

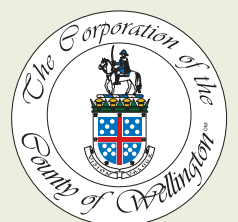
ANNUAL FINANCIAL REPORT



2022

For the year ended December 31, 2022

Corporation of the County of Wellington
Guelph, Ontario, Canada



2022 ANNUAL FINANCIAL REPORT

for the fiscal year ending December 31, 2022



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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THE COUNTY OF WELLINGTON

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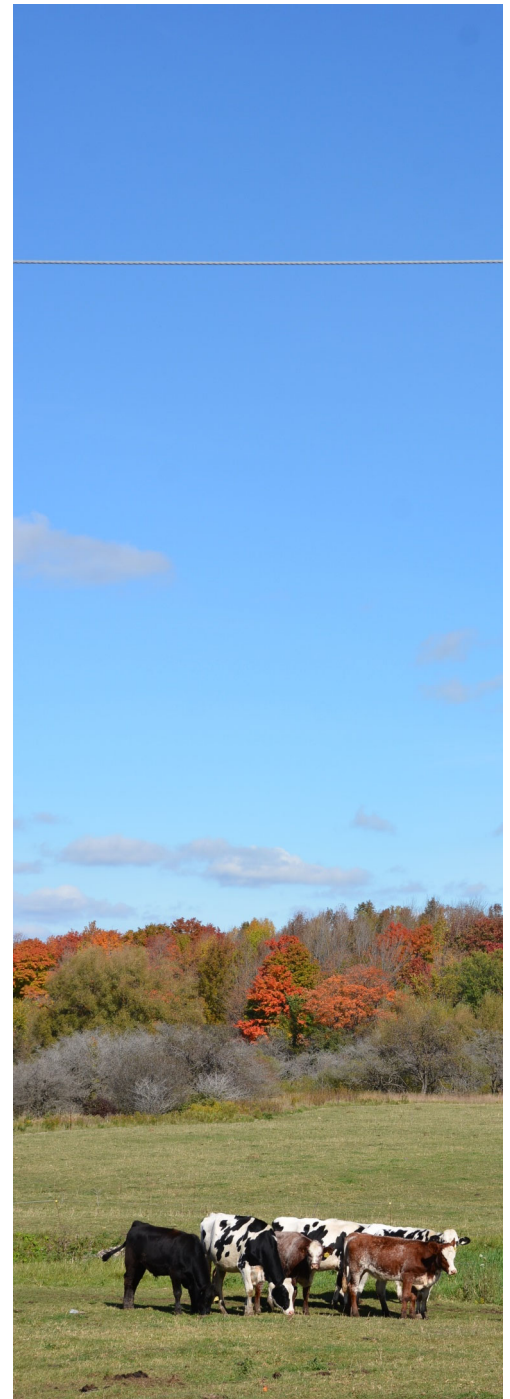
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OFFICE OF THE WARDEN

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COUNTY OF WELLINGTON

74 WOOLWICH STREET

GUELPH, ONTARIO

N1H 3T9

July 24, 2023

Dear Residents of Wellington County:

It is my pleasure to present you with the County's Annual Financial Report for the year 2022 on behalf of County Council and the employees of the County of Wellington. In 2022, The County began to move beyond the pandemic and refocus its efforts towards core services and important infrastructure improvements. New challenges during the year included significant inflationary pressures and disruption to provincial funding models. The County's prudent long-term strategic planning has been integral in mitigating these impacts and helped maintain the commitment towards the goals set out in the Strategic Plan. Within this ever-changing environment the County was able to:

- Enhance direct care hours at the Wellington Terrace Long-Term Care Home as supported by a significant provincial funding contribution;
- Begin design and construction of a new Erin Library Branch;
- Purchase land for a new Arthur Roads Garage site and begin design for the new facility;
- Secure the approvals and initiate design for a new transitional housing project at 65 Delhi Street, in Guelph to provide shelter and supports for the vulnerable population;
- Add two additional weeks of leaf and yard waste collection;
- End the year with a \$3.6 million operating budget surplus; and
- Improve the County's Credit Rating with Standard & Poor's to a AAA-rating, providing the lowest available cost of borrowing for the County and its local municipalities.

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.

Andy Lennox

Wellington County Warden

STRATEGIC PLANNING AT THE COUNTY



**FUTURE
FOCUSED.
PEOPLE
INVESTED.**



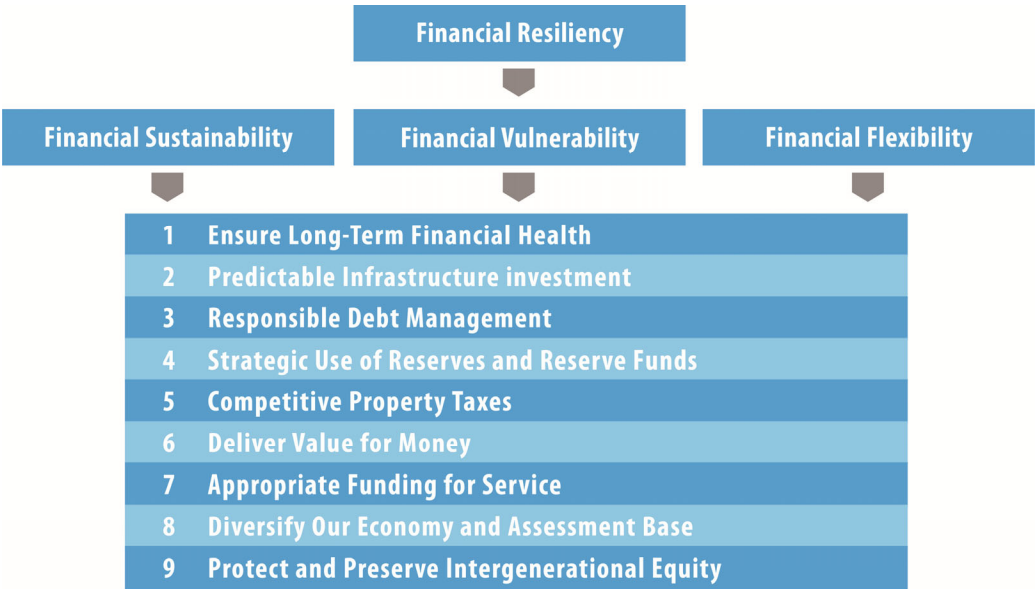
Wellington County
Strategic Action Plan

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. Funded a new Police Sergeant to lead the new Community Safety Services (CSS) unit
3. Began work on the Indigenous Gathering Circle to provide a culturally safe space for the County's Indigenous community and allies



MAKING THE BEST DECISIONS

To achieve this objective we:

1. Transferred the 2022 Budget Surplus of almost \$3.7 million to various reserves to assist with future budgetary impacts and capital funding needs
2. Began the implementation of the recommendations from the completed County Climate Mitigation Plan



PROVIDING THE HIGHEST LEVEL AND BEST QUALITY SERVICES

To achieve this objective we:

1. Provided additional direct care hours at the Wellington Terrace Long-Term Care Home through a significant provincial funding contribution
2. Enhanced Land Ambulance services with a new 12-hour shift to improve response times in the County
3. Improved Waste Management services including two additional weeks of leaf and yard waste collection in the fall



PLANNING FOR AND PROVIDING THE BEST PHYSICAL INFRASTRUCTURE

To achieve this objective we:

1. Began the design and construction for the new Library Branch at the historical grist mill site in the Town of Erin
2. Purchased land for a new Arthur Roads Garage and began design for the new facility
3. Secured approvals and initiated design for a new transitional housing project at 65 Delhi Street, in Guelph to provide shelter and supports for the vulnerable population



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, 2021.

The County of Wellington joined this programme in 2014 and has received seven consecutive awards for the 2013-2021 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.



Government Finance Officers Association

Canadian Award for Financial Reporting

Presented to

**Wellington County
Ontario**

For its Annual
Financial Report
for the Year Ended

December 31, 2021

Christopher P. Morill

Executive Director/CEO

AWARDS AND RECOGNITION



Municipal Engineers Association

Don Kudo — Municipal Engineers Award (MEA)



Don Kudo, County Engineer, was honoured with the 2022 Municipal Engineers Award (MEA) at the Municipal Engineers Association's 2022 Conference and President's Banquet and Gala. MEA recipients are recognized for exceptional service to society and the community through their work-related accomplishments in an engineering project of above-average merit or a long-term record of service. Don was nominated by his peers for his over 34 years of experience in municipal engineering, during which he provided outstanding community service and enhanced municipal engineering through participation with various associations. Since joining the County in 2017, Don has managed numerous engineering projects and provided outstanding senior leadership.



ARCHITECTURAL CONSERVANCY ONTARIO

Architectural Conservancy of Ontario

Scott Wilson — Carlos Ventin Award for Municipal Heritage Leadership

Scott Wilson, the County's Chief Administrative Officer, has been awarded the 2022 Carlos Ventin Award for Municipal Heritage Leadership by the Architectural Conservancy of Ontario (ACO). The award recognizes elected municipal leaders, municipal staff and appointed representatives who have championed the rehabilitation and/or adaptive reuse of public heritage buildings in their community. Scott has championed and overseen the restoration of several significant public heritage buildings in Wellington County and the City of Guelph, including 14 branches of the Wellington County library system, five Carnegie libraries, and the Dominion Public Building in downtown Guelph. His recent efforts include the acquisition and renovation of the historical Grist Mill property in Erin for a new public library and community space.



AWARDS AND RECOGNITION



IC and I Pilot Award

The Industrial, Commercial, and Institutional Food Rescue and Waste Diversion Pilot (IC and I pilot) received a Special Mention award at the Milan Urban Food Policy Pact Global Forum. The pilot was created by the County and City in collaboration with the Circular Innovation Council and has the participation of dozens of local businesses. The Solid Waste Services team led by Das Soligo, was recognized for their successful implementation of the pilot.



Innovation Programs and Initiatives
– Silver –



International Economic Development Council (IEDC)

Innovation Programmes and Initiatives Award

The International Economic Development Council (IEDC) has awarded Wellington County with a 2022 Excellence Award in the Innovation Programmes and Initiatives category for their Farmers' Market Box Series. The IEDC Annual Conference awards honour organizations for exemplary economic development marketing campaigns, projects, and programmes. The Taste Real initiative's Farmers' Market Box Series delivers a curated selection of exceptional local farmers' market products to doorsteps in Wellington County and Guelph each summer and fall, and has also won a 2021 Award of Excellence from the Economic Development Council of Ontario (EDCO).



Scotiabank Net-Zero Research Fund Grant

The Smart Cities project has been recognized as a winner of Scotiabank's Net-Zero Research Fund, with a \$100,000 grant awarded to support their work in regenerative agriculture and the development of a climate-smart circular economic model. This prestigious award is part of a larger \$10 million fund that supports research focused on the transition to a low-carbon economy. The project was selected as one of ten winners from organizations across Canada and Latin America and is focused on developing sustainable agriculture and reducing carbon emissions.

AWARDS AND RECOGNITION



The County of Wellington has been named by Call2Recycle as a 2022 Leader in Sustainability

The Leader in Sustainability Award is presented annually to organizations that demonstrate exceptional commitment to battery recycling. The County of Wellington has received this prestigious award for the second year in a row, recognizing its outstanding contribution to the Call2Recycle® programme. With 10,081 kilograms of household batteries collected in 2022, the County of Wellington Solid Waste Services Division was recognized as one of the top-performing partners of the programme. This award recognizes the County's efforts in keeping hazardous materials out of the landfill and sets a high standard for waste diversion and environmental excellence. The accessibility of this programme with battery drop-offs available at libraries and waste facilities throughout the County is also recognized.



FCM Sustainable Communities 2022 Award for the “Food Material Flow Study Guelph-Wellington”

This award recognizes the innovative use of data gathering to create a roadmap towards a regional circular food economy. The Food Material Flow study was the first of its kind in Canada, and has since been recreated in other municipalities. Reducing food waste in ways that address food insecurity and also enable new business opportunities were the stated goals of the Our Food Future project, and are fundamental to the triple bottom line of circular economy planning.

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, 2021. 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, 2022. 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.



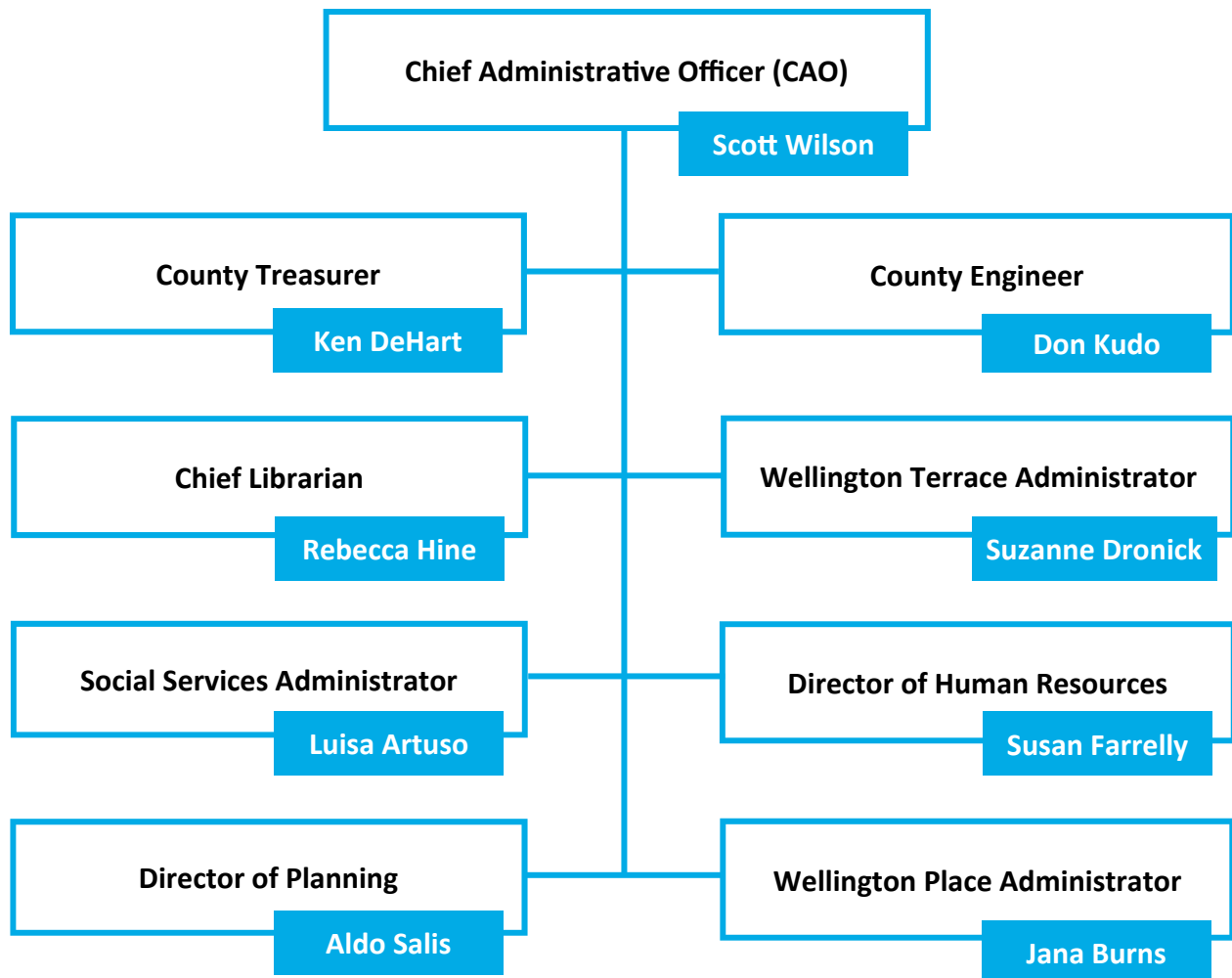
Standard and Poor's County of Wellington Credit Rating

During 2022, the Standard and Poor's credit rating agency upgraded the County of Wellington to a AAA-rating, with a stable outlook. This rating is supported by:

- Steady population growth and above average income levels, strong and improving financial management practices, and a predictable and well-balanced local and regional government framework.
- S&P expects the County will continue to maintain strong budgetary performances, a healthy liquid position and a moderate debt burden.

In June 2022, Standard and Poor's completed their periodic review and upwardly revised their institutional framework assessment for Canadian municipalities to extremely predictable and supportive from predictable and well balanced. This raised the County of Wellington's AA+ rating to AAA with a stable outlook, along with 20 other entities.

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, 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



Luisa Artuso
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 - Andy Lennox, Shawn Watters, Gregg Davidson, James Seeley, Dave Turton, Chris White, Michael Dehn, David Anderson

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

Warden Andy Lennox
Mayor, Township of
Wellington North
T 226.979.3317

Councillor Shawn Watters
Mayor, Township of Centre
Wellington
T 226.962.9086

Councillor Gregg Davidson
Mayor, Township of
Mapleton
T 519.837.2600

Councillor James Seeley
Mayor, Township of
Puslinch
T 519.400.7984

Councillor Dave Turton
Mayor, Town of Minto
T 519.501.6748

Councillor Chris White
Mayor, Township of Guelph/
Eramosa
T 519.837.2600

Councillor Michael Dehn
Mayor, Town of Erin
T 647.477.2382

**Councillor David
Anderson**
County Ward 1
T 226.750.0782

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 519.766.8818

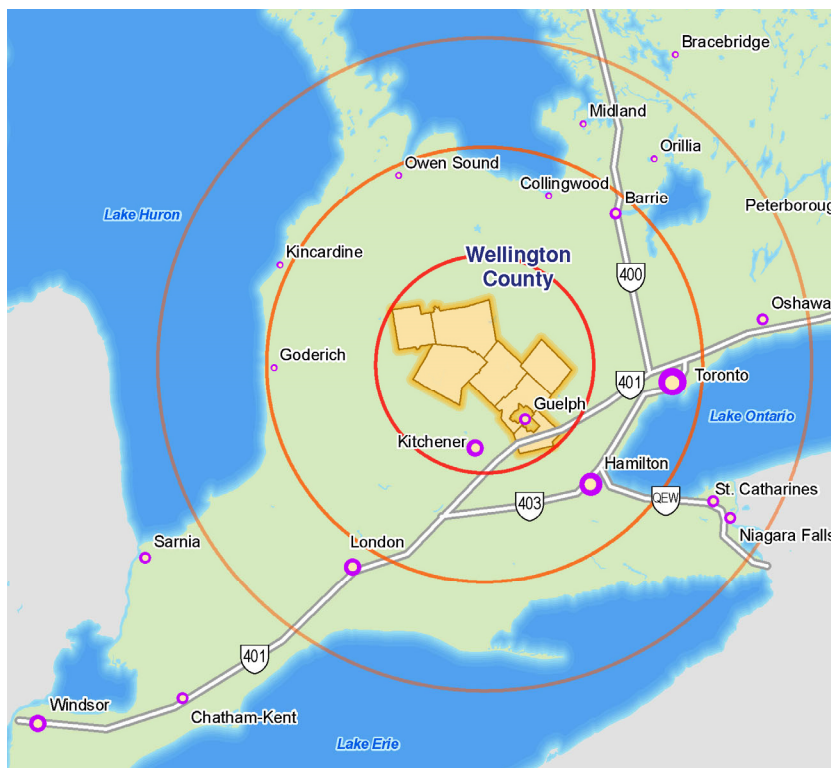
Councillor Diane Ballantyne
County Ward 6
T 519.400.9851

Councillor Matthew Bulmer
County Ward 7
T 519.831.9857

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



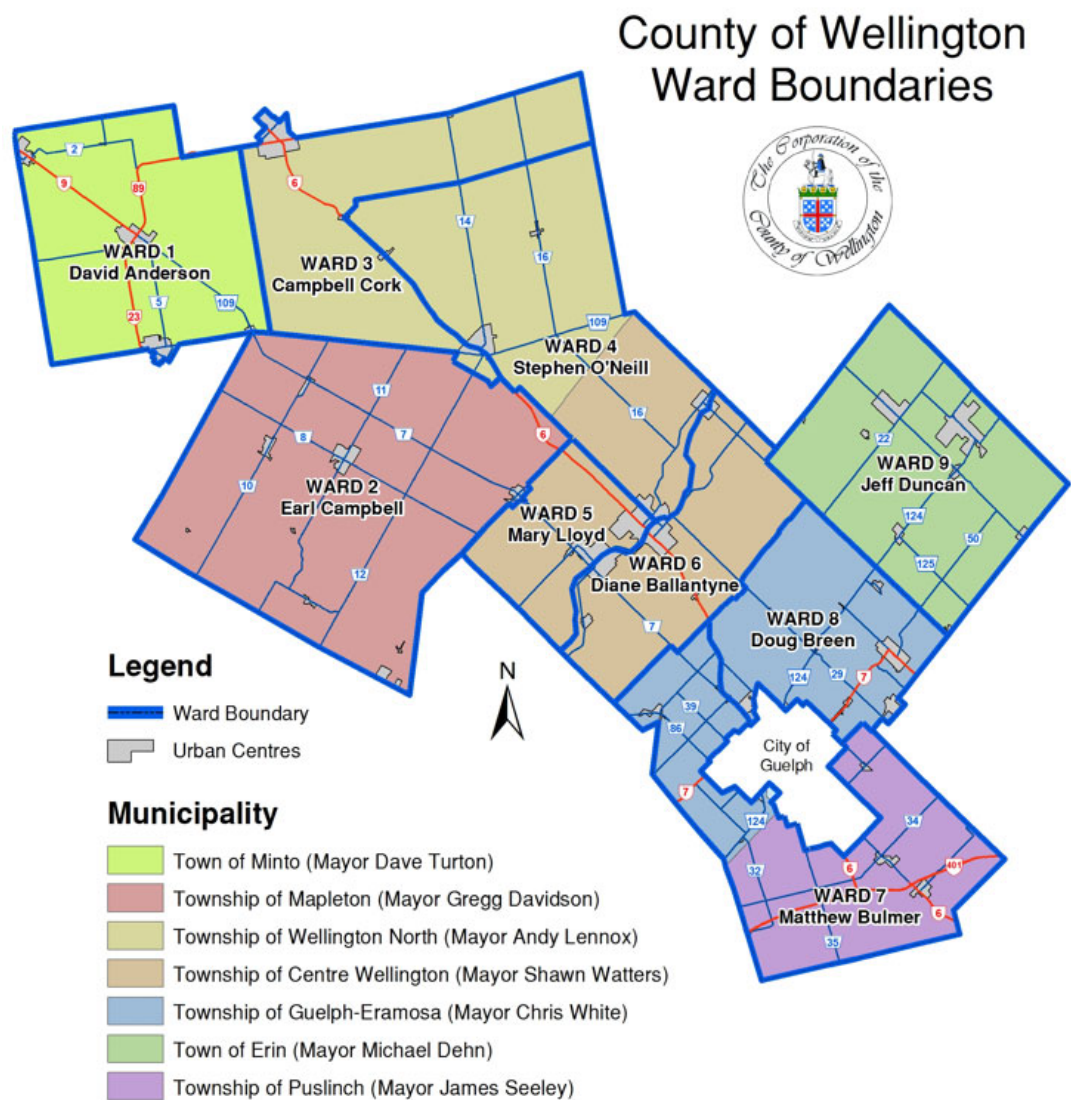
TOWNSHIP OF
PUSLINCH
EST. 1850

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



Population	Households	Municipalities
103,910	36,910	7
Land area	Pop. Density	Credit rating
2,610km ²	39.8/km ²	AAA
Businesses	Jobs	Workforce
3,425	55,666	59,854
Average Household Income	Job Growth (2017-2021)	Annual budget
\$140,459	11.5%	\$267 million



COUNTY OF WELLINGTON POPULATION

At the end of 2022, Wellington County had **36,910** households and a population (adjusted for net Census undercount) of **103,910**. The population of Wellington County is projected to grow to 140,000 by 2041.

