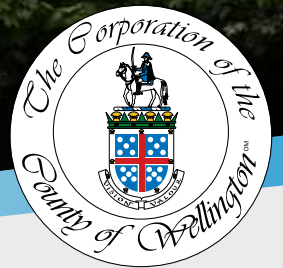


ANNUAL FINANCIAL REPORT 2023



For the year ended December 31, 2023

Corporation of the County of Wellington
Guelph, Ontario, Canada

ANNUAL FINANCIAL REPORT 2023

for the fiscal year ending
December 31, 2023



Produced by the Treasury Department of the County of Wellington.

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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OFFICE OF THE WARDEN

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COUNTY OF WELLINGTON

74 WOOLWICH STREET

GUELPH, ONTARIO

N1H 3T9

June 30, 2024

Dear Residents of Wellington County:

It is my pleasure to present you with the County's Annual Financial Report for the year 2023 on behalf of County Council and the employees of the County of Wellington. In 2023, The County completed an updated strategic action plan 'Proudly Moving Forward Together'. 2023 presented new challenges to meeting the goals outlined in the plan including an aging population, a growing housing crisis, changes to provincial funding programmes and lingering inflationary impacts from the pandemic. County Council and staff are navigating these challenges while maintaining a commitment towards core County services and addressing the existing infrastructure gap. In 2023 the County was able to:

- Complete the design and begin construction of the new Erin Library Branch
- Provide a significant reduction in childcare fees for families supported through the Federal Canada Wide Early Learning and Child Care Funding Agreement
- Implementation of the Wellington Place Master Plan to improve visitor experience at the site
- Land Ambulance service expansion including the addition of two supervisors at the Erin Station as well as the addition of four paramedics to improve service times across the County
- End the year with a \$1.3 million operating budget surplus;
- Maintain the County's credit rating with Standard & Poor's at 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.

A handwritten signature in black ink, appearing to read "Andy Lennox".

Andy Lennox

Wellington County Warden

STRATEGIC PLANNING AT THE COUNTY



**Proudly Moving
Forward Together**

2023

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.

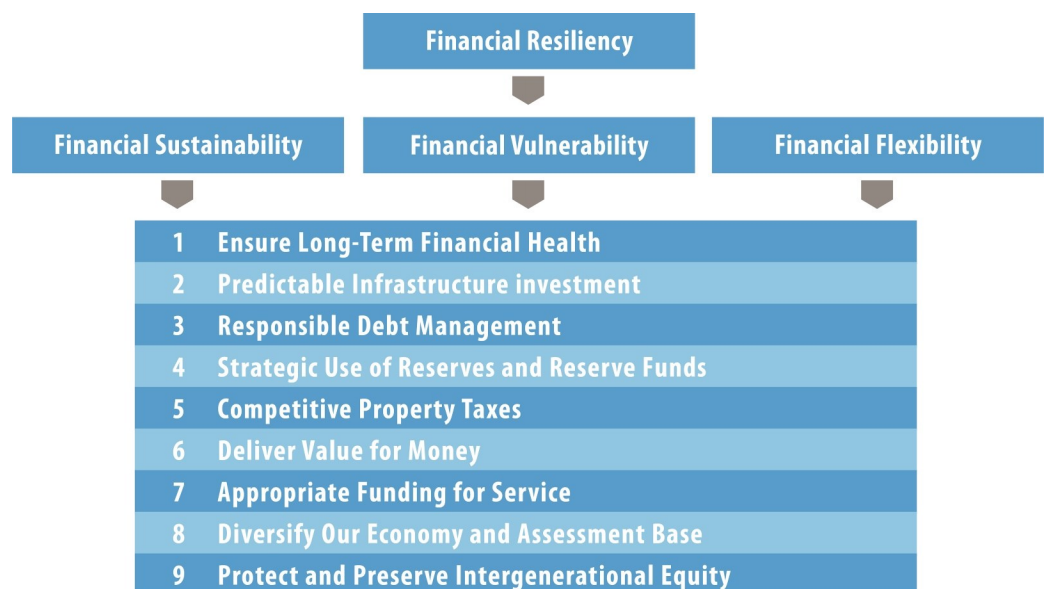
LONG-TERM

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

TACKLING A MAJOR COMMUNITY OPPORTUNITY—HOUSING

To achieve this objective we:

1. Increased the capital investment in Housing infrastructure to leverage a \$12 million capital grant to maintain existing County-owned social and affordable housing units;
2. Continued with the ongoing goal of finding immediate and long-term solutions to best support those people who are experiencing homelessness.



DOING WHAT THE COUNTY DOES BEST—PROVIDING CRITICAL DAILY SERVICES TO OUR RESIDENTS

To achieve this objective we:

1. Enhanced Land Ambulance service by adding two new supervisors as well as maintain four paramedics added during COVID to improve response times in the County.
2. Provided County residents with a tax impact well below the current inflation rate while focusing on core services.
3. Committed long-term capital investment towards Climate Change studies and initiative that will continue the County's goals set out in the County Climate Change Mitigation Plan.



MAKING THE BEST DECISIONS FOR THE BETTERMENT OF THE COMMUNITY

To achieve this objective we:

1. Significantly reduced childcare fees for families supported through the Federal Canada Wide Early Learning and Child Care Funding Agreement
2. Continue to complete the work identified in the Wellington Place Mini-Master Plan in order to improve the visitor experience and provide a place for people to meet, learn, reflect and celebrate.
3. Completed the work on the Indigenous Gathering Circle to provide a culturally safe space for the County's Indigenous community and allies



CHERISHING THE COUNTY'S MOST VALUED ASSET—ITS STAFF

To achieve this objective we:

1. Resumed the 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. Continue implementing and growing the County's Wellness Strategy and capturing and sharing the County's Corporate culture.
3. Improved and continue to prioritize Recruitment and Retention throughout the County.



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, 2022.

The County of Wellington joined this programme in 2014 and has received nine consecutive awards for the 2013-2022 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

County of Wellington

Ontario

For its Annual
Financial Report
for the Year Ended

December 31, 2022

Christopher P. Morrill

Executive Director/CEO

AWARDS AND RECOGNITION



A 2023 Leader in Sustainability by Call2Recycle Canada® Inc.

The Leader in Sustainability Award is granted each year to organizations that display an exceptional commitment to battery recycling. This is the third year in a row the County of Wellington Solid Waste Services Division has received this award. In 2023, the County collected 11,173 kilograms (11.17 tonnes) of household batteries through the Call2Recycle® programme, an increase of 10.8% over 2022.



Award for Innovative Promotional and Educational Materials Silver Award in the Social Media and Online Strategy Category

Municipal Waste Association (MWA) recognized Wellington County's Solid Waste Services (SWS) Division with the Social Media and Online Strategy Silver Award for innovative promotional and educational (P and E) materials.

The MWA showcases and celebrates municipal excellence around waste minimization and diversion with the P and E Awards, presented at their annual spring workshop. Award winners are selected by municipal peers and industry professionals who evaluate submissions for effectiveness, novelty, innovation, value to others, and planning and implementation.

This award recognized the "Day in the Life" animated short video series of three videos as a "buzz-worthy" online strategy.



North American Hazardous Materials Management Association Award

In 2023, the North American Hazardous Materials Management Association Award (NAHMMA) selected the County of Wellington's Solid Waste Services (SWS) Division Mobile Household Hazardous Waste (HHW) Depot as the winner of the Programme Innovation category. This category recognizes unique and effective innovations in HHW.

The NAHMMA is a non-profit, membership-based association of individuals, businesses, government officials, academia, and non-profit organizations dedicated to pollution prevention and reducing the hazardous components entering municipal waste streams from households, small businesses and other entities.

AWARDS AND RECOGNITION



Economic Developers Council of Ontario (EDCO)

Award for Inclusive Community Based Initiatives

The Economic Developers Council of Ontario (EDCO) has awarded Wellington County with a 2023 Award Inclusive Community Based Initiatives and Programming for their 'Wellington Welcomes' campaign. The social media campaign, which was designed to showcase the contributions of newcomers throughout Wellington County, has received widespread acclaim for its authenticity and community support.

'Wellington Welcomes' focuses on the stories of twelve residents who are members of newcomer and immigrant communities in Wellington County. Individuals were interviewed and given the opportunity to share what it is like to live and work in Wellington County, including their challenges, successes, insights, and personal recommendations



Ontario Good Roads Association Conference

John Niedra Better Practices Award

The John Niedra Better Practices competition aims to highlight a municipality's ability to adapt and innovate to unique and challenging conditions, while solving problems in an inventive and original way. These solutions help a municipality streamline a process or use equipment in ways never envisioned before.

Wellington County utilized cellular concrete lightweight fill to reduce the road structure load on two sections of Wellington Road 32 (Lake Road) in Puslinch.

AdvantAge
Ontario

Advancing Senior Care



AdvantAge Ontario annual convention

Supporting Seniors Award for Wellington Wishes Programme

The award recognizes a programme or technique in the provision of care or services for seniors that demonstrates the following:

- Innovation
- Inspiring positive change
- Positive outcomes
- Replicability
- Identifiable benefits

The Wellington Wishes programme was created by the Life Enrichment staff at the Wellington Terrace, Wellington County's Long Term Care Home. Staff plan special events to grant residents' wishes, with inspiration from friends, family, or the residents themselves.

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, 2022. 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, 2023. 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.

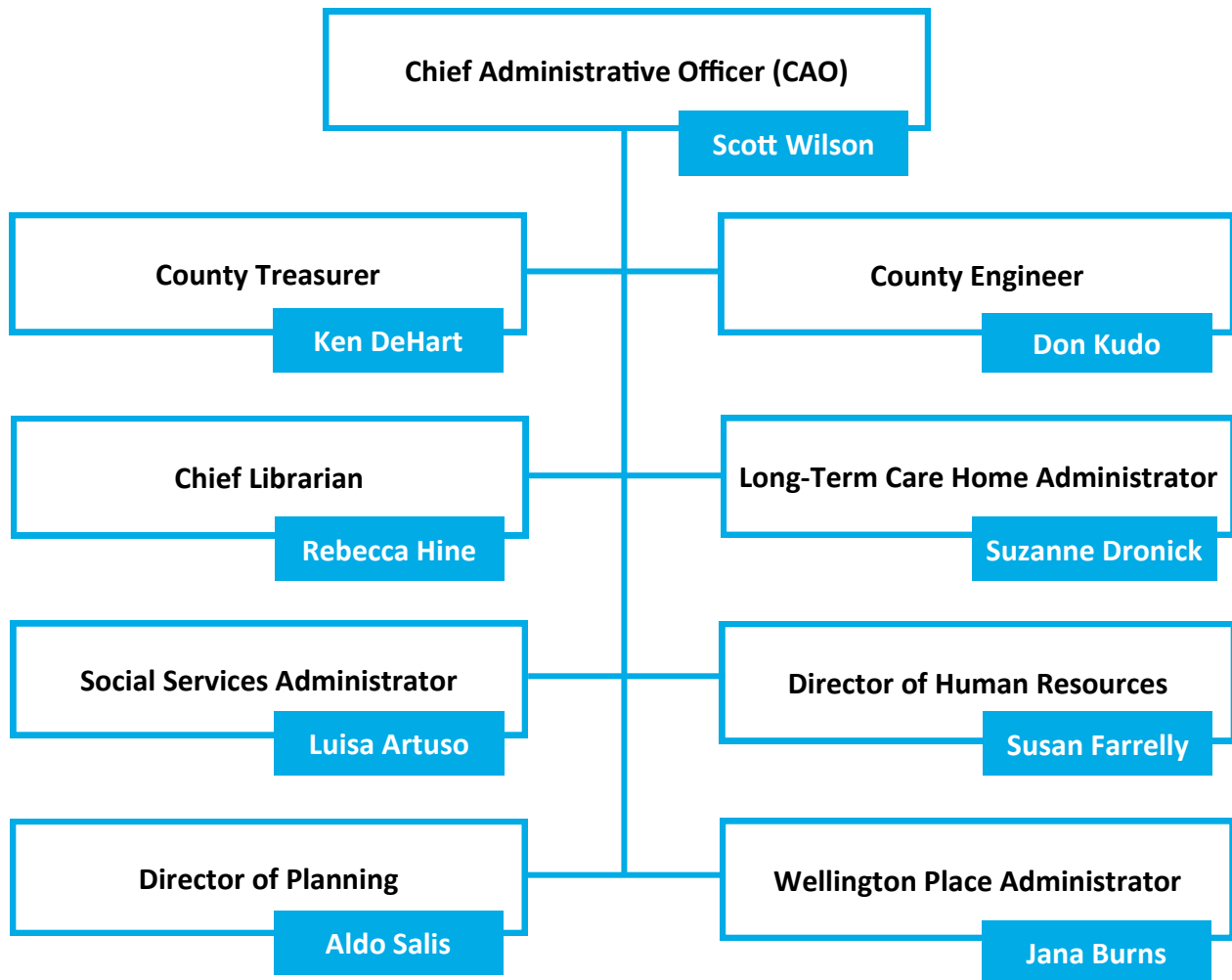


Standard and Poor's County of Wellington Credit Rating

During 2023, the Standard and Poor's credit rating agency announced that the County of Wellington's rating has been maintained at AAA, with a stable outlook. This rating is supported by:

