. The collection is maintained and stored at the Wellington County Museum 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 \$0 (2019 - \$3,157).

(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, 2020

(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 \$122,848 (2019 - \$129,754) 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 \$46,410,515 (2019 - \$33,769,955) are reported on the Consolidated Statement of Financial Position at cost.

Total portfolio investments of \$96,976,239 (2019 - \$92,039,667) are reported on the Consolidated Statement of Financial Position at cost and have a market value of \$101,528,482 (2019 - \$93,998,857).

At December 31, 2020 the County had two credit facilities arrangements. Facility 1 is \$10,000,000 by way of loans with an interest rate of prime less 0.50% and remains undrawn at December 31, 2020. Facility 2 is \$500,000 by way of Letters of Credit. The aggregate of Facility 1 and Facility 2 may not exceed \$10,000,000 at any time.

On November 15, 2019, an irrevocable Standby Letter of Credit was issued to finance the Badley (Metcalf Street) bridge replacement in favour of the Receiver General for Canada on behalf of Fisheries and Oceans Canada in the amount of \$201,900. The annual interest rate is 1.35% on any outstanding amounts. In January of 2021, the Letter of Credit was reduced by \$66,500 leaving a balance of \$135,400.

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, 2020 was \$28,080 (2019 - \$42,930).

In 2015, the County and the Township of Centre Wellington agreed to share soil remediation costs for the Fergus Library Expansion Project. The land, originally owned by the Township of Centre Wellington was remediated by the County upfront and will be repaid by the Township at 60%. The Township will repay the County over ten years, interest free, starting in 2016. The amount to be repaid to the County as at December 31, 2020 was \$70,380 (2019 - \$84,455).

Notes to the Financial Statements

For the Year Ended December 31, 2020

(ii) Keep Well—Emergency Business Sustainability Fund

In 2020, the County also established the Keep Well—Emergency Business Sustainability Fund to provide up to \$1,000,000 in low-interest loans (3%) to support local businesses. The County has entered in to agreements with the Wellington-Waterloo Community Futures Development Corporation (WWCFDC) and the Saugeen Economic Development Corporation (SEDC) to administer these loans. The total loans advanced in 2020 were \$891,400 (WWCFDC \$740,400 and SEDC \$151,000) with subsequent repayments in 2020 of \$36,356 (WWCFDC \$32,042 and SEDC \$4,314) leaving an outstanding balance of \$855,044 (WWCFDC \$708,358 and SEDC \$146,686). Of these outstanding balances only one loan was considered at risk of non-repayment and an allowance has been set up in the amount of \$8,000.

Notes to the Financial Statements

For the Year Ended December 31, 2020

5. DEFERRED REVENUE

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

	2020	2019
Federal Gas Tax	5,543,456	5,297,933
Ontario Community Infrastructure Fund (OCIF)	1,330,613	-
Development Charges	4,736,256	4,006,516
Deferred Operating Grants	2,705,733	1,218,274
Other	108,719	63,844
	14,242,777	10,586,567
	2020	2019
Balance, Beginning of Year		
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
Amounts Received		
Federal Gas Tax	2,758,534	5,570,535
OCIF	1,863,466	1,823,229
Safe Restart Fund	2,311,900	-
Development Charges	3,025,369	3,100,466
Deferred Operating Grants	3,706,371	1,136,305
Other	72,763	29,035
Interest Earned	303,905	273,151
	14,042,308	11,932,721
Contributions Used	(10,204,098)	(10,001,353)
Balance, End of Year	14,424,777	10,586,567

Notes to the Financial Statements

For the Year Ended December 31, 2020

6. LANDFILL SITE CLOSURE AND POST-CLOSURE LIABILITY

The County is responsible for all aspects of solid waste management. As of December 31, 2020 there were 16 closed landfill sites (of which 5 locations were operating as transfer stations) and 1 active landfill site. The total estimated expenditure (on a discounted basis) for closure and post-closure care as of December 31, 2020 is \$8,660,292 (2019 - \$9,968,675). The amount reported on the Consolidated Statement of Financial Position as of December 31, 2020 is \$8,613,565 (2019 - \$8,581,220) and the amount remaining to be recognized is \$46,727 (2019 - \$1,387,455).

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 2.42% (2019 – 2.82%).

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 99.46% (2019 – 86.08%) of the liability is recognized and reported, which represents the estimated weighted average capacity used to December 31, 2020. It is estimated that sufficient landfill site capacity exists for approximately 25 years.

Of the \$8,613,565 (2019 - \$8,581,220) recognized as a liability, \$121,850 (2019 - \$611,147) 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 \$8,491,715 (2019—\$7,970,073) is shown as an amount to be recovered from reserve funds (see note 12).

7. POST-EMPLOYMENT / RETIREMENT LIABILITY

Post-employment benefits include a provision to pay 90% of the premium cost for retired non-union and retired union full-time employees for dental, extended health care and life insurance benefits for an employee voluntarily electing early retirement until the retired employee's 65th birthday. For union full-time employees, the County pays 100% of the premium for eligible early retirees with a retirement effective date of December 31, 2022 or earlier. There is also a provision to pay 50% of the premium cost for retired 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.

The present value of these benefit obligations at December 31, 2020 was estimated from an actuarial review completed in December 2020. The review calculated the benefit obligations using an accrued benefit obligation methodology, which recognizes the accrued benefit over the employees' working lifetime.

Notes to the Financial Statements

For the Year Ended December 31, 2020

Benefit	Number of Employees Entitled to Benefit as at December 31, 2020	Liability as at December 31, 2020	Liability as at December 31, 2019
Dental	51	416,768	391,285
Extended Health Care	51	1,321,631	1,384,403
Life Insurance	44	95,162	87,573
County of Wellington Total		1,833,561	1,863,261
Wellington-Dufferin-Guelph Public Health		526,354	450,528
Consolidated Total		2,359,915	2,313,789

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

	2020	2019
Accrued Benefit Obligation:		
Balance, beginning of year	2,918,714	2,911,863
Current benefit cost	149,466	140,900
Change due to Plan Amendment	(188,670)	-
Interest	115,257	114,325
Benefits Paid	(224,042)	(248,374)
Actuarial loss	(60,885)	-
Balance, end of year	2,709,840	2,918,714
Unamortized actuarial loss	(876,279)	(1,055,453)
Liability for benefits	1,833,561	1,863,261
Wellington-Dufferin-Guelph Public Health	526,354	450,528
Consolidated Total	2,359,915	2,313,789

Notes to the Financial Statements

For the Year Ended December 31, 2020

Included in expenses is \$118,289 (2019 - \$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, 2020 were determined using a discount rate of 3.25%.

(ii) Health Care Cost Rates:

Medical costs were assumed to increase at the rate of 5.75% for 2021 vs. 2020 reducing by 0.333% per year to 3.75% per year in 2027 vs. 2026 and 3.75% each year thereafter.

(iii) Dental Cost Rates:

Dental costs were assumed to increase at the rate of 3.75% per year.

8. WORKPLACE SAFETY AND INSURANCE

The County is a Schedule II (self-insured) employer with the Workplace Safety and Insurance Board (WSIB). Payments made to the WSIB in 2020 resulting from approved claims were \$65,949 (2019 - \$93,530) and are reported as a liability transaction on the Consolidated Statement of Financial Position. The WSIB liability is based on an actuarial evaluation completed in December 2020. The evaluation is updated every four years. As WSIB benefits are a compensated absence, PSAB Section PS 3250 requires full recognition of liabilities associated with workplace injuries that occurred on or before the valuation date. The amount reported on the Consolidated Statement of Financial Position as a liability is \$1,361,104 (2019 - \$1,340,327).

Information about the WSIB liability is as follows:

	2020	2019
Accrued Benefit Obligation:		
Balance, Beginning of Year	1,278,321	1,223,522
Current Benefit Cost	154,223	149,515
Interest	48,129	46,046
Expected Benefit Payments	(144,011)	(140,762)
Expected Accrued Benefit Obligation, End of Year	1,336,662	1,278,321
Actual Accrued Benefit Obligation, End of Year	1,105,254	1,278,321
Unamortized Actuarial Gain	255,850	62,066
WSIB Liability	1,361,104	1,340,327

Notes to the Financial Statements

For the Year Ended December 31, 2020

Included as a reduction in expenses is \$37,564 (2019 – \$37,564) 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, 2020 were determined using a discount rate of 2.75% (2017 Valuation—3.75%)

(ii) Administration costs:

Administration costs were assumed to be 25.0% (2017 Valuation—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 2.5% (2017 Valuation—1.75%) to 3.75% (2017 Valuation—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 two payment of \$60,105 was made in 2020 (2019—\$75,107) with subsequent payments estimated at \$90,129 (2019—\$150,215). Annual grant payments are subject to property value assessments and recalculation of the grants each year.