Wellington County 2022 Population Estimates				
	Mid-Year (2011)		End of Year (2022)	
	Population	Households	Population	Households
Centre Wellington	29,350	10,830	34,080	12,690
Fergus	14,860	5,670	18,270	6,940
Elora/Salem	7,170	2,670	8,300	3,160
Centre Wellington Rural	7,320	2,490	7,510	2,590
Erin	11,890	3,955	12,350	4,300
Erin Village / Hillsburgh	4,490	1,670	4,560	1,710
Erin Rural	7,520	2,450	7,790	2,590
Guelph/Eramosa	12,890	4,220	14,440	4,890
Rockwood	4,530	1,595	5,860	2,050
Guelph/Eramosa Rural	8,350	2,625	8,580	2,840
Mapleton	10,400	2,930	11,480	3,340
Drayton	1,960	675	2,550	900
Moorefield	430	155	560	190
Mapleton Rural	8,010	2,100	8,370	2,250
Minto	8,680	3,140	9,800	3,580
Clifford	820	335	1,000	410
Harriston	2,040	775	2,330	870
Palmerston	2,720	1,025	3,120	1,210
Minto Rural	3,100	1,005	3,350	1,090
Puslinch	7,320	2,535	8,410	3,000
Aberfoyle	320	120	380	210
Morrison	460	180	510	170
Puslinch Rural	6,530	2,235	7,520	2,620
Wellington North	11,950	4,450	13,350	5,110
Arthur	2,550	940	2,790	1,080
Mount Forest	4,950	2,075	5,840	2,490
Wellington North Rural	4,450	1,435	4,720	1,540
Wellington County	90,880	31,190	103,910	36,910

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 honouring 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

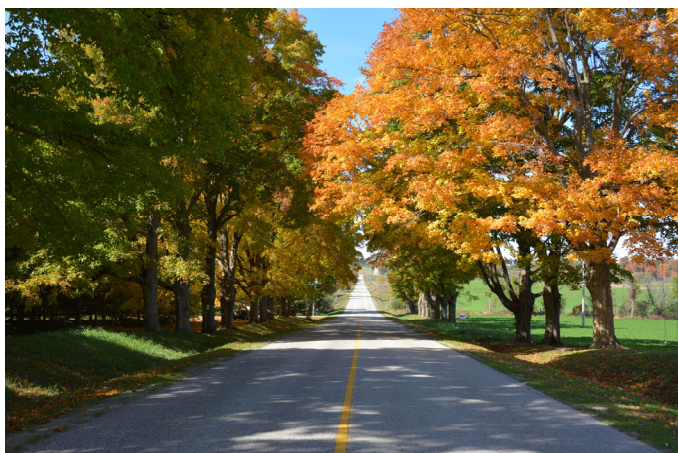
The Wellington County Library system consists of fourteen branches. The libraries provide access to a rich and broad range of print materials and electronic resources. The library system also provides a weekday courier service that makes stops at all fourteen branches ensuring patrons have easy access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

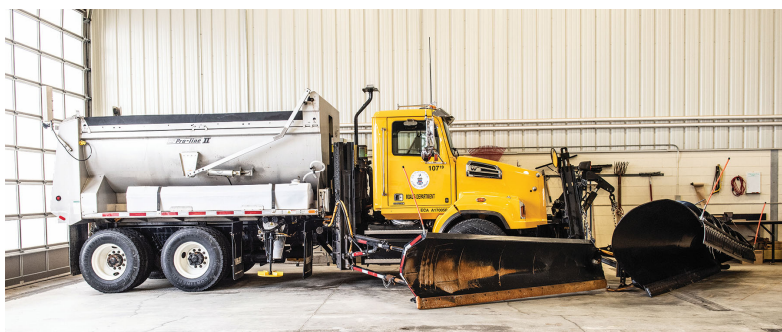


COUNTY SERVICES



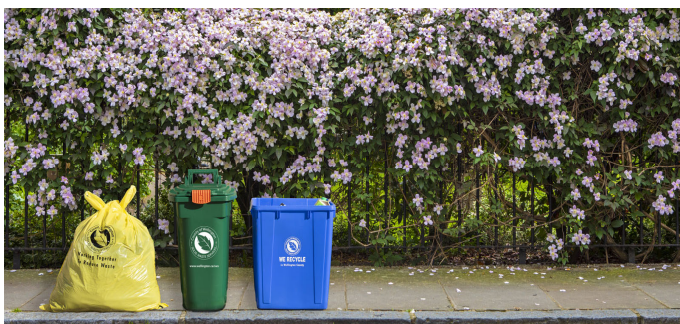
ROADS

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 1,426 lane-kilometres of roadways, 104 bridges and 94 culverts.



SOLID WASTE SERVICES

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



COUNTY SERVICES

SOCIAL SERVICES

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

- **Ontario Works:** helping people in temporary need of financial support to find sustainable employment and achieve self-reliance by providing employment services and financial assistance.



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



- **Social Housing Services:** ensuring effective, efficient, and fair provision of high quality affordable housing to residents of Wellington County and the City of Guelph. The department strives to create innovative solutions to local housing needs in cooperation with tenants and the local community. Services provided include programmes that address rent affordability, loan assistance, as well as financial assistance.

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

HOUSING CONTINUUM

Guelph-Wellington



COUNTY SERVICES

PLANNING AND DEVELOPMENT

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



GREEN LEGACY PROGRAMME

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



ECONOMIC DEVELOPMENT

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



COUNTY SERVICES

POLICE SERVICES

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



LAND AMBULANCE



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

PROVINCIAL OFFENCES COURT

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

PUBLIC HEALTH SERVICES

Public Health Services are provided by Wellington-Dufferin-Guelph Public Health (WDGPH). WDGPH was formed in 1967 and is governed by an autonomous Board of Health consisting of elected and appointed representatives from the Counties of Wellington and Dufferin and the City of Guelph. WDGPH receives an annual operating grant from the Province of Ontario and the net municipal cost is then funded by Guelph (46.3%), Wellington (32.0%) and Dufferin (21.7%) in proportion to their population.



ECONOMIC DEVELOPMENT HIGHLIGHTS

As we emerge from the challenges of the last few years, the Economic Development Division focuses on rebuilding and reconnecting with local businesses and community partners. We work closely with our member municipalities to provide County-wide programming to support businesses and promote the County. Initiatives undertaken in 2022 include the Invest Well Community Improvement Programme, Business Retention and Expansion (BR+E), Our Food Future, Ride Well Rural Transportation, Investment and Talent Attraction, Tourism Development and Signage, Shop Local Support, and the Taste Real Local Food Programme.

With in-person activities returning and businesses re-opening at full capacity, we actively leverage our business support network and resources to assist businesses as they address challenges and navigate new opportunities. The Smart Cities Office leads the way in building a resilient community by introducing ways to uncover hidden value through circular economy approaches. One such example is the Circular Opportunity Innovation Launchpad (COIL), which this year created the Zero Waste Economic Transformation Lab. The initiative focuses on the diversion and recovery of construction, renovation, and demolition materials from landfill and received \$350,000 in additional funding from Co-Operators.

Focusing on connectivity and internet infrastructure needed to keep our communities thriving, the South Western Integrated Fibre Technology (SWIFT) programme continues to provide reliable internet access to 3,085 locations in Wellington County. We are dedicated to the further enhancement of local internet infrastructure.

While residential builds saw a new record high, attainable housing continues to be a primary concern throughout our communities. In 2022, a campaign was launched to address the concerns of residents around diverse housing development options, and Additional Residential Unit (ARU) bylaws were amended on a municipal level.

In 2023, we will focus on connecting with local businesses by increasing BR+E activities across the County, seeking innovative ways to address specific challenges and leverage new opportunities to promote Wellington County and support the local economy.



Christina Mann,
Manager of Economic
Development

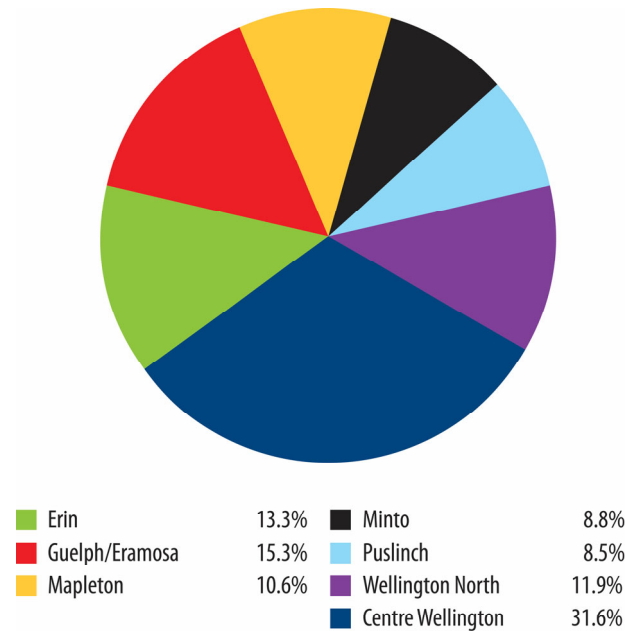


LOCAL ECONOMY

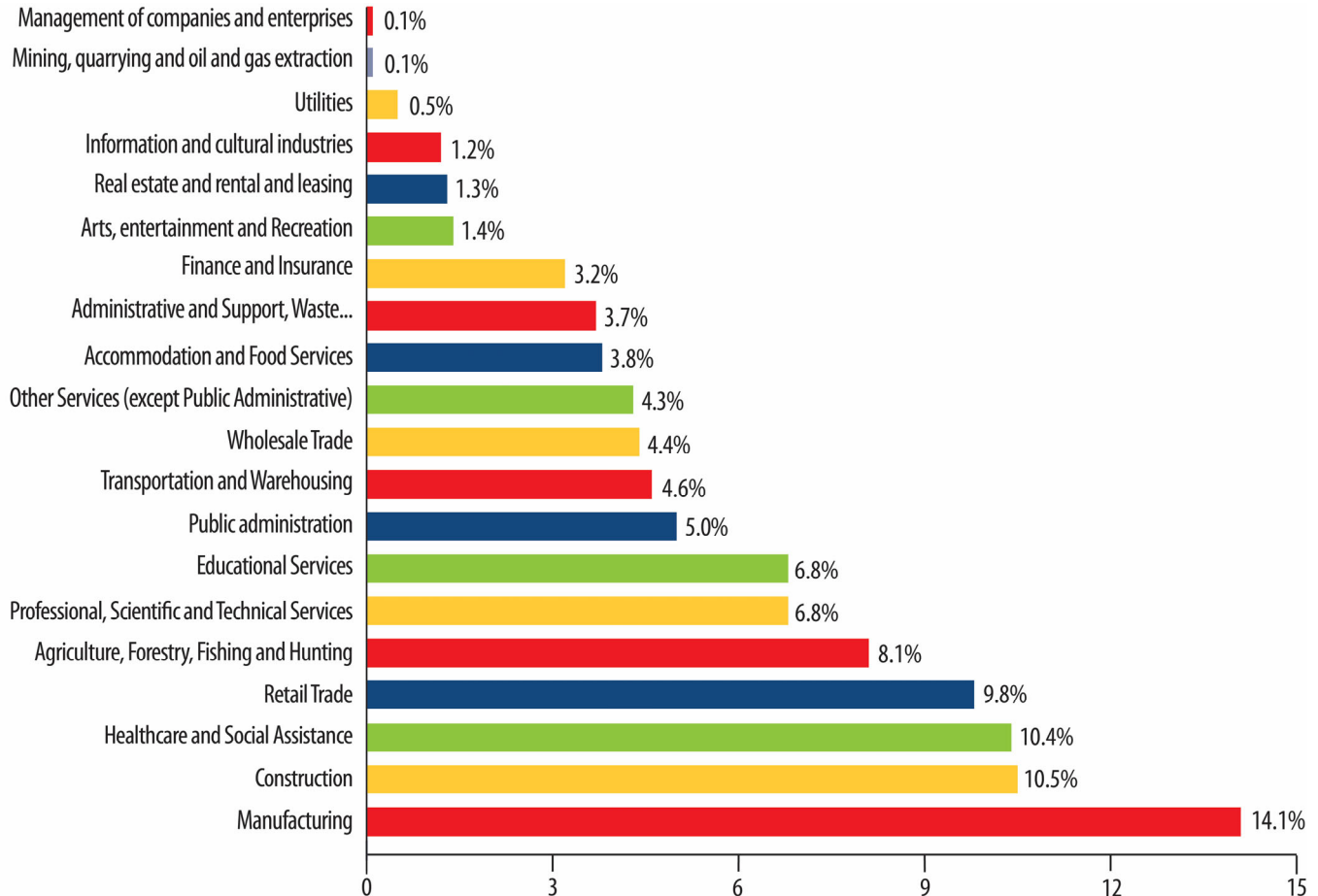
Jobs in Wellington County stand at 55,666 (2022) and the labour force totals 59,854 employees. From 2017 to 2022, job growth has occurred across most of the County.

Over the past several years, Wellington County has been experiencing significant growth in the number of jobs in manufacturing, other services, construction, professional, scientific and technical services, and wholesale trade sectors. This growth represents an indication of a strong, diversified and resilient economy in Wellington County.

LABOUR FORCE DISTRIBUTION (2022)



WELLINGTON COUNTY SECTORS OF EMPLOYMENT (2022)



2022 NOTABLE PROGRAMMES AND EVENTS

Ride Well

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 adapted to operate during the COVID-19 pandemic. 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.

The RIDE WELL service provided 4,572 rides in 2021, to 5,776 rides in 2022, showing an increase of 26% in service growth. Demand has steadily increased. On average since ridesharing was reintroduced, 19% of rides were shared. In late 2022, two part-time casual drivers were hired to the service to fill any absences or service gaps.

As the service approaches its final original contract year with the service provider, a service review process started in 2022 with Dillon Consulting Inc. The goal of this review is to assess how the service has performed since its launch and make recommendations for service models to complete the pilot phase of the project, which is set to end in March 2025.

NEED A RIDE?

Check out the RIDE WELL transit pilot service!

Enjoy \$5.00 off your first ride by entering the code "FIRSTRIDE" at checkout

- 1 Visit www.ridewell.ca/book, get the app, or call 1.833.900.RIDE (7433) to register for an account.
- 2 Enter your pick-up and drop-off addresses.
- 3 Choose a time between 6:00 am and 7:00 pm, Monday to Friday.
- 4 Book and pay for your trip with a credit card.

Find out more at www.ridewell.ca

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 nine years has produced a total investment of approximately \$4.24 million in Wellington County.



Con Cast Pipe, Puslinch



Wallenstein Feed and Supply, Mapleton

2022 NOTABLE PROGRAMMES AND EVENTS

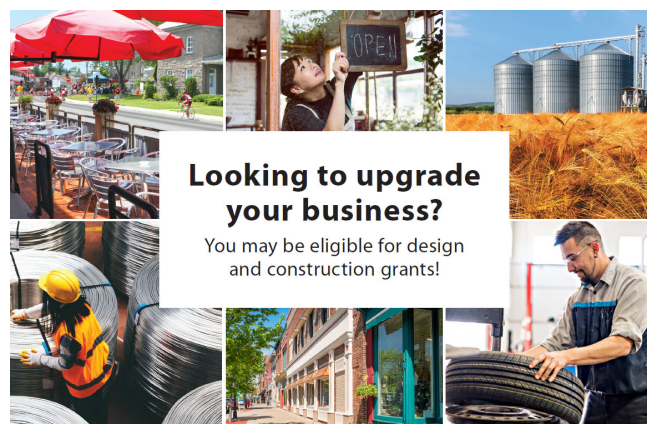
Invest Well - Community Improvement Programme (CIP)

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. This programme illustrates the County's ongoing commitment to fostering a dynamic and productive business community.



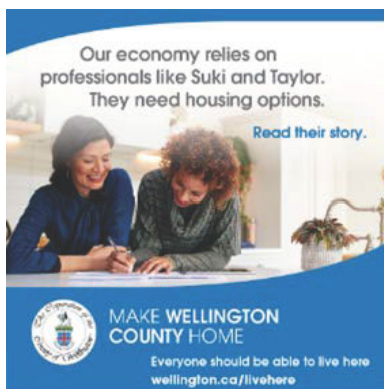
Wellington County started the process of updating its CIP guidelines in 2022. The goal of this update is to align with County goals and priorities that may have changed or been modified since the programme launched in 2018.

Attainable Housing

In 2019, an Attainable Housing Strategy was prepared by Weston Consulting to explore ways to increase housing supply and mechanisms needed to encourage public and private sector organizations to build housing that is more affordable.

As a result of work in 2021, the Wellington County Attainable Housing Taskforce was brought together to undertake the review, validation and implementation of the Attainable Housing Strategy recommendations and move attainable housing forward. The following actions have been completed to date:

1. Develop a Public Awareness Campaign to express the need for a variety of housing options in Wellington County, including the development and release of public impact stories on the current housing climate within the County.
2. Update the County Official Plan to permit Additional Residential Units (ARUs).
3. Seek out the opportunity for an attainable housing pilot project within the County.
4. Hire a consultant to conduct a cross-municipal review of the feasibility of offering CIP incentives for the development of affordable housing stock within the County.



2022 NOTABLE PROGRAMMES AND EVENTS

Talent Attraction Initiative

The Talent Attraction Initiative continues to promote Wellington County as a desirable place to live and work. In 2021, a Welcoming and Inclusion Assessment Survey was conducted to learn more about ways we can make Wellington County a more desirable place to live. The Talent Attraction Initiative supports employers, newcomers, and immigrants, as our businesses and communities continue to employ and welcome newcomers and make Wellington County a more inclusive and welcoming community. Several employers, especially in manufacturing, healthcare, and the social services sector continue to employ newcomers, and more initiatives are being undertaken to attract newcomers and immigrants to Wellington County.



Tourism and Events

2022 saw the return of many local festivals and events, as well as other tourism experiences. Additional efforts were undertaken to support community groups and festival organizers, including a weekly promotional campaign featuring the 'Top 5 Things to do in Wellington County this week.'

The Experience Wellington website and events calendar serve as key platforms for residents and tourists to discover, eat, shop, play and stay opportunities in Wellington County. Additional marketing and tourism development initiatives include:

- Eleven themed tourism videos featuring seasonal outings, including summer and fall experiences, as well as holiday and winter-specific activities to increase year-round visitation.
- The Development of Ontario's first Craft Gin Trail, featuring six local distilleries.
- A Winter Adventures campaign and online map to highlight businesses and winter destinations.
- A Cycle Tourism Assessment and the inclusion of Wellington County in the Ontario By Bike Cycle Tourism Network.



2022 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



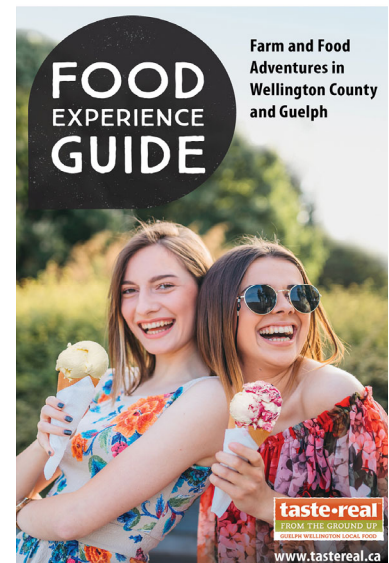
Guelph-Wellington is a region deeply rooted in agriculture, with a long tradition in food preparation and processing. The Taste Real programme helps to build connections within the region to make it easy for residents and visitors to access local food and local food experiences. Wellington County is 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 County's authentic food culture.

Taste Real Programming:

- Taste Real Local Food Map and promotional brochures, including the new Food Experience Guide.
- Rural Romp, Self-Guided Farm and Food Tour.
- Seasonal campaigns, highlighting experiences, farm and food outings, and local ingredients.
- Business consultations and supports.

Farmers' Market Programming:

- Farmers' Market Trail: a market passport, encouraging residents and visitors to explore the eight local farmers' markets.
- Farmers' Market Boxes: a partnership with our local farmers' markets; we supported a series of curated market boxes that highlighted a different market every two weeks. The boxes generated \$28,133 in sales for local vendors and brought the markets right to the doorstep of residents in Wellington County and Guelph.
- Holiday Farmers' Market Box: a curated farmers' market gift box that includes a selection of items from all eight local farmers' markets, generating \$15,958 in sales for local businesses.



2022 NOTABLE PROGRAMMES AND EVENTS

Western Ontario Warden Caucus (WOWC)

Former County Councillor George Bridge led the creation of a regional Economic Development Strategic Plan for Southwestern Ontario that was completed in 2017.

In 2022, the WOWC Workforce Strategy was completed to support workforce, housing and newcomer activity across the WOWC region. The County continues to play an active role in WOWC advocacy and projects.



Southwest Integrated Fibre Technology (SWIFT)

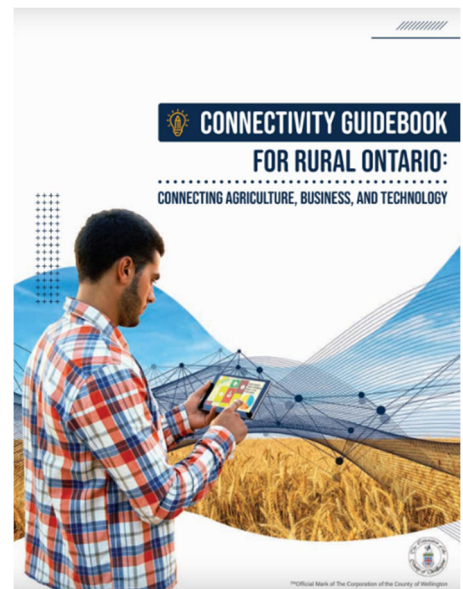
In 2011, the Western Wardens' initiated the SWIFT project with the goal of providing 3.5 million people across 350 Ontario communities with high-speed internet service. Today, SWIFT includes 20 partners who have contributed \$17 million in funding in addition to \$180 million in financial support from 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 projects in Wellington County began in 2020 and are due for full completion in 2023. The routes have been executed with a total project value of \$12,969,036 and have offered service to 3,085 homes.

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.

Current federal and provincial funding models promise fibreoptic broadband service completion by the end of 2025. In response, the County has formed a Rural Broadband Working Group to track expansion, and is running a public information campaign encouraging home speed tests in order to understand where improved services are needed. By collecting data to map these gains and gaps, we can direct expansion by Internet Service Providers to areas where it is most needed.

Residents can find resources and support at www.wellington.ca/internet.



2022 NOTABLE PROGRAMMES AND EVENTS

Smart Cities: Our Food Future

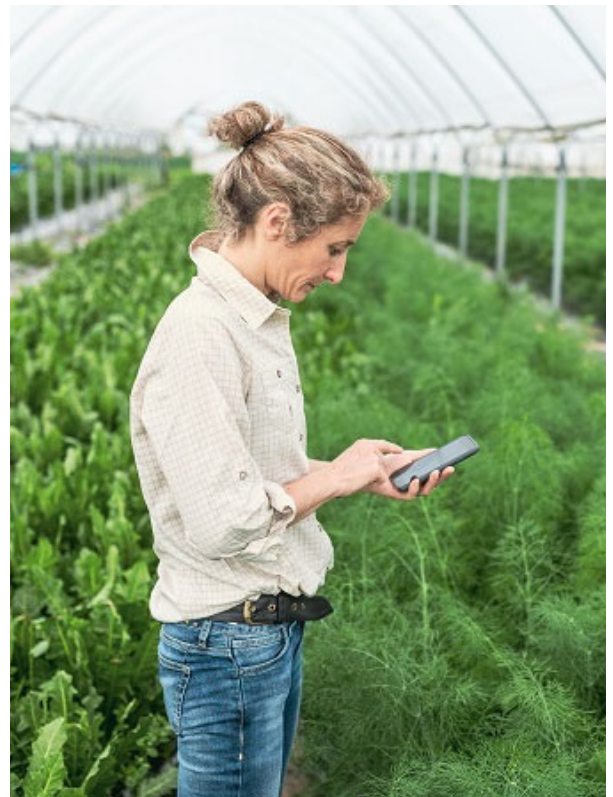
Our Food Future began in 2020 as a \$10 million federally-funded partnership with the City of Guelph, focused on building a regional circular food economy. Now in its final year, the Our Food Future project has surpassed its original goals of:

1. 50 new circular food businesses, collaborations, or social enterprises.
2. 50% increase in access to affordable, nutritious food.
3. 50% increase in economic benefit by unlocking the value of waste.



Notable achievements in 2022:

- Attracted an additional \$1.2M additional private sector funding.
- Winner of the Federation of Canadian Municipalities Sustainable Communities award.
- Industrial, Commercial and Institutional (ICI) sector organic waste pilot won international Milan Food Pact award recognition.
- Experimental Acres Pilot expanded to Dufferin and Grey Counties.
- Regenerative Agriculture work awarded \$100,000 Scotiabank Net Zero Research Fund grant.
- Annual Report released January 2023.



Visit www.ourfoodfuture.ca for more information.



Report from the County Treasurer

KEN DEHART, CPA, CGA

July 31, 2023



The operational impacts of the global pandemic began to diminish over the course of 2022. The last Provincial shutdown for public safety occurred in April of last year. As a result, the County was able to turn its focus back to enhancing core services for residents and investing in infrastructure. Over the course of the year, the County enhanced services in its long-term care home, provided additional child care support, and increased leaf and yard waste collection frequency. The County also purchased land for affordable housing and a new library branch in Erin, as well as a new public works facility and future ambulance station in Arthur.

Delivering services and providing for infrastructure improvements came with its own set of challenges. Global supply chain issues, the war in the Ukraine, a tight labour market and pent up demand all contributed to drive inflation up to over 40 year highs. This had widespread impacts across County services. The cost of labour, fuel, parts and equipment, contracted services, corporate insurance and construction costs all increased in the double digits. This created significant pressures on the County's operating and capital budgets. Strong revenues from growth, including supplementary and omitted taxes from assessment gains and planning applications helped to offset the costs.

Provincial and Federal funding assistance for pandemic related expenditures wound up over the course of the year. However, the province continues to invest in improving services in long-term care with a goal to increase direct resident care to an average of four hours per day. Through this funding, the County was able to hire additional full-time staff to support this goal. The federal government is focused on enhancing support for child care with a goal to reduce child care fees by at least 50% by the end of 2022 and bring child care fees down to \$10 a day by 2026. As a result, the County was able to increase support to community child care providers in order to bring parent fees down.

While the provincial government remained supportive, they did introduce new funding models through the Bill 23—More Homes, Built Faster Act, which has significant implications for municipalities and their ability to collect development charges to ensure growth pays for growth. They also introduced a new funding formula for the Ontario Community Infrastructure Fund (OCIF), which resulted in a significant redistribution of capital funds. Both of these changes have the potential to create significant challenges for the County and other municipalities going forward.