- Healthy and stable economy accompanied by a steady population growth and above average income levels;
- Strong and improving financial management practices, prioritizing long-term financial sustainability and a predictable and well-balanced local and regional government framework;
- S&P expects the County will continue to maintain strong budgetary performances, despite inflationary pressures;
- A robust liquidity position, a key credit strength;
- A moderate debt burden;

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
Long-Term Care Home 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

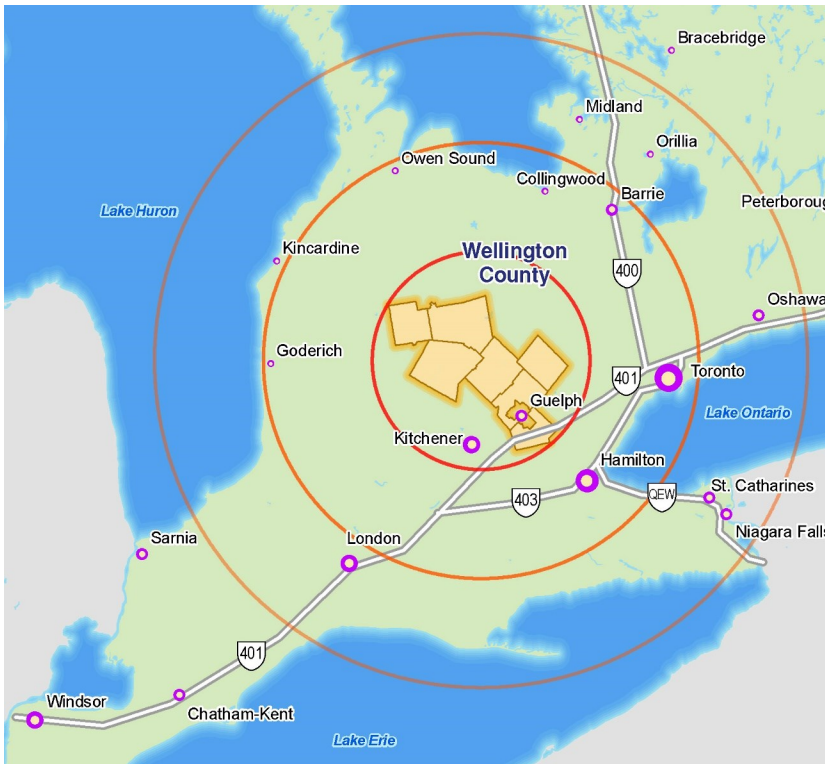
Councillor Diane Ballantyne
County Ward 6
T 519.400.9851

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

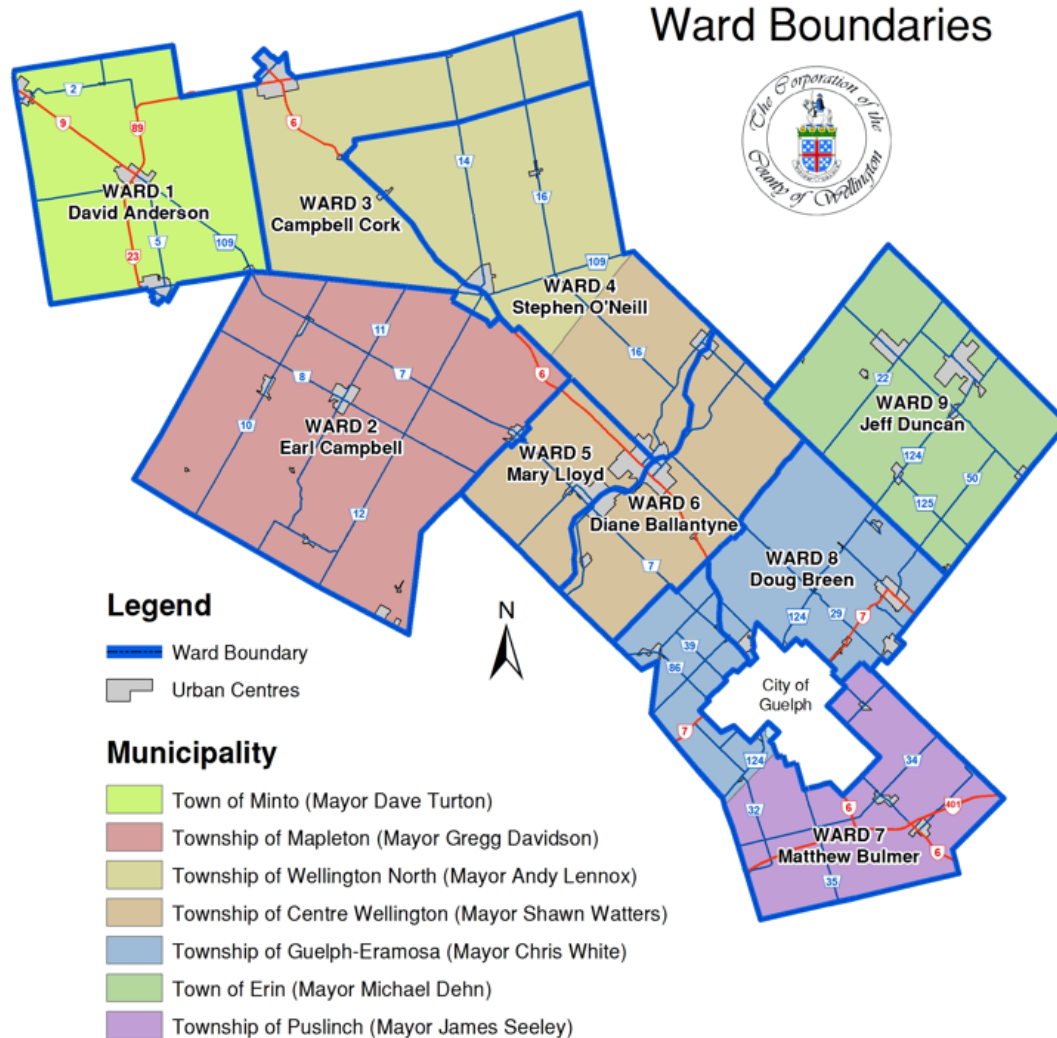
Township of Puslinch
519.763.1226
www.puslinch.ca



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

COUNTY OF WELLINGTON AT A GLANCE

County of Wellington Ward Boundaries



Population
106,390

Land area
2,610km²

Businesses
3,876

Average Household
Income
\$145,100

Households
37,860

Pop. Density
39.8/km²

Jobs
60,568

Job Growth
(2018-2022)
8.9%

Municipalities
7

Credit rating
AAA

Workforce
61,213

Annual
budget
**\$278
million**



COUNTY OF WELLINGTON POPULATION

At the end of 2023, Wellington County had **37,860** households and a population (adjusted for net Census undercount) of **106,390**. The population of Wellington County is projected to grow to 140,000 by 2041.

Wellington County 2023 Population Estimates				
	Mid-Year (2011)		End of Year (2023)	
	Population	Households	Population	Households
Centre Wellington	29,350	10,830	35,370	13,130
Fergus	14,860	5,670	19,340	7,320
Elora/Salem	7,170	2,670	8,480	3,210
Centre Wellington Rural	7,320	2,490	7,550	2,600
Erin	11,890	3,955	12,430	4,330
Erin Village / Hillsburgh	4,490	1,670	4,560	1,710
Erin Rural	7,520	2,450	7,870	2,620
Guelph/Eramosa	12,890	4,220	14,440	4,930
Rockwood	4,530	1,595	5,890	2,080
Guelph/Eramosa Rural	8,350	2,625	8,600	2,850
Mapleton	10,400	2,930	11,530	3,360
Drayton	1,960	675	2,550	900
Moorefield	430	155	560	190
Mapleton Rural	8,010	2,100	8,420	2,270
Minto	8,680	3,140	9,920	3,630
Clifford	820	335	1,010	420
Harriston	2,040	775	2,410	900
Palmerston	2,720	1,025	3,140	1,220
Minto Rural	3,100	1,005	3,360	1,090
Puslinch	7,320	2,535	8,500	3,040
Aberfoyle	320	120	380	210
Morrison	460	180	520	180
Puslinch Rural	6,530	2,235	7,600	2,650
Wellington North	11,950	4,450	14,150	5,440
Arthur	2,550	940	3,370	1,300
Mount Forest	4,950	2,075	6,030	2,590
Wellington North Rural	4,450	1,435	4,750	1,550
Wellington County	90,880	31,190	106,390	37,860

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

The Economic Development Division works closely with member municipalities to provide County-wide programming to support businesses and promote the County. Initiatives undertaken in 2023 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.

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.



Christina Mann,
Manager of Economic
Development

Grow your Business in Wellington County



www.wellington.ca

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. With federal and provincial funding models promising fibreoptic broadband rollout across Wellington County, the County's Rural Broadband working group is tracking expansion and promotes internet speed tests to identify gaps. The County is also a member of the Guelph-Wellington Digital Equity Coalition, which advocates for and supports availability of connectivity for our most vulnerable residents.

With new residents moving to Wellington County, the availability of housing remains a primary concern in our communities. In response to recent municipal bylaw amendments regarding Additional Residential Units (ARUs), the County launched an educational campaign highlighting real-life stories of local residents who have added an ARU. This campaign is part of an ongoing effort to address residents' concerns about diverse housing development options.

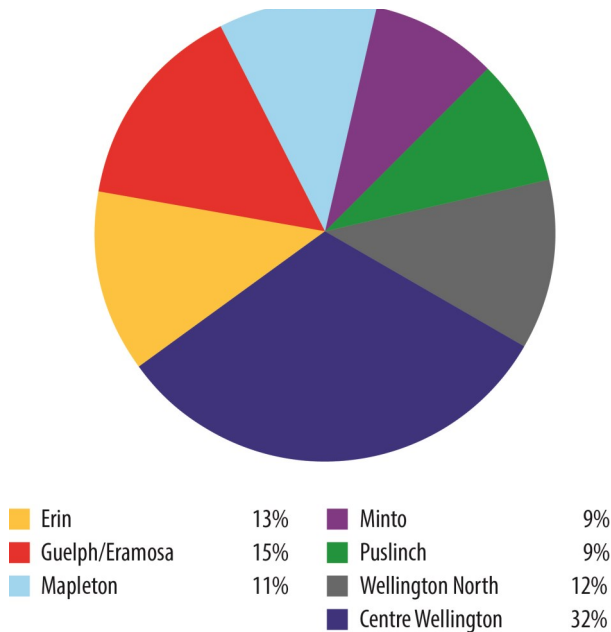
In 2024, we will focus on connecting with local businesses by increasing BR+E activities across the County, seeking innovative ways to address specific challenges and leverage new opportunities to promote Wellington County and support the local economy.