	2020	2019
	\$	\$
2020	-	60,086
2021	45,064	45,064
2022	30,043	30,043
2023	15,022	15,022
	90,129	150,215

Notes to the Financial Statements

For the Year Ended December 31, 2020

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.

	2020	2019
Long-term liabilities outstanding for County purposes	34,097,919	38,031,935
Long-term liabilities outstanding for Wellington Housing Corporation	489,655	620,648
Total long-term liabilities at the end of the year	34,587,574	38,652,583

Long-term liabilities outstanding for Local Municipal purposes (2020 - 19,764,364, 2019 - \$24,494,314) 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:

	2020	2019
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%)	53,862,283	62,526,249
Long-term liabilities incurred by the County and recoverable from member municipalities	(19,764,364)	(24,494,314)
Net long-term liabilities at the end of the year	34,097,919	38,031,935

Notes to the Financial Statements

For the Year Ended December 31, 2020

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

	2020	2019
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
Debenture payable, 4.75%-4.85%, repayable in annual principal and semi-annual interest payments of approximately \$225,000 annually, due October 5, 2021	215,000	419,000
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	1,380,000	1,695,000
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	4,785,000	5,305,000
Debenture payable, 5.84%, repayable in blended semi-annual payments of \$119,573, due August 12, 2024	842,206	1,024,160
Debenture payable, 5.875%, repayable in blended semi-annual payments of \$856,527, due August 12, 2025	7,329,713	8,557,775
Debenture payable, 1.35%-2.45%, repayable in annual principal and semi-annual interest payments of approximately \$133,500 annually, due November 30, 2026	742,000	859,000
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	1,340,000	1,461,000
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	8,246,000	8,753,000
Debenture payable, 1.9% - 2.6%, repayable in annual principal and semi-annual interest payments of approximately \$610,000 annually, due November 4, 2039	9,218,000	9,610,000
	\$ 34,097,919	\$ 38,031,935

Notes to the Financial Statements

For the Year Ended December 31, 2020

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

	Principal
2021	\$ 3,714,005
2022	4,361,997
2023	6,579,291
2024	3,009,201
2025	2,906,425
Subsequent to 2025	13,527,000
	\$ 34,097,919

(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:

	2020	2019
Principal Payments	3,934,016	3,756,747
Interest	1,306,295	1,272,933
	5,240,311	5,029,680

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

	2020	2019
General Municipal Revenues	4,255,659	4,189,301
Development Charges	984,652	840,379
	5,240,311	5,029,680

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

	2020	2019
Net Long-term Liabilities		
Recovered from General Municipal Revenues	24,916,919	28,142,935
Recovered from Development Charges	9,181,000	9,889,000
	34,097,919	38,031,935

Notes to the Financial Statements

For the Year Ended December 31, 2020

(g) Wellington Housing Corporation:

The mortgage payable is held by the Canadian Mortgage and Housing Corporation at an interest rate of 0.67% with monthly installments of \$11,262 (2019 - \$11,323) principal and interest and due August 2024.

The mortgage payable is secured by real estate and chattels owned by the corporation with a carrying value of \$4,073,325 (2019 - \$2,596,483).

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

	Principal
2021	132,281
2022	133,168
2023	134,062
2024	90,144
	\$ 489,655

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, 2020

Cost	December 31, 2019	Reclasses	Additions	Disposals	December 31, 2020
Land	\$ 33,631,664		-	-	\$ 33,631,664
Landfill Sites	1,871,638		-	-	1,871,638
Buildings	192,800,632	(566,157)	4,244,773	(1,767,465)	194,711,783
Infrastructure					
Roads	348,464,191	(986,593)	11,903,610	(665,530)	358,715,678
Bridges	86,967,265	1,315,442	12,224,863	(390,833)	100,116,737
Culverts	21,708,275	(1,140,648)	738,668	-	21,306,295
Structural Walls	190,367	117,636	-	-	308,003
Traffic Lights	3,316,946	699,296	532,952	(60,768)	4,488,426
Trails	249,984		-	-	249,984
Parking Lots	2,732,196	561,024	45,028	(7,055)	3,331,193
Vehicles and Machinery					
Licensed Equipment	12,718,504	(1,022,665)	1,562,012	(1,321,714)	11,936,137
Unlicensed Equipment	8,636,769	1,022,655	1,320,140	(703,406)	10,276,168
Furniture and Fixtures	8,757,771		1,212,468	(43,283)	9,926,956
Technology and Communications	6,347,830		1,448,080	(687,518)	7,108,392
Library Books and Media	3,218,245		480,862	(563,282)	3,135,825
Wellington Housing Corporation	3,158,362		2,089,114	(494,911)	4,752,565
Public Health	11,107,310		216,466	-	11,323,776
Capital Work-in-Progress	12,538,109		2,508,105	(7,283,275)	7,762,939
Total	\$ 758,416,058	\$ -	\$ 40,527,141	\$ (13,989,040)	\$ 784,954,159
Accumulated Amortization	December 31, 2019	Reclasses	Amortization Expense	Disposals	December 31, 2020
Land	\$ -	-	-	-	\$ -
Landfill Sites	(1,013,342)	-	(12,635)	-	(1,025,977)
Buildings	(62,012,026)	66,099	(8,153,886)	1,305,818	(68,793,995)
Infrastructure					
Roads	(184,256,194)	36,135	(10,445,545)	620,802	(194,044,802)
Bridges	(45,555,612)	(66,329)	(1,854,265)	390,833	(47,085,373)
Culverts	(9,497,395)	38,835	(455,096)	-	(9,913,656)
Structural Walls	(772)	(12,255)	(9,720)	-	(22,747)
Traffic Lights	(2,099,238)	(1,500)	(169,778)	60,768	(2,209,748)
Trails	(43,460)	1	(11,028)	-	(54,487)
Parking Lots	(743,056)	(60,986)	(176,871)	34,290	(946,623)
Vehicles and Machinery					
Licensed Equipment	(5,061,989)	(202,445)	(2,329,102)	1,308,490	(6,285,046)
Unlicensed Equipment	(3,774,799)	202,445	(1,026,382)	434,417	(4,164,319)
Furniture and Fixtures	(4,368,717)	-	(757,969)	43,282	(5,083,404)
Technology and Communications	(3,412,213)	-	(981,842)	687,517	(3,706,538)
Library Books and Media	(1,617,371)	-	(660,966)	563,282	(1,715,055)
Wellington Housing Corporation	(561,879)	-	(166,934)	49,573	(679,240)
Public Health	(3,950,713)	-	(491,632)	-	(4,442,345)
Total	\$ (327,968,776)	\$ -	\$ (27,703,651)	\$ 5,499,072	\$ (350,173,355)

Notes to the Financial Statements

For the Year Ended December 31, 2020

Net Book Value	December 31, 2019	December 31, 2020
Land	\$ 33,631,664	\$ 33,631,664
Landfill Sites	858,296	845,661
Buildings	130,788,606	125,917,788
Infrastructure		
Roads	164,207,997	164,670,876
Bridges	41,411,653	53,031,364
Culverts	12,210,880	11,392,639
Structural Walls	189,595	285,256
Traffic Lights	1,217,708	2,278,678
Trails	206,524	195,497
Parking Lots	1,989,140	2,384,570
Vehicles and Machinery		
Licensed Equipment	7,656,515	5,651,091
Unlicensed Equipment	4,861,970	6,111,849
Furniture and Fixtures	4,389,054	4,843,552
Technology and Communications	2,935,617	3,401,854
Library Books and Media	1,600,874	1,420,770
Wellington Housing Corporation	2,596,483	4,073,325
Public Health	7,156,597	6,881,431
Capital Work-in-Progress	12,538,109	7,762,939
Total	\$ 430,447,282	\$ 434,780,804

(a) Assets Under Construction

Assets under construction having a value of \$7,762,939 (2019 - \$12,538,109) have not been amortized. Wellington Housing Corporation assets under construction having a value of \$17,452 (2019 - \$312,642) have been included in the Wellington Housing Corporation asset values. 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 (2019 - \$0). The loss on disposal of assets during the year was \$514,770 (2019 - \$418,246).