The County's focus on implementing its Long-Term Financial Plan has helped weather the storm. The County utilized its reserves to help smooth the impact on taxpayers and help to phase-in some of the inflationary and provincial funding impacts. The County's credit rating agencies agreed. In 2022, the County reached a significant milestone by having its credit rating improved to AAA through Standard and Poor's. In so doing, the County became one of only 18 municipalities in Canada with a AAA (or equivalent) rating, and is the smallest municipality in Canada (by population) to achieve such a rating.

Once again, the County's Treasury Department received a clean audit findings report from KPMG. For the third consecutive year, the County's auditor found no control deficiencies or concerns with respect to the presentation and disclosure of the financial statements, and no adjustments requested for identified differences. Treasury staff are pleased to present the 2022 year-end statements and annual report that follow.

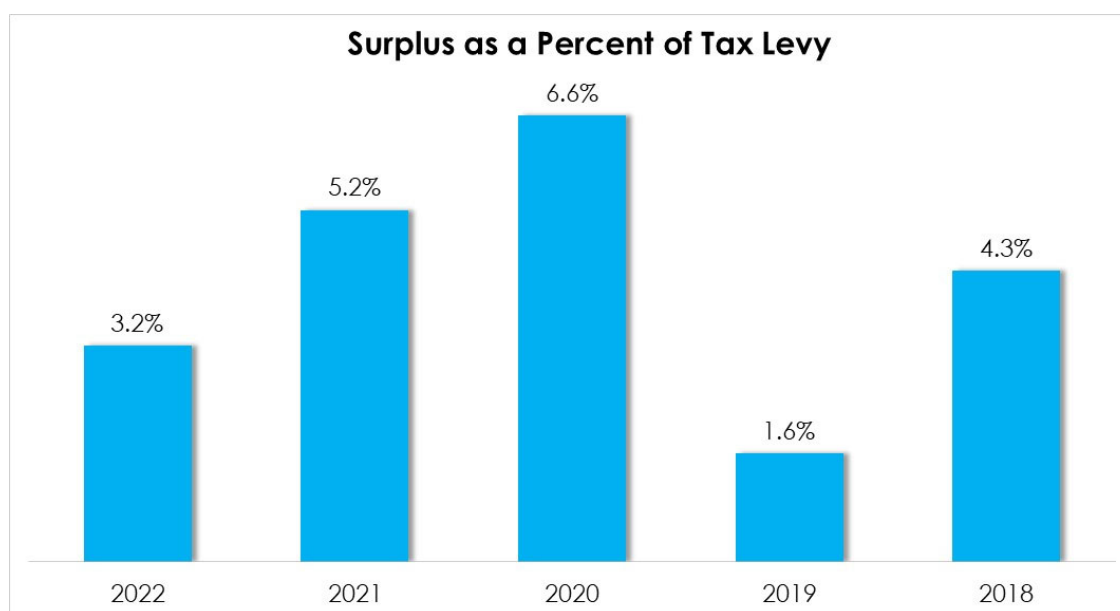
Report from the County Treasurer

KEN DEHART, CPA, CGA

Operating Results

As described further on pages 64-65 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 2022 year-end position on a modified accrual (cash) basis was a surplus of \$3,658,500 which is 3.2% of the tax levy. As approved by County Council, \$2.6 million of the surplus was transferred to the Contingency and Stabilization Reserve to fund future costs associated with transitioning out of the blue box programme in advance of the contract end-date and \$898,200 to the Roads Capital Reserve to be used as a funding source to reduce the existing infrastructure gap. An additional \$160,200 was transferred to the Post-Employment Liability Reserve to fully fund the Post-Employment Liability.



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. The County updated its Asset Management Plan for core assets in 2021 and Council approved an increase in over \$2 million to the Roads Capital Reserve in the 2022 budget to address the infrastructure gap.

Financial Vulnerability

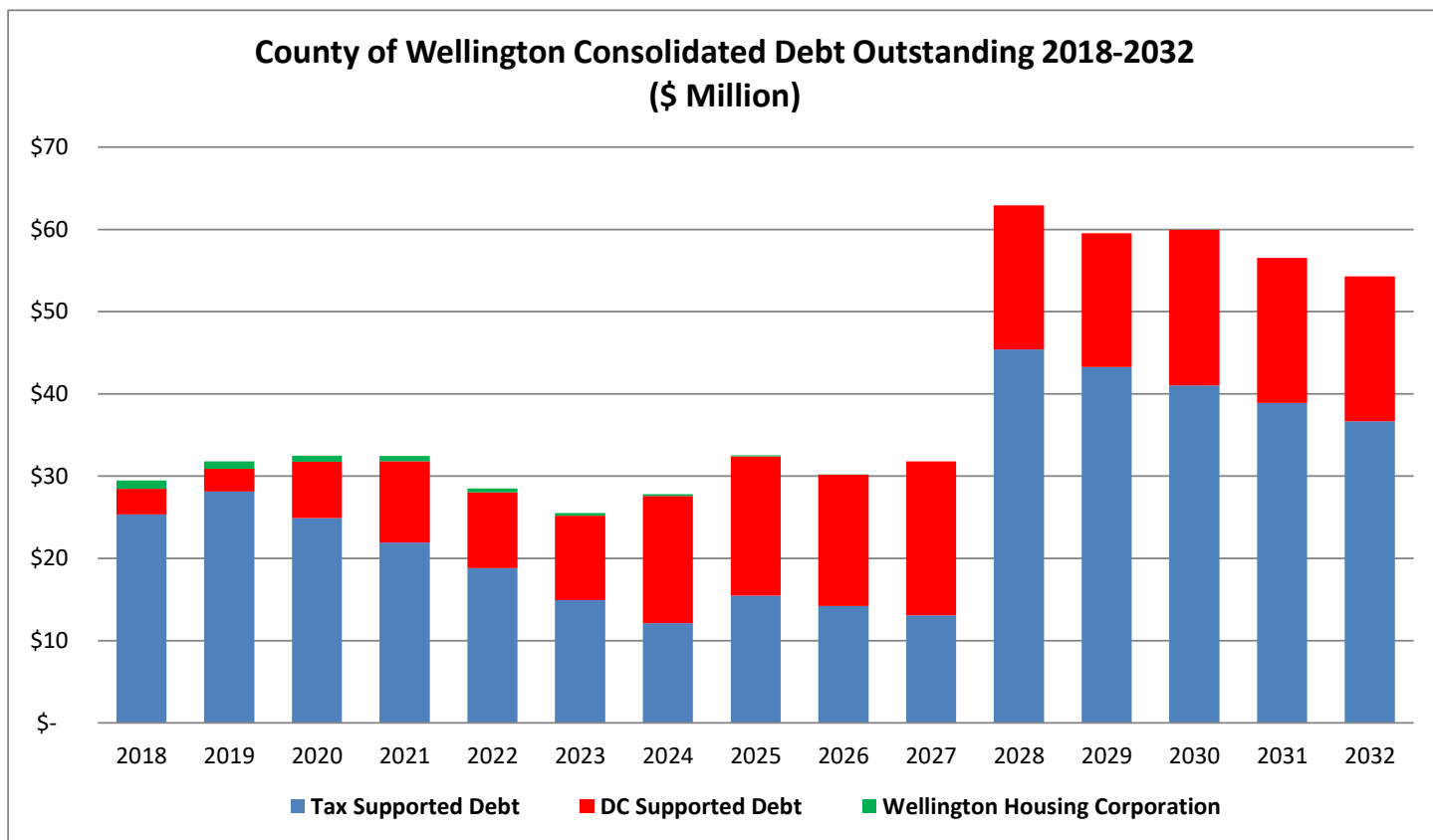
To ensure consistency and stability in funding, the County recognizes the importance of managing its revenue sources effectively. County staff actively manage the property tax assessment base to ensure that properties are added to the roll in a timely manner and are assessed in a fair and consistent 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 reserve 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 2022, the County updated its development charges by-law to assist with funding growth related capital projects to ensure growth pays for growth to the maximum extent possible.

Financial Flexibility

The County's Debt Management Policy provides a debt management framework that establishes debt limits, debt structuring and debt issuance procedures in accordance with industry best practices. In the 2022 credit rating review, Standard and Poor's indicates that the County's healthy and stable economy, with an increasing and relatively wealthy population, will support revenues in the near term. Despite inflationary pressures on the cost of goods and personnel, they expect the County will continue to produce strong operating results. They expect management will remain prudent, with a focus on long-term sustainability, and will keep annual capital outlays and reliance on debt funding manageable.

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	2022	2021	Compared to Prior Year	(Indicators are based on S&P Global Rating and BMA Municipal Study results)
Net Financial Liabilities Ratio	(0.83)	(0.72)	↑	This ratio indicates the extent to which financial liabilities could be met by own source operating revenues. A ratio greater than zero would indicate that total liabilities exceed total assets.
Capital Expenditures/ Total Expenditures	13.7%	10.1%	↑	Wellington County's capital expenditures increased to 13.7% of 2022 total adjusted expenditures which reflects more spending on capital projects coming out of the pandemic.
Operating Balance/ Operating Revenue	14.6%	13.9%	→	The 2022 adjusted operating balance as a % of adjusted operating revenue continues to be strong with a surplus of over 14%.
After-Capital Balance/ Total Revenue	7.5%	10.3%	→	Wellington County also continued to have a strong after-capital surplus in 2022 of 7.5% of adjusted total revenue. This demonstrates healthy liquidity and robust budgetary performance.
Asset Consumption Ratio	47.7%	46.5%	↓	This ratio is an indicator of the useful life left in the County's capital assets. MMAH considers a ratio of 26% to 50% to be moderately new capital assets but continues to increase annually indicating assets are aging.
Tax Discretionary Reserves as a % of own source revenues	90%	88%	↑	This ratio is a strong indicator of financial stability and shows the total value of funds held in reserves and reserve funds compared to a single years own source revenues.
Direct Debt Outstanding/ Operating Revenue	14.0%	14.4%	→	At fiscal year-end 2022, debt outstanding (County only) was 14.0% of adjusted operating revenues. This debt is manageable and remains well below the County's self imposed limit of 30% of operating revenues.
Debt Interest / Operating Revenue	0.7%	0.8%	→	This ratio is positive, stable and indicates that only 0.7% of the County's adjusted operating revenues are committed to funding debt interest charges (includes lower tiers).
Debt to Reserve	0.27	0.27	→	The benchmark by credit rating agencies for this ratio is 1:1 and that means debt should not exceed total reserve and reserve fund balances. This ratio remains positive and indicates that the County has approximately \$1 in reserves and reserve funds for every \$0.27 in debt.

Key Financial Indicators

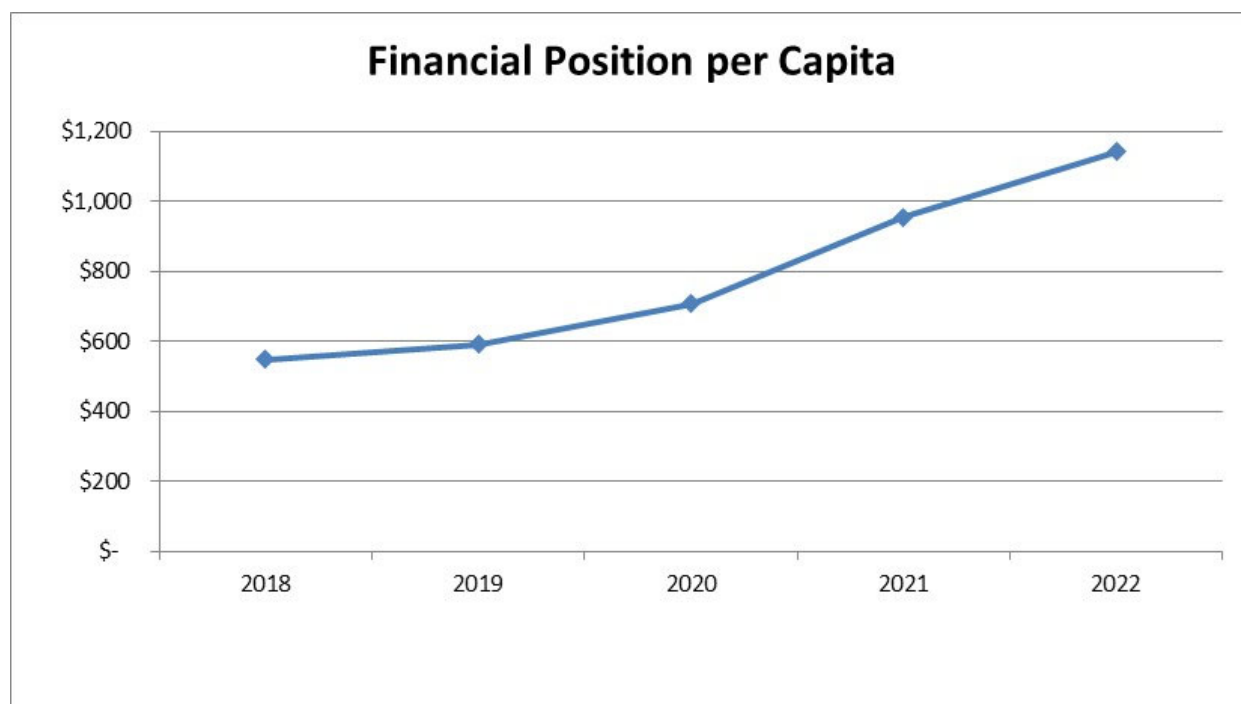
Background:

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 Financial Information Return (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

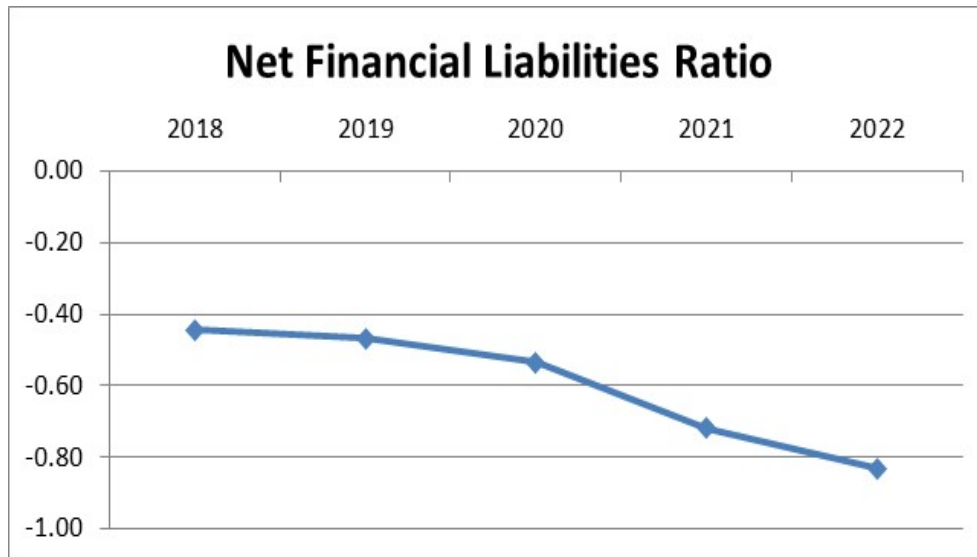
Financial position is a key indicator of a municipality's financial health. It provides an indication of the affordability of future municipal spending. The net financial position is a broader measure of a municipality's indebtedness than debenture debt as it includes all of the municipality's financial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



Key Financial Indicators

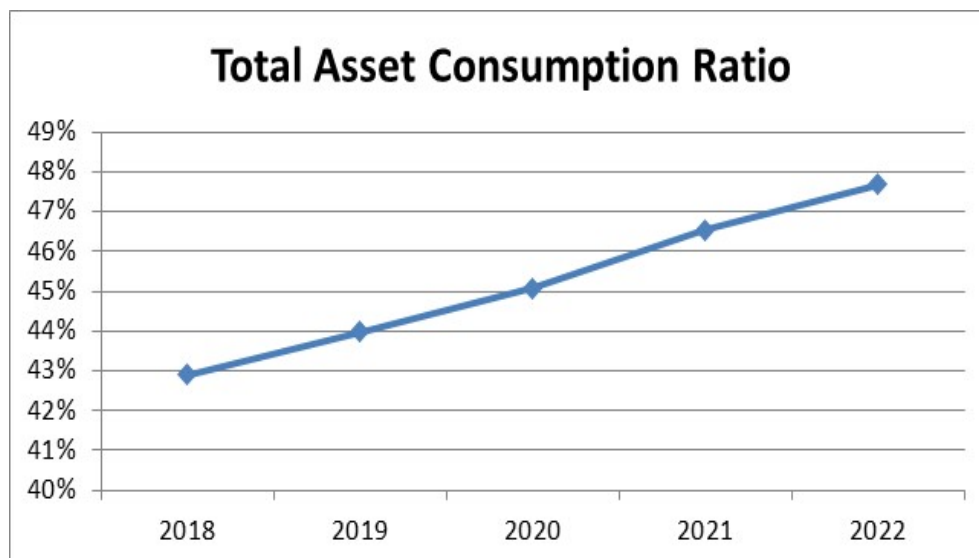
Indicator 2: Net Financial Liabilities Ratio

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.

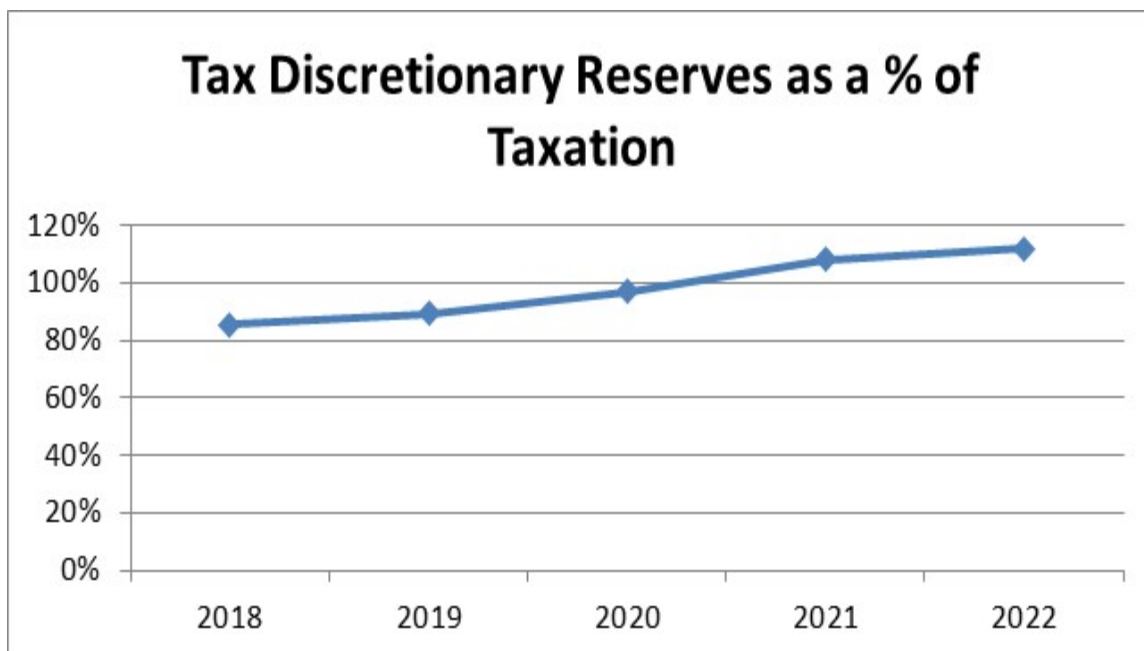
Indicator 4: Reserves

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

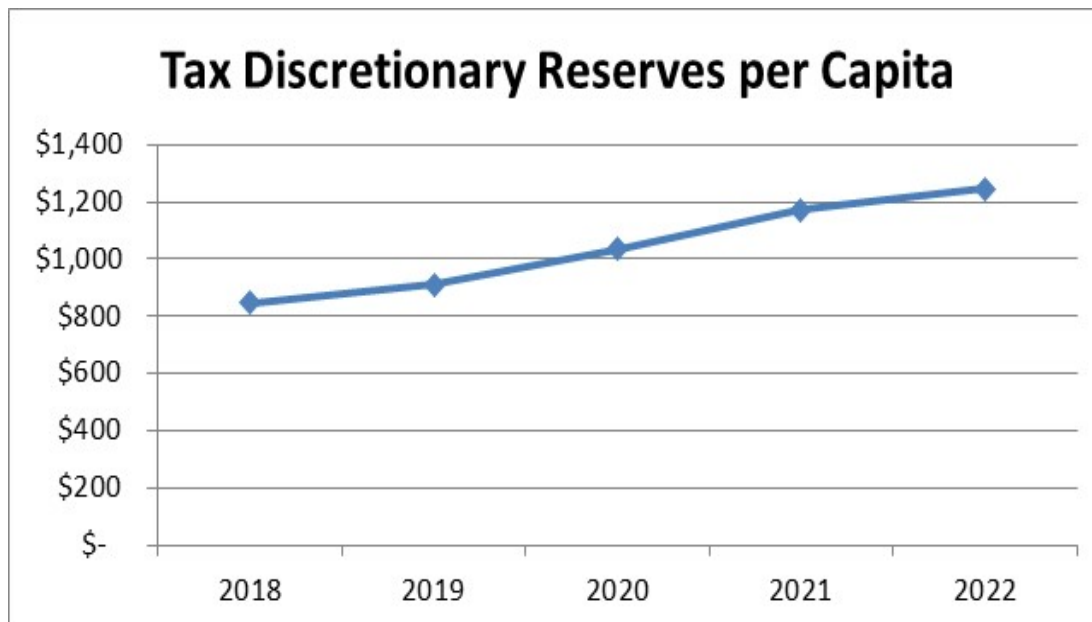
This provides the total tax discretionary reserves and reserve funds in relation to total taxation.



Key Financial Indicators

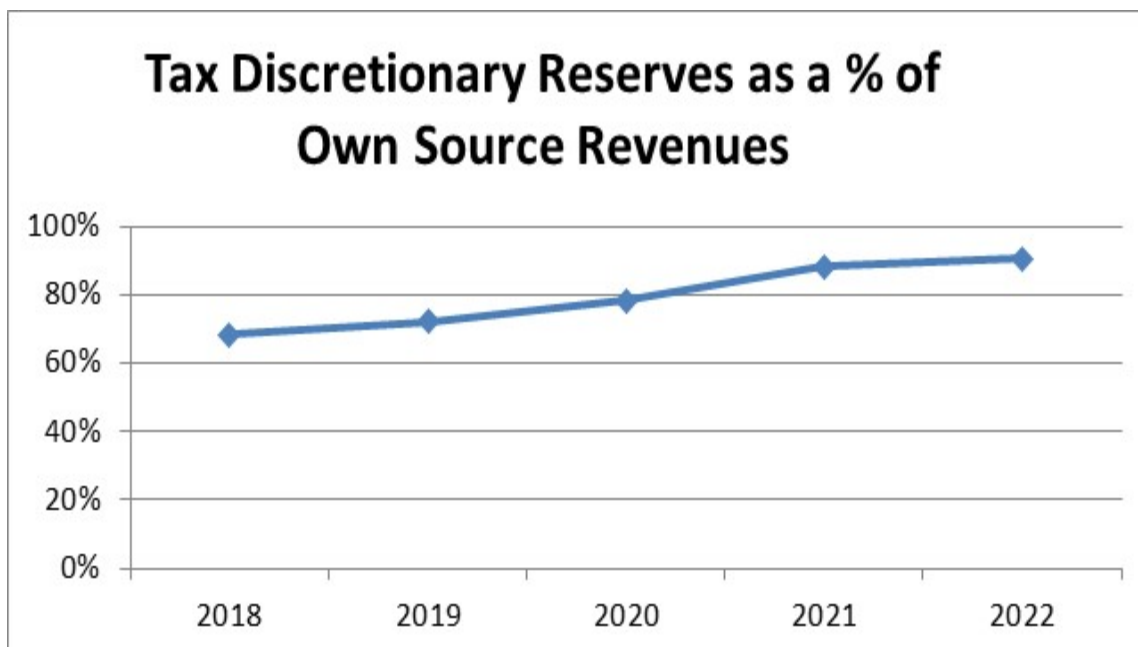
II. Tax Discretionary Reserves per Capita

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.