LOCAL ECONOMY

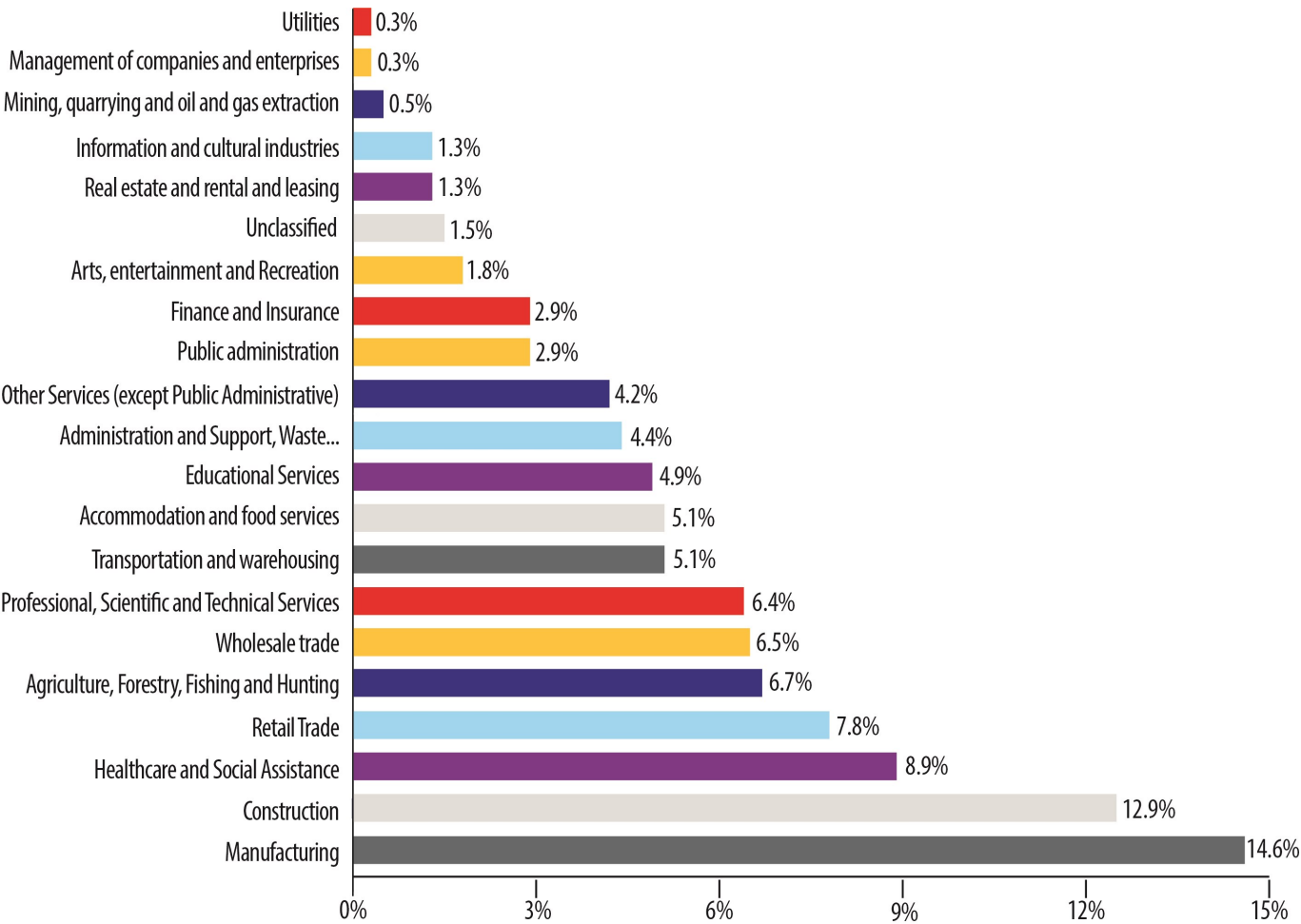
Jobs in Wellington County stand at 60,568 (2023) and the labour force totals 61,213 employees. From 2018 to 2022, job growth has occurred across most of the County.

Over the past several years, manufacturing continues to be the leading sector within Wellington County. There has been growth occurring in the total number of jobs in wholesale trade, construction, professional/scientific/technical services, finance and insurance, healthcare and social assistance, and educational services sectors. This growth represents a strong, diversified and resilient economy in Wellington County.

LABOUR FORCE DISTRIBUTION (2023)



WELLINGTON COUNTY SECTORS OF EMPLOYMENT (2023)



2023 NOTABLE PROGRAMMES AND EVENTS

Business Retention and Expansion (BR+E)

Business Retention and Expansion (BR+E) is a community-based economic development programme that focuses on supporting existing businesses.

In November and December 2020, staff from the County and all seven member municipalities conducted the OMAFRA Business Retention and Expansion (BR+E) Recovery Survey. In total, 435 surveys were submitted by Wellington County businesses and a BR+E Recovery Action plan was developed.

In 2021, recovery efforts addressed four key areas with actions that support: Operating Safety, Business Services, Mental Health Resources for Businesses, and Shop Local and Promotion of Wellington County.

In collaboration with local community futures organizations: Wellington-Waterloo Community Futures (WWCF) and the Saugeen Economic Development Corporation (SEDC), the Wellington County Business Recovery Grants were developed. These included the: Business Safety Supply and PPE Grant, Business Service Support Grant and a Physical Adaptation and Technology Grant. There were 156 grants provided for a total of \$150,000 supporting recovery efforts for local businesses. Additional actions supported shop local campaigns, promotion development, and sponsorship of business workshops that help businesses gain knowledge and skills to support their businesses.

In 2024, staff from the County will begin a BR+E programme focusing on downtown businesses.

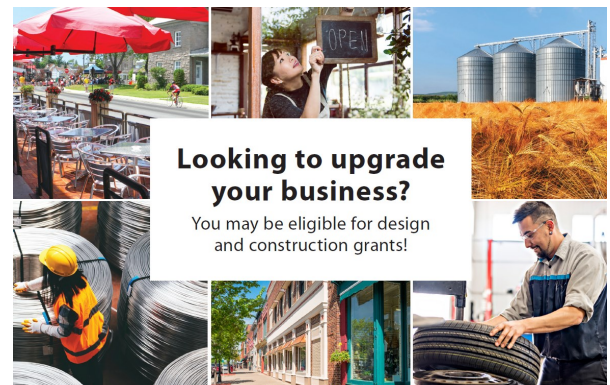
Business Retention and Expansion (BR+E) Municipal Implementation Fund

The BR+E Local Implementation Fund provides funding to municipalities for the direct execution of BR+E activities to enhance the local economy. Starting with its inception in 2014, the BR+E Implementation Fund has led to a total investment of approximately \$4.8 million in Wellington County.

Invest WELL Programmes

In 2023, a review of the Invest WELL Community Improvement Programme was completed. As a result, the programme has been renamed to the “Invest WELL Programmes” to make it more relevant to the type of funding administered by the County.

The Invest WELL Programmes continue to support business revitalization, beautification, and investment attraction in Wellington County by providing top-up funding to local municipal Community Improvement Plans (CIP).



2023 NOTABLE PROGRAMMES AND EVENTS

The Invest WELL programmes offer funding through tax incentives and grants to projects that align with the following countywide priorities:

- | | | |
|---|-------------------------------|-------------------------------|
| 1. Using land strategically | 3. Diversify the economy | 5. Promote tourism |
| 2. Improve buildings and infrastructure | 4. Provide affordable housing | 6. Incorporate sustainability |



Tourism and Events

In 2023, the County of Wellington launched its first-ever Tourism Strategy to strengthen support for tourism-based businesses through networking, capacity building, and marketing. The strategy builds on the successes of several tourism-based initiatives and will guide the County's future actions and investments to strengthen the sector and establish Wellington County as a top rural tourism destination within Southwestern Ontario.

The "Pay to Play" tourism signage programme launched in 2018, promotes greater awareness of tourism-based businesses across the County and encourages visitors and locals alike to explore rural destinations. The County continues to promote year-round visitation through its Experience Wellington website, seasonal marketing initiatives, and a suite of seasonal outdoor experiences. Staff continues to explore tourism product development opportunities to offer a greater variety of tourism experiences and attract spending. This led to a cycle tourism assessment (2022) and the development of seven signature tourism cycling routes (2023).

2023 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:

- Top 5 Things To Do In Wellington County This Week campaign – promotes local events.
- Feast on the Farm two-day event with Culinary Tourism Alliance – opportunity for hospitality and agri-food entrepreneurs to come together, learn, and network.
- A Winter Adventures campaign and online map – highlights businesses and winter destinations.
- A Holiday Happenings campaign – highlights festive events, destinations and shopping local in our communities.
- Monthly tourism e-newsletters



2023 NOTABLE PROGRAMMES AND EVENTS

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. Guelph-Wellington is also known for its craft breweries and emerging distilleries, which complement the County's authentic food culture and led to the development of a Craft Gin Trail in 2021. Taste Real launched its first Food Experience Guide in 2022, promoting farm and food-specific outings and adventures available locally. The programme actively collaborates with local farmers' markets to facilitate the Farmers' Market Passport programme, encouraging visitors and locals to explore rural destinations and support local businesses.

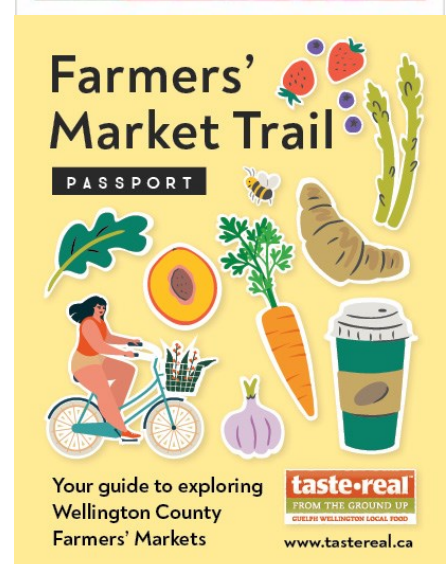
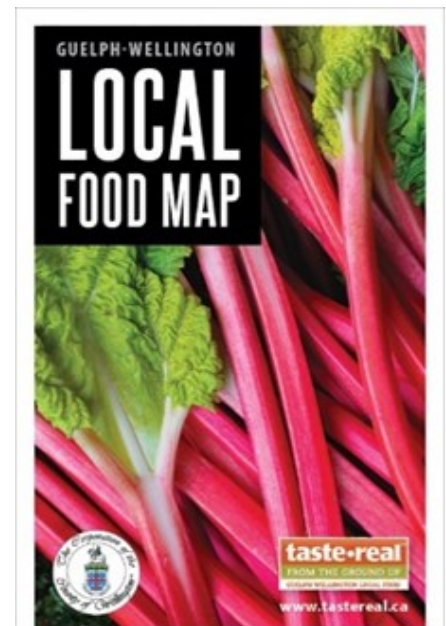


Taste Real Programming:

- Updated Taste Real Local Food Map and promotional brochures, including the Food Experience Guide.
- Annual Eat Up Your February campaign – promotes eating and sourcing local food in the colder months.
- Guelph-Wellington Circular Box in partnership with Guelph Box and Our Food Future.
- Spring Rural Romp and Fall Rural Romp – self-guided farm and food tours.
- Seasonal campaigns that highlight farm and food outings, as well as finding and purchasing local ingredients.
- Business consultations and supports.
- Monthly Local Food News e-newsletters

Farmers' Market Programming:

- Farmers' Market Trail – a market passport encouraging residents and visitors to explore the eight local farmers' markets.
- Farmers' Market Box Series – a partnership with the local farmers' markets; curated market boxes that highlight a different market every two weeks. The boxes generated \$26,525 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 \$16,466 in sales for local businesses.
- Food Day Canada cross promotion - local food recipe cards at markets.



2023 NOTABLE PROGRAMMES AND EVENTS

Talent Attraction

The Talent Attraction Initiative continues to promote Wellington County as a desirable place to live and work. In 2020, Immigration, Refugee and Citizenship Canada (IRCC) funding was secured to support an Economic Development Talent Attraction position with the aim to attract newcomers to live and work in the County. In 2021, a Welcoming and Inclusion Assessment Survey identified ways to enhance the County's appeal as a region. Based on the results, the initiative engages with employers to hire diverse newcomer and immigrant talent, thus helping address labour skills shortage. The initiative also provides resources to employers for supporting diverse workplaces and promotes the development of welcoming communities by offering spaces and opportunities for cross-cultural engagement among newcomers, immigrants, and long-time residents. In 2023, Wellington County hosted its first Multicultural Festival and launched the Wellington Welcomes public awareness campaign.



Western Ontario Warden Caucus (WOWC)

The Western Wardens Caucus includes 15 upper and single-tier municipalities and 300 communities, of which the County of Wellington is an active member, with Warden Lennox being elected as vice-chair in February 2024. The current priorities of the WOWC include: affordable and attainable housing, workforce development, broadband infrastructure investment and advocacy, and mental health and addictions. The challenges facing municipalities, particularly small and rural communities, are on the rise and include housing to workforce, and mental health to homelessness. Following the WOWC Workforce Strategy completed in 2022, the ED Committee has requested the provincial government's support to develop a workforce attraction campaign website. This site would house public information to inform and build awareness of broad career opportunities, current job opportunities, and community features and amenities to attract and retain workers and residents targeted to identified personas. In addition to hosting senior staff as subject matter experts on specific municipal issues, the WOWC also hosted a Workforce Conference in 2023 to encourage regional learning opportunities. The County continues to play an active role in WOWC advocacy and projects.



Ontario Food Cluster, Investment Attraction

As an agricultural community with many food businesses, the University of Guelph, favourable trade agreements and sector supports, the County represents its seven member municipalities within the Ontario Food Cluster. The OFC is a partnership of government and economic development organizations in southern Ontario that work together to develop sector strategies and attract agri-food company investment to the participating Ontario communities.