Notes to the Financial Statements

For the Year Ended December 31, 2020

12. ACCUMULATED SURPLUS

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

As at December 31	2020	2019
	\$	\$
Surplus:		
Invested in Tangible Capital Assets	434,780,804	430,447,282
Invested in Capital Fund	15,868,884	21,426,805
Share of Public Health Unit (Note 15)	1,049,918	770,751
Contingency Reserve Recovery of Keep Well Loan	855,044	-
Amounts to be Recovered		
From Future Revenues		
Net Long-Term Liabilities	(34,587,574)	(38,652,583)
Post-Employment Benefits	(2,359,915)	(2,313,789)
Landfill Liability	(121,850)	(611,147)
Other Long-Term Liabilities	(90,129)	(150,125)
From Reserve Funds		
Landfill Liability	(8,491,715)	(7,970,073)
WSIB	(1,361,104)	(1,340,327)
Total Surplus	405,542,363	401,606,704
Reserves set aside by Council for:		
Capital	46,595,576	40,452,850
Contingencies and Stabilization	24,465,192	20,152,166
Equipment Replacement	4,456,037	4,192,172
Benefits and Insurance	3,873,432	3,363,032
Programme Specific	2,916,617	2,724,387
Total Reserves	82,306,854	70,884,607
Reserve Funds set aside for specific purposes by Council for:		
Landfill Closure and Post Closure	8,491,715	7,970,073
Workplace Safety and Insurance	3,731,534	3,569,701
Housing Regeneration	4,207,820	3,337,662
Public Health Debt Retirement	2,854,327	2,785,879
Housing Development	2,114,035	1,217,787
Museum Donations and Endowments	209,675	190,705
Luella Logan Scholarship/Award	148,792	148,158
Homeownership Loan	202,543	132,753
Library Donations	100,657	93,025
Wellington Terrace Donations	77,797	71,121
Total Reserve Funds	22,138,895	19,516,864
Accumulated Surplus	\$ 509,988,112	\$ 492,008,175

Notes to the Financial Statements

For the Year Ended December 31, 2020

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.

	2020	2019
Property Tax Levy	105,612,800	99,741,800
Supplementary and Omitted Taxes	2,518,533	2,223,353
Payment in Lieu of Taxes	835,356	765,247
Other	31,679	31,680
	108,998,368	102,762,080
Less:		
Property Taxes written off as uncollectible	(942,138)	(971,519)
Provisions for Assessment at Risk	281,021	(4,785)
	(661,117)	(976,304)
Tax Revenue Recognized	\$ 108,337,251	\$ 101,785,776

Notes to the Financial Statements

For the Year Ended December 31, 2020

14. PROVINCIAL AND FEDERAL GOVERNMENT TRANSFERS

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

	2020	2019
Provincial Government Grants		
Affordable Housing Construction Funding	201,314	209,930
Community Homelessness Prevention Initiative, SHEEP	3,917,657	3,560,452
Community Policing Partnership, RIDE, 1000 Officers, Court Security	223,384	238,528
COVID Funding - Children's Services	2,097,618	-
COVID Funding - Housing Services	2,202,409	-
COVID Funding - Long-Term Care	1,830,086	-
COVID Funding - Safe Restart Corporate	2,311,900	-
Health Unit – Ministry of Children and Youth Services	825,987	825,987
Health Unit – Ministry of Health and Long Term Care	5,992,034	4,984,829
Library Operating Grant	141,275	141,275
Library Other Grants	-	6,720
Long Term Care Operating Subsidy	9,426,448	9,440,048
MCI Immigration Funding	-	15,519
Ministry of Education Funding - Children's Early Years	19,339,651	22,672,005
Ministry of Municipal Affairs - Investing in Affordable Housing	1,791,727	1,792,501
MMAH Modernization Grant	-	725,000
Museum Operating Grant and Other	70,739	56,184
Ontario Community Infrastructure Fund (OCIF)	549,964	2,327,003
Ontario Municipal Partnership Fund (OMPF)	1,281,900	1,508,100
Ontario Works Administration Subsidy	4,831,041	4,848,006
Ontario Works Benefit Subsidy	17,701,452	19,080,571
Ontario Works Provincial Addictions Funding	-	69,975
Reaching Home	-	112,535
Strong Communities Rent Supplement	540,419	543,002
Waste Diversion Ontario, Stewardship Ontario, OTS Tire	1,057,159	977,680
Other	1,981,989	1,205,720
Subtotal Provincial Government Grants	\$78,316,153	\$75,341,570

Notes to the Financial Statements

For the Year Ended December 31, 2020

	2020	2019
Federal Government Grants		
Citizenship and Immigration Canada Subsidy	456,175	428,111
COVID Funding - Ontario Works	19,465	-
FCM Asset Management Grant	-	12,924
Federal Housing Block Funding	2,507,768	2,874,904
Federal Gas Tax	2,676,722	5,747,957
Health Unit - Public Health Agency of Canada	19,428	7,233
Homeless Partnering Strategy	279,438	73,086
Smart Cities	61,169	-
Subtotal Federal Government Grants	\$6,020,165	\$9,144,215
Total Grant Revenues	\$ 84,336,318	\$ 84,485,785

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, 2020 the sum of \$3,663,531 (2019 - \$3,566,444) has been paid to GMCH, leaving an outstanding commitment of \$1,336,469 (2019 - \$1,433,556).

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, 2020 the sum of \$2,200,000 (2019 - \$2,000,000) has been paid to the Mount Forest Louise Marshall Hospital Foundation, leaving an outstanding commitment of \$0 (2019 - \$200,000). The sum of \$2,200,000 has been paid to the Palmerston and District Hospital Foundation, leaving an outstanding commitment of \$0. The sum of \$5,000,000 has been paid to Groves Memorial Community Hospital Foundation, leaving an outstanding commitment of \$0.

In January of 2020, the County provided a \$2,300,000 Obligations Guarantee for the Southwestern Integrated Fibre Technology (SWIFT) programme. This guarantee allowed SWIFT to obtain a credit facility and continue work on improving rural broadband service to Wellington County. This work is expected to be complete by November 2022 and the guarantee will be discharged at this time.

Notes to the Financial Statements

For the Year Ended December 31, 2020

16. GOVERNMENT PARTNERSHIP

The County of Wellington is a partner in the Wellington-Dufferin-Guelph Health Unit. The County provides 32.0% (2019 - 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, 2020, the Health Unit's financial results and financial position are as follows

	2020	2019
Financial Assets	5,567,985	3,651,530
Liabilities	(8,461,004)	(8,311,312)
Non-Financial Assets	21,557,543	22,437,800
Accumulated Surplus	18,664,524	17,778,018
Revenues	31,015,019	27,597,773
Expenses	30,128,513	26,792,805
Annual Surplus	886,506	804,968

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

	2020	2019
Financial Assets	1,781,756	1,168,490
Accounts Payable and Deferred revenue	(748,820)	(421,237)
Non-Financial Assets	16,982	23,498
Share of Public Health (Note 11)	1,049,918	770,751
Long Term Debt	(1,465,581)	(1,828,864)
Post Employment Liability (Note 7)	(526,354)	(450,528)
Invested in Tangible Capital Assets (Note 10)	6,881,431	7,156,597
Accumulated Surplus	5,939,414	5,647,956

Notes to the Financial Statements

For the Year Ended December 31, 2020

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, 2020 the balance of the loan receivable is \$1,465,581 (2019 - \$1,828,864).

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, 2020, the maximum deductible exposure to the County is estimated at \$769,042. 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, 2020 totaled \$579,997 (2019 - \$483,088).

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 678 (2019 - 689) 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 \$58,700 and at a rate of 14.6% for earnings over the yearly maximum.

The County's contribution to OMERS for 2020 was \$4,169,595 (2019 - \$4,076,613) for current service and past service costs and is included as an expense on the Consolidated Statement of Operations. Employee contributions to OMERS in 2020 was \$4,169,595 (2019 - \$4,076,613).

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, 2020, the OMERS Primary Plan had a funded ratio of assets to pension obligations of 97% (2019 - 97%). The OMERS pension plan funding deficit remains \$3.2 billion (2019 - \$3.4 billion).

Notes to the Financial Statements

For the Year Ended December 31, 2020

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 \$2,507,769 (2019 - \$2,874,902) in federal government subsidies provided to the County for social housing, \$590,600 (2019 - \$947,562) 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 rent-geared-to-income (RGI) and affordable rental units. At December 31, 2020 the mortgage outstanding was \$489,655 (2019 - \$620,648).