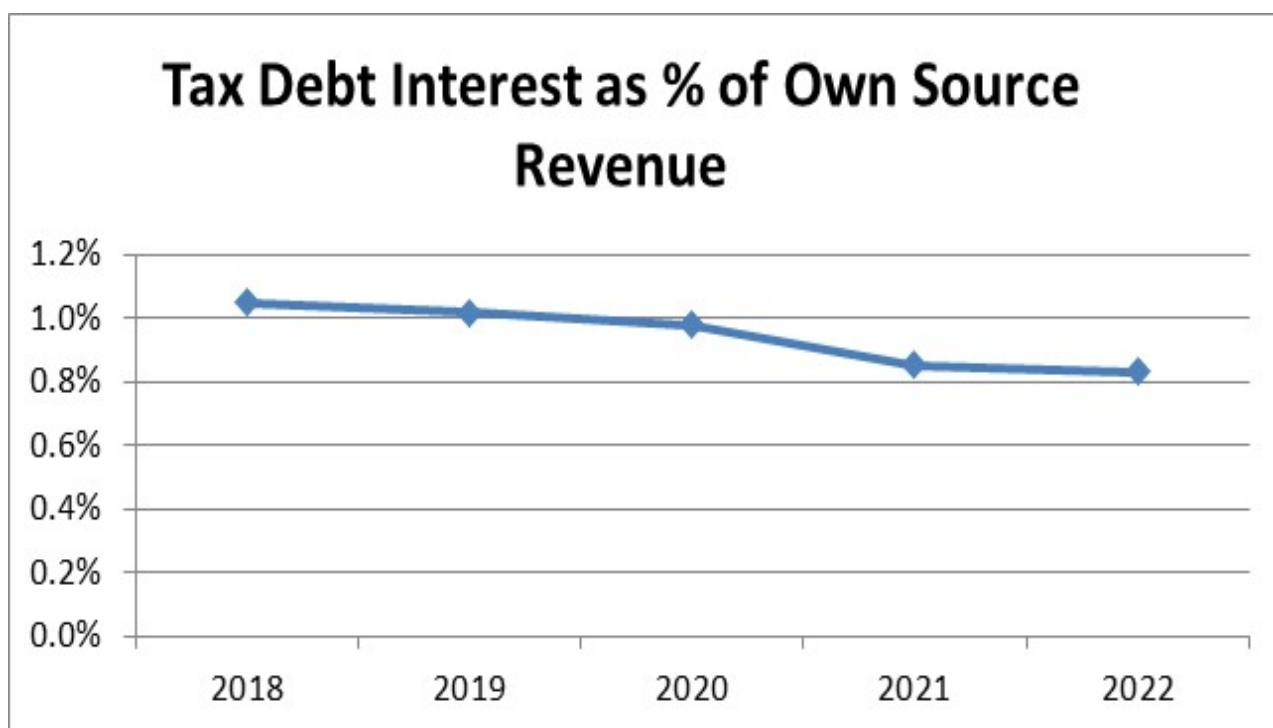
Key Financial Indicators

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

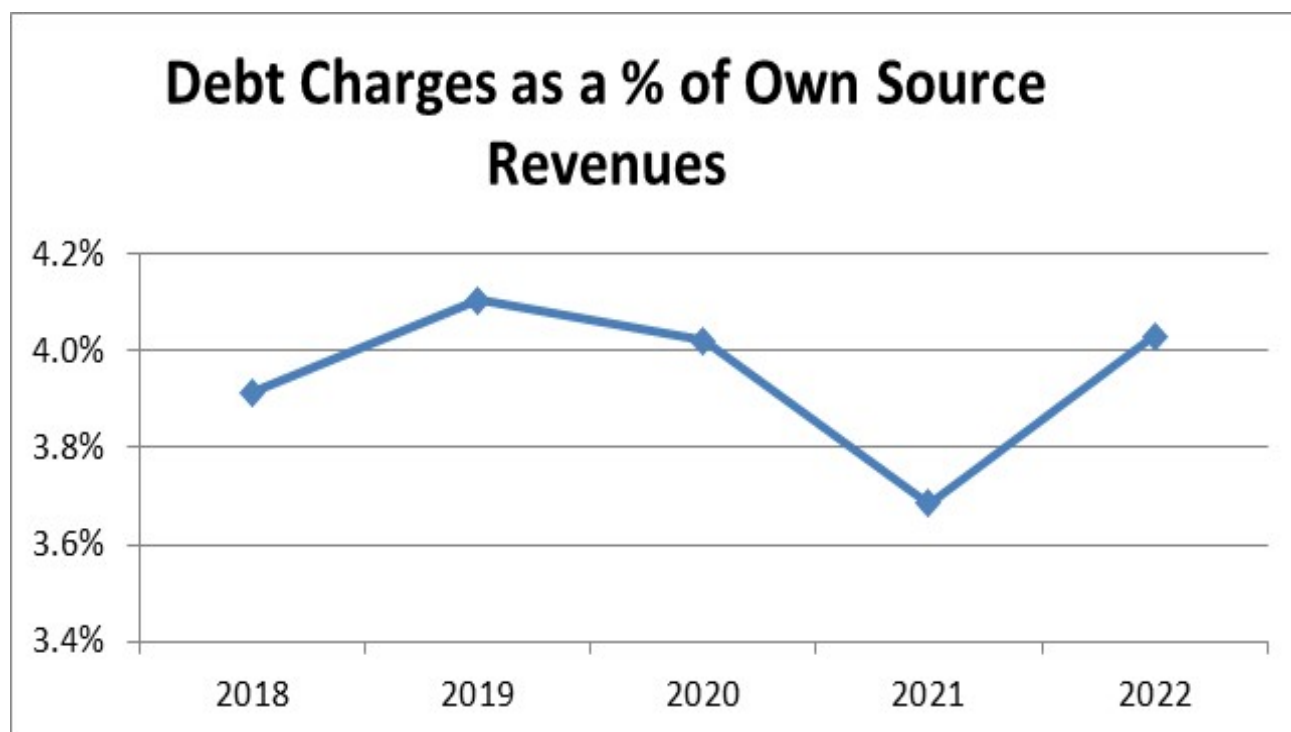
This ratio indicates the extent to which the municipality's own source revenues are committed to debt interest charges.



Key Financial Indicators

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

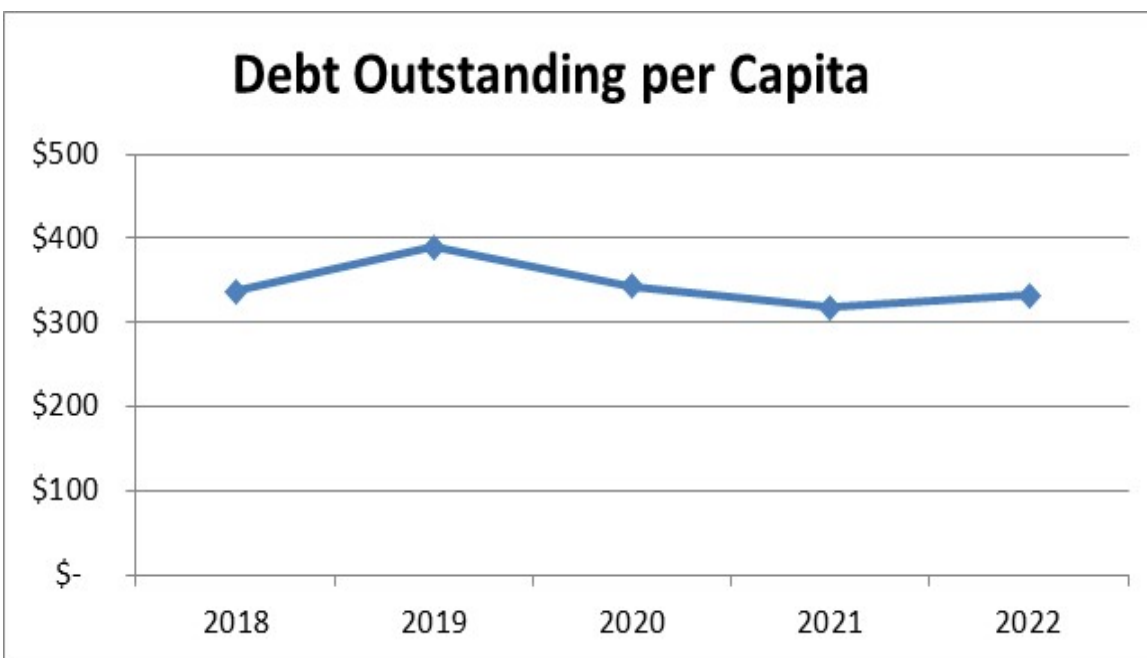
Debt service is the amount of principal and interest that a municipality must pay each year to service the debt. As debt service increases it reduces expenditure flexibility. This shows the % of total debt expenditures, including interest as a % of own source revenue. It is a measure of the municipality's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

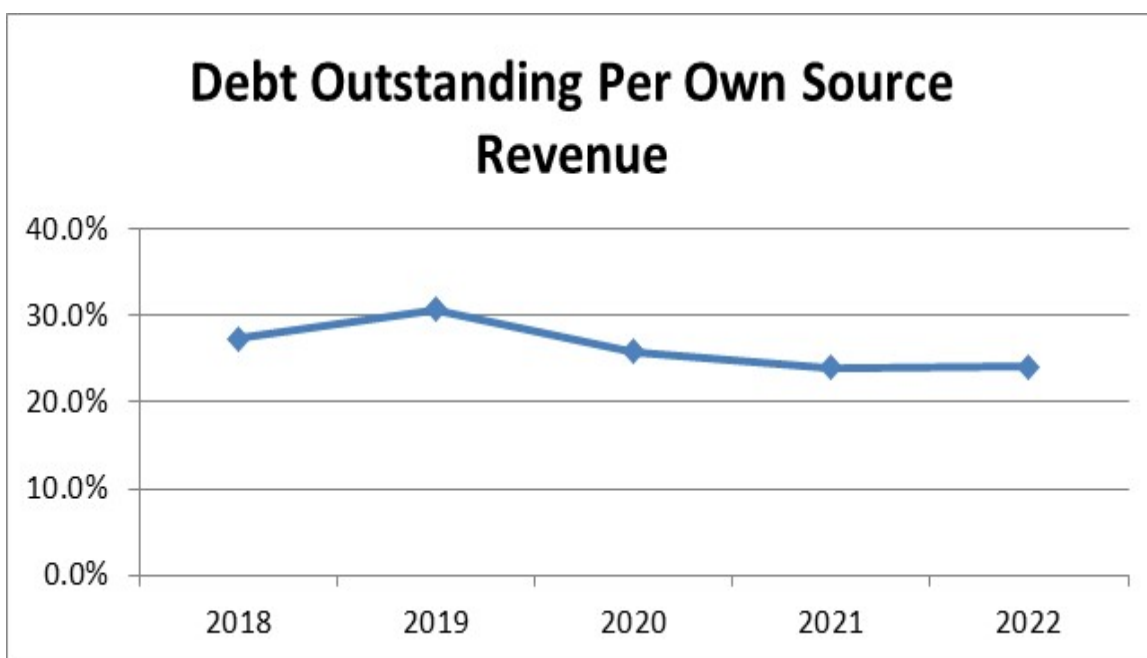
III. Debt Outstanding per Capita

This provides the debt outstanding divided by the population.



IV. Debt Outstanding Per Own Source Revenue

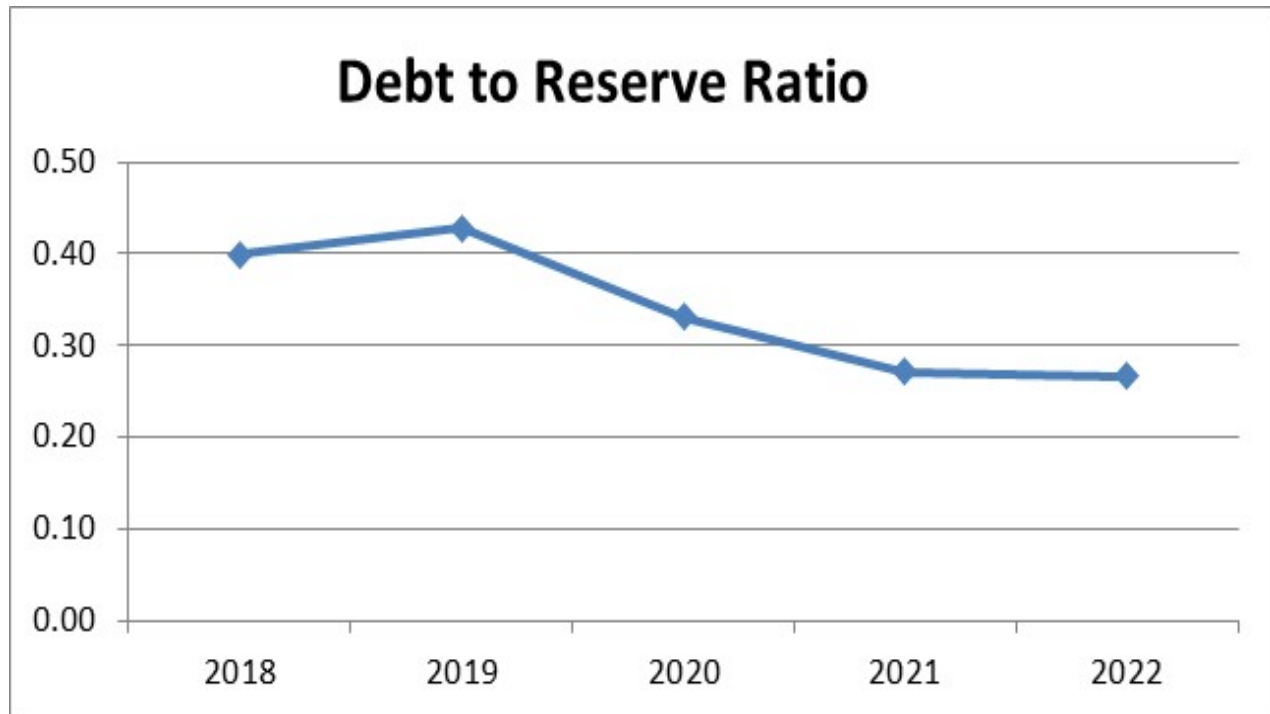
This provides the debt outstanding divided by the municipality's own source revenues.



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.



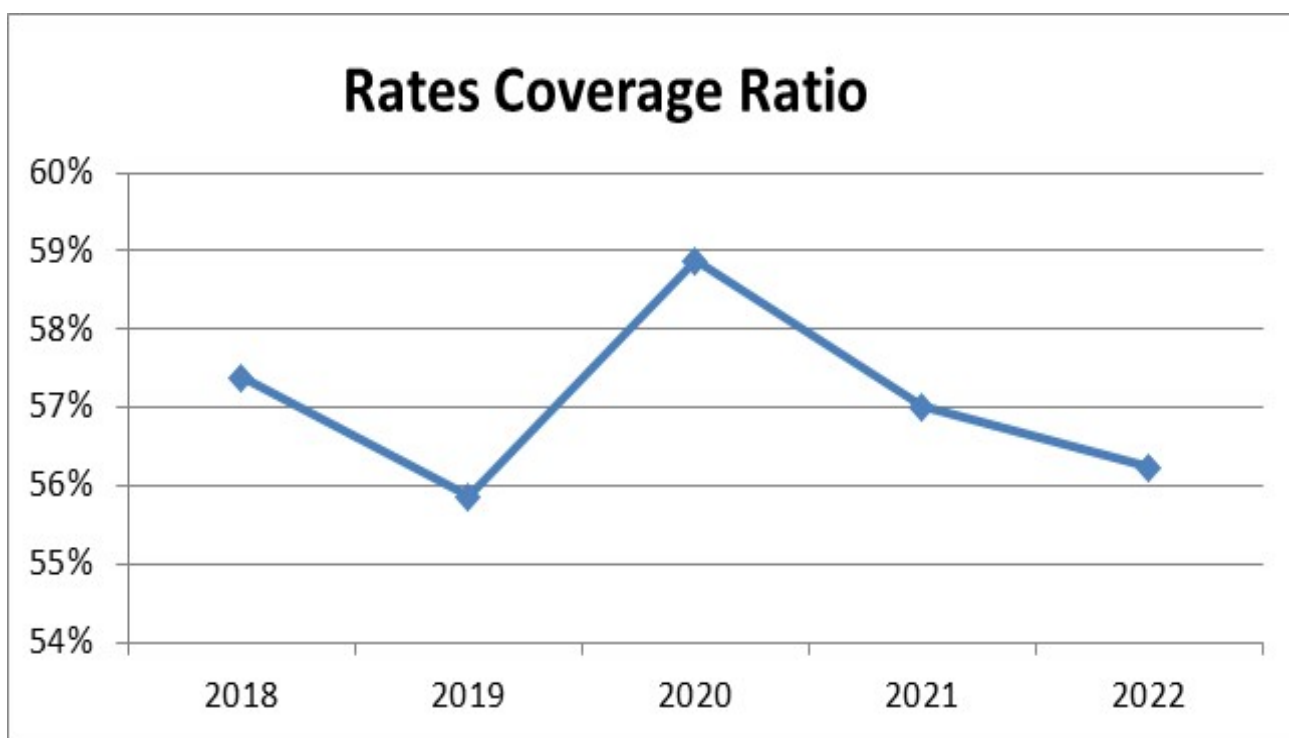
Key Financial Indicators

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 2022 Annual Financial Report and the completeness and fairness of the financial statements, including all disclosures (see signed management report—Pages 67-68).

The purpose of management's financial discussion is to analyze and comment on the principal features of the 2022 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 2022 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.

In January of 2022, County Council approved a new **Insurance and Claims Management Policy** that formalizes the County's efforts to minimize risk exposure and provide staff with direction and resources on how to manage claims and an overview of what insurance coverages are.

In April of 2022, County Council approved the **2022 County-Wide Property Tax Policies** which set the property tax ratios, class discounts and tax rates. Council also approved the continuation of the tax relief programme for low income seniors and persons with disabilities and the tax rebate programme for charities and other similar organizations. 2022 also marked the official ending of the mandatory property tax capping programme for all properties in Wellington County with the possible exception of outstanding legacy appeals.

In November of 2022, the revised Strategic Asset Management Policy was approved by County Council. A review of the existing policy was undertaken by staff and revisions were made in accordance with best practices including the addition of the following strategic documents:

- Road Master Action Plan
- Future Focused Climate Change Mitigation Plan
- Solid Waste Services Green Strategy

Management Discussion and Analysis

The Treasury Department has also developed policies and procedures for:

- Long-Term Financial Sustainability
- Cash and Investment Management
- Assessment Base Management
- Property Tax
- Accounting for Tangible Capital Assets
- Strategic Asset Management
- Corporate Fraud and Risk Management
- Development Charge Interest
- Donation Policy
- User Fee Policy

Asset Management Planning

The County owns and operates approximately \$1.3 billion in assets that deliver services to the Community. The following services are supported by the Asset Management Programme at the County:

- 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 timelines within the regulation are reflected in the table below:

Date	Requirement	Description	Status
July 1, 2019	Strategic Asset Management Policy	Identifies municipal goals the asset management plan supports, how the budget is informed, asset management planning principles, climate change, and a commitment to provide opportunities for stakeholder input.	Complete
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.	Complete
July 1, 2024	Asset Management Plan (All Assets)	The plan must address current levels of service and the associated costs of maintaining that service for all municipal assets.	In Progress
July 1, 2025	Proposed Levels of Service	Builds on the 2024 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 2022, the County completed the following major asset management Initiatives:

- The County continued to work collaboratively on Asset Management initiatives by working with its Asset Management Working Groups to review opportunities in asset management planning and coordinated service delivery

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

- Additional Asset profiles and modelling created in CityWide for Annual Reporting:
 - Vehicles and Equipment
 - Traffic Signals (Roadside Elements)
 - Roundabouts (Road)
- Refined and uploaded Housing Inventory in Unicode format in CityWide
- Created Annual State of infrastructure template and published 2022 Annual State of Infrastructure on County of Wellington Website
- Setup Service Type Requests and Inspections in CityWide for Property Services:
 - Created User documentation and Trained staff in Maintenance Manager
 - Initiated building inspections using mobile App – linked to properties
 - Prepared pilot project for internal county service requests (Library Services). To start in early 2023
- Reviewed and updated Strategic Asset Management Policy

Management Discussion and Analysis

Financial Statements Discussion and Analysis

2022 Financial Highlights

Total consolidated revenue for 2022 is \$282 million compared to total expenses of \$254 million resulting in a net revenue of \$28 million (2021 — \$24 million) which is used to fund capital assets and also to contribute to reserve and reserve funds. Reserve and reserve fund balances increased by \$9.4 million over 2021.

As well, the County repaid \$4.6 million in long-term debt and issued \$6.5 million in long-term debt in 2022. The County's debt servicing costs (principal and interest) of \$5.6 million are only 3.9% of own source revenues which is well below the 2022 prescribed limit of 25% or \$35.7 million (MMAH 2022 Financial Information Return Data).

The County of Wellington continued to maintain its strong financial position in 2022 with an accumulated surplus of \$562.5 million (an increase of 5.28%). 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 2022 was related to financial assets with an increase of 16.9% over 2021.

(in thousands of dollars)	2022	2021	Change	% Change
Net Financial Assets	\$118,691	\$97,636	\$21,055	21.6%
Non-Financial Assets	\$443,792	\$436,645	\$7,147	1.63%
Accumulated Surplus	\$562,483	\$534,281	\$28,202	5.28%

Consolidated Statement of Financial Position

Net Financial Assets

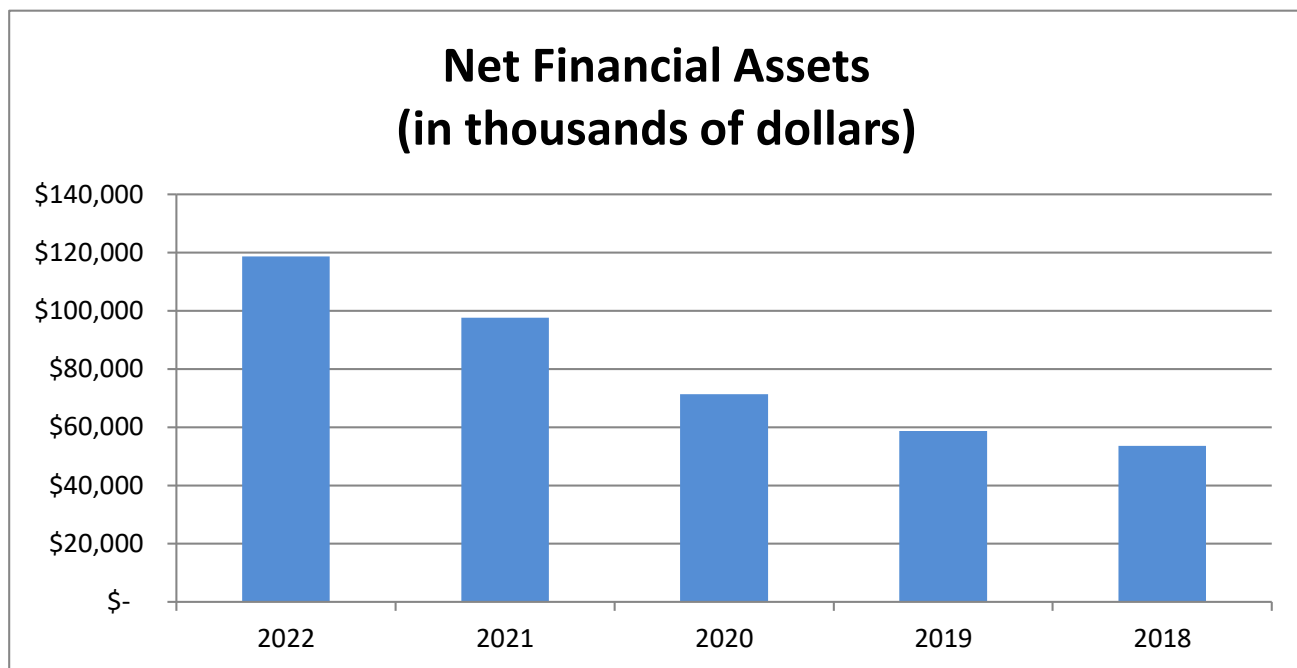
Net Financial assets is the amount by which all assets exceed all liabilities and represents the County's ability to meet its future obligations. The County ended the year with a net financial asset position of \$118.7 million, a 21.6% increase (or \$21.1 million) from the prior year. The increase in financial assets of \$30.6 million was offset by an increase in liabilities of \$9.5 million. The largest contributor to the change was the increase in the County's portfolio investments (\$33.6 million). This increase reflects operating surpluses, higher reserve balances, and higher capital fund balances due to timing differences between the receipt of funds and spending. In 2022, the County completed a debt issuance in the amount of \$6.5 million in advance of most of the expenditures for the new Arthur Shop construction.

Management Discussion and Analysis

Net Financial Assets (cont'd)

(in thousands of dollars)	2022	2021	Change	% Change
Financial assets	\$ 212,096	\$ 181,507	\$ 30,589	16.9%
Less liabilities	93,871	83,871	9,534	11.4%
Net financial assets	\$ 118,691	\$ 97,636	\$ 21,055	21.6%

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



Financial Assets

In 2022, the County's financial assets increased by \$30.6 million due to the increase in portfolio investments as previously mentioned. As well, there was an decrease in loans receivable of \$0.21 million due to the repayment of loans related to cost sharing agreements with the Township of Centre Wellington of \$0.02 million and the Keep Well—Emergency Business Sustainability Fund of \$0.186 million.

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 2022, the weighted average yield to maturity for bonds and guaranteed investment certificates (face value at December 31, 2022 was \$120.1 million) was 2.93%. For principal protected notes (PPN's) (face value at December 31, 2022 was \$19.5 million) there were three investments called providing an investment yield between 4.4% and 5.1%. The One Equity fund (face value at December 31, 2022 was \$9.9 million) had investment income and capital gains of \$0.38 million). Overall the Consolidated Portfolio investment income for 2022 was \$3.9 million.



Total Liabilities

Total liabilities increased by \$9.5 million in 2022 with the balance of this increase is due to an increase in accounts payable, deferred revenue and net debentures issued.