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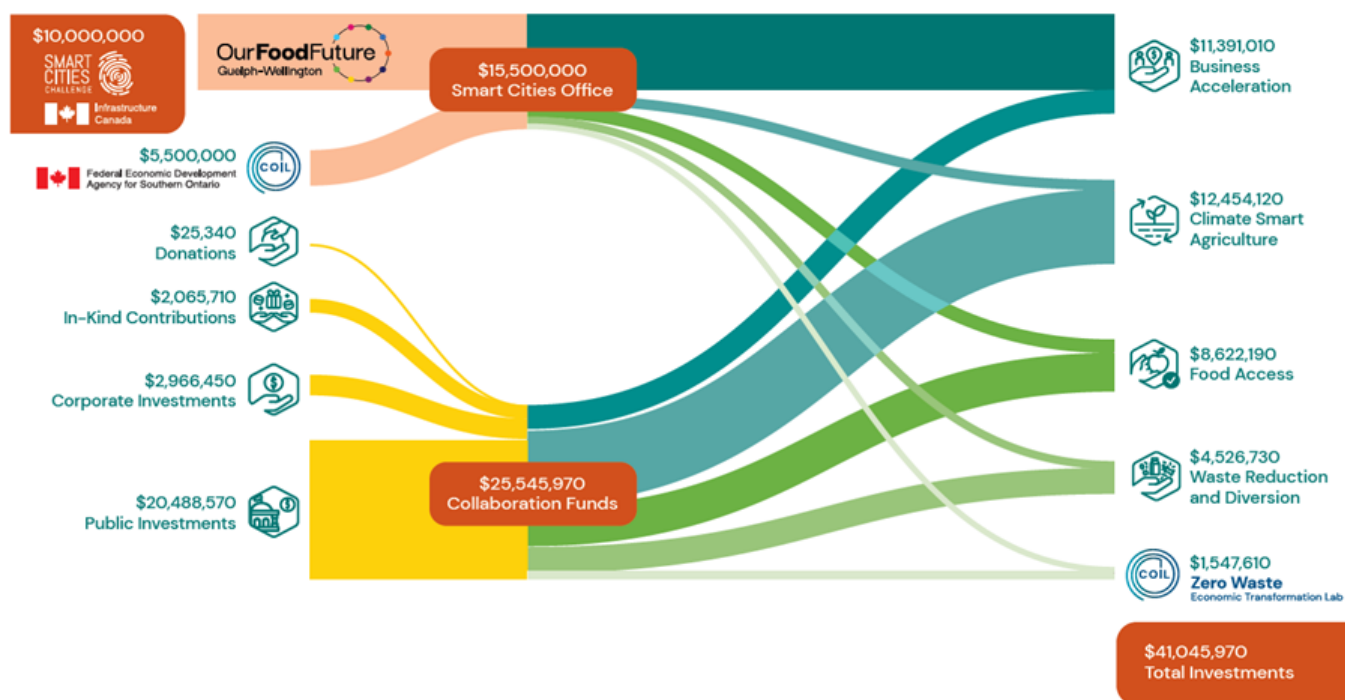
2023 NOTABLE PROGRAMMES AND EVENTS

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. Completed in December 2023, this project exceeded its original goals while attracting additional investment and partnerships.

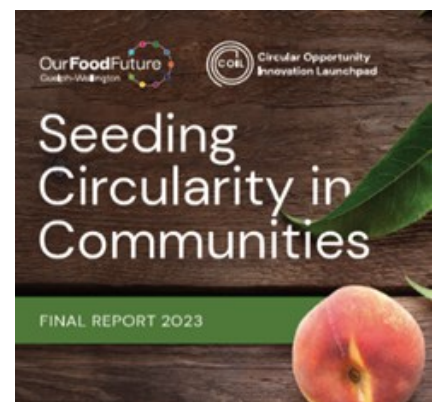


Funding + collaboration = impact



The County remains committed to the opportunities for resilience which were made clear by this project.

- The final report from Our Food Future — Seeding Circularity in Communities — is available online at foodfuture.ca.
- The Experimental Acres Handbook was released in November 2023. This document codifies the County's innovative regenerative agriculture pilot as a template to be used by other municipalities to scale climate-target solutions.
- Guelph-Wellington has been chosen as the host location for North America's first Circular Economy Hotspot, a 4-day international conference expected to attract over 400 participants from a wide range of industry sectors. The event will run June 24-27, 2024.



2023 NOTABLE PROGRAMMES AND EVENTS

Rural Broadband and 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. The County of Wellington is one of twenty municipal partners, building a total commitment of \$880,000 into our Economic Development budget over five years.

SWIFT projects in Wellington County began in 2020 and completed at the end of 2023. The routes have been executed with a total project value of \$12,969,036 and have offered service to 3,085 homes. The County is assisting with the commissioning phase of SWIFT, to ensure performance.



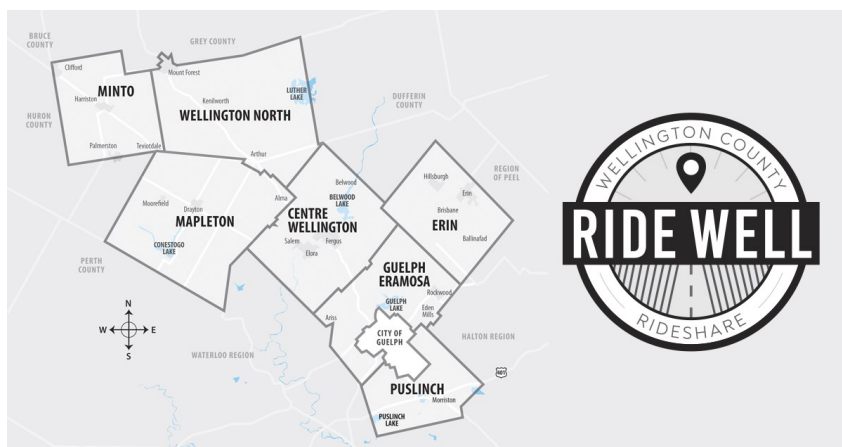
Current federal and provincial funding models promise fibreoptic broadband service completion by the end of 2025. In response, the County has formed a Rural Broadband Working Group to track expansion, and is running a public information campaign encouraging home speed tests in order to understand where 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.

RIDE WELL Rural Transportation Programme

RIDE WELL is a demand-based, rideshare transit service that provides transportation for Wellington County residents and visitors is supported by the RideCo. technology platform. 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. In 2021, an additional \$242,000 was awarded to extend the programme to March 31, 2025.

The RIDE WELL service officially launched on October 1, 2019, and has grown year-over-year. In 2020 the service provided 2,248 rides, in 2021 the service provided 4,572 rides, in 2022 the service provided 5,776 rides, and in 2023 the service provided 8,861 rides. RIDE WELL offers door-to-door service in Wellington County and pick-up or drop-off into the City of Guelph for rides that start or end in Wellington County. The service operates from Monday to Friday, from 6:00 a.m. to 7:00 p.m. and rides can be booked through the RIDE WELL app, on the website, or by calling RIDE WELL phone operators.



Report from the County Treasurer

KEN DEHART, CPA, CGA

June 30, 2024



2023 marked the first full year of operations post pandemic, with the County largely returning to normal operations and maintaining a focus on its core services. However, Wellington County continues to work through a number of challenges during a time when demands on public services are increasing—as the County’s population is growing. There has been a significant drop in housing affordability, an increase in homelessness, and more demands on health care—such as paramedic services and long-term care.

County Council completed an update to its Strategic Action Plan in 2023. The updated plan ‘Proudly Moving Forward Together’ will aid in providing direction to elected officials and senior staff on County priorities, challenges and opportunities during this period of changing social, cultural, and labour dynamics.

After many years of low tax rate increases and a stable economy with low inflation (County tax rates increased by an average of 2.4% annually for 14 years between 2009-22), the post-pandemic recovery has brought upon many new economic challenges. The County has done its best to limit the impact of significant inflationary impacts on construction costs by phasing in these increases over a 2-3 year period utilizing the County’s capital reserves. This will help to insulate the County’s residents and ratepayers from facing these costs immediately, while recognizing adjustments are required to account for the new economic realities that the County is facing.

Financial support from the Federal and Provincial government is integral to the County’s ability to address services amidst changing social economic conditions within the community as well as maintaining the commitment towards reducing the infrastructure gap. The province made sweeping changes to legislation in 2023, including Bill 23, the More Homes Built Faster Act and introduced substantial changes to provincial funding models, including the Ontario Community Infrastructure Fund that has disrupted how the County will fund its infrastructure requirements for years to come. The County has been able to mitigate these impacts through strong assessment growth, supplementary taxes and its long term approach to financial planning.

In 2023, the County was able to maintain its AAA credit rating through Standard and Poor’s. This rating was supported by strong and improving financial management practices, and prioritizing long-term financial sustainability with the expectation that the County would continue to maintain strong budgetary performances, despite inflationary pressures.

The County’s Treasury Department received a clean audit findings report from KPMG. The County’s auditor found no control deficiencies or concerns with respect to the presentation and disclosure of the financial statements. Treasury staff are pleased to present the 2023 year-end statements and annual report that follow.

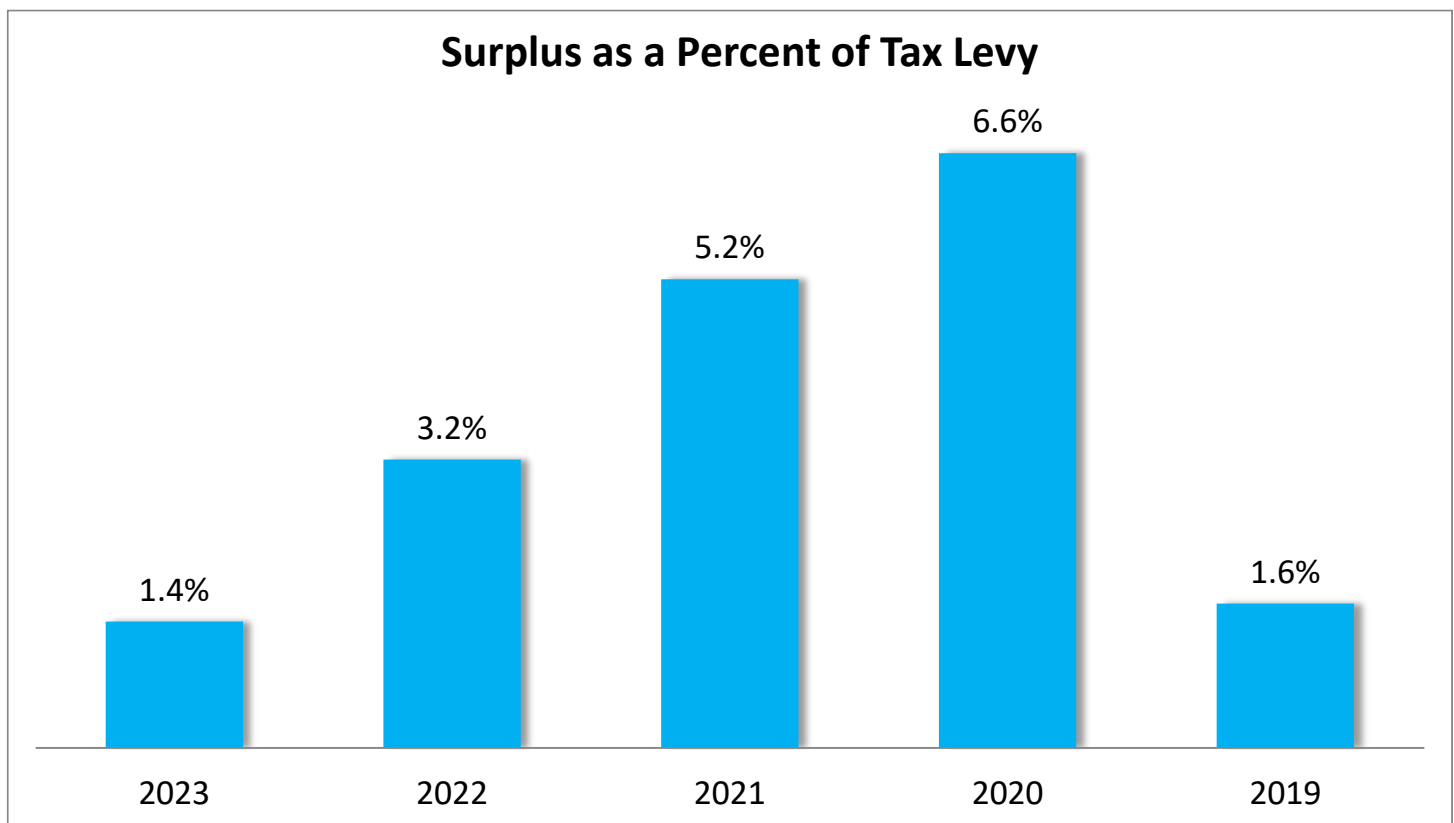
Report from the County Treasurer

KEN DEHART, CPA, CGA

Operating Results

As described further on pages 60-61 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 2023 year-end position on a modified accrual (cash) basis was a surplus of \$1,261,800 which is 1.4% of the tax levy. As approved by County Council, \$1.1 million of the surplus was transferred to the Ambulance Capital Reserve to reduce future debt requirements for the County's contribution to the Elmira Road Station upgrade in Guelph. 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.