20. BUDGET DATA

The budget data presented in these consolidated financial statements is based upon the 2020 operating and capital budgets approved by Council on January 30, 2020 and capital budget amendments made in 2020 in the amount of \$174,000 (2019 - \$5,181,200) that were approved by Council throughout the year. Amortization was not included in the approved budget, however it has been included in the consolidated financial statements budget based on the estimated annual amortization presented to Council prior to budget approval per Ontario Regulation 284/09. The following chart reconciles the approved budget to the budget figures reported in these consolidated financial statements.

	2020 Budget Amount	2019 Budget Amount
Revenue	\$	\$
Operating Budget	231,978,600	220,706,700
Capital Budget	38,985,200	48,041,700
Public Health Budget	7,045,715	8,799,061
Less:		
Transfers from other funds	(26,831,100)	(25,727,700)
New debt financing	(1,825,000)	(9,640,000)
Internal Recoveries	(7,384,000)	(6,929,800)
Total Revenue	241,969,415	235,349,961
Expenses		
Operating Budget	231,978,600	220,706,700
Capital Budget	38,985,200	47,986,700
Amortization	23,000,000	22,400,000
Public Health Budget	6,518,715	6,322,061
Less:		
Transfers from other funds	(25,829,701)	(25,787,500)
Capital Expenses	(38,985,200)	(47,986,700)
Debt principal payments	(3,934,000)	(3,757,700)
Internal Charges	(7,253,600)	(6,715,200)
Total Expenses	224,480,014	213,168,361
Annual Surplus	\$ 17,489,401	\$ 22,181,600

Notes to the Financial Statements

For the Year Ended December 31, 2020

21. COMPARATIVE FIGURES

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

22. SEGMENTED INFORMATION

The County of Wellington is a diversified municipal government institution that is responsible for ensuring the provision of a wide range of services to its citizens, including police, roads, solid waste services, ambulance, public health, 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.

Notes to the Financial Statements

For the Year Ended December 31, 2020

2020						
	General Government	Protection	Transportation Services	Environmental Services	Health Services	Social Housing
Revenues						
Taxation	12,971,719	19,008,869	29,285,662	7,522,184	7,743,488	5,414,155
Grants and Subsidies	1,548,165	1,120,977	3,303,378	1,211,283	7,173,272	13,279,274
Municipal Revenue	48,406	(30,700)	2,886,835	-	52,021	16,618,163
Fees and Service Charges	907,203	119,253	442,719	3,955,107	-	(529,371)
Licenses, Permits, Rents	1,250,936	114,590	-	8,836	-	7,179,436
Interest, Donations, Other	3,221,261	16,596	-	-	12,991	297,423
Development Charges	143,648	161,358	1,470,364	-	66,462	-
Total Revenues	20,091,338	20,510,943	37,388,958	12,697,410	15,048,234	42,259,080
Expenses						
Salaries and Benefits	9,885,559	404,483	5,347,658	2,720,857	4,980,298	4,248,317
Goods and Services	6,337,293	1,353,651	10,221,117	7,856,617	1,799,647	6,965,107
Transfer Payments	476,262	16,428,619	-	-	7,560,208	22,567,554
Insurance and Interest	1,128,792	62,438	852,626	269,719	113,137	465,406
Amortization	1,685,281	941,334	15,750,213	650,743	491,632	4,137,823
Total Expenses	19,513,187	19,190,525	32,171,614	11,497,936	14,944,922	38,384,207
Excess (deficiency) of revenue over expenses	578,151	1,320,418	5,217,344	1,199,474	103,312	3,874,873

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Notes to the Financial Statements

For the Year Ended December 31, 2020

2020					
	Social and Family Services	Library	Museum	Planning and Development	Consolidated
Revenues					
Taxation	13,478,114	7,563,717	2,158,791	3,190,552	108,337,251
Grants and Subsidies	56,027,165	393,018	164,617	115,169	84,336,318
Municipal Revenue	6,087,737	33,600	-	315,605	26,011,667
Fees and Service Charges	5,508,222	45,245	34,164	1,040,848	11,523,390
Licenses, Permits, Rents	-	20,891	8,908	-	8,583,597
Interest, Donations, Other	188,521	1,743	1,975	2,262	3,742,772
Development Charges	74,056	502,825	-	-	2,418,713
Total Revenues	81,363,815	8,561,039	2,368,455	4,664,436	244,953,708
Expenses					
Salaries and Benefits	32,047,131	4,536,419	1,596,161	2,753,943	68,520,826
Goods and Services	4,853,188	1,627,921	641,237	531,147	42,186,925
Transfer Payments	36,538,592	-	-	729,723	84,300,958
Insurance and Interest	1,068,028	184,074	55,140	62,051	4,261,411
Amortization	1,648,219	2,006,794	297,015	94,597	27,703,651
Total Expenses	76,155,158	8,355,208	2,589,553	4,171,461	226,973,771
Excess (deficiency) of revenue over expenses	5,208,657	205,831	(221,098)	492,975	17,979,937

Notes to the Financial Statements

For the Year Ended December 31, 2020

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, 2020

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

Wellington Housing Corporation

Financial Statements

For the year ended December 31, 2020

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, 2020
- the statement of operations for the year then ended
- the statement of changes in net debt for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2020, 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

April 21, 2021

Waterloo, Canada

Financial Statements

WHC — STATEMENT OF FINANCIAL POSITION

Wellington Housing Corporation

Statement of Financial Position

As at December 31

	2020	2019
	\$	\$
Assets		
Financial Assets		
Cash and Cash Equivalents (Note 3)	987,164	1,262,108
Accounts Receivable (Note 4)	218,814	535,860
Portfolio Investments (Note 3)	87,387	81,120
Total Financial Assets	1,293,365	1,879,088
Liabilities		
Accounts Payable and Accrued Liabilities	242,613	135,624
Deferred Revenue	14,439	11,060
Mortgage Payable (Note 5)	489,655	620,648
Total Liabilities	746,707	767,332
Net Financial Assets	546,658	1,111,756
Non Financial Assets		
Tangible Capital Assets (Note 6)	4,073,325	2,596,483
Accumulated Surplus (Note 8)	4,619,983	3,708,239

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

2020

2019

	\$	\$	\$
Revenues			
Rental Revenues	194,000	212,159	198,766
Municipal Operating Subsidies	748,000	749,650	645,000
Municipal Capital Subsidies	-	-	1,100,000
Provincial Capital Subsidies	-	450,000	450,000
Interest and other	-	13,904	2,223
Total Revenues	942,000	1,425,713	2,395,989
Expenses			
Office and general	14,500	14,413	9,511
Professional fees	17,500	11,433	11,763
Management fees	45,000	32,288	32,316
Repairs and maintenance	303,900	119,028	239,041
Utilities	9,100	19,702	21,925
Insurance	13,000	11,960	11,804
Interest and bank charges	12,000	5,515	6,933
Amortization	-	166,934	135,857
Bad debt expense	-	-	2,344
Loss on disposal of tangible capital assets	-	132,696	131,658
Total Expenses	415,000	513,969	603,152
Excess of revenue over expenses	527,000	911,744	1,792,837
Accumulated Surplus, Beginning of Year	3,708,239	3,708,239	1,915,402
Accumulated Surplus, End of Year	4,235,239	4,619,983	3,708,439

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	2020	2019
	\$	\$	\$
Excess of Revenue over Expenses	527,000	911,744	1,792,837
Loss on Disposal of Tangible Capital Assets	-	132,696	131,658
Acquisition of Tangible Capital Assets	(508,000)	(1,776,472)	(593,247)
Amortization of Tangible Capital Assets	-	166,934	135,857
Change in Net Financial Assets	19,000	(565,098)	1,467,105
Net Financial Assets (Debt), Beginning of Year	1,111,756	1,111,756	(355,349)
Net Financial Assets (Debt), End of Year	1,130,756	546,658	1,111,756

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

	2020	2019
	\$	\$
Cash Provided By (Used In):		
Operating Activities:		
Annual surplus	911,744	1,792,837
Items not involving cash:		
Amortization	166,934	135,857
Loss on disposal of tangible capital assets	132,696	131,658
Net change in non-cash working capital items	427,414	(281,571)
Net Change in Cash from Operating Activities	1,638,788	1,778,781
Capital Activities:		
Purchase of tangible capital assets	(1,776,472)	(593,247)
Increase in portfolio investments	(6,267)	(1,782)
Net Change in Cash from Capital Activities	(1,782,739)	(593,247)
Financing Activities:		
Long term debt repaid	(130,993)	(129,503)
Net Change in Cash from Financing Activities	(130,993)	(129,503)
Net Change in Cash and Cash Equivalents	(274,944)	1,054,249
Cash and Cash Equivalents, Beginning of Year	1,262,108	207,859
Cash and Cash Equivalents, End of year	987,164	1,262,108

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

Notes to the WHC Financial Statements

For the Year Ended December 31, 2020

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.