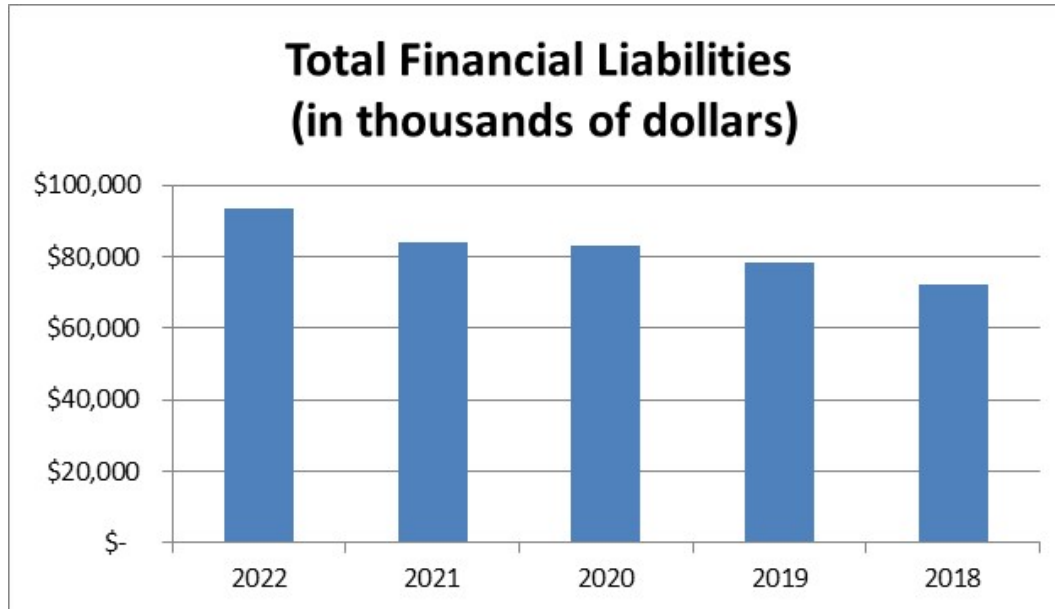
Significant accruals included over \$2 million in Children's Early Years General Operating Grant and Canada-Wide Early Learning and Childcare funding due to be paid out at year-end. As well, the County owed \$0.84 million for additional salt being purchased for Roads and \$0.68 million for curbside collection costs for Solid Waste Services.

Major reasons for the almost \$3.0 million increase in deferred revenue was a \$1.7 million 2023 shared social services payment made in advance, Workforce Funding for childcare of \$0.52 million and Housing Adjustment Funding of \$0.64 million received in 2022 and to be earned in 2023.

Management Discussion and Analysis

Liabilities (cont'd)

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



Net Debentures and Loans

Net debentures and loads at December 31, 2022 has increased to \$34.5 million from \$32.6 million last year. These amounts include \$34.2 million in debentures payable for 202 (\$32.2 million in 2021) 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 \$0.22 million in 2022 (\$0.36 million in 2021).

The net increase in debentures and loans of \$1.9 million is due a new debt issuance of \$6.5 million in 2022 to fund the Arthur garage construction being offset by principal repayments of \$4.6 million. As mentioned previously, debt servicing costs for 2022 were \$5.6 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%: 2022—12.21%, 2021—14.4%
- Maintain an interest payment (includes lower tier per S&P) to adjusted operating revenues of less than 5%: 2022—0.65%, 2021—0.77%
- Maintain a direct debt to reserve ratio of 0.75:1: 2022 — 0.23:1, 2021 — 0.27:1,

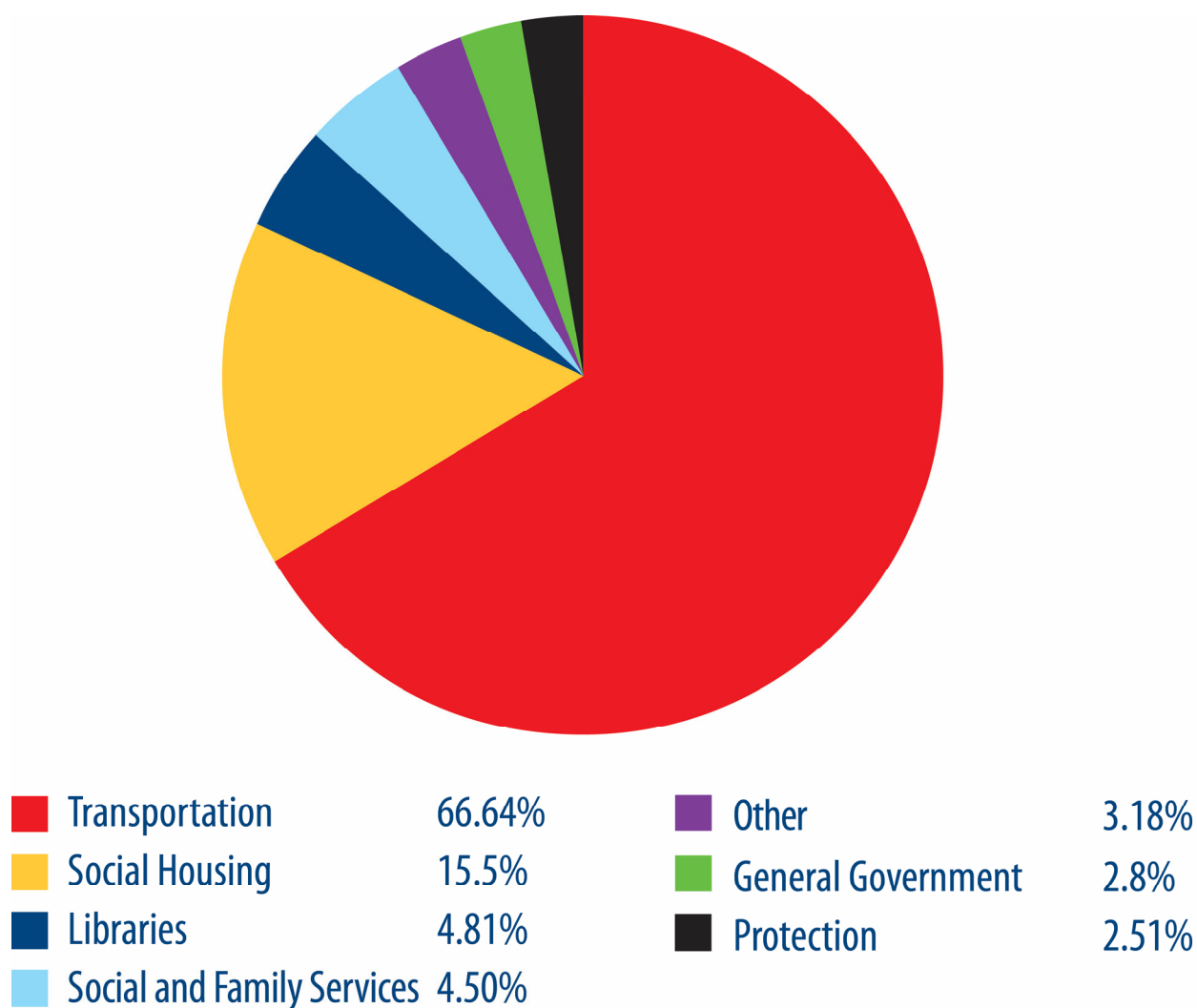
The County remains well within these additional restrictive guidelines and demonstrates responsible debt management practices.

Management Discussion and Analysis

Non-Financial Assets

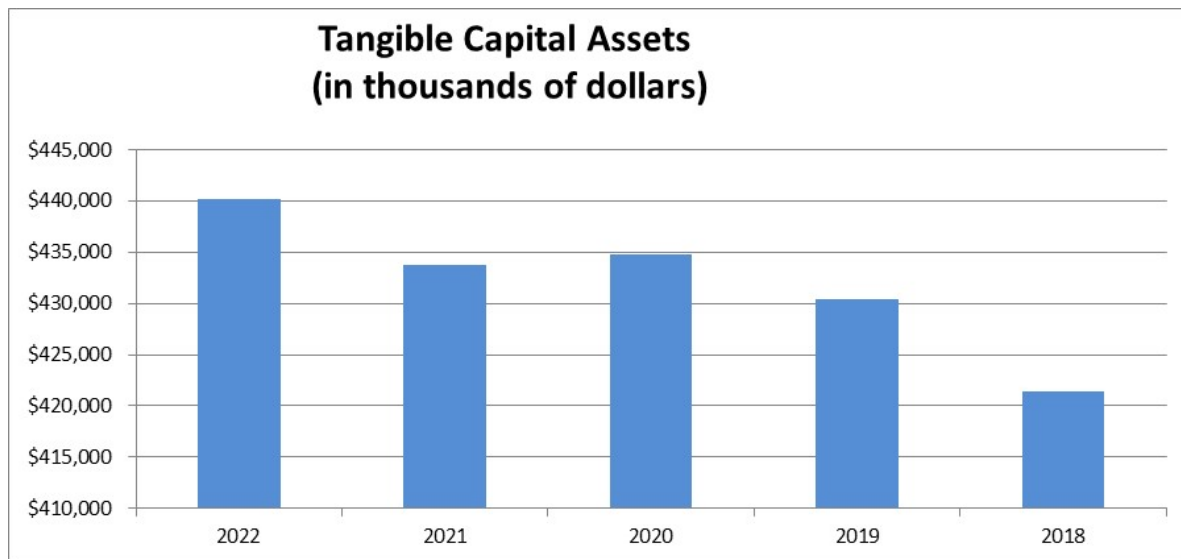
Total non-financial assets, primarily consisting of tangible capital assets, increased by 1.64% over 2021 equating to an increase of almost \$7.1 million including a \$6.4 million increase in the net book value of tangible capital assets. For Tangible Capital Assets specifically, additions of \$33.1 million were \$6.9 million higher than the annual amortization expense of \$26.2 million.

The pie chart below provides the breakdown of 2022 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)	2022	%	2021	%	Change	% Change
Land and landfill sites	\$ 40,240	9%	\$ 34,966	8%	\$ 5,274	15.1%
Buildings	123,771	28%	123,959	29%	(188)	-0.2%
Infrastructure	234,896	53%	234,481	54%	415	0.2%
Vehicles, machinery and other	20,084	5%	20,094	5%	(10)	0.0%
Assets under construction	10,499	2%	9,195	2%	1,304	14.2%
Public health and WHC	10,708	2%	11,117	3%	(409)	-3.7%
	\$ 440,199	100%	\$ 433,813	100%	\$ 6,386	1.5%

In 2022, the \$5.3 million increase in the land and landfill sites category is largely related to the purchase of land for the future construction of Affordable Housing (\$3.6 million), Wellington Road 124 widening (\$0.8 million) and the Arthur Garage (\$0.41 million). The work-in-progress category increased by 14.2% with additions of \$3.1 million offset by disposals of \$1.8 million.

Accumulated Surplus

Overall, the County has maintained a strong accumulated surplus with a total of \$562 million, an increase of 5.3% from the prior year balance of \$534 million. The change in accumulated surplus arises from the annual excess of revenues over expenses for the year, representing \$28.2 million. This includes revenues used for the acquisition of assets.

It is important 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 (\$440.2 million) and reflects the County’s investment in infrastructure which is used to deliver services.

Management Discussion and Analysis

Accumulated Surplus (cont'd)

A detailed breakdown of accumulated surplus (in thousands) is presented in Note 12 of the Consolidated Financial Statements. Summary information is included in the table below:

(in thousands of dollars)	2022	2021	Change
Reserves	\$104,705	\$ 96,511	\$ 8,194
Reserve funds	24,636	23,399	1,237
Investment in tangible capital assets	440,199	433,813	6,386
Invested in Capital Fund	38,777	25,229	13,548
Share of Public Health	1,704	1,327	377
Contingency Reserve Recovery of Keep Well Loan	475	661	(186)
Amounts to be recovered - from future revenues	(34,993)	(34,027)	(966)
Amounts to be recovered - from reserve funds	(13,020)	(12,631)	(389)
	\$ 562,483	\$ 534,282	\$ 28,201

Reserve and Reserve Fund balances have increased by \$9.4 million over 2021. This includes an increase of \$3.0 million in Contingency and Stabilization Reserves, \$5.2 million in Capital Reserves and \$1.2 million in Specific Purpose Reserve Funds.

The increase in the Contingency and Stabilization Reserves is largely due to the allocation of year-end operating surplus of \$2.6 million to the Contingency and Stabilization Reserve to fund future costs associated with transitioning out of the blue box programme in advance of the contract end-date.

The increase in Capital Reserves includes a \$2.7 million net increase in the Property Reserve and a \$1.3 million net increase in the General Capital Reserve. Repayment of Development Charge Reserve loans to the Property Reserve of \$5.5 million and the General Capital Reserve of \$0.24 million contributed to these increases.

The invested in capital fund value has increased by \$13.5 million over 2021. 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 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 increased by \$1.0 million and is related to the \$2.0 million increase in net debentures being offset by the \$0.9 million decrease in the Landfill Liability due in large part to an increase in the discount rate used for cash flow analysis.

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 \$ 282.4 million less total expenses of \$254.2 million has resulted in net revenue of \$28.2 million for 2022 and represents a \$3.9 million or 16% increase over 2021. Revenues increased over 2021 by \$19.8 million or 7.5% and expenditures increased by \$15.9 million or 6.7%.

Revenues

2022 Budget to Actual Comparative Analysis

-Revenues (in thousands of dollars)	Budget	Actual	Variance	%Variance
Taxation (Note 13)	\$ 116,402	\$ 116,305	\$(97)	-0.1%
Government transfers:				
Provincial (Note 14)	85,951	87,726	1,775	2.1%
Federal (Note 14)	10,475	17,823	7,348	70.1%
Municipal	26,343	25,631	(712)	-2.7%
Fees and Service Charges	12,732	13,815	1,083	8.5%
Licenses, Permits, Rent	8,807	9,078	271	3.1%
Interest, Donations, Other	5,273	6,496	1,223	23.2%
Development Charges Earned	1,057	5,538	4,481	423.9%
	\$ 267,040	\$ 282,413	\$ 15,373	5.8%

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 modified-accrual (or cash) basis. The actuals reported in 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 2022 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 2022 project or projects budgeted in prior years and therefore a variance is incurred. In 2022, development charges recognized as revenue were \$5.54 million versus an adjusted 2022 capital budget of \$1.06 million. This applies to Canada Community Building Fund (CCBF) and Ontario Capital Infrastructure Fund (OCIF) funded capital projects as well. Funds are kept in obligatory reserve funds until related capital expenditures occur and Government Transfer revenue is recognized in the consolidated financial statements. In 2022, CCBF funding of \$4.5 million was earned and \$2.95 million of OCIF funding was earned.

Note 20, "Budget Data" provides a reconciliation of the 2022 operating and capital budgets approved by Council on January 27, 2022 plus Council approved net capital budget amendments made in 2022 in the amount of \$0.96 million (2021—\$3.8 million).

Revenues (in thousands of dollars)	2022	2021	Change	% Change
Taxation (Note 13)	\$ 116,305	\$ 111,845	\$ 4,460	4.0%
Government transfers:				
Provincial (Note 14)	87,726	87,315	412	0.5%
Federal (Note 14)	17,823	8,183	9,640	117.8%
Municipal	25,631	23,092	2,239	11.0%
Fees and Service Charges	13,815	13,245	570	4.3%
Licenses, Permits, Rent	9,078	8,604	474	5.5%
Interest, Donations, Other	6,497	7,111	(614)	-8.6%
Development Charges Earned	5,538	3,179	2,359	74.2%
	\$ 282,413	\$ 262,574	\$ 19,840	7.6%

Management Discussion and Analysis

Revenues (cont'd)

Total revenue reported for the year 2022 was \$282.4 million, an increase of \$19.8 million over last year's amount of \$262.6 million. The increase in taxation revenue of \$4.6 million is consistent with the increased 2022 levy requirement approved by Council plus higher than expected supplementary and omitted taxes of \$3.2 million offset by higher than expected write-offs of \$ 1.5 million.

As well, Federal Transfers were significantly higher in 2022 by \$9.1 million due in large part to the new Canada Wide Early Learning and Childcare funding of \$7.87 million and an additional \$2.0 million in Federal Homelessness Partnering Strategy funding. Municipal Transfers were also higher than 2021 by \$2.5 million related to higher Social Housing and Childcare operating and capital costs shared with the City of Guelph. Development Charges earned in 2022 were also higher in 2022 due to net repayment of internal Development Charge loans of over \$3.5 million and higher collections.

Expenses

2022 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 2022 amortization included in the financial statement budget is \$26.7million, while the actual amortization expensed in 2022 was \$26.2 million, a difference of \$0.5 million.

Expenses	Budget (includes amortization)	Actual	Variance
General Government	\$ 24,364	\$ 22,289	\$ 2,075
Protection Services	19,790	19,955	(165)
Transportation Services	33,278	35,406	(2,128)
Environmental Services	13,877	13,046	831
Health Services	15,922	15,767	155
Social Housing	40,776	45,241	(4,465)
Social and Family Services	80,065	86,320	(6,255)
Library	9,154	9,252	(98)
Museum	2,560	2,619	(59)
Planning and Development	4,996	4,317	679
	\$ 244,781	\$ 254,212	\$ (9,431)

Management Discussion and Analysis

Expenses (cont'd)

For 2022, \$4.8 million worth of expenses originally budgeted as capital were expensed to operating versus \$8.0 million in 2021. These expenses include \$1.3 million worth of COCHI and OPHI grant related community social housing, \$1.4 million related to the roads pavement preservation programme, and \$0.33 million related to roads municipal drains.

In 2022, \$0.8 million worth of expenses budgeted in operating were actually capitalized compared to \$1.6 million in 2021. This includes capitalization to pools for desktop, laptop, data centre and network storage expenses as well as library expenses related to capitalized library collection purchases.

Year Over Year Comparative Analysis

For 2022 there is a \$12.0 million increase in expenses over 2021. The largest increase in expenses is related to Social Services transfer payments with an almost \$7 million increase in transfer payments for Children's Early Year, \$3 million increase of Ontario Works and \$2.5 million for Social Housing payments.

Environmental services expenses are lower by \$1.4 million which includes a \$0.78 million adjustment to the landfill liability related to the increased cashflow discount rate. As well, Health Services expenses were lower based on lower Health Unit COVID related costs.

Expenses in 2022 also include the set up of a provision in General Government of \$0.38 million to cover the need for potential write-offs related to Bill 23 and the future ineligibility of Studies as a capital cost that can be recovered through development charges where studies have been paid ahead of DC collection.

Expenses (in thousands of dollars)	2022	2021	Change	% Change
General Government	\$ 22,289	\$ 20,444	\$ 1,845	9.02%
Protection Services	19,995	19,867	88	0.44%
Transportation Services	35,406	32,507	2,899	8.92%
Environmental Services	13,046	14,480	(1,434)	-9.90%
Health Services	15,767	18,606	(2,839)	-15.26%
Social Housing	45,241	43,027	2,214	5.15%
Social and Family Services	86,320	74,279	12,041	16.21%
Library	9,252	8,709	543	6.23%
Museum	2,619	2,504	115	4.59%
Planning and Development	4,317	3,858	459	11.90%
	\$ 254,212	\$ 238,281	\$ 15,931	6.69%

Management Discussion and Analysis

Consolidated Statement of Change in Net Financial Assets

The purpose of the Statement of Change in Net Financial Assets is to assist the financial statement user 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 on sales of assets) in order to present the impact on the surplus attributable to the change in net financial assets.

The County's net financial assets increased in 2022 by \$21.1 million, however this was \$5.2 million lower than the 2021 increase of \$26.3 million since the County spent \$11.2 million more on the acquisition of tangible capital assets.

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 decreased from \$56.0 in 2021 to \$53.5 million in 2022.

Factors contributing to an increase in cash position were:

- Long term debt issued of \$6.5 million
- Sale of County assets of \$0.75 million
- Loan repayments of \$0.21 million including Keep Well loans repayments of \$0.19 million and Township of Centre Wellington loans repayment of \$0.02 million (See Note 4)
- Greater increase in deferred revenues of \$5.1 million
- Greater increase in accounts payable of \$1.8 million

Factors contributing to a decrease in cash position were:

- Cash used to acquire capital assets in 2022 was \$33.1 million (2021—\$21.9 million)
- Long-term debt repayment of \$4.57 million
- Increase in long-term investments of \$33.6 million

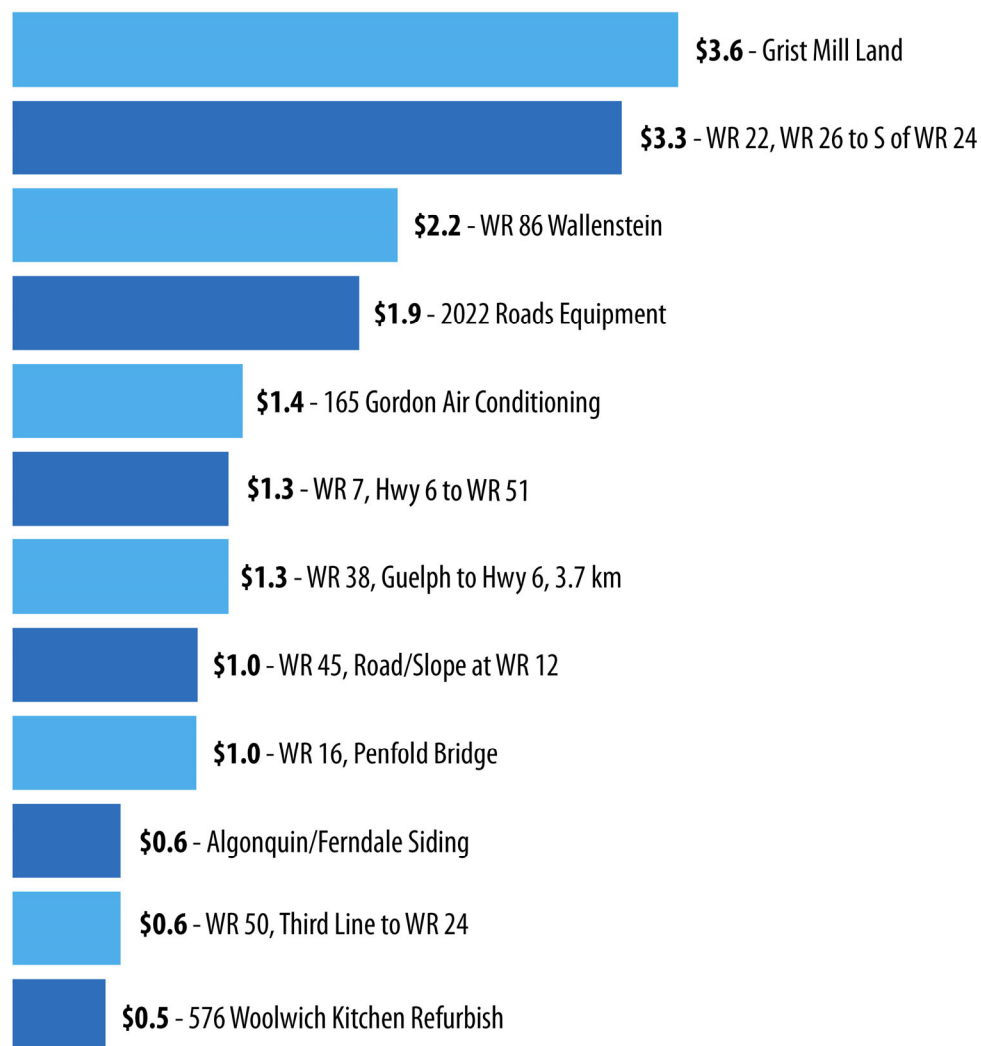
This means the County of Wellington had a net cash decrease of \$2.5 million.