Financial Vulnerability

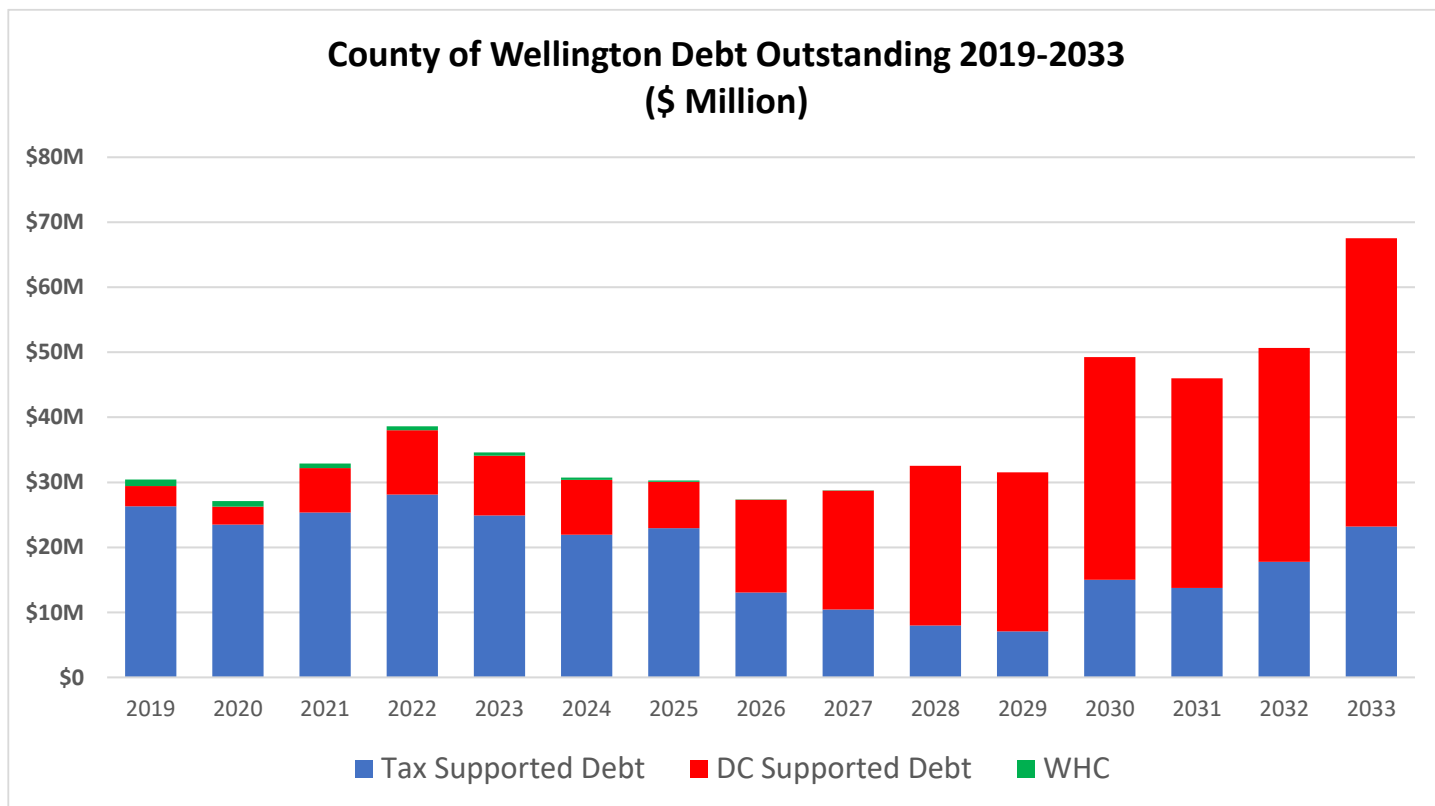
To ensure consistency and stability in funding, the County recognizes the importance of managing its revenue sources effectively. County staff actively manage the property tax assessment base to ensure that properties are added to the roll in a timely manner and are assessed in a fair and consistent 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. The enactment of Bill 23 reduced Development charges, resulting in close to a \$1.0 million reduction in DC revenues collected for 2023. Consequently, capital funding will need to be sourced from alternative outlets, such as reserves and/or debt financing.

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 2023 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 operating and capital costs, they expect the County will continue to produce strong operating results. They expect management will remain prudent, prioritizing long-term sustainability, and will keep annual capital outlays and reliance on debt funding manageable. Lastly, the County's robust liquidity position was noted as a key credit strength.

Report from the County Treasurer

KEN DEHART, CPA, CGA



* Note that the graph above displays both historical data and projected forecasts for future years.

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	2023	2022	Status Compared to Prior Year	Explanation <i>Indicators are based on FIR results (2022 figures have been adjusted for restatement)</i>
Net Liabilities Ratio	(0.66)	(0.66)	→	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	16.3%	20.0%	↓	Wellington County's capital expenditures decreased to 16.3% of 2023 total expenditures. This reflects the restatement of 2022 to include an additional \$20 million in asset retirement obligation costs upon adoption of PS 3280.
Operating Balance/ Operating Revenue	13.7%	13.9%	→	Operating balances remain strong at more than 10% of operating revenues.
After-Capital Balance/ Total Revenue	2.2%	-0.6%	↑	The after-capital result in 2023 is a surplus of 2.2% of adjusted total revenue. These weaker numbers again reflect the \$20 million in additional costs reported due to the adoption of PS 3280.
Asset Consumption Ratio	47.9%	46.8%	↑	This ratio is an indicator of the useful life left in the County's capital assets. The County's asset are still considered in the moderately new range (26% to 50%) according to MMAH but continue to move closer to the moderately old range (51% - 75%).
Tax Discretionary Reserves as a % of own source revenues	79%	90%	↓	This ratio continues to indicate the County's solid financial stability. The strategic use of reserves in 2023 to avoid the need to issue debt accounts for an almost \$10 million reduction in the 2023 reserve balance.
Direct Debt Outstanding/ Operating Revenue	10.4%	14.1%	↑	At fiscal year-end 2023, debt outstanding (County only) decreased to 10.4% 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	0.6%	0.7%	→	This ratio is positive, stable and indicates that only 0.6% of the County's adjusted operating revenues are committed to funding debt interest charges (includes lower tiers).
Debt to Reserve	0.23	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 \$0.23 in debt.

Key Financial Indicators

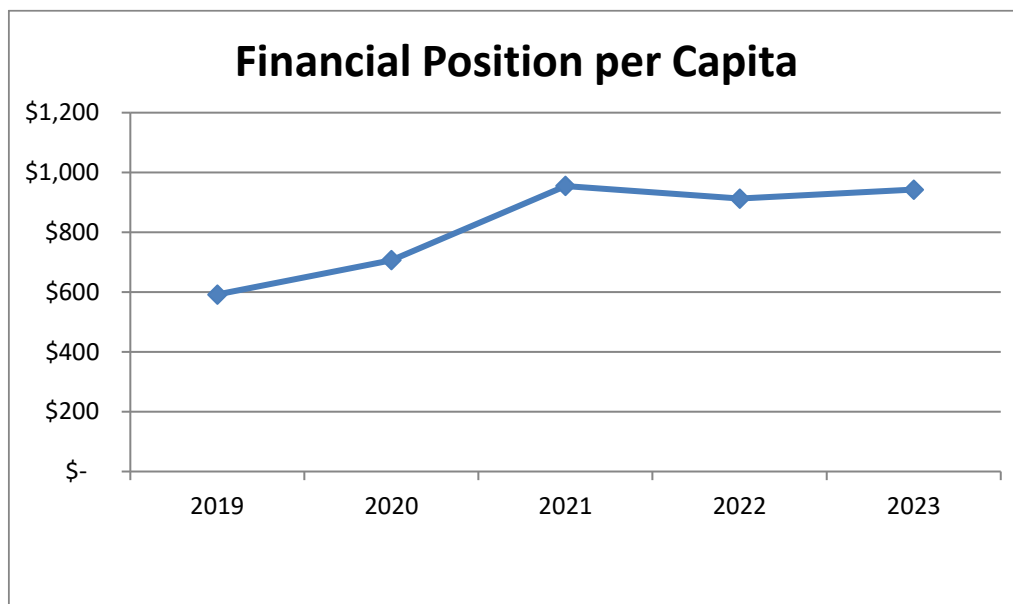
Background:

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

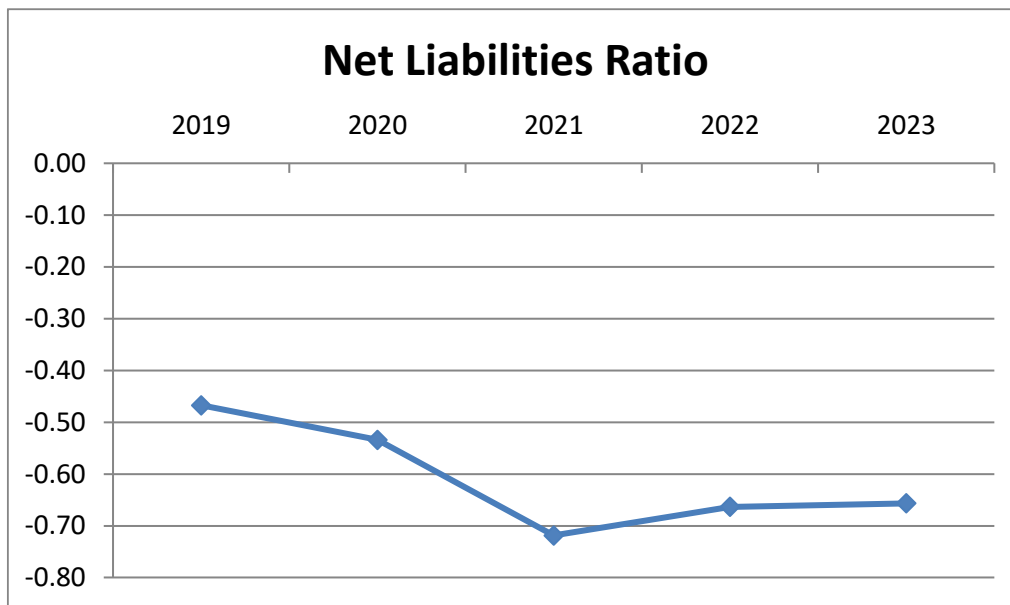
Financial position is a key indicator of a municipality's financial health. It provides an indication of the affordability of future municipal spending. The net financial position is a broader measure of a municipality's indebtedness than debenture debt as it includes all of the municipality's financial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



Key Financial Indicators

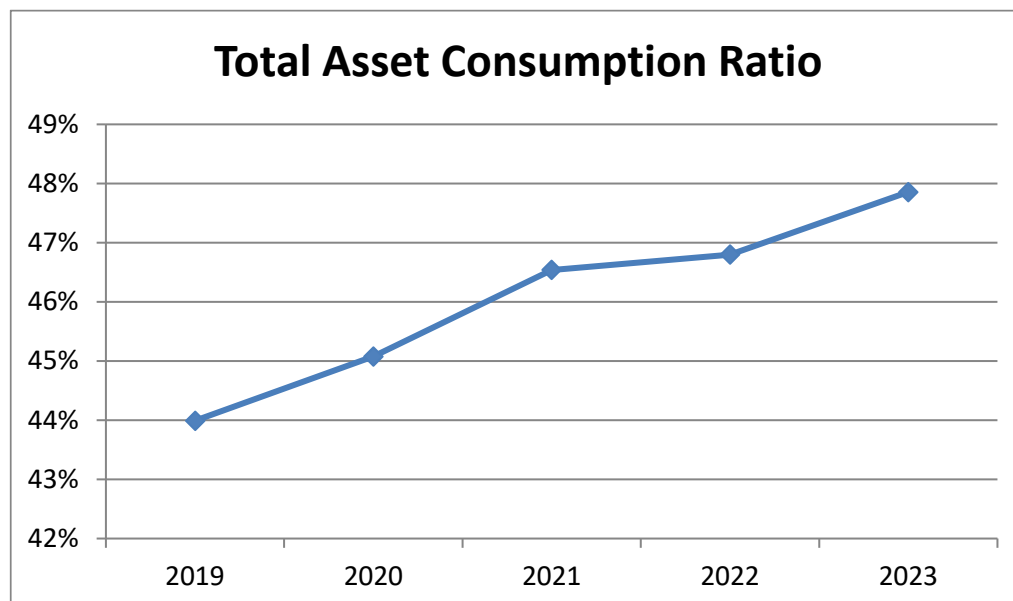
Indicator 2: Net Liabilities Ratio

Net 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.