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, 2020

Major Asset Classification	Component Breakdown	Useful Life—Years
Land		N/A
Buildings	Structure Exterior Interior Site Elements Leasehold Improvements	15 to 50 20 to 40 15 to 40 10 to 30 Lease Term
Infrastructure	Parking Lots - Asphalt Parking Lots—Gravel	20 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, 2020

(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 \$987,164 (2019 - \$1,262,108) are reported on the Statement of Financial Position at cost.

Total portfolio investments of \$87,387 (2019 - \$81,120) are reported on the Statement of Financial Position at cost and have a market value of \$104,202 (2019 - \$96,147).

4. ACCOUNTS RECEIVABLE

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

	2020	2019
GST/HST Receivable	117,774	73,731
Rent	5,040	6,129
Provincial Subsidy	90,000	450,000
Deposit Receivable	6,000	6,000
	218,814	535,860

5. NET LONG-TERM LIABILITIES

The mortgage payable is held by the Canadian Mortgage and Housing Corporation at an interest rate of 0.67% with monthly installments of \$11,262 (2019 - \$11,323) principal and interest and due August 2024.

The mortgage payable is secured by real estate and chattels owned by the corporation with a carrying value of \$4,073,325 (2019 - \$2,596,483).

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

	Principal
2021	132,281
2022	133,168
2023	134,062
2024	90,144
	489,655

Notes to the WHC Financial Statements

For the Year Ended December 31, 2020

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, 2019 (\$)	Additions (\$)	Disposals (\$)	December 31, 2020 (\$)
Land	304,679	-	-	304,679
Buildings	2,212,558	2,063,539	(182,269)	4,093,828
Infrastructure—Parking Lots	282,380	-	-	282,380
Furniture and Fixtures	46,103	8,123	-	54,226
Capital Work-in-Progress	312,642	17,452	(312,642)	17,452
Total	3,158,362	\$ 2,089,114	(494,911)	4,752,565
Accumulated Amortization	December 31, 2019 (\$)	Disposals (\$)	Amortization Expense (\$)	December 31, 2020 (\$)
Land	-	-	-	-
Buildings	(496,050)	49,573	(143,779)	(590,256)
Infrastructure—Parking Lots	(39,384)	-	(13,194)	(52,579)
Furniture and Fixtures	(26,444)	-	(9,961)	(36,405)
Total	(561,878)	49,573	(166,934)	(679,240)
Net Book Value	December 31, 2019 (\$)			December 31, 2020 (\$)
Land	304,679			304,679
Buildings	1,716,507			3,503,572
Infrastructure—Parking Lots	242,996			229,802
Furniture and Fixtures	19,659			17,820
Capital Work-in-Progress	312,642			17,452
Total	2,596,483			4,073,325

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 four-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 \$450,000 was disbursed in 2020 upon completion of structural framing and confirmation of occupancy.

Notes to the WHC Financial Statements

For the Year Ended December 31, 2020

8. ACCUMULATED SURPLUS

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

As at December 31	2020	2019
Surplus:		
Invested in Tangible Capital Assets	4,073,325	2,596,483
Invested in Capital Fund	422,883	1,288,458
Long term Liabilities	(489,655)	(620,648)
Total Surplus	4,006,553	3,264,293
Reserve Funds set aside by the Corporation Board for:		
WHC Capital Reserve	613,430	443,946
Total Reserves	613,430	443,946
Accumulated Surplus	4,619,983	3,708,239

9. BUDGET DATA

The budget data presented in these financial statements is based upon the 2020 operating and capital budgets approved by County of Wellington Council on January 30, 2020. 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.

	2020 Budget	2019 Budget
Revenue	\$	\$
Operating Budget	942,000	856,000
Capital Budget	508,000	2,331,100
Less:		
Transfer from other funds	(508,000)	(331,000)
Total Revenue	2,856,000	2,856,000
Expenses		
Operating Budget	942,000	856,000
Capital Budget	508,000	2,331,100
Less:		
Transfers to other funds	(400,000)	(350,000)
Capital Expenses	(508,000)	(2,331,100)
Debt principal payments	(127,000)	(127,000)
Total Expenses	415,000	379,000
Annual Surplus	\$ 527,000	\$ 2,477,000

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, 2020

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, 2020
- 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, 2020, 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

June 1, 2021

Waterloo, Canada

Financial Statements

TRUST FUNDS—STATEMENT OF FINANCIAL POSITION

County of Wellington

Trust Funds—Statement of Financial Position

As at December 31, 2020

	Comfort Money	County Wellness Centre	Safe Communities	2020	2019
Financial Assets					
Cash and Bank	46,112	5,052	71,684	122,848	131,256
Liabilities					
Accounts Payable	-	-	-	-	1,502
Balance	46,112	5,052	71,684	122,848	129,754

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, 2020

	Comfort Money	County Wellness Centre	Safe Communities	2020	2019
Balance at the beginning of the year	45,320	20,492	63,942	129,754	140,818
Source of Funds:					
Deposits	140,771	18,250	36,121	195,142	278,583
Use of Funds					
Withdrawals	139,979	33,690	28,379	202,048	289,647
Balance at the end of the year	46,112	5,052	71,684	122,848	129,754

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

Notes to the Trust Fund Financial Statements

For the Year Ended December 31, 2020

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, 2020

Five-Year Financial Statistics

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	2020	2019	2018	2017	2016
Financial Assets	\$ 154,379,764	\$ 136,960,439	\$ 125,841,684	\$ 109,970,379	\$ 110,242,501
Liabilities	82,999,428	78,266,973	72,213,686	65,631,495	70,070,188
Net Financial Assets	\$ 71,380,336	\$ 58,693,446	\$ 53,627,998	\$ 44,338,884	\$ 40,172,313
Tangible Capital Assets	434,780,804	430,447,282	421,421,924	411,792,648	401,439,215
Prepays and Inventory	3,826,972	2,867,427	2,964,391	2,534,618	2,807,543
Accumulated Surplus	\$ 509,988,112	\$ 492,008,175	\$ 478,014,313	\$ 458,666,150	\$ 444,419,071
RESERVE AND RESERVE FUNDS					
Reserves and Reserve Funds	\$ 104,445,749	\$ 90,401,471	\$ 82,494,784	\$ 74,059,380	\$ 66,703,928
LONG-TERM LIABILITIES					
Gross Long Term Liabilities	\$ 53,862,283	\$ 62,526,249	\$ 60,014,041	\$ 55,546,727	\$ 61,784,903
Recoverable from Member Municipalities	(19,764,364)	(24,494,314)	(27,835,359)	(29,295,109)	(32,339,955)
NET LONG-TERM LIABILITIES	\$ 34,097,919	\$ 38,031,935	\$ 32,178,682	\$ 26,251,618	\$ 29,444,948
Supported by					
General Municipal Revenues	\$ 24,916,919	\$ 28,142,935	\$ 29,794,682	\$ 23,484,618	\$ 26,307,948
Development Charges	9,181,000	9,889,000	2,384,000	2,767,000	3,137,000
	\$ 34,097,919	\$ 38,031,935	\$ 32,178,682	\$ 26,251,618	\$ 29,444,948
CHARGES FOR NET LONG-TERM LIABILITIES					
Supported by					
General Municipal Revenues	\$ 4,255,659	\$ 4,189,301	\$ 4,026,339	\$ 3,992,525	\$ 3,961,165
Development Charges	984,652	840,379	557,400	479,819	485,515
	\$ 5,240,311	\$ 5,029,680	\$ 4,583,739	\$ 4,472,344	\$ 4,446,680
Provincial Annual Debt Repayment Limit	\$ 23,978,337	\$ 23,327,601	\$ 22,491,472	\$ 20,675,112	\$ 18,527,571