Management Discussion and Analysis

2022 Capital Financial Highlights

In 2022, the County had capital additions and betterments of approximately \$32 million (not including capital work-in-progress or donated assets). The following major capital projects were complete and capitalized at year end:

- \$10.7 million in the rehabilitation and construction of County roads, bridges and culverts
- \$3.6 million land purchase for the Grist Mill
- \$2.5 million in social and affordable housing projects
- \$1.9 million in roads vehicle and equipment purchases

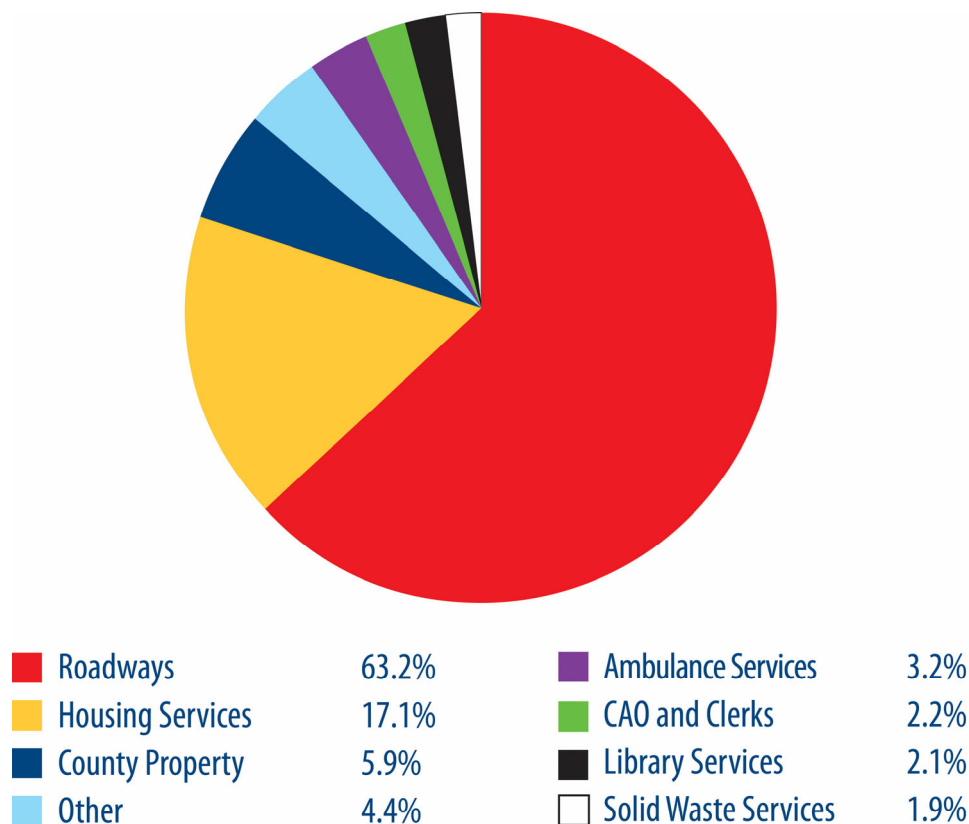


Management Discussion and Analysis

2023 Capital Budget and Forecast:

The County's 2023 Budget and Ten-Year Plan highlights the following projects for the upcoming years:

- Investment of \$351 million in roads capital infrastructure and facilities over ten years, including \$65.2 million in roads resurfacing \$115.1 million in roads construction, \$61.1 million in bridge rehabilitation and replacement and \$35.1 million for redevelopment of the Arthur, Erin, Brucedale, Harriston and Aberfoyle roads garages.
- Investment of \$69.2 million in social housing and \$25.1 million in Affordable Housing over the next ten years including \$46.2 million the County owned housing units and \$24 million in new affordable housing units.
- Investment of \$32.7 million in County properties over the next 10 years, including \$28 million for an Administration Centre Expansion in 2028
- Investment of \$17.9 million in ambulance capital projects over the next ten years, including \$11.8 million in new ambulance stations in the County and \$4.0 million in replacement ambulances and ambulance equipment.
- Investment of \$10.5 million in solid waste services capital projects over the next ten years, including \$6.6 million in equipment , \$1.4 million for Riverstown excavation and pond development, and \$1.1 million for facility upgrades at Elora and Rothsay.
- Investment of \$11.4 million in library capital projects over the next 10 years, including \$6.5 million for the construction of a new Erin library branch.



Management Discussion and Analysis

2023 Operating Budget

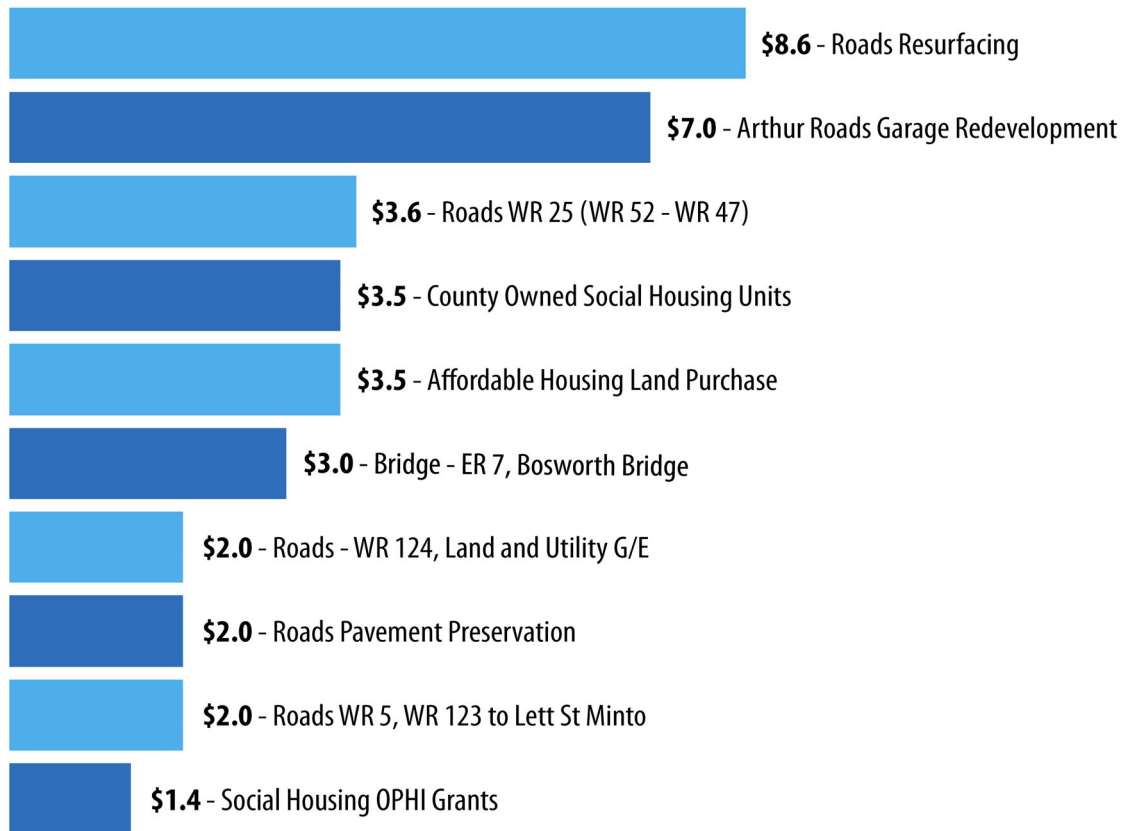
- Operating expenditure = \$277.9 million
- 2023 tax levy = \$120.5 million
- County tax impact = 3.8% which on average results in 2.1% on the total residential property tax bill
- Residential tax impact per \$100,000 of assessment = \$24

2023-32 Capital Budget Forecast

- Total 2023 capital investment = \$61.6 million
- Total ten-year capital investment = \$555.1 million
- New debt issues are projected to be \$56.3 million over ten-years and include \$33.0 million in tax-supported debt and \$23.3 million in growth-supported debt
- Total debt outstanding peaks at \$63.4 million in 2028

Anticipated Capital Spending 2023

(in millions)



County Tax Levy Projection	Actual		Forecasted			
	2022	2023	2024	2025	2026	2027
County Tax Levy (\$000's)	\$113,491	\$120,491	\$126,450	\$132,601	\$139,231	\$145,463
Residential Tax Impact	2.0%	3.8%	3.6%	3.6%	3.7%	3.2%

County Tax Levy Projection	Forecasted				
	2028	2029	2030	2031	2032
County Tax Levy (\$000's)	\$152,334	\$159,154	\$165,917	\$172,991	\$180,021
Residential Tax Impact	3.4%	3.2%	3.0%	3.0%	2.8%

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 2022 is as follows:

Reconciliation of County Property Tax Surplus and Consolidated Financial Statement Annual Surplus	2022	2021
County Tax Supported Operating Surplus	\$3,658,492	\$5,660,740
Revenue not included in Operating Surplus		
Development Charges	5,538,045	3,179,074
Deferred Federal Gas Tax Revenue	4,457,299	4,588,227
Ontario Community Infrastructure Fund Revenue	2,953,918	3,170,036
Capital Provincial Grants	2,071,293	3,379,758
Capital Municipal Transfers	3,470,887	2,470,993
Safe Restart Funding	0	1,449,108
Wellington-Dufferin-Guelph Public Health Net Revenues	573,721	384,532
Wellington Housing Corporation Net Revenues	546,659	533,020
Donated Asset	0	3,000,000
Other	782,651	707,812
	20,394,473	22,862,560
Expenses not included in Operating Surplus		
Amortization of Tangible Capital Assets	25,495,462	24,706,868
Operating Expenses from Capital	4,813,528	7,988,674
Landfill, WSIB and Post-Employment Liability	(534,648)	1,746,904
Loss on Disposal of Assets	(194,744)	(17,686)
Other	635,073	512,567
	330,214,671	34,937,327
Revenue included in Operating Surplus, but not in Consolidated Statements		
Transfers from Reserves	4,700,240	4,227,258
Interest - Development Charge and Federal Gas Tax Reserve Funds	401,993	324,272
Sale of Assets	752,177	470,877
	5,854,410	5,022,407
Expenses included in Operating Surplus, but not in Consolidated Statements		
Transfers to Reserves and Reserve Funds	34,379,785	19,301,995
Transfers to Capital	143,000	10,691,000
Tax Increment Grant Payment	31,238	45,064
Landfill Liability and Short Term Disability	423,667	456,451
Debt Principal Repayments	4,437,997	3,714,005
Operating Expenses Capitalized	801,780	1,521,399
	40,217,467	35,729,914
Consolidated Financial Statement Annual Surplus	28,201,351	24,293,480

Financial Statements

For the Year Ended December 31, 2022

Consolidated Financial Statements

INDEPENDENT AUDITORS' REPORT

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

Opinion

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

- the consolidated statement of financial position as at December 31, 2022
- the consolidated 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, 2022, and its consolidated results of operations, its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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

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

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

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

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

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Chartered Professional Accountants, Licensed Public Accountants

May 25, 2023

Kitchener, Canada

Consolidated Financial Statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

County of Wellington

Consolidated Statement of Financial Position

As at December 31, 2022

	2022	2021
	\$	\$
Assets		
Financial Assets		
Cash and Cash Equivalents (Note 3)	53,457,438	56,020,725
Accounts Receivable	10,906,690	11,100,646
Portfolio Investments (Note 3)	147,216,180	113,664,072
Loans Receivable (Note 4)	515,771	722,141
Total Financial Assets	212,096,079	181,507,584
Liabilities		
Accounts Payable and Accrued Liabilities	27,079,127	21,753,664
Deferred Revenue (Note 5)	18,313,148	15,459,267
Landfill Site Closure and Post Closure Liability (Note 6)	9,417,141	10,190,146
Post Employment/Retirement Liability (Note 7)	2,646,094	2,462,766
WSIB Liability (Note 8)	1,441,023	1,394,249
Other Long-Term Liabilities (Note 9)	13,827	45,065
Net Debentures and Loans (Note 10)	34,494,973	32,566,214
Total Liabilities	93,405,333	83,871,371
Net Financial Assets	118,690,746	97,636,213
Non Financial Assets		
Tangible Capital Assets (Note 11)	440,199,215	433,813,213
Inventories of Supplies	658,436	844,591
Prepaid Expenses	2,934,546	1,987,575
Total Non Financial Assets	443,792,197	436,645,379
Accumulated Surplus (Note 12)	\$562,482,94	\$534,281,592

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

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

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

Consolidated Financial Statements

CONSOLIDATED STATEMENT OF CASH FLOWS

County of Wellington

Consolidated Statement of Cash Flows

For the year ended December 31, 2022

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

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

Notes to the Financial Statements

For the Year Ended December 31, 2022

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

1. ACCOUNTING POLICIES

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

a) Basis of Consolidation

(i) Consolidated Entities

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

Wellington County Police Services Board

Wellington County Public Library Board

Wellington Housing Corporation (WHC)

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

Under PSAB standards, the County reports only its share of assets, liabilities and results of operations of any government partnerships in which it participates. The County participates in Wellington-Dufferin-Guelph Public Health to the extent of 32.0% (2021 – 32.0%) based on population, as stated in the agreement with the other participants, the City of Guelph and the County of Dufferin.

(ii) Trust Funds

Trust funds and their related operations administered by the County are not consolidated, but are reported separately on the Trust Funds 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, 2022

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. 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) Loans Receivable

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

(iv) Deferred Revenue

In accordance with PSAB requirements obligatory reserve funds are reported as a component of deferred revenue. The County has obligatory development charge reserve funds in the amount of \$7,393,862 (2021 — \$6,948,539). These funds have been set aside, as required by the Development Charges Act, to finance a portion of the cost of growth-related capital projects. Revenue recognition occurs after the funds have been collected and when the County has incurred the expenses for the capital works for which the development charges were raised (Note 5).

Unexpended funds of \$5,382,865 (2021 — \$6,785,022) received by the County from the Canada Community Building Fund (previously Federal Gas Tax) are reported as deferred revenue and will be recognized as revenue in the fiscal year in which the eligible expenses are incurred. Unexpended funds of \$1,014,830 (2021 — \$50,502) received by 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.

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

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

(vi) Taxation

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

(vii) Government Transfers

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

Notes to the Financial Statements

For the Year Ended December 31, 2022

(viii) Contaminated Sites

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

(ix) Use of Estimates

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

Notes to the Financial Statements

For the Year Ended December 31, 2022

c) Physical Assets

(i) Tangible Capital Assets

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

Major Asset Classification	Component Breakdown	Useful Life—Years
Land		N/A
Landfill Sites		N/A—Based on Usage
Buildings	Structure 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, 2022

Landfill sites are amortized using the units of production method based upon capacity used during the year. Assets under construction are not amortized until the asset is available for productive use.

ii) Contributions of Tangible Capital Assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and are also recorded as revenue. The value of assets contributed in 2022 is \$0 (2021 - \$3,000,000).

(iii) Works of Art and Cultural and Historic Assets

Works of art and cultural and historic assets are not recorded as assets in these financial statements. The County's art collection includes approximately 1,300 pieces, either created by a significant Wellington County artist and/or depicting Wellington County subject matter. The Museum's collection contains over 21,000 artifacts. The Archives' collection contains over 103,000 photographs, as well as 3,300 maps, textual records, microfilm, and audio-visual and digital media. Both collections relate to the history of Wellington County and are fully catalogued 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 because of the acquisition, construction and production of an asset that takes a substantial period of time to prepare for its intended use are capitalized as part of the cost of the asset.

Capitalization of interest costs commences when the expenses are being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use are in progress. Capitalization is suspended during periods in which active development is interrupted. Capitalization ceases when substantially all 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 \$119,013 (2021 - \$0).

(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, 2022

(vii) Tangible Capital Assets recorded at Nominal Value

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

2. TRUST FUNDS

Trust funds administered by the County amounting to \$114,396 (2021 — \$103,264) have not been included in the Consolidated Statement of Financial Position, nor have their operations been included in the Consolidated Statement of Financial Activities.

3. CASH AND CASH EQUIVALENTS AND PORTFOLIO INVESTMENTS

Total cash and cash equivalents of \$53,457,438 (2021 — \$56,020,725) are reported on the Consolidated Statement of Financial Position at cost.

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

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

On November 15, 2019, an irrevocable Standby Letter of Credit was issued to finance the Badley (Metcalf Street) bridge replacement in favour of the Receiver General for Canada on behalf of Fisheries and Oceans Canada in the amount of \$201,900. The annual interest rate is 1.35% on any outstanding amounts. In January of 2021, the Letter of Credit was reduced by \$66,500 leaving a balance of \$135,400 at December 31, 2022.

4. LOANS RECEIVABLE

(i) Cost Sharing Agreements with the Township of Centre Wellington

In 2010 the County entered into a cost sharing agreement with the Township of Centre Wellington and Groves Memorial Hospital to fund three phases of a Community Planning Area sub-watershed Study. The County funds the work upfront and is repaid by the Township at 54% and the Hospital at 6%. In 2011 phase 1 was completed and in 2012 phase 2 was completed. The Township will repay the County over 10 years, interest free, from year of completion and the Hospital will repay the County through the Township at the time of building permit issuance which occurred in 2017. The amount to be repaid to the County as at December 31, 2022 was \$6,615 (2021 — \$13,230).

In 2015, the County and the Township of Centre Wellington agreed to share soil remediation costs for the Fergus Library Expansion Project. The land, originally owned by the Township of Centre Wellington was remediated by the County upfront and will be repaid by the Township at 60%. The Township will repay the County over ten years, interest free, starting in 2016. The amount to be repaid to the County as at December 31, 2022 was \$42,232 (2021 — \$56,304).

Notes to the Financial Statements

For the Year Ended December 31, 2022

(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). The total principal repaid in 2022 was \$185,683 (WWCFDC \$161,43. SEDC \$24,252) (2021 - total \$194,436, WWCFDC \$146,311, SEDC \$48,125) leaving an outstanding balance at December 31, 2022 of \$474,924 (WWCFDC \$400,615, SEDC \$74,309) (2021-total \$660,607, WWCFDC \$562,046, SEDC \$98,561). Of these outstanding balances only one loan was considered at risk of non-repayment and an allowance has been set up in the amount of \$8,000.

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

Notes to the Financial Statements

For the Year Ended December 31, 2022

5. DEFERRED REVENUE

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

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

Notes to the Financial Statements

For the Year Ended December 31, 2022

6. LANDFILL SITE CLOSURE AND POST-CLOSURE LIABILITY

The County is responsible for all aspects of solid waste management. As of December 31, 2022, there were 16 closed landfill sites (of which 5 locations were operating as transfer stations) and 1 active landfill site. The total estimated expenditure (on a discounted basis) for closure and post-closure care as of December 31, 2022 is \$10,722,429 (2021 — \$11,783,831). The amount reported on the Consolidated Statement of Financial Position as of December 31, 2022 is \$9,417,141 (2021 — \$10,190,146) and the amount remaining to be recognized is \$1,305,287 (2021 — \$1,593,685).

Closure costs include final cover and vegetation, drainage control features, leachate control and monitoring systems, water quality monitoring systems, gas monitoring and recovery, land acquisition, site remediation, and site closure reports. Post-closure costs include leachate monitoring and treatment, water quality monitoring, gas monitoring and recovery, ongoing maintenance, and annual reports. The discounted cash flow analysis is based on the estimated costs for each of these items over a rolling 30-year period (previously 25-year period) using a long term borrowing rate of 4.72% (2021 — 2.75%). The forecast period was increased to recognize significant costs associated with the expected closure of Riverstown Landfill Site Phase 2 in 2050.

The liability for closure and post closure care is recognized as the capacity of each site is used. For any closed sites, 100% of the liability is recognized. A total of 87.85% (2021 — 86.48%) of the liability is recognized and reported, which represents the estimated weighted average capacity used to December 31, 2022. It is estimated that sufficient landfill site capacity exists for approximately 28 years.

Of the \$9,417,141 (2021 — \$10,190,146) recognized as a liability, \$0 (2021 — \$908,819) is included on the Consolidated Statement of Financial Position as a reduction to budgetary accumulated surplus to be recovered from future general municipal revenues. \$9,417,141 (2021 — \$9,281,327) is shown as an amount to be recovered from reserve funds (see note 12).

7. POST-EMPLOYMENT / RETIREMENT LIABILITY

Post-employment benefits include a provision to pay 90% of the premium cost for retired non-union full-time 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 eligible to retire under the provisions of the OMERS pension plan.

The present value of these benefit obligations at December 31, 2022 was estimated from an actuarial review completed in December 2020. The review calculated the benefit obligations using an accrued benefit obligation methodology, which recognizes the accrued benefit over the employees' working lifetime.

Notes to the Financial Statements

For the Year Ended December 31, 2022

Of the \$2,646,094 (2021 - \$2,462,766) recognized as a liability, \$483,772 (2021 - \$492,027) is related to the County's share of the Wellington-Dufferin-Guelph Health Unit, \$483,772 (2021—\$506,981) is included on the Consolidated Statement of Financial Position as a reduction to budgetary accumulated surplus and will be recovered from future general municipal revenues and \$2,162,322 (2021 - \$1,955,785) is shown as an amount to be recovered from reserve funds (see Note 12).

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

Notes to the Financial Statements

For the Year Ended December 31, 2022

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

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

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

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

(i) Interest (discount rate):

The present value of future liabilities and the expense for the 12 months ended December 31, 2022 were determined using a discount rate of 3.25%.

(ii) Health Care Cost Rates:

Medical costs were assumed to 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.

Notes to the Financial Statements

For the Year Ended December 31, 2022

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 2022 resulting from approved claims were \$58,840 (2021 — \$52,060) and are reported as a liability transaction on the Consolidated Statement of Financial Position. The WSIB liability is based on an actuarial evaluation completed in December 2020. The evaluation is updated every four years. As WSIB benefits are a compensated absence, PSAB Section PS 3250 requires full recognition of liabilities associated with workplace injuries that occurred on or before the valuation date. The amount reported on the Consolidated Statement of Financial Position as a liability is \$1,441,023 (2021 — \$1,394,249) to be recovered by reserve funds (see Note 12).

Information about the WSIB liability is as follows:

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

Included as a reduction in expenses is \$39,990 (2021 — \$60,701) for amortization of the actuarial gain. The unamortized actuarial gain on future payments required to WSIB is amortized over the expected period of the liability which is 10 years.

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

(i) Interest (discount rate):

The present value of future liabilities and the expense for the 12 months ended December 31, 2022 were determined using a discount rate of 2.75%.

(ii) Administration costs:

Administration costs were assumed to be 25.0% of the compensation expense.

(iii) Compensation expense:

Compensation costs, which include loss of earnings benefits, health care costs and non-economic loss awards, were assumed to increase at rates ranging from 2.5% to 3.75% depending on the benefit type.

Notes to the Financial Statements

For the Year Ended December 31, 2022

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

9. OTHER LONG-TERM LIABILITIES

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

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

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

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

Notes to the Financial Statements

For the Year Ended December 31, 2022

10. NET DEBENTURES AND LOANS

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

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

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

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

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

Notes to the Financial Statements

For the Year Ended December 31, 2022

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

	2022	2021
Debenture payable, 3.35%, repayable in annual principal and semi-annual interest payments of approximately \$364,500 annually, with a balloon payment of \$735,000, due March, 6, 2022	-	1,056,000
Debenture payable, 3.05% - 3.20%, repayable in annual principal and semi-annual interest payments of approximately \$677,500 annually with a balloon payment of \$3,135,000, due June 3, 2023	3,700,000	4,250,000
Debenture payable 5.84%, repayable in blended semi-annual payments of \$119,573, due August 12, 2024	445,317	649,471
Debenture payable, 5.875%, repayable in blended semi-annual payments of \$856,527, due August 12, 2025	4,649,600	6,028,443
Debenture payable, 1.80%-2.45%, repayable in annual principal and semi-annual interest payments of approximately \$133,500 annually, due November 30, 2026	504,000	624,000
Debenture payable, 5.00% - 5.35%, repayable in annual principal and semi-annual interest payments ranging from \$176,703 to \$164,280 annually, due June 3, 2030	1,115,000	1,230,000
Debenture payable, 0.85%-2.45% repayable in annual principal and semi-annual interest payments of approximately \$115,000 annually for ten years, with a balloon payment of \$1,109,000 due November 30, 2031	1,750,000	1,825,000
Debenture payable, 2.8%-3.85% repayable in annual principal and semi-annual interest payments of approximately \$317,500 annually for ten years, with a balloon payment of \$3,642,500 due June 2, 2032	6,500,000	-
Debenture payable, 2.65%-3.45%, repayable in annual principal and semi-annual interest payments of approximately \$765,000 annually for the first ten years and approximately \$430,000 for the final ten years, due May 30, 2038	7,195,000	7,727,000
Debenture payable, 1.9% - 2.6%, repayable in annual principal and semi-annual interest payments of approximately \$610,000 annually for twenty years, due November 4, 2039	8,412,000	8,819,000
	\$ 34,270,917	\$ 32,208,914

Notes to the Financial Statements

For the Year Ended December 31, 2022

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

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

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

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

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

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

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

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

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

Notes to the Financial Statements

For the Year Ended December 31, 2022

(g) Wellington Housing Corporation:

The mortgage payable is held by the Canadian Mortgage and Housing Corporation at an interest rate of 0.67% with monthly installments of \$11,262 (2021— \$11,262) principal and interest and due August 2024.

The mortgage payable is secured by real estate and chattels owned by the corporation with a carrying value of \$4,286,318 (2021 - \$4,504,750).