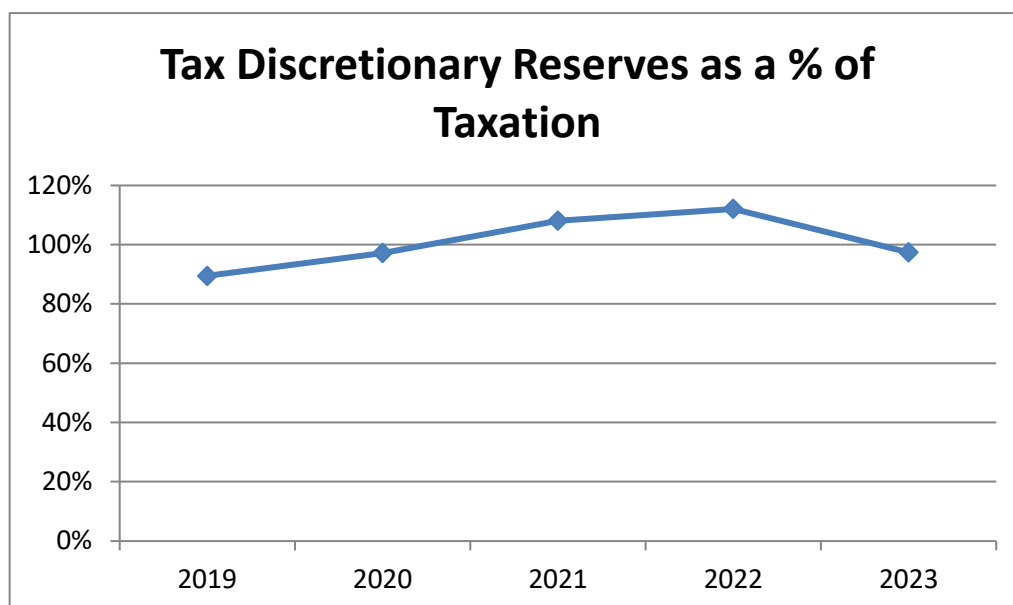
Indicator 4: Reserves

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

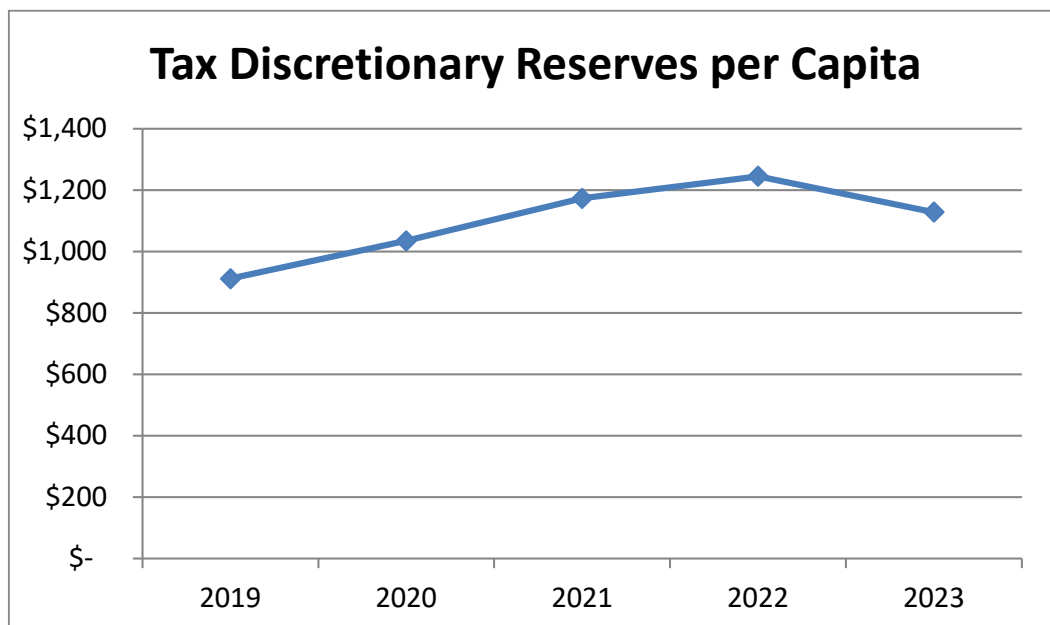
This provides the total tax discretionary reserves and reserve funds in relation to total taxation.



Key Financial Indicators

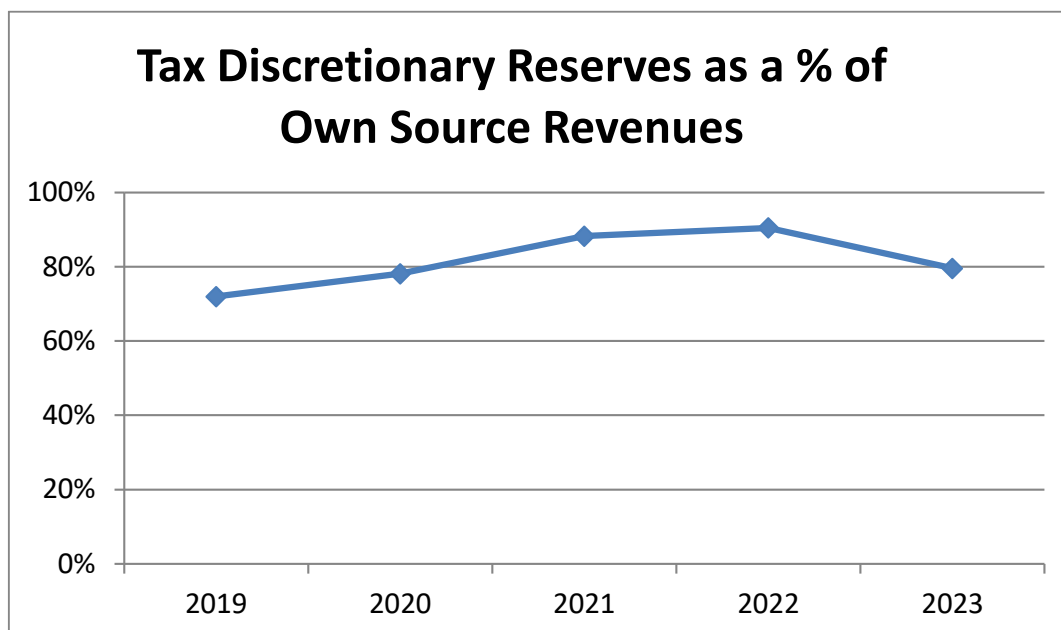
II. Tax Discretionary Reserves per Capita

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.



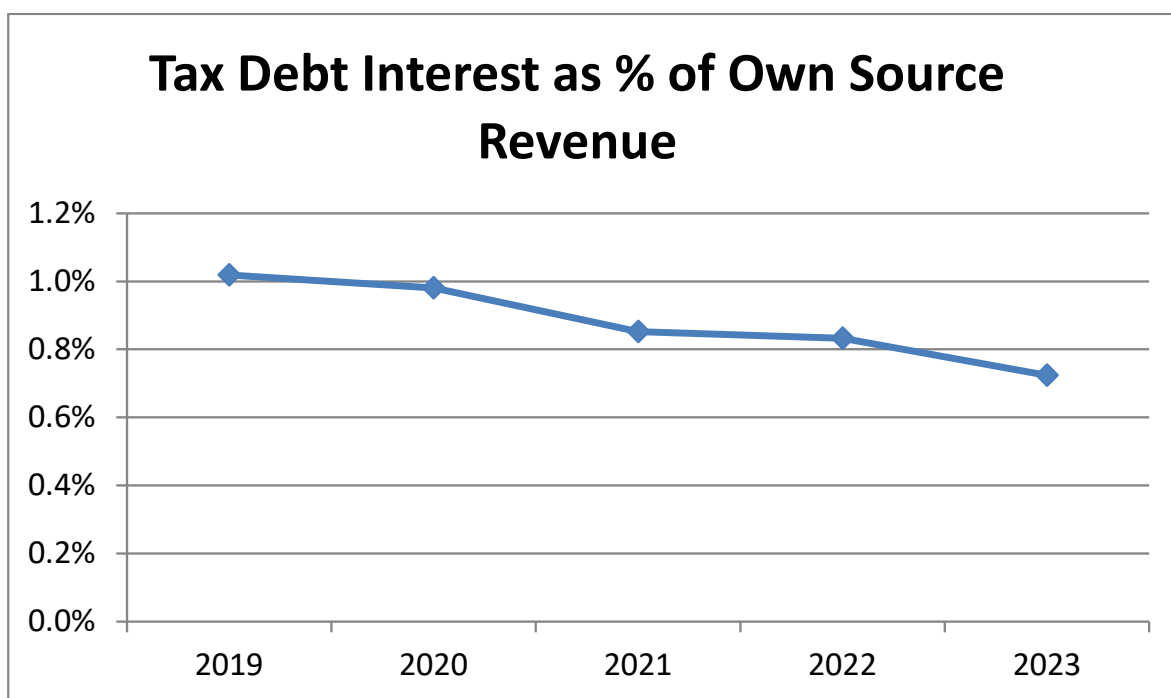
Key Financial Indicators

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

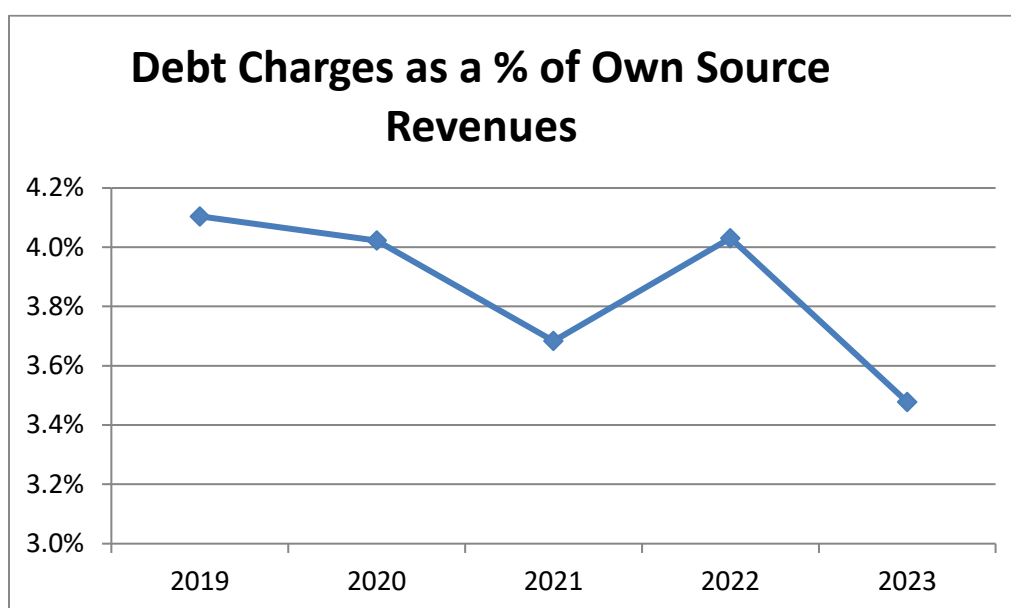
This ratio indicates the extent to which the municipality's own source revenues are committed to debt interest charges.