Five-Year Financial Statistics

CONSOLIDATED STATEMENT OF OPERATIONS

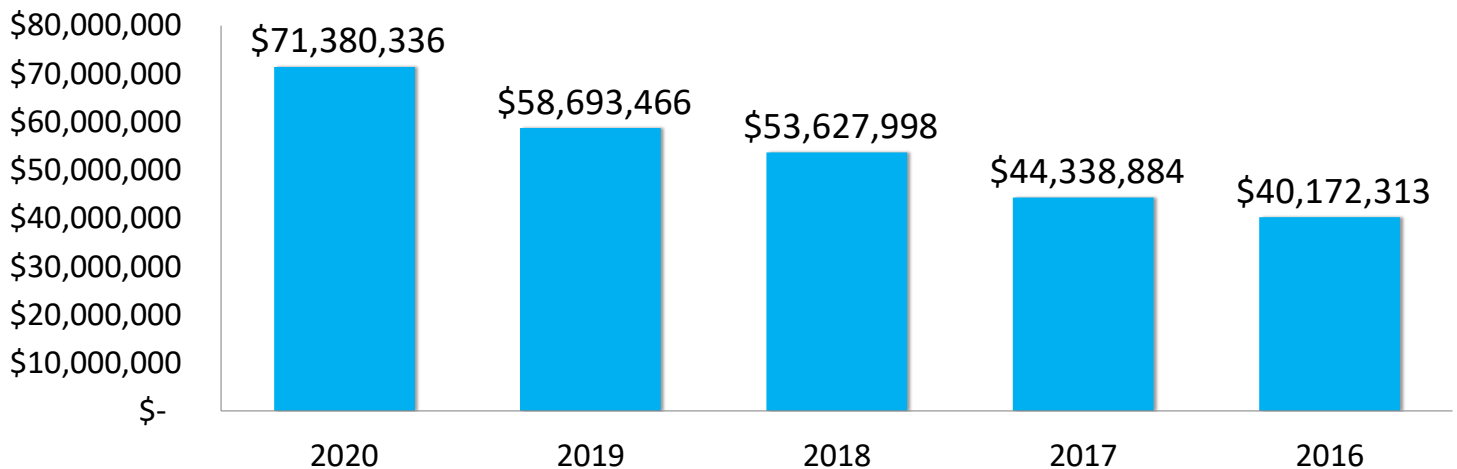
	2020	2019	2018	2017	2016
Sources of Revenue					
Taxation	\$ 108,337,251	\$ 101,785,776	\$ 97,111,559	\$ 93,248,002	\$ 88,587,319
Government Transfers					
Provincial	78,316,153	75,341,570	76,302,765	67,924,316	62,614,699
Federal	6,020,165	9,144,215	6,346,680	5,166,488	6,341,679
Municipal	26,011,667	26,604,122	24,451,012	24,042,601	25,486,751
Fees and Service Charges	11,523,390	12,319,029	10,930,545	10,564,373	9,467,963
Licenses, Permits, Rent	8,583,597	8,549,762	8,740,225	7,838,662	7,406,818
Interest, Donations, Other	3,742,772	3,561,633	2,933,760	2,737,834	2,824,677
Development Charges Earned	2,418,713	1,453,012	2,864,445	1,712,833	1,676,416
	244,953,708	238,779,119	229,410,991	213,235,109	204,406,322
Expenses by Function					
General Government	19,513,187	19,644,954	16,979,429	16,455,568	15,667,435
Protection to Persons and Property	19,190,525	18,372,745	17,785,831	17,347,807	18,081,503
Transportation Services	32,171,614	33,381,891	30,265,167	28,054,444	26,313,449
Environmental Services	11,497,936	10,229,115	8,774,198	9,307,931	6,540,688
Health Services	14,944,922	18,935,820	14,639,123	13,388,330	12,149,576
Social Housing	38,384,207	34,540,776	34,280,657	36,682,308	32,720,612
Social and Family Services	76,155,158	75,860,161	73,961,938	64,738,522	60,604,665
Library and Museum	10,944,761	10,113,459	9,869,284	9,566,106	9,188,608
Planning and Development	4,171,461	3,706,336	3,507,201	3,477,014	3,159,306
	226,973,771	224,785,257	210,062,828	198,988,030	184,425,572
Annual Surplus (Deficit)	17,979,937	13,993,862	19,348,163	14,247,079	19,980,750
Accumulated Surplus (Deficit), Beginning of Year	492,008,175	478,014,313	458,666,150	444,419,071	424,438,321
Accumulated Surplus (Deficit), End of Year	\$ 509,988,112	\$ 492,008,175	\$ 478,014,313	\$ 458,666,150	\$ 444,419,071
Expenses by Object					
Salaries and Benefits	\$ 68,520,826	\$ 64,251,219	\$ 61,616,902	\$ 57,764,122	\$ 55,553,954
Goods and Services	42,186,925	43,115,252	36,526,350	40,530,271	33,598,557
Transfer Payments	84,300,958	89,341,049	84,560,351	74,905,837	70,953,240
Insurance and Interest	4,261,411	4,247,176	4,758,022	3,572,675	3,207,254
Amortization	27,703,651	23,830,562	22,601,203	22,215,125	21,112,567
	\$ 226,973,771	\$ 224,785,257	\$ 210,062,828	\$ 198,988,030	\$ 184,425,572

Five-Year Financial Statistics

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

	2020	2019	2018	2017	2016
Annual Surplus	\$ 17,979,937	\$ 13,993,862	\$ 19,348,163	\$ 14,247,079	\$ 19,980,750
Acquisition of Tangible Capital Assets	(32,931,233)	(33,558,567)	(33,001,713)	(33,033,303)	(35,632,618)
Amortization of Tangible Capital Assets	27,703,651	23,830,562	22,601,203	22,215,125	21,113,438
Loss on Disposal of Tangible Capital Assets	514,770	418,246	306,492	110,296	819,339
Proceeds on Sale of Tangible Capital Assets	379,290	284,401	464,742	354,449	323,984
	13,646,415	4,968,504	9,718,887	3,893,646	6,604,893
Acquisition of Inventories of Supplies	(1,400,178)	(779,004)	(922,697)	(782,046)	(768,287)
Acquisition of Prepaid Expenses	(2,426,794)	(2,088,423)	(2,041,694)	(1,752,572)	(2,039,256)
Consumption of Inventories of Supplies	779,004	922,697	782,046	768,287	884,946
Use of Prepaid Expenses	2,088,423	2,041,694	1,752,572	2,039,256	2,730,057
Change in Net Financial Assets	12,686,870	5,065,468	9,289,114	4,166,571	7,412,353
Net Financial Assets, Beginning of Year	58,693,466	53,627,998	44,338,884	40,172,313	32,759,960
Net Financial Assets, End of Year	\$ 71,380,336	\$ 58,693,466	\$ 53,627,998	\$ 44,338,884	\$ 40,172,313