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

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

11. TANGIBLE CAPITAL ASSETS

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

Notes to the Financial Statements

For the Year Ended December 31, 2022

Cost	December 31, 2021	Additions	Disposals	December 31, 2022
Land	\$ 34,149,012	4,458,453	-	\$ 38,607,465
Landfill Sites	1,871,638	843,012	-	2,714,650
Buildings	200,070,044	7,184,517	(658,566)	206,595,995
Infrastructure				
Roads	365,100,270	11,868,686	(1,348,974)	375,619,982
Bridges	103,063,388	1,626,467	-	104,689,855
Culverts	22,052,659	646,113	-	22,698,772
Structural Walls	308,003	-	-	308,003
Traffic Lights	6,022,181	61,914	(51,200)	6,032,895
Trails	249,984	-	-	249,984
Parking Lots	3,503,300	-	-	3,503,300
Vehicles and Machinery				
Licensed Equipment	12,006,774	3,021,820	(583,083)	14,445,511
Unlicensed Equipment	10,324,146	509,651	(1,050,783)	9,783,014
Furniture and Fixtures	8,107,719	392,686	(335,147)	8,165,258
Technology and Communications	7,751,222	504,482	(169,208)	8,086,496
Library Books	2,873,260	426,374	(658,236)	2,641,398
Wellington Housing Corporation	5,300,155	34,270	-	5,334,425
Public Health	11,500,345	255,403	(6,643)	11,749,105
Capital Work-in-Progress	9,194,609	3,124,110	(1,820,091)	10,498,628
Total	\$ 803,448,709	\$ 34,957,958	\$ (6,681,931)	\$ 831,724,736
Accumulated Amortization	December 31, 2021	Amortization Expense	Disposals	December 31, 2022
Landfill Sites	\$ (1,054,422)	(27,072)	-	\$ (1,081,494)
Buildings	(76,110,322)	(7,340,276)	625,735	(82,824,863)
Infrastructure				
Roads	(203,171,942)	(10,384,122)	854,346	(212,701,718)
Bridges	(48,939,136)	(1,996,671)	-	(50,935,807)
Culverts	(10,110,836)	(496,071)	-	(10,606,907)
Structural Walls	(32,467)	(9,720)	-	(42,187)
Traffic Lights	(2,405,902)	(227,860)	51,200	(2,582,562)
Trails	(65,515)	(11,028)	-	(76,543)
Parking Lots	(1,092,357)	(168,277)	-	(1,260,634)
Vehicles and Machinery				
Licensed Equipment	(6,619,412)	(1,639,601)	561,094	(7,697,919)
Unlicensed Equipment	(5,091,097)	(973,571)	1,042,798	(5,021,870)
Furniture and Fixtures	(3,147,727)	(572,384)	335,147	(3,384,964)
Technology and Communications	(4,545,835)	(1,101,374)	169,208	(5,478,001)
Library Books and Media	(1,565,004)	(547,435)	658,236	(1,454,203)
Wellington Housing Corporation	(795,405)	(252,702)	-	(1,048,107)
Public Health	(4,888,117)	(446,268)	6,643	(5,327,742)
Total	\$ (369,635,496)	\$ (26,194,432)	\$ 4,304,407	\$ (391,525,521)

Notes to the Financial Statements

For the Year Ended December 31, 2022

Net Book Value	December 31, 2021	December 31, 2022
Land	\$ 34,149,012	\$ 38,607,465
Landfill Sites	817,216	1,633,156
Buildings	123,959,722	123,771,132
Infrastructure		
Roads	161,928,328	162,918,264
Bridges	54,124,252	53,754,048
Culverts	11,941,823	12,091,865
Structural Walls	275,536	265,816
Traffic Lights	3,616,279	3,450,333
Trails	184,469	173,441
Parking Lots	2,410,943	2,242,666
Vehicles and Machinery		
Licensed Equipment	5,387,362	6,747,592
Unlicensed Equipment	5,233,049	4,761,144
Furniture and Fixtures	4,959,992	4,780,294
Technology and Communications	3,205,387	2,608,495
Library Books and Media	1,308,256	1,187,195
Wellington Housing Corporation	4,504,750	4,286,318
Public Health	6,612,228	6,421,363
Capital Work-in-Progress	9,194,609	10,498,628
Total	\$ 433,813,213	\$ 440,199,215

(a) Assets Under Construction

Assets under construction having a value of \$10,498,628 (2021 — \$9,194,609) have not been amortized. Amortization of these assets will commence when the asset is available for use.

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

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

Notes to the Financial Statements

For the Year Ended December 31, 2022

12. ACCUMULATED SURPLUS

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

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

Notes to the Financial Statements

For the Year Ended December 31, 2022

13. TAXATION

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

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

Notes to the Financial Statements

For the Year Ended December 31, 2022

14. PROVINCIAL AND FEDERAL GOVERNMENT TRANSFERS

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

	2022	2021
	\$	\$
Provincial Government Grants		
Affordable Housing Construction Funding	176,105	176,703
CMHC Rapid Rehousing	3,521,890	-
COCHI Community Housing Initiative	888,117	1,488,054
Community Homelessness Prevention Initiative, SHEEP	4,501,299	4,024,779
Community Policing Partnership, RIDE, 1000 Officers, Court Security	212,308	265,286
Covid Funding - Air Quality (Capital)	239,490	562,123
Covid Funding - Children's Services	-	57,416
Covid Funding - Housing Services	2,420,612	5,639,726
Covid Funding - Long Term Care	3,032,032	2,671,190
Covid Funding - Safe Restart Corporate	-	1,449,108
Health Unit – Ministry of Children and Youth Services	442,687	396,575
Health Unit – Ministry of Health and Long Term Care	7,152,217	9,284,079
Home Energy Grant	51,516	-
Library Operating Grant	141,275	141,275
Long Term Care Operating Subsidy	11,938,210	10,379,359
Ministry of Education Funding Childcare	22,499,945	21,718,956
Ministry of Housing-SIF, IAH, SHIP, OPHI	622,693	692,645
Municipal Modernization Programme	554,067	-
Museum Operating Grant & Other	51,064	57,589
Ontario Community Infrastructure Fund (OCIF)	2,953,918	3,170,036
Ontario Municipal Partnership Fund (OMPF)	926,300	1,089,700
Ontario Works Administration Subsidy	4,850,484	4,844,686
Ontario Works Benefit Subsidy	16,810,206	13,929,254
OPHI Ontario Priorities Housing Initiative	517,032	1,346,140
Reinvestment Funding - Children's Early Years	-	809,272
Strong Communities Rent Supplement	514,573	582,167
Tourism Relief Grant	85,000	-
Waste Diversion Ontario, Stewardship Ontario, OTS Tire	1,722,330	1,273,302
Other	901,051	1,265,103
Subtotal Provincial Government Grants	\$87,726,421	\$87,314,523

Notes to the Financial Statements

For the Year Ended December 31, 2022

	2022	2021
Federal Government Grants		
Canada Community Building Fund	4,457,299	4,588,227
Canada Summer Job Grant - Economic Development	-	2,994
Canada Wide Early Learning & Childcare	7,866,023	-
Citizenship and Immigration Canada Subsidy	486,746	501,395
Federal Block Funding Housing	2,306,515	2,462,228
Health Unit - Public Health Agency of Canada	14,040	11,924
Homelessness Partnering Strategy	2,409,423	403,464
Smart Cities	255,912	123,808
Other	27,348	89,259
Subtotal Federal Government Grants	\$17,823,306	\$8,183,299
Total Grant Revenues	\$ 105,549,727	\$ 95,497,822

15. CONTINGENT LIABILITIES AND COMMITMENTS

In the normal course of its operations, the County is subject to various litigations and claims. The ultimate outcome of these claims cannot be determined at this time.

The County has approved a grant of 20% of eligible costs to a maximum of \$5.0 million for the redevelopment of Groves Memorial Community Hospital (GMCH) in the Township of Centre Wellington. As of December 31, 2022 the sum of \$3,694,261 (2021 — \$3,677,306) has been paid to GMCH, leaving an outstanding commitment of \$1,315,739 (2021 — \$1,322,694).

In January of 2020, the County provided a \$2,300,000 Obligations Guarantee for the Southwestern Integrated Fibre Technology (SWIFT) programme. This guarantee allowed SWIFT to obtain a credit facility and continue work on improving rural broadband service to Wellington County. This work is expected to be complete by July 2023 and the guarantee will be discharged at this time.

Notes to the Financial Statements

For the Year Ended December 31, 2022

16. GOVERNMENT PARTNERSHIP

The County of Wellington is a partner in the Wellington-Dufferin-Guelph Health Unit. The County provides 32.0% (2021 - 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, 2022, the Health Unit's financial results and financial position are as follows:

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

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

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

Notes to the Financial Statements

For the Year Ended December 31, 2022

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

17. PUBLIC LIABILITY INSURANCE

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

The County's existing coverage includes \$25,000,000 comprehensive general liability with no aggregate. The environmental liability policy is the maximum that can be purchased at \$3,000,000 per occurrence with an aggregate of \$5,000,000. The County's licensed fleet is insured with liability coverage of \$25,000,000. The deductible (self-retained insurance) is \$10,000 on fleet policies and \$50,000 on property/liability. The County carries a Legal Fees Expenses coverage with a maximum of \$100,000 per claim (no deductible) and no aggregate.

Based on claims received to December 31, 2022, the maximum deductible exposure to the County is estimated at \$354,058 pending the settlement of each open claim. These claims have not been accrued in the Financial Statements because the outcome of these claims is not known and the loss will be accounted for in the period in which the loss, if any, becomes likely and can be reasonably estimated. For claims not covered by purchased insurance, the County has a Contingency and Stabilization Reserve, which as of December 31, 2022 totaled \$19,781,896 (2021 - \$16,961,938).

18. PENSION AGREEMENTS

The County makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of approximately 697 (2021 - 678) members of its staff. The plan is a defined benefit plan, which specifies the amount of retirement benefit to be received by the employees, based on the length of service and rates of pay.

Contributions of employees with a normal retirement age of 65 were being made at a rate of 9.0% for earnings up to the yearly maximum pensionable earnings of \$64,900 and at a rate of 14.6% for earnings over the yearly maximum.

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

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

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

Notes to the Financial Statements

For the Year Ended December 31, 2022

19. SOCIAL HOUSING PROPERTIES

The County has title to the 1,189 Social Housing units of the former Wellington-Guelph Housing Authority. The units are located in the City of Guelph and throughout the County. The related debt on these units remains with the Province of Ontario. Of the \$2,306,514 (2021 — \$2,462,227) in federal government subsidies provided to the County for social housing, \$264,088 (2021 — \$556,065) is retained by the province to fund the associated debt servicing costs.

The County owns 100% of the shares of Wellington Housing Corporation which owns 440 King Street East in Mount Forest. 440 King Street is a 39-unit townhouse complex that is split approximately 50/50 between rent-geared-to-income (RGI) and affordable rental units. On December 31, 2022 the mortgage outstanding was \$224,056 (2021 — \$357,300).

20. BUDGET DATA

The budget data presented in these consolidated financial statements is based upon the 2022 operating and capital budgets approved by Council on January 27, 2022 and capital budget amendments made in 2022 in the amount of \$955,000 (2021 — \$3,807,900) that were approved by Council throughout the year. Amortization was not included in the approved budget, however it has been included in the consolidated financial statements budget based on the estimated annual amortization presented to Council prior to budget approval per Ontario Regulation 284/09. The following chart reconciles the approved budget to the budget figures reported in these consolidated financial statements.

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

Notes to the Financial Statements

For the Year Ended December 31, 2022

21. COMPARATIVE FIGURES

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

22. SEGMENTED INFORMATION

The County of Wellington is a diversified municipal government institution that is responsible for ensuring the provision of a wide range of services to its citizens, including police, roads, solid waste services, ambulance, public health, 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, 2022

2022						
	General Government	Protection	Transportation Services	Environmental Services	Health Services	Social Housing
Revenues	\$	\$	\$	\$	\$	\$
Taxation	13,767,437	19,126,103	33,352,546	8,856,505	8,750,747	6,156,778
Grants and Subsidies	1,891,426	212,308	7,411,217	1,724,345	7,608,945	18,644,246
Municipal Revenue	594,753	34,093	1,398,728	-	123,951	17,245,384
Fees and Service Charges	894,288	383,538	673,207	4,899,752	-	24,946
Licenses, Permits, Rents	1,338,724	127,250	-	30,869	66,699	7,447,423
Interest, Donations, Other	5,536,470	11,496	140	1,740	41,811	729,695
Development Charges	505,340	1,107,257	1,686,469	-	280,214	-
Total Revenues	24,528,438	21,002,045	44,522,307	15,513,211	16,872,367	50,248,472
Expenses						
Salaries and Benefits	11,035,325	577,044	6,703,460	2,867,221	5,221,018	4,721,839
Goods and Services	7,670,735	1,177,962	12,189,657	9,340,698	1,985,591	9,727,320
Transfer Payments	438,451	17,300,816	-	-	8,044,162	26,714,398
Insurance and Interest	1,648,706	33,020	1,088,743	293,635	70,179	537,165
Amortization	1,495,387	866,177	15,424,154	544,281	446,268	3,540,357
Total Expenses	22,288,604	19,955,019	35,406,014	13,045,835	15,767,218	45,241,079
Excess (deficiency) of revenue over expenses	2,239,834	1,047,026	9,116,293	2,467,376	1,105,149	5,007,393

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Notes to the Financial Statements

For the Year Ended December 31, 2022

2022					
	Social and Family Services	Library	Museum	Planning and Development	Consolidated
Revenues	\$	\$	\$	\$	\$
Taxation	12,271,232	8,043,225	2,493,332	3,486,873	116,304,778
Grants and Subsidies	67,788,068	141,275	55,262	72,635	105,549,727
Municipal Revenue	5,724,894	34,320	-	475,167	25,631,290
Fees and Service Charges	5,505,312	23,444	141,109	1,269,756	13,815,352
Licenses, Permits, Rents	-	36,492	30,509	-	9,077,966
Interest, Donations, Other	154,819	5,252	10,551	4,462	6,496,436
Development Charges	100,387	1,858,378	-	-	5,538,045
Total Revenues	91,544,712	10,142,386	2,730,763	5,308,893	282,413,594
Expenses					
Salaries and Benefits	35,436,970	4,930,547	1,553,122	2,894,829	75,941,375
Goods and Services	4,569,895	2,275,769	715,459	662,284	50,315,370
Transfer Payments	43,712,480	-	5,425	610,883	96,826,615
Insurance and Interest	975,132	170,141	52,447	65,283	4,934,451
Amortization	1,625,254	1,875,845	292,843	83,866	26,194,432
Total Expenses	86,319,731	9,252,302	2,619,296	4,317,145	254,212,243
Excess (deficiency) of revenue over expenses	5,224,981	890,084	111,467	991,748	28,201,351

Notes to the Financial Statements

For the Year Ended December 31, 2022

2021						
	General Government	Protection	Transportation Services	Environmental Services	Health Services	Social Housing
Revenues	\$	\$	\$	\$	\$	\$
Taxation	13,322,043	18,782,942	31,078,600	8,835,628	8,303,063	5,836,429
Grants and Subsidies	2,168,674	883,425	7,734,235	1,273,302	10,222,277	17,901,260
Municipal Revenue	17,865	206,413	1,242,730	-	181,266	14,870,819
Fees and Service Charges	837,356	206,844	741,194	4,764,601	-	(106,081)
Licenses, Permits, Rents	1,306,745	118,215	-	19,093	-	7,140,079
Interest, Donations, Other	3,554,717	9,261	140	162	4,305	3,427,552
Development Charges	349,642	277,634	1,604,452	-	79,343	-
Total Revenues	21,557,042	20,484,734	42,401,351	14,892,786	18,790,254	49,070,058
Expenses						
Salaries and Benefits	10,333,934	496,391	6,094,181	2,807,944	7,373,700	4,474,712
Goods and Services	6,432,877	1,707,926	11,275,278	10,877,519	2,804,254	10,083,527
Transfer Payments	707,857	16,691,083	-	-	7,919,970	24,384,645
Insurance and Interest	1,151,141	41,143	873,074	277,993	62,916	392,426
Amortization	1,817,851	930,668	14,264,409	516,803	445,772	3,691,315
Total Expenses	20,443,660	19,867,211	32,506,942	14,480,259	18,606,612	43,026,625
Excess (deficiency) of revenue over expenses	1,113,382	617,523	9,894,409	412,527	183,642	6,043,433

Continues on the next page

Notes to the Financial Statements

For the Year Ended December 31, 2022

2021					
	Social and Family Services	Library	Museum	Planning and Development	Consolidated
Revenues	\$	\$	\$	\$	\$
Taxation	12,676,428	7,641,108	2,212,067	3,156,646	111,844,954
Grants and Subsidies	55,121,971	141,275	57,589	(6,186)	95,497,822
Municipal Revenue	6,168,143	29,640	-	375,367	23,092,243
Fees and Service Charges	5,726,185	9,402	40,444	1,025,118	13,245,063
Licenses, Permits, Rents	-	11,840	7,914	-	8,603,886
Interest, Donations, Other	98,718	3,291	11,068	1,486	7,110,700
Development Charges	112,685	755,318	-	-	3,179,074
Total Revenues	79,904,130	8,591,874	2,329,082	4,552,431	262,573,742
Expenses					
Salaries and Benefits	33,335,983	4,586,513	1,553,419	2,740,518	73,797,295
Goods and Services	4,472,995	2,012,418	618,373	442,298	50,727,465
Transfer Payments	34,049,169	-	-	524,114	84,276,838
Insurance and Interest	1,002,171	176,167	57,048	65,787	4,099,866
Amortization	1,418,221	1,933,982	274,844	84,933	25,378,798
Total Expenses	74,278,539	8,709,080	2,503,684	3,857,650	238,280,262
Excess (deficiency) of revenue over expenses	5,625,591	(117,206)	(174,602)	694,781	24,293,480

Wellington Housing Corporation

Financial Statements

For the year ended December 31, 2022

Financial Statements

INDEPENDENT AUDITORS' REPORT (WHC)

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

Opinion

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

- the statement of financial position as at December 31, 2022
- the statement of operations and changes in accumulated surplus for the year then ended
- the statement of changes in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2022, and its results of operations and changes in accumulated surplus, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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

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

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

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

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

Auditor's Responsibility

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

Financial Statements

INDEPENDENT AUDITORS' REPORT (WHC)

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

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

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

We also:

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



Chartered Professional Accountants, Licensed Public Accountants

May 4, 2023

Kitchener, Canada

Financial Statements

WHC — STATEMENT OF FINANCIAL POSITION

Wellington Housing Corporation

Statement of Financial Position

As at December 31, 2022

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

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, 2022

(Note 9)

Budget

2022

2021

\$

\$

\$

Revenues

Rental revenues	255,400	296,355	283,937
Municipal operating subsidies	713,600	713,600	711,900
Interest and other	11,000	28,179	22,655
Total revenues	980,000	1,038,134	1,018,492

Expenses

Office and general	33,600	29,978	28,826
Professional fees	16,100	14,149	11,139
Management fees	30,000	25,630	28,596
Repairs and maintenance	324,500	133,878	133,267
Utilities	23,000	15,899	18,827
Insurance	16,000	16,624	14,807
Interest and bank charges	3,000	2,614	3,559
Amortization	-	252,702	226,158
Loss on disposal of tangible capital assets	-	-	20,293
Total expenses	446,200	491,474	485,472

Excess of revenue over expenses 533,800 546,660 533,020

Accumulated surplus, beginning of year 5,153,003 5,153,003 4,619,983

Accumulated surplus, end of year 5,686,803 5,699,663 5,153,003

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

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, 2022

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

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, 2022

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

Notes to the WHC Financial Statements

For the Year Ended December 31, 2022

1. AUTHORITY AND PURPOSE

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

The Corporation operates the following non-profit property under Parts 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. SIGNIFICANT ACCOUNTING POLICIES

As an entity controlled by a local government, the Corporation is required to follow the Chartered Professional Accountants of Canada Handbook Public Sector Accounting Standards. The financial statements have been prepared in accordance with public sector accounting standards.

(a) Basis of accounting

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

(b) Tangible capital assets

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

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

Notes to the WHC Financial Statements

For the Year Ended December 31, 2022

(c) Contributions of tangible capital assets

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

(d) Government transfers

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

(e) Rental Revenue

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

(f) Investments

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

(g) Use of estimates

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

Notes to the WHC Financial Statements

For the Year Ended December 31, 2022

3. PORTFOLIO INVESTMENTS

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

4. ACCOUNTS RECEIVABLE

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

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

5. MORTGAGE PAYABLE

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

The mortgage payable is secured by real estate and chattels owned by the Corporation with a carrying value of \$4,286,318 (2021 — \$4,504,750).

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

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

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

Notes to the WHC Financial Statements

For the Year Ended December 31, 2022

6. TANGIBLE CAPITAL ASSETS

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

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

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, 2022

8. ACCUMULATED SURPLUS

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

As at December 31	2022	2021
Surplus:	\$	\$
Invested in Tangible Capital Assets	4,286,318	4,504,750
Invested in Capital Fund	83,889	87,626
Mortgage Payable	(224,056)	(357,300)
Total Surplus	4,146,151	4,235,076
Reserve Funds set aside by the Corporation Board for:		
WHC Capital Reserve	1,553,512	917,927
Total Reserves	1,553,512	917,927
Accumulated Surplus	\$5,699,663	\$5,153,003

9. BUDGET DATA

The budget data presented in these financial statements is based upon the 2022 operating and capital budgets approved by County of Wellington Council on January 27, 2022. Amortization was not contemplated on development of the budget and, as such, has not been included. The chart below reconciles the approved budget to the budget figures reported in these financial statements.

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

Trust Fund Financial Statements

For the Year Ended December 31, 2022

Financial Statements

INDEPENDENT AUDITORS' REPORT (TRUST FUNDS)

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

Opinion

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

- the statement of financial position as at December 31, 2022
- the statement of operations for the year then ended
- And notes to the financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2022, and its results of operations, for the year then ended in accordance with Canadian public sector accounting standards.

Basis of Opinion

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

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

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

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

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

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

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

Auditor's Responsibility

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

Financial Statements

INDEPENDENT AUDITORS' REPORT (TRUST FUNDS)

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

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

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

We also:

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



Chartered Professional Accountants, Licensed Public Accountants

May 25, 2023

Kitchener, Canada

Financial Statements

TRUST FUNDS—STATEMENT OF FINANCIAL POSITION

County of Wellington

Trust Funds—Statement of Financial Position

As at December 31, 2022

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

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, 2022

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

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

Notes to the Trust Fund Financial Statements

For the Year Ended December 31, 2022

1. ACCOUNTING POLICIES

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

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

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

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

Statistical Data

For the Year Ended December 31, 2022

Five-Year Financial Statistics

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	2022	2021	2020	2019	2018
Financial Assets	\$ 212,096,079	\$ 181,507,584	\$ 154,379,764	\$ 136,960,439	\$ 125,841,684
Liabilities	93,405,333	83,871,371	82,999,428	78,266,973	72,213,686
Net Financial Assets	\$ 118,690,746	\$ 97,636,213	\$ 71,380,336	\$ 58,693,446	\$ 53,627,998
Tangible Capital Assets	440,199,215	433,813,213	434,780,804	430,447,282	421,421,924
Prepays and Inventory	3,592,982	2,832,166	3,826,972	2,867,427	2,964,391
Accumulated Surplus	\$ 562,482,943	\$ 534,281,592	\$ 509,988,112	\$ 492,008,175	\$ 478,014,313
RESERVE AND RESERVE FUNDS					
Reserves and Reserve Funds	\$ 129,340,690	\$ 119,910,299	\$ 104,445,749	\$ 90,401,471	\$ 82,494,784
LONG-TERM LIABILITIES					
Gross Long Term Liabilities	\$ 55,565,042	\$ 54,959,776	\$ 53,862,283	\$ 62,526,249	\$ 60,014,041
Recoverable from Member Municipalities	(21,294,125)	(22,750,862)	(19,764,364)	(24,494,314)	(27,835,359)
NET LONG-TERM LIABILITIES	\$ 34,270,917	\$ 32,208,914	\$ 34,097,919	\$ 38,031,935	\$ 32,178,682
Supported by					
General Municipal Revenues	\$ 18,835,917	\$ 21,931,914	\$ 24,916,919	\$ 28,142,935	\$ 29,794,682
Development Charges	15,435,000	10,277,000	9,181,000	9,889,000	2,384,000
	\$ 34,270,917	\$ 32,208,914	\$ 34,097,919	\$ 38,031,935	\$ 32,178,682
CHARGES FOR NET LONG-TERM LIABILITIES					
Supported by					
General Municipal Revenues	\$ 3,901,150	\$ 3,881,954	\$ 4,255,659	\$ 4,189,301	\$ 4,026,339
Development Charges	1,724,185	986,724	984,652	840,379	557,400
	\$ 5,625,335	\$ 4,868,678	\$ 5,240,311	\$ 5,029,680	\$ 4,583,739
Provincial Annual Debt Repayment Limit	\$ 27,739,626	\$ 20,298,363	\$ 23,978,337	\$ 23,327,601	\$ 22,491,472