Key Financial Indicators

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

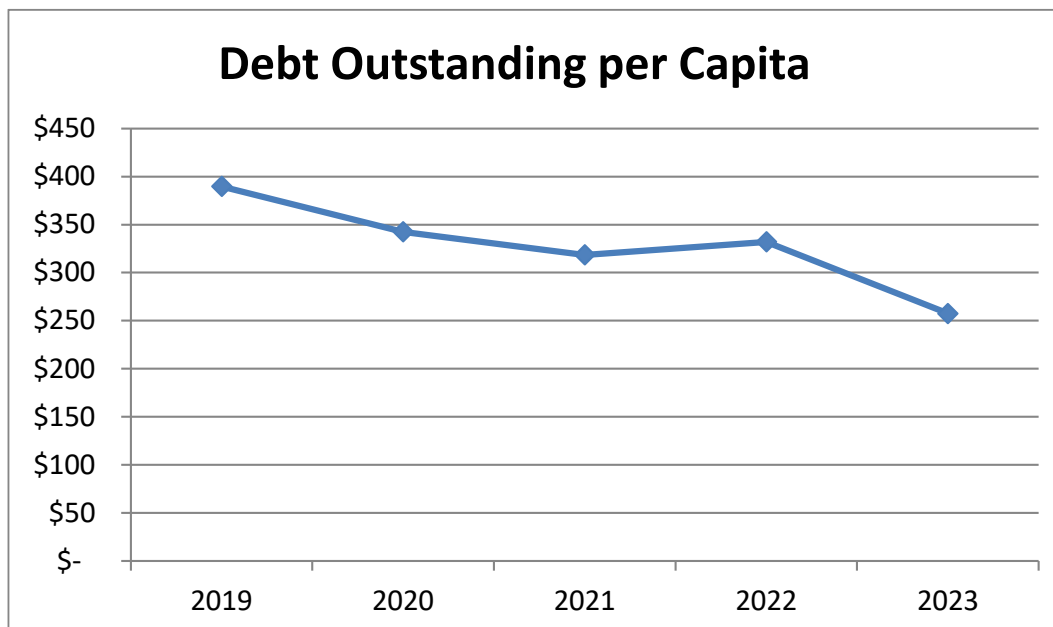
Debt service is the amount of principal and interest that a municipality must pay each year to service the debt. As debt service increases it reduces expenditure flexibility. This shows the % of total debt expenditures, including interest as a % of own source revenue. It is a measure of the municipality's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

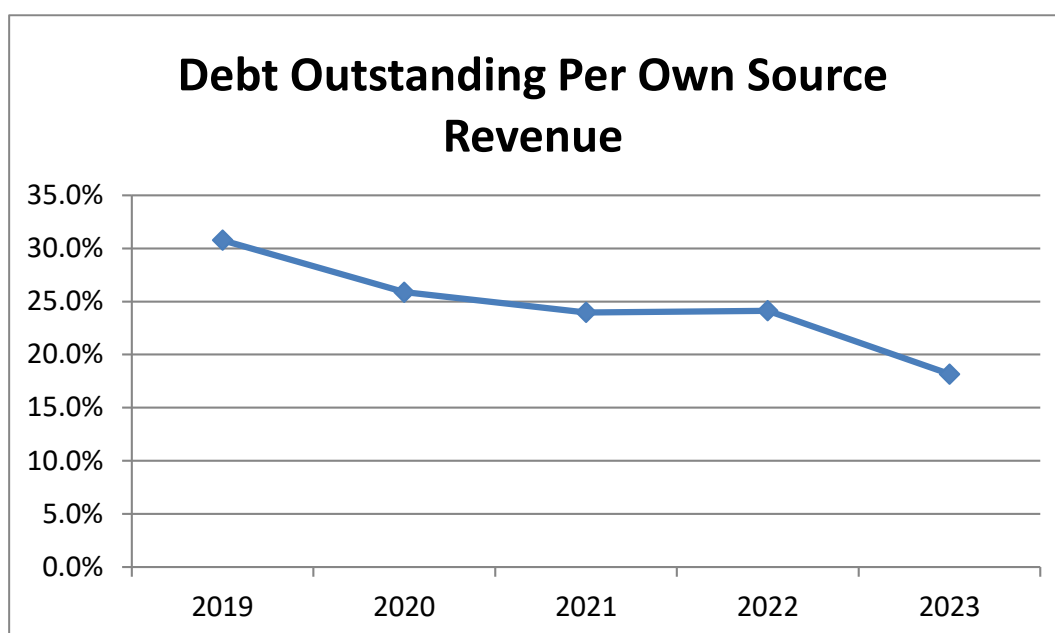
III. Debt Outstanding per Capita

This provides the debt outstanding divided by the population.



IV. Debt Outstanding Per Own Source Revenue

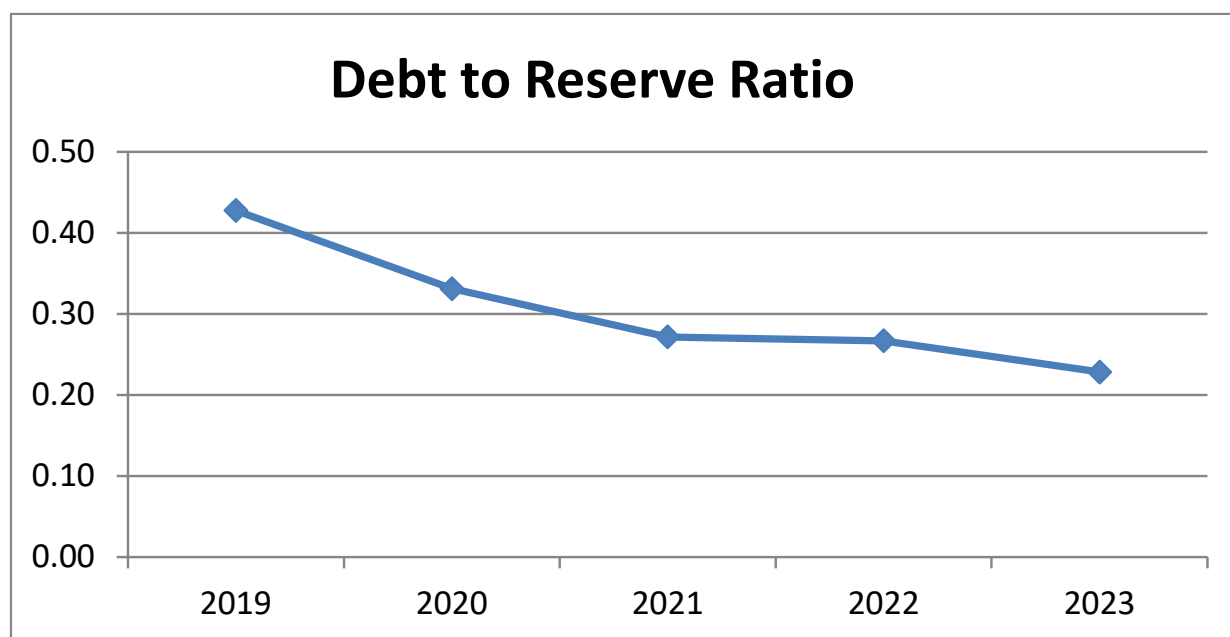
This provides the debt outstanding divided by the municipality's own source revenues.



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.



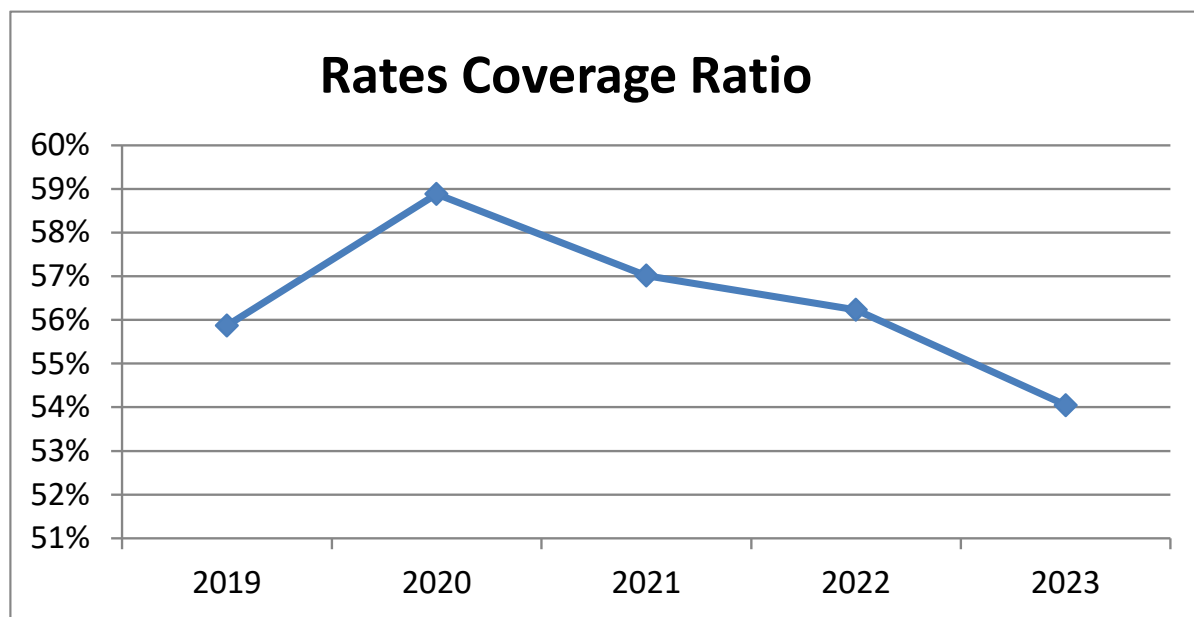
Key Financial Indicators

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 2023 Annual Financial Report and the completeness and fairness of the financial statements, including all disclosures (see signed management report—Pages 63-64).

The purpose of management's financial discussion is to analyze and comment on the principal features of the 2023 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 2023 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 reviewed and updated to reflect changes to legislation, accounting standards or internal procedures.

In April of 2023, County Council approved the **2023 County-Wide Property Tax Policies** which set the 2023 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 with a minimum rebate amount of \$400 for 2023. As well, the tax rebate programme for charities and other similar organizations was continued.

In September 2023, the County approved the revised Accounting and Reporting for TCA (Tangible Capital Assets) Policy which had last been reviewed and updated in November of 2020. Revisions included clarification that warranty works and leased books with a life of less than one year are not capitalized. The guidance on when borrowing costs should be capitalized during construction and ended upon substantial completion were refined. The valuation of land under existing roads was also clarified.

In September of 2023, the County also approved the Asset Retirement Obligation (PSAB 3280) Policy. This policy provided guidance on the recognition of a liability for any existing asset retirement obligations (AROs) and creation of an accretion schedule as well as the recognition of any asset retirement costs (ARCs) and when it should be capitalized as an increase in the carrying amount of the related tangible capital asset with a related amortization schedule or expensed.

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
- Reserves and Reserve Funds
- Strategic Asset Management
- Corporate Fraud and Risk Management
- Development Charge Interest
- Donations
- User Fees
- Debt Management

Asset Management Planning

The County owns and operates approximately \$1.5 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.	Complete
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.	In Progress

Management Discussion and Analysis

Asset Management Planning cont'd

In 2023, 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

- Prepared the 2023 Annual State of Infrastructure Report and made it publicly available on the County of Wellington Website.
- Further reviewed existing asset profiles and modelling created in CityWide for Annual Reporting.
- Implemented Building inspections and Internal Service Requests within CityWide for Property Services facilities.
- Implemented Asset Retirement Obligation (ARO) as required under Public Sector Accounting Board (PSAB) section 3280 .
- Reorganized and moved data files and documents from network drives into Corporate document management system (WellDocs).
- Reviewed and revised the Accounting and Reporting for TCA Policy .
- Created and approved the Asset Retirement Obligations (ARO) Policy

Management Discussion and Analysis

Financial Statements Discussion and Analysis

New PSAB Standards

The Public Sector Accounting Board (PSAB) issued new standards that were adopted by the County for the 2023 financial statements. These new standards included the following:

PS 3280 Asset retirement obligation

This standard was adopted on a modified retrospective basis which required the restatement of the 2022 Financial statements. The main impacts of the new accounting standard were the withdrawal of PS 3270—Landfill liability (\$9.4 million) and set-up of asset retirement obligation liabilities for landfill closures, asbestos and fuel tank removal (\$ 33.3 million) offset by the set-up of related asset retirement costs (\$17.8 million) resulting in a reduction of accumulated surplus at December 31, 2022 of \$6.0 million. (See Note 2 (b)). This standard was adopted retrospectively to provide comparability to the December 31, 2023 Financial Statements.

Financial Instrument Suite—PS3450 Financial instruments, PS 2601 Foreign currency translation, PS1201 Financial statement presentation, PS 3041 Portfolio investments

The main impact of these standards relates to the County's principal protected note (PPN) investment being reported at fair value as they contain embedded derivatives linked to equity-based indices . The unrealized changes in the fair value are reported in the new Statement of Remeasurement Gains and Losses until they are realized. These standards were adopted on a prospective basis and at December 31, 2023, the accumulated remeasurement losses were \$0.29 million.

2023 Financial Highlights

Total consolidated revenue for 2023 is \$299 million compared to total expenses of \$279 million resulting in net revenue of \$20.6 million (2022 \$25.8 million) which is used to fund capital asset purchases and construction and also to contribute to reserve and reserve funds. Reserve and reserve fund balances decreased by \$9.3 million over 2022.