Net Financial Assets

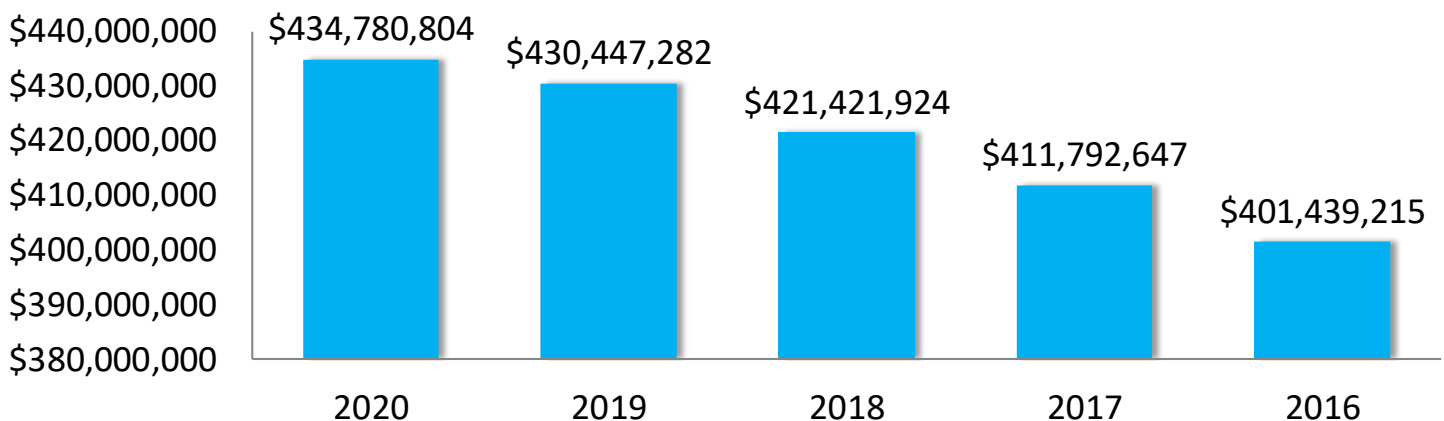


Five-Year Financial Statistics

NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS

	2020	2019	2018	2017	2016
Land	\$ 33,631,664	\$ 33,631,664	\$ 33,631,664	\$ 32,550,316	\$ 32,550,316
Landfill Sites	845,661	858,296	913,252	916,177	982,762
Buildings	125,917,788	130,788,606	130,722,244	120,492,079	109,106,097
Infrastructure					
Roads	164,670,876	164,207,997	164,853,716	160,297,095	161,266,824
Bridges	53,031,364	41,411,653	38,629,408	37,312,620	37,934,554
Culverts	11,392,639	12,210,880	11,713,562	11,328,630	10,224,321
Structural Walls	285,256	189,595	-	-	-
Traffic Lights	2,278,678	1,217,708	972,092	988,273	980,361
Trails	195,497	206,524	212,133	222,840	181,790
Parking Lots	2,384,570	1,989,140	1,848,028	805,875	814,911
Vehicles and Machinery					
Licensed Equipment	5,651,091	7,656,515	7,061,977	6,712,509	6,221,128
Unlicensed Equipment	6,111,849	4,861,970	4,189,699	3,852,817	4,308,217
Furniture and Fixtures	4,843,552	4,389,054	4,180,890	3,858,651	3,613,308
Technology and Communications	3,401,854	2,935,617	2,197,364	2,132,728	2,659,447
Library Books and Media	1,420,770	1,600,874	1,641,756	1,635,111	1,603,033
Wellington Housing Corporation	4,073,325	2,596,483	2,270,751	2,312,107	2,163,523
Public Health	6,881,431	7,156,597	7,360,849	8,006,413	8,481,117
Capital Work-in-Progress	7,762,939	12,538,109	9,022,539	18,368,406	18,347,506
Total	\$ 434,780,804	\$ 430,447,282	\$ 421,421,924	\$ 411,792,647	\$ 401,439,215

Net Book Value of Tangible Capital Assets



Five-Year Financial Statistics

CONSOLIDATED RESERVES AND RESERVE FUNDS

	2020	2019	2018	2017	2016
Capital Related Reserves					
Roads Capital	\$ 14,761,737	\$12,507,746	\$ 12,713,888	\$ 11,867,060	\$ 6,496,506
Wellington Terrace Capital	13,813,875	12,448,486	12,341,161	8,441,858	8,198,058
County Property	8,263,941	7,746,621	7,568,630	9,167,871	8,976,919
General Capital	5,631,241	4,845,418	4,971,163	4,507,623	3,642,829
Solid Waste Services	5,054,209	4,004,884	4,734,178	4,865,249	4,508,723
Social Services and Social Housing	4,013,377	3,566,962	3,222,418	2,741,739	2,818,321
Programme Specific	1,949,433	1,687,020	1,605,373	1,400,026	1,372,776
Land Ambulance and POA Capital	570,370	465,814	742,838	585,542	533,156
Hospital Capital Grants	-	-	-	880,000	1,820,000
	\$ 54,058,183	\$ 47,272,950	\$ 47,899,649	\$ 44,456,968	\$ 38,367,288
Contingency/Stabilization/Operating Reserves					
Corporate Contingency	\$ 8,187,339	\$8,810,679	\$ 7,084,393	\$ 6,893,286	\$ 6,842,293
Social Services and Social Housing	6,877,520	6,312,365	5,658,919	5,455,783	4,709,495
Tax Levy Stabilization	6,022,715	3,171,948	1,457,042	1,057,521	1,029,938
Employee Benefits, Sick Leave and STD	3,293,435	2,879,944	2,849,352	2,617,369	2,248,534
Winter Control	2,807,248	1,391,360	1,342,214	777,394	757,118
Corporate Insurance	579,997	483,088	427,367	414,119	398,473
Programme Specific	480,417	562,273	664,043	688,938	755,929
	\$ 28,248,671	\$ 23,611,657	\$ 19,483,330	\$ 17,904,411	\$ 16,741,780
Specific Purpose Reserve Funds					
Landfill Closure and Post Closure	\$ 8,491,715	\$7,970,073	\$ 7,450,721	\$ 6,689,659	\$ 6,004,271
Housing Regeneration	6,321,855	4,555,449	3,885,375	1,278,440	1,913,589
Workplace Safety and Insurance	3,731,534	3,569,701	3,464,351	3,305,439	3,424,523
Public Health Debt Retirement	2,854,327	2,785,879	-	-	-
Museum, Library and Terrace Donations	388,129	354,852	311,359	223,983	138,495
Logan Donation	148,792	148,158	-	-	-
Homeownership Loan Programme	202,543	132,753	-	-	-
	\$ 22,138,895	\$ 19,516,864	\$ 15,111,805	\$ 11,698,001	\$ 11,594,859
Total Reserves and Reserve Funds	\$ 104,445,749	\$ 90,401,471	\$ 82,494,784	\$ 74,059,380	\$ 66,703,928

Five-Year Financial Statistics

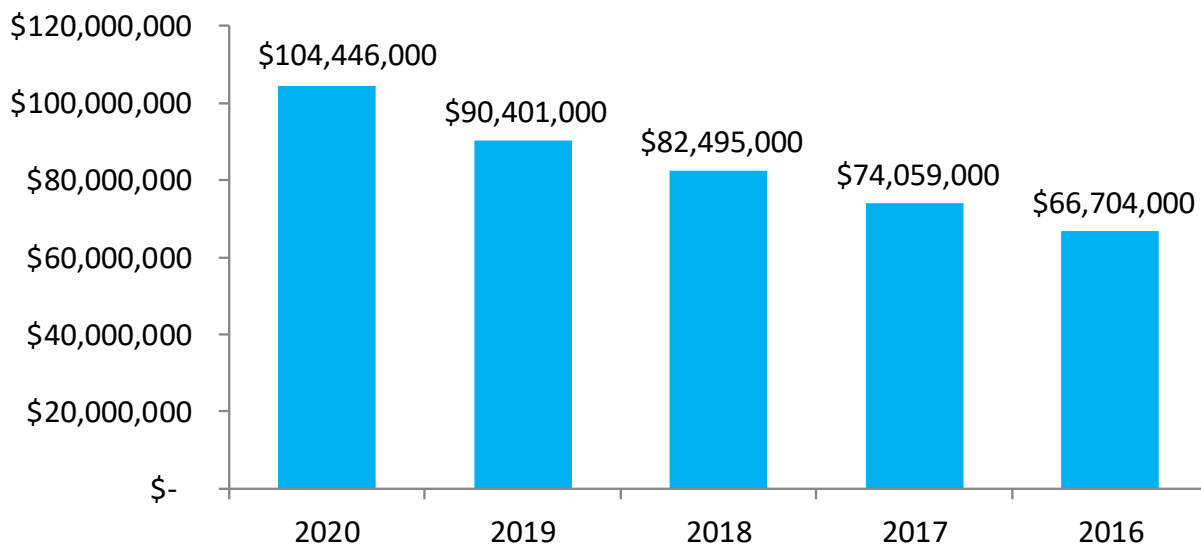
CONSOLIDATED RESERVES AND RESERVE FUNDS

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. The County is committed to maintaining strong reserve balances. In 2020, \$30.9 million was transferred to the County's reserve and reserve funds with \$2.4 million used to fund operations and \$14.5 million funding capital projects.

1. In 2020, the County of Wellington had an operating budget surplus of \$7.0 million and this was transferred to the following reserves: \$2.0 million to the Tax Rate Stabilization Reserve, \$2.35 million to the Solid Waste Services Capital Reserve, and \$2.6 million to the Roads Capital Reserve.
2. The Keep Well-Emergency Business Sustainability Fund was established in 2020 using \$0.9 million from the Corporate Contingency Reserve to assist local businesses during the pandemic.
3. In 2020, the Local Trails and Grants Programme for member municipalities ended and the associated reserve was closed with the reserve balance of \$0.09 million being transferred to planning operations.

In 2021, the County did a comprehensive review of the County's reserve and reserve funds policy, strategies and targets along with a third party review that included financial performance indicators and peer comparisons. As a result and to improve transparency of reporting and reduce administration, several reserves and reserve funds have been closed, opening or consolidated in 2021.