Five-Year Financial Statistics

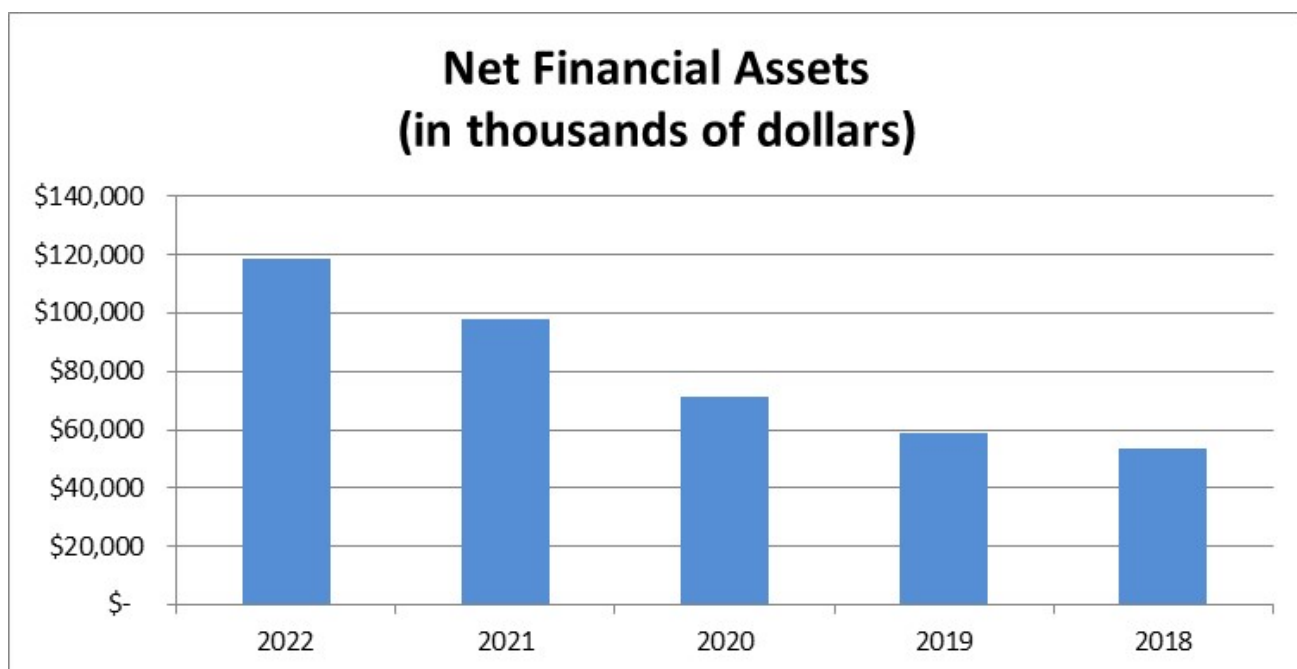
CONSOLIDATED STATEMENT OF OPERATIONS

	2022	2021	2020	2019	2018
Sources of Revenue					
Taxation	\$ 116,304,778	\$ 111,844,954	\$ 108,337,251	\$ 101,785,776	\$ 97,111,559
Government Transfers					
Provincial	87,726,421	87,314,523	78,223,252	75,341,570	76,302,765
Federal	17,823,306	8,183,299	6,113,066	9,144,215	6,346,680
Municipal	25,631,290	23,092,243	26,011,667	26,604,122	24,451,012
Fees and Service Charges	13,815,352	13,245,063	11,523,390	12,319,029	10,930,545
Licenses, Permits, Rent	9,077,966	8,603,886	8,583,597	8,549,762	8,740,225
Interest, Donations, Other	6,496,436	7,110,700	3,742,772	3,561,633	2,933,760
Development Charges Earned	5,538,045	3,179,074	2,418,713	1,453,012	2,864,445
	282,413,594	262,573,742	244,953,708	238,779,119	229,410,991
Expenses by Function					
General Government	22,288,604	20,443,660	19,513,187	19,644,954	16,979,429
Protection to Persons and Property	19,955,019	19,867,211	19,190,525	18,372,745	17,785,831
Transportation Services	32,406,014	32,506,942	32,171,614	33,381,891	30,265,167
Environmental Services	13,045,835	14,480,259	11,497,936	10,229,115	8,774,198
Health Services	15,767,218	18,606,612	14,944,922	18,935,820	14,639,123
Social Housing	45,241,079	43,026,625	38,384,207	34,540,776	34,280,657
Social and Family Services	86,319,731	74,278,539	76,155,158	75,860,161	73,961,938
Library and Museum	11,871,598	11,212,764	10,944,761	10,113,459	9,869,284
Planning and Development	4,317,145	3,857,650	4,171,461	3,706,336	3,507,201
	254,212,243	238,280,262	226,973,771	224,785,257	210,062,828
Annual Surplus (Deficit)	28,201,351	24,293,480	17,979,937	13,993,862	19,348,163
Accumulated Surplus (Deficit), Beginning of	534,281,592	509,988,112	492,008,175	478,014,313	458,666,150
Accumulated Surplus (Deficit), End of Year	\$ 562,482,943	\$ 534,281,592	\$ 509,988,112	\$ 492,008,175	\$ 478,014,313
Expenses by Object					
Salaries and Benefits	\$ 75,941,375	\$ 73,797,295	\$ 68,520,826	\$ 64,251,219	\$ 61,616,902
Goods and Services	50,315,370	50,727,465	42,186,925	43,115,252	36,526,350
Transfer Payments	96,826,615	84,276,838	84,300,958	89,341,049	84,560,351
Insurance and Interest	4,934,451	4,099,866	4,261,411	4,247,176	4,758,022
Amortization	26,194,432	25,378,798	27,703,651	23,830,562	22,601,203
	\$ 254,212,243	\$ 238,280,262	\$ 226,973,771	\$ 224,785,257	\$ 210,062,828

Five-Year Financial Statistics

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

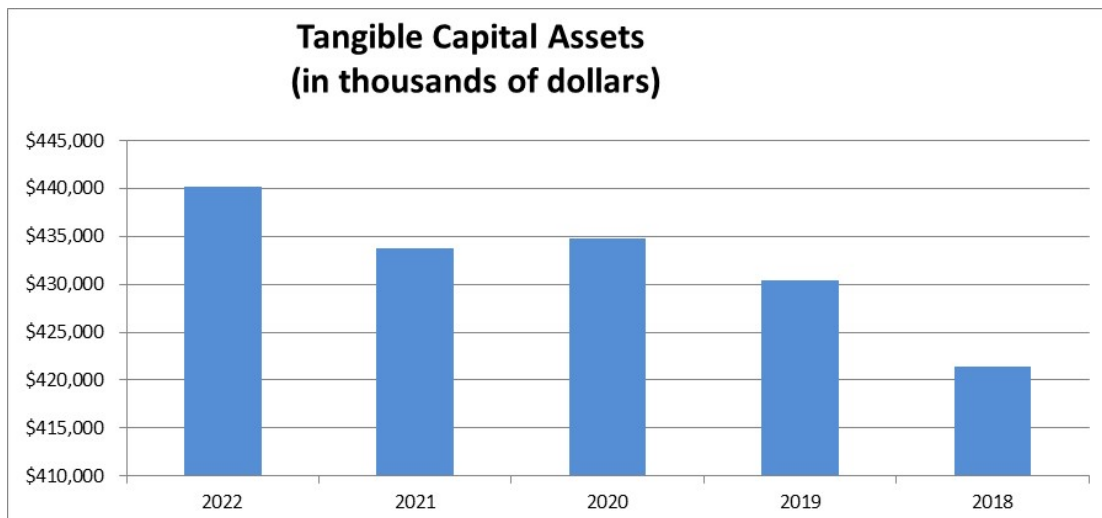
	2022	2021	2020	2019	2018
Annual Surplus	\$ 28,201,351	\$ 24,293,480	\$ 17,979,937	\$ 13,993,862	\$ 19,348,163
Acquisition of Tangible Capital Assets	(33,137,867)	(24,884,691)	(32,931,233)	(33,558,567)	(33,001,713)
Amortization of Tangible Capital Assets	26,194,432	25,378,798	27,703,651	23,830,562	22,601,203
(Gain)/Loss on Disposal of Tangible Capital Assets	(194,744)	2,607	514,770	418,246	306,492
Proceeds on Sale of Tangible Capital Assets	752,177	470,877	379,290	284,401	464,742
	21,815,349	25,261,071	13,646,415	4,968,504	9,718,887
Acquisition of Inventories of Supplies	(658,436)	(844,591)	(1,400,178)	(779,004)	(922,697)
Acquisition of Prepaid Expenses	(2,934,546)	(1,987,575)	(2,426,794)	(2,088,423)	(2,041,694)
Consumption of Inventories of Supplies	844,591	1,400,178	779,004	922,697	782,046
Use of Prepaid Expenses	1,987,575	2,426,794	2,088,423	2,041,694	1,752,572
Change in Net Financial Assets	21,054,533	26,255,877	12,686,870	5,065,468	9,289,114
Net Financial Assets, Beginning of Year	97,636,213	71,380,336	58,693,466	53,627,998	44,338,884
Net Financial Assets, End of Year	118,690,746	97,636,213	\$ 71,380,336	\$ 58,693,466	\$ 53,627,998



Five-Year Financial Statistics

NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS

	2022	2021	2020	2019	2018
Land	\$ 38,607,465	\$ 34,149,012	\$ 33,631,664	\$ 33,631,664	\$ 33,631,664
Landfill Sites	1,633,156	817,216	845,661	858,296	913,252
Buildings	123,771,132	123,959,722	125,917,788	130,788,606	130,722,244
Infrastructure					
Roads	162,918,264	161,928,328	164,670,876	164,207,997	164,853,716
Bridges	53,754,048	54,124,252	53,031,364	41,411,653	38,629,408
Culverts	12,091,865	11,941,823	11,392,639	12,210,880	11,713,562
Structural Walls	265,816	275,536	285,256	189,595	-
Traffic Lights	3,450,333	3,616,279	2,278,678	1,217,708	972,092
Trails	173,441	184,469	195,497	206,524	212,133
Parking Lots	2,242,666	2,410,943	2,384,570	1,989,140	1,848,028
Vehicles and Machinery					
Licensed Equipment	6,747,592	5,387,362	5,651,091	7,656,515	7,061,977
Unlicensed Equipment	4,761,144	5,233,049	6,111,849	4,861,970	4,189,699
Furniture and Fixtures	4,780,294	4,959,992	4,843,552	4,389,054	4,180,890
Technology and Communications	2,608,495	3,205,387	3,401,854	2,935,617	2,197,364
Library Books and Media	1,187,195	1,308,256	1,420,770	1,600,874	1,641,756
Wellington Housing Corporation	4,286,318	4,504,750	4,073,325	2,596,483	2,270,751
Public Health	6,421,363	6,612,228	6,881,431	7,156,597	7,360,849
Capital Work-in-Progress	10,498,628	9,194,609	7,762,939	12,538,109	9,022,539
Total	\$ 440,199,215	\$ 433,813,213	\$ 434,780,804	\$ 430,447,282	\$ 421,421,924



Five-Year Financial Statistics

CONSOLIDATED RESERVES AND RESERVE FUNDS

	2022	2021	2020	2019	2018
Capital Reserves					
Roads Construction and Equipment	\$17,775,140	\$17,041,363	\$ 14,761,737	\$12,507,745	\$ 12,713,888
County Property	17,779,593	15,045,756	8,263,941	7,746,621	7,758,296
Wellington Terrace and Continuum of Care	14,356,376	14,152,117	13,813,875	12,448,486	12,341,159
Social Housing Capital & Development	8,036,367	8,446,302	6,127,412	4,784,749	4,697,007
General Capital	7,180,711	5,910,363	5,818,439	5,023,237	5,147,243
Solid Waste Capital and Equipment	3,701,842	3,785,205	5,054,209	4,004,884	4,734,178
Climate Change Mitigation	3,009,224	2,623,263	2,242,652	2,071,474	1,903,670
Land Ambulance	1,068,627	739,601	570,370	465,814	742,838
	\$ 72,907,880	\$ 67,743,970	\$ 56,652,635	\$ 49,053,010	\$ 50,038,279
Contingency and Stabilization Reserves					
Contingency and Stabilization	\$19,781,896	\$16,961,938	\$15,380,349	\$12,465,715	\$8,968,802
Shared Services Reserve	7,892,539	7,476,832	6,877,520	6,312,365	5,658,919
Winter Control	4,122,459	4,328,308	2,807,248	1,391,360	1,342,214
	\$ 31,796,894	\$ 28,767,078	\$ 25,065,117	\$ 20,169,440	\$ 15,969,935
Specific Purpose Reserve Funds					
Landfill Closure and Post Closure	\$9,913,092	\$ 9,281,327	\$ 8,491,715	\$7,970,073	\$ 7,450,721
Housing Regeneration	4,562,876	4,263,999	6,321,855	3,337,662	2,410,787
Workplace Safety and Insurance	3,989,363	3,914,280	3,731,534	3,569,701	3,464,351
Public Health Debt Retirement	2,980,414	2,914,368	2,854,327	2,785,879	-
Post-Employment Benefit	2,162,324	1,955,785	-	-	-
Home Ownership Loan Programme	645,365	492,768	202,543	132,753	-
Logan Donation	152,444	148,916	148,792	148,158	-
Library Donation	105,396	102,957	100,657	93,025	91,028
Museum Donations	66,194	240,275	209,675	190,705	156,564
Wellington Terrace Donations	58,448	84,576	77,797	71,121	63,767
Short Term Disability/Employee Benefits	-	-	2,703,137	2,879,944	2,849,352
	\$ 24,635,916	\$ 23,399,251	\$ 22,727,997	\$ 21,179,021	\$ 16,486,570
Total Reserves and Reserve Funds	\$ 129,340,690	\$ 119,910,299	\$ 104,445,749	\$ 90,401,471	\$ 82,494,784

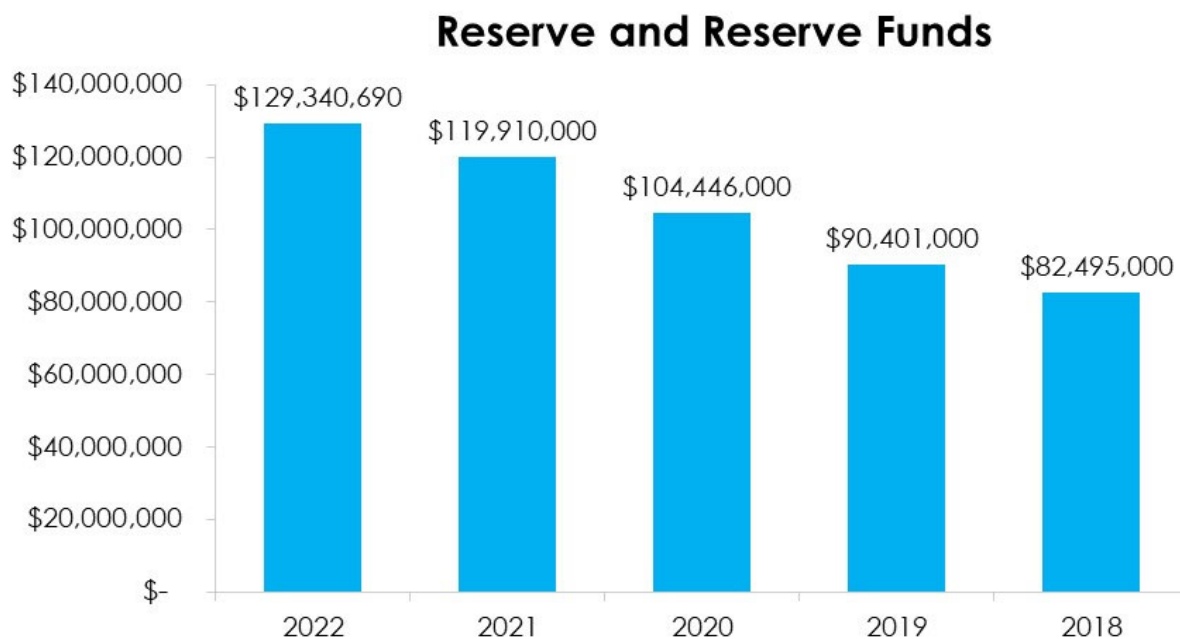
Five-Year Financial Statistics

CONSOLIDATED RESERVES AND RESERVE FUNDS

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 2022, the County of Wellington had an operating budget surplus of \$3.7 million with \$2.6 million being transferred to the Contingency and Stabilization Reserve to fund future costs associated with transitioning out of the blue box programme in advance of the contract end-date, \$0.16 million transferred to the Post-Employment Benefit Reserve Fund in order to fully fund the County's Post-Employment Liability (\$2.16 million), and \$0.9 million transferred to the Roads Capital Reserve to be used as a funding source to reduce the existing infrastructure gap.

For 2022, the balance of the County's Reserve and Reserve funds were \$129.3 million (2021—\$119.9 million) including contingency and stabilization reserves of \$31.8 million (2021-\$28.8 million), capital reserves of \$72.9 million (2021-\$67.7 million) and specific purpose reserve funds of \$24.6 million (2021-\$23.4 million). It is notable that at December 31, 2022 the Landfill Liability (\$9.4 million), Post-Employment Benefit Liability (\$2.16 million) and WSIB Liability (\$1.44 million) were all fully funded. By funding these liabilities, the County avoids moving obligations and pressures from current taxpayers to future taxpayers.



Five-Year Financial Statistics

PROPERTY TAXES

	2022	2021	2020	2019	2018
Property Tax Rates by Class					
Residential	0.6346%	0.6220%	0.6144%	0.6175%	0.6278%
Multi-Residential	1.2058%	1.1818%	1.1674%	1.1732%	1.1929%
Farmland	0.1587%	0.1555%	0.1536%	0.1543%	0.1569%
Commercial	0.9463%	0.9274%	0.9161%	0.9207%	0.9361%
Industrial	1.5232%	1.4928%	1.4746%	1.4820%	1.5068%
Pipeline	1.4280%	1.3995%	1.3824%	1.3893%	1.4126%
Managed Forests	0.1587%	0.1555%	0.1536%	0.1543%	0.1568%
County Tax Levy	\$113,490,500	\$108,828,100	\$105,612,800	\$99,741,800	\$95,079,100
Supplementary and Omitted Taxes	\$3,199,494	\$2,811,338	\$2,512,217	\$2,223,353	\$2,212,685
Payment in Lieu of Taxes	\$889,771	\$874,499	\$835,356	\$765,247	\$721,500
Other	\$39,109	\$35,210	\$31,680	\$31,680	\$31,640
	\$117,618,874	\$112,549,147	\$108,992,053	\$102,762,080	\$98,044,924
Less:					
Property Taxes written off as uncollectible	(\$1,472,024)	(\$1,277,823)	(\$935,845)	(\$971,519)	(\$808,366)
Provision for Assessment as Risk	\$157,928	\$573,630	\$281,021	(\$4,785)	(\$125,000)
Total Property Taxes Collected By the County	\$ 116,304,778	\$ 111,844,954	\$108,337,229	\$101,785,776	\$97,111,558
Weighted Assessment (\$000)	\$17,882,249	\$17,496,569	\$17,189,609	\$16,152,362	\$15,143,290
Current Value Assessment (\$000)					
Residential	\$13,823,456	\$13,557,268	\$13,327,701	\$12,583,129	\$11,885,679
Non-residential	\$6,656,093	\$6,580,114	\$6,499,887	\$5,917,378	\$5,326,976
Total Current Value Assessment	\$20,479,549	\$20,137,382	\$19,827,588	\$18,500,507	\$17,212,448

Five-Year Financial Statistics

MUNICIPAL STATISTICS

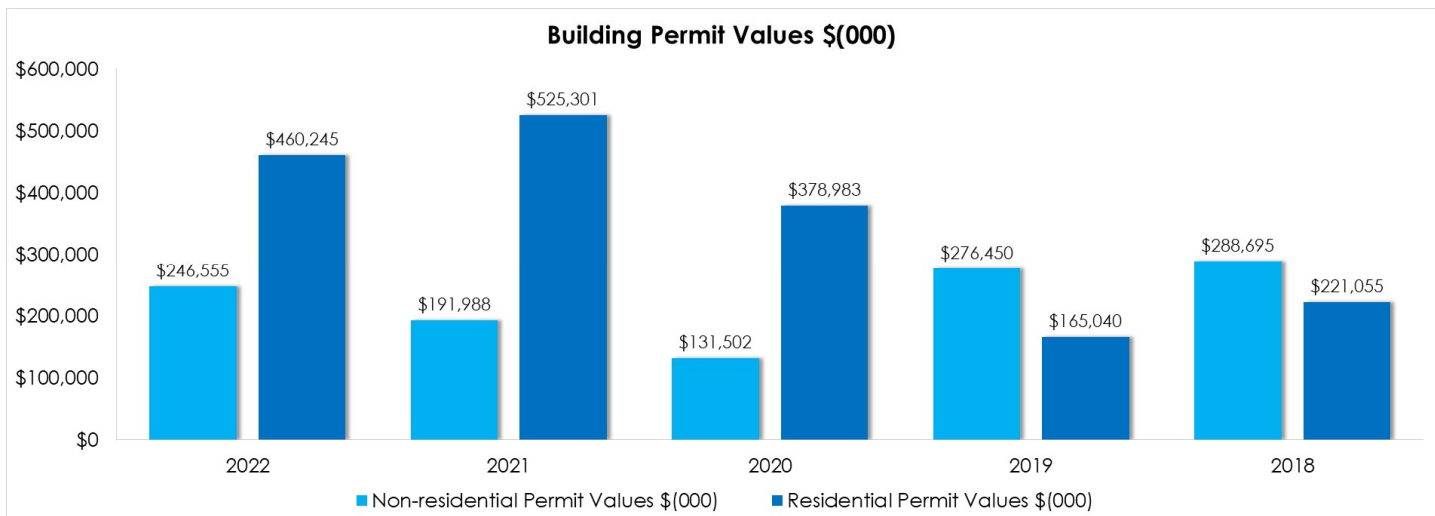
As shown by the building permit values in the table below, total residential development has slowed from the significant home renovations in 2021 while non-residential development has increased significantly in 2022 which can be largely attributed to the Erin Waste Water Project. Ontario Places to Grow 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 has increased in 2022 and the unemployment rate has reduced, reflecting expansion of Wellington's economy, backed by the ongoing implementation of a solid Economic Development Strategy.

	2022	2021	2020	2019	2018
Population*	103,910	102,250	100,980	99,200	97,610
Households*	36,910	36,040	35,580	34,930	34,350
Average Unemployment Rate**	2.5%	4.3%	4.2%	3.3%	3.1%
Jobs	55,666	54,400	54,712	53,713	52,321
Average Household Income	\$140,459	\$123,772	\$121,334	\$119,363	\$118,474
Residential Permit Values (\$000) (a)	\$460,245	\$525,301	\$378,983	\$276,450	\$288,695
Non-residential Permit Values (\$000) (b)	\$246,555	\$191,988	\$131,502	\$165,040	\$221,055
Per Household Information					
County Tax Levy Per Household	\$3,075	\$3,020	\$2,968	\$2,855	\$2,760
Debt Charges Per Household	\$152	\$135	\$147	\$144	\$133
Tangible Capital Assets Per Household	\$11,926	\$12,036	\$12,220	\$12,323	\$12,268
Total Debt Outstanding Per Household	\$874	\$894	\$958	\$1,089	\$937

* 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	2022	2021	2020	2019	2018
Net Financial Liabilities Ratio	(0.83)	(0.72)	(0.53)	(0.47)	(0.44)
Capital Expenditures/ Total Expenditures (Adjusted)	13.7%	10.1%	15.7%	15.9%	16.7%
Operating Balance/ Operating Revenue (Adjusted)	14.6%	13.9%	16.9%	11.3%	14.7%
After-Capital Balance/ Total Revenue (Adjusted)	7.5%	10.3%	5.7%	1.9%	4.3%
Asset Consumption Ratio	47.7%	46.5%	45.1%	44.0%	42.9%
Tax Discretionary Reserves as a % of Own Source Revenues	90%	88%	78%	72%	68%
Direct Debt Outstanding/ Operating Revenue (Adjusted)	14.0%	14.4%	16.2%	19.3%	17.1%
Debt Interest (Including Lower Tier)/ Operating Revenue (Adjusted)	0.7%	0.8%	1.3%	1.1%	1.2%
Debt to Reserve	0.27	0.27	0.33	0.43	0.40

Five-Year Financial Statistics

FULL-TIME STAFFING

Department	2022	2021	2020	2019	2018
Office of the CAO/Clerk	38.3	35.0	34.7	33.6	32.3
Economic Development	8.2	7.0	7.0	6.0	5.7
Treasury	18.2	18.2	16.1	15.4	14.7
Human Resources	13.1	12.3	12.3	14.3	14.3
Property	14.4	14.8	12.4	11.6	12.8
Police	2.1	2.1	2.1	2.1	2.4
Roads Admin	10.0	9.0	8.5	7.0	7.0
Roads Field	59.7	60.2	60.2	60.7	59.2
Solid Waste	30.4	29.9	29.9	30.9	30.9
Planning	18.6	17.5	17.5	16.8	14.5
Tree Nursery	8.2	8.2	7.9	7.9	7.9
Emergency Management	4.3	4.0	3.7	3.3	3.3
Museum	18.2	18.7	18.7	18.7	18.3
Library	60.0	59.7	59.7	58.9	58.9
Ontario Works	69.4	69.4	69.3	68.7	68.8
Child Care	96.4	94.0	91.1	80.7	57.3
Housing	50.2	47.3	46.8	45.3	44.5
Terrace	215.5	214.3	208.1	198.3	198.3
Total	735.2	721.6	706.0	680.1	651.1

TOP 20 EMPLOYERS IN 2022 (ESTIMATED EMPLOYEES)

Upper Grand District School Board (1,000+)

County of Wellington (1,000+)

TG Minto (900+)

Jefferson Elora Corporation (600-699)

Musashi Auto Parts Canada Inc. (500-599)

Mammoet Crane (500-599)

Dana Lang Corp (300-399)

Township of Centre Wellington (300-399)

Groves Memorial Hospital (300-399)

Elora Mill Hotel & Spa (300-399)

Cascade Canada Ltd (200-299)

Concast Inc. (200-299)

Wallenstein Feed & Supply Ltd. (200-299)

Triton Water Canada Holdings (200-299)

Nexans Canada Inc. (200-299)

Royal Canin Canada (200-299)

Polycopp Ltd. (200-299)

Walinga Inc. (200-299)

North Wellington Health Care (200-299)

TOP 20 CORPORATE TAXPAYERS IN 2022

Jefferson Elora Corporation, Centre Wellington

Triton Water Canada Holdings, Puslinch

TG Minto Corporation, Minto

Skyline Retail & Real Estate Holdings, Centre Wellington

Summit (7474 McLean Road) Ltd., Puslinch

Wallenstein Feed & Supply, Mapleton

Musashi Auto Parts Canada, Wellington North

Royal Canin Canada Company, Puslinch

RMM Fergus Property Inc., Centre Wellington

Coldpoint Properties & Industrial Park, Guelph/Eramosa

Con-Cast Pipe Ltd., Puslinch

Darling International Canada, Mapleton

Sharon Farms & Enterprises, Wellington North

Nexans Canada Inc., Centre Wellington

Mammoet Crane (Assets) Inc., Puslinch

Nieuwland Feed & Supply, Mapleton (CW & Minto)

FRG-S Holdings Ltd., Centre Wellington

Pier Property Inc., Puslinch

1056469 Ontario Inc. (c/o Pentalift), Puslinch

Golden Valley Farms Inc., Wellington North

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