Reserve and Reserve Funds



Five-Year Financial Statistics

PROPERTY TAXES

	2020	2019	2018	2017	2016
Property Tax Rates by Class					
Residential	0.6144%	0.6175%	0.6278%	0.6403%	0.6428%
Multi-Residential	1.1674%	1.1732%	1.1929%	1.2165%	1.2007%
Farmland	0.1536%	0.1543%	0.1569%	0.1601%	0.1607%
Commercial	0.9161%	0.9207%	0.9361%	0.9546%	0.9507%
Industrial	1.4746%	1.4820%	1.5068%	1.5366%	1.5427%
Pipeline	1.3824%	1.3893%	1.4126%	1.4406%	1.4398%
Managed Forests	0.1536%	0.1543%	0.1568%	0.1601%	0.1607%
County Tax Levy	\$105,612,800	\$99,741,800	\$95,079,100	\$91,427,400	\$87,855,302
Supplementary and Omitted Taxes	\$2,512,217	\$2,223,353	\$2,212,685	\$2,075,669	\$1,996,291
Payment in Lieu of Taxes	\$835,356	\$765,247	\$721,500	\$671,679	\$625,203
Other	\$31,680	\$31,680	\$31,640	\$30,895	\$30,664
	\$108,992,053	\$102,762,080	\$98,044,924	\$94,205,643	\$90,507,460
Less:					
Property Taxes written off as uncollectible	(\$935,845)	(\$971,519)	(\$808,366)	(\$833,662)	(\$1,214,017)
Provision for Assessment as Risk	\$281,021	(\$4,785)	(\$125,000)	(\$123,979)	(\$706,124)
Total Property Taxes Collected By the County	\$108,337,229	\$101,785,776	\$97,111,558	\$93,248,002	\$88,587,319
Weighted Assessment (\$000)	\$17,189,609	\$16,152,362	\$15,143,290	\$14,279,600	\$13,668,000
Current Value Assessment (\$000)					
Residential	\$13,327,701	\$12,583,129	\$11,885,679	\$11,244,084	\$10,775,704
Non-residential	\$6,499,887	\$5,917,378	\$5,326,976	\$4,753,114	\$4,215,837
Total Current Value Assessment	\$19,827,588	\$18,500,507	\$17,212,448	\$15,997,198	\$14,991,541

Five-Year Financial Statistics

MUNICIPAL STATISTICS

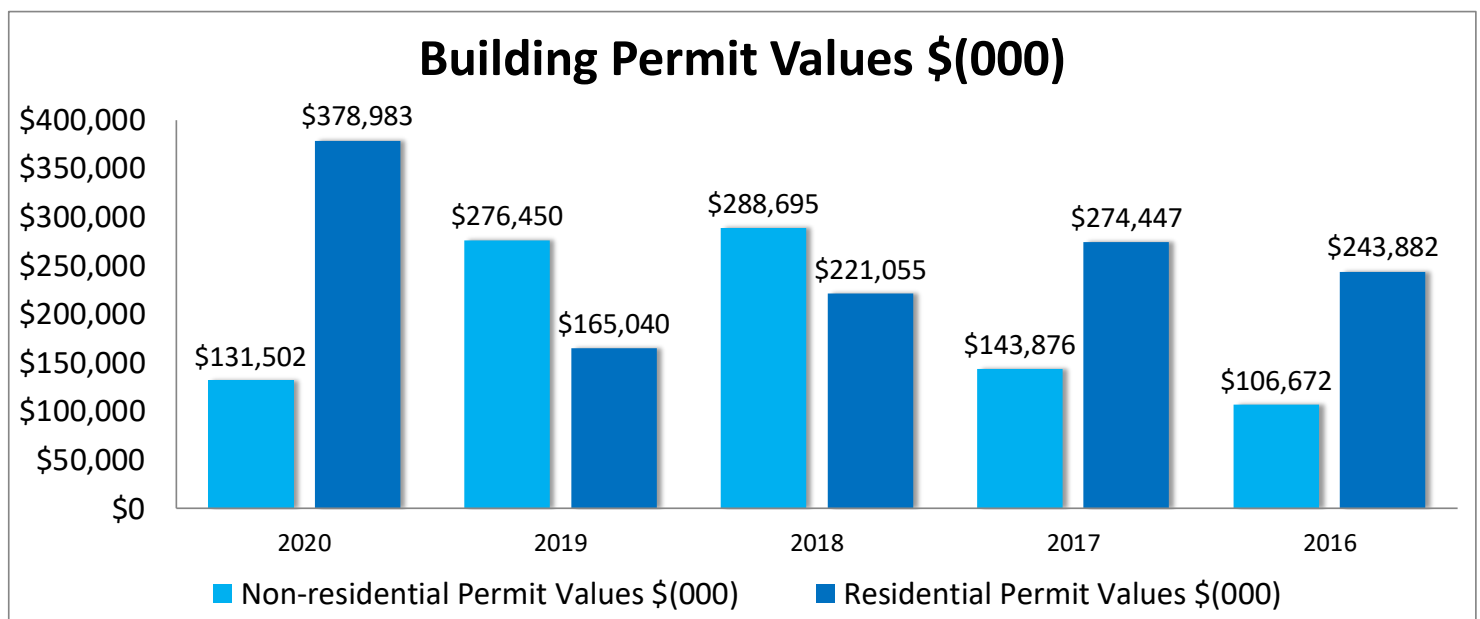
As shown by the building permit values in the table below, residential development has increased significantly in 2020 as home renovations have been on the rise during the pandemic while non-residential development decreased as a result of multiple Provincial shutdowns during the year. Ontario Places 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.

	2020	2019	2018	2017	2016
Population*	100,980	99,200	97,610	98,400	95,805
Households*	35,580	34,930	34,350	34,050	32,960
Average Unemployment Rate**	4.4%	3.3%	3.1%	3.8%	5.3%
Jobs	46,794	50,056	47,906	45,810	46,018
Residential Permit Values (\$000) (a)	\$378,983	\$276,450	\$288,695	\$274,447	\$243,882
Non-residential Permit Values (\$000) (b)	\$131,502	\$165,040	\$221,055	\$143,876	\$106,672
Per Household Information					
County Tax Levy Per Household	\$2,968	\$2,855	\$2,760	\$2,685	\$2,666
Debt Charges Per Household	\$147	\$144	\$133	\$132	\$135
Tangible Capital Assets Per Household	\$12,220	\$12,323	\$12,268	\$12,093	\$12,180
Total Debt Outstanding Per Household	\$958	\$1,089	\$937	\$771	\$893

* 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	2020	2019	2018	2017	2016
Capital Expenditures/ Adjusted Total Expenditures	15.7%	15.9%	16.7%	17.6%	20.0%
Modifiable Revenue/Adjusted Operating Revenue	70.4%	72.0%	76.2%	74.9%	76.3%
Adjusted Operating Balance/ Adjusted Operating Revenue	17.0%	11.3%	14.7%	15.1%	16.5%
After-Capital Balance/Adjusted Total Revenue	5.7%	1.9%	4.3%	3.3%	3.0%
Free Cash and Liquid Assets/next 12 months debt service	1,088%	1,048%	980%	1,050%	980%
Tax Supported Debt (incl lower-tiers)/Total Operating Revenue	25.5%	31.5%	31.4%	30.9%	36.9%
Tax Supported Debt (County-only)/Adjusted Operating Revenue	16.3%	19.3%	17.1%	14.9%	17.9%
Debt Interest/Adjusted Operating Revenue	1.0%	1.1%	1.2%	1.3%	0.8%
Debt to Reserve	0.33	0.43	0.40	0.37	0.46

TOP 20 CORPORATE TAXPAYERS IN 2020

Nestle Canada Inc.	Puslinch
Summit (7474 McLean Road) Ltd	Puslinch
Skyline Retail Real Estate	Centre Wellington
TG Minto Corporation	Minto
Jefferson Elora Corporation	Centre Wellington
Wallenstein Feed and Supply Ltd	Mapleton
1236757 Ontario Inc. (Musashi)	Wellington North
Con-Cast Pipe Inc.	Puslinch
Darling International Canada Inc.	Mapleton
RMM Fergus Property Inc.	Centre Wellington
Royal Canin Canada Company	Puslinch
Coldpoint Properties Ltd.	Guelph/Eramosa
Sharon Farms & Enterprises	Wellington North
2354084 Ontario Ltd. (Mammoet Crane)	Puslinch
Nexans Canada Inc.	Centre Wellington
Riocan Holdings Inc.	Centre Wellington
1056469 Ontario Inc. (Pentalift)	Puslinch
Golden Valley Farms Inc.	Wellington North
Russel Metals Inc. Trustee	Puslinch
Sligo Road Limited	Wellington North

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