The County repaid \$7.1 million in long-term debt in 2023 (2022 \$4.6 million) and issued no new long-term debt (2022 \$6.5 million). The County's debt servicing costs (principal and interest) of \$8.06 million for 2023 (2022 \$5.6 million) are significantly higher due to a one time debt principal repayment of almost \$2.8 million for Health Unit debt from a reserve fund.

The County of Wellington continued to maintain its strong financial position in 2023 with an accumulated operating surplus of \$577 million (an increase of 3.71%). Once this is offset by the \$0.29 million remeasurement losses, the total accumulated surplus at December 31, 2023 is \$576.8 million (2022 \$556.5 million). 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.

Management Discussion and Analysis

(in thousands of dollars)	2023	2022	Change	% Change
Net Financial Assets	\$ 100,282	\$ 94,831	\$ 5,451	5.75%
Non-Financial Assets	\$ 476,514	\$ 461,632	\$ 14,882	3.22%
Accumulated Surplus	\$ 576,796	\$ 556,463	\$ 20,333	3.65%

Accumulated Operating Surplus is comprised of:				
Accumulated Operating Surplus	\$ 577,083	\$ 556,463	\$ 20,620	3.71%
Accumulated Remeasurement Gains (Losses)	\$ (287)	\$ -	\$ (287)	0.00%
Accumulated Surplus	\$ 576,796	\$ 556,463	\$ 20,333	3.65%

Consolidated Statement of Financial Position

The Consolidated Statement of Financial Position is the overarching statement that summarizes an entity's financial position at a point in time. Changes in the financial position of the County are summarized in the following four statements:

1. Consolidated Statement of Operations
2. Consolidated Statement of Remeasurement Gains (Losses)
3. Consolidated Statement of Change in Net Financial Assets
4. Consolidated Statement of Cash Flow

(in thousands of dollars)	2023	2022	Change	% Change
Financial assets	\$ 228,594	\$ 212,096	\$ 16,498	7.78%
Less liabilities	\$ 128,312	\$ 117,265	\$ 11,047	9.42%
Net financial assets	\$ 100,282	\$ 94,831	\$ 5,451	5.75%

Financial Assets

Financial assets are the financial resources the County controls and can use to pay what it owes to others. Financial Assets increased by \$16.5 million in 2023 over 2022. Higher portfolio investments reflect operating surpluses and higher capital fund balances due to timing differences between the receipt of funds and spending.

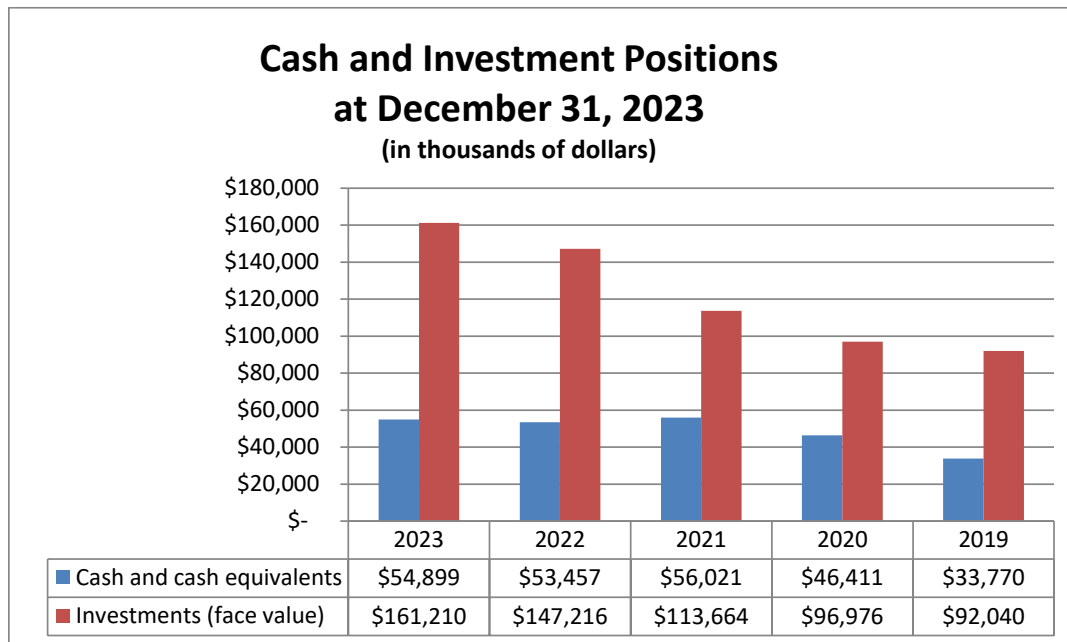
Portfolio Investments

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.

For 2023, the weighted average yield to maturity for bonds and GIC's was 3.25% (2022 2.95%) with a face value at December 31, 2023 of \$130.7 million (2022 \$120.1 million). The County also holds investments in the One Canadian Equity Fund with a balance of \$11.6 million and the One Canadian Corporate Bond Fund with a face value balance of \$5.7 million at December 31, 2023.

Management Discussion and Analysis

The county also holds Principal Protected Notes (PPNs) which are a financial instrument that combines a bond with a derivative component that pays a return based on an index such as a stock market index. On January 1, 2023 the County adopted Public Accounting Standards PS 3450, PS 3041, PS 2601, and PS 1201 and has elected to record all PPN's in their entirety (note and embedded derivative) at fair value. At December 31, 2023 the face value of held PPNs was \$24 million and the fair value was \$23.7 million leaving an unrealized loss of \$0.3 million.



Liabilities

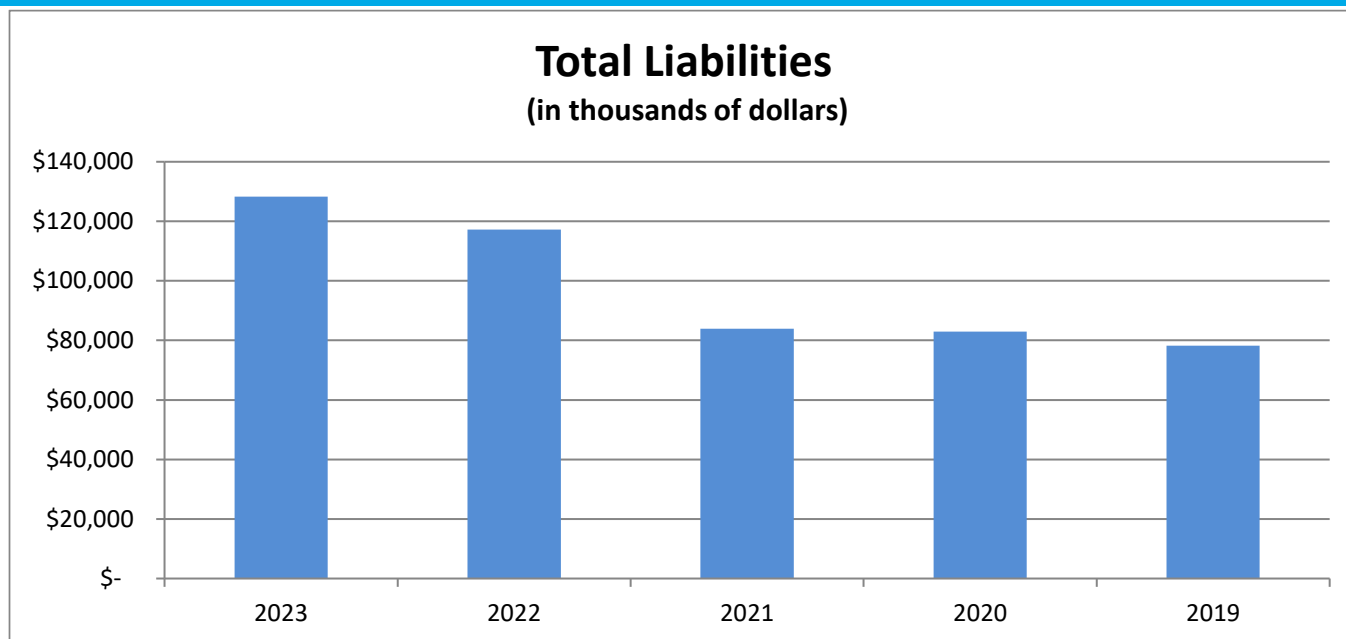
Liabilities are existing financial obligations to outside parties at the date of the financial statements. Deferred revenue is higher by \$19.5 million in 2023 over 2022 in large part due to the receipt of \$12 million from the National Housing co-Investment Fund (Note 6). This is offset by lower debentures of \$7.1 million which includes the almost \$2.8 million lump sum Health Unit debt repayment in 2023. Details of debt outstanding, interest rates and maturities are provided in Note 11 of the financial statements. Net debt charges (principal and interest) for 2023 were \$5.3 million (Total debt charges of \$8.1 million less lump sum repayments of \$2.8 million) which is significantly below the Annual Debt Repayment Limit set by the Ministry of Municipal Affairs and Housing of \$29.1 million (based on the 2021 Financial Information Return).

The County also has additional self-imposed limitations:

- Maintain tax-supported direct debt to adjusted operating revenue at less than 30%: 2023—10.4%, 2022—14.1%
- Maintain an interest payment (includes lower-tier per S&P) to adjusted operating revenues of less than 5%: 2023—0.6%, 2022—0.7%
- Maintain a direct debt to reserve ratio of 0.75:1: 2023—0.23:1, 2022—0.27:1

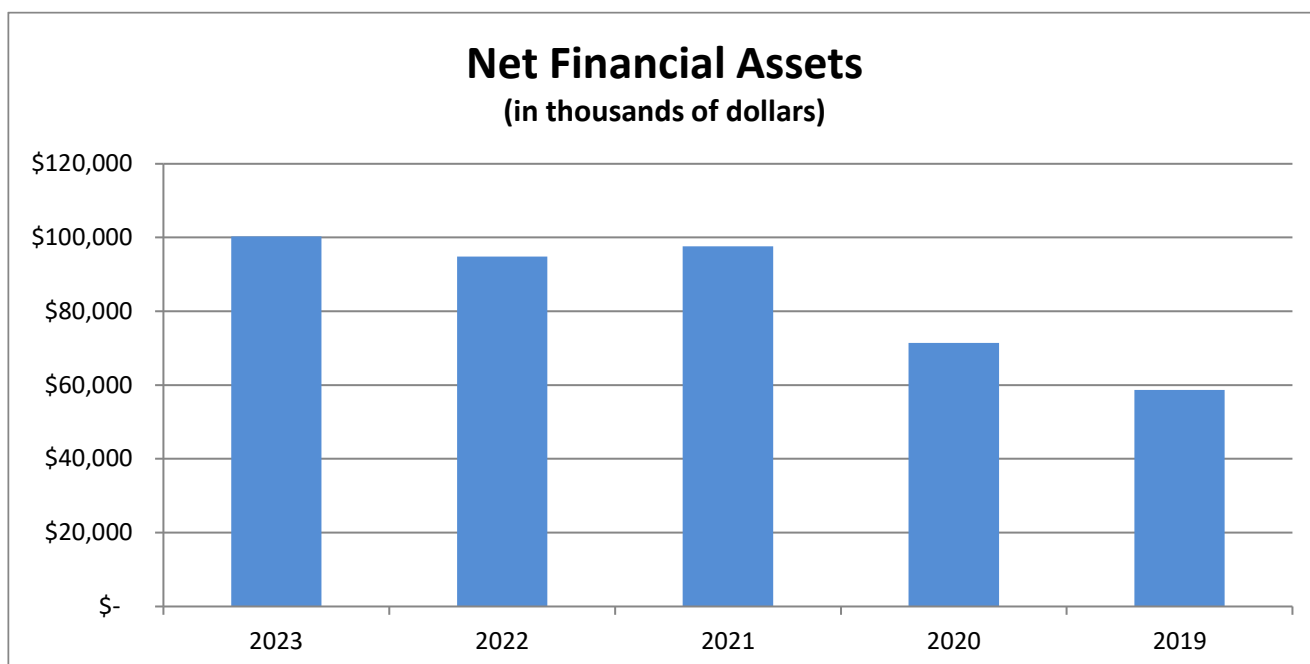
The Asset Retirement Liabilities increased by \$1.2 million in 2023 due to the annual accretion expense for the landfill closure liability (\$0.7 million) and asbestos removal liability (\$0.5 million). Overall liabilities have increased by \$11 million.

Management Discussion and Analysis



Net Financial Assets

In 2023, net financial assets (financial assets less liabilities) increased by \$5.45 million mainly due to higher portfolio investments, higher deferred revenue, and lower debentures as previously mentioned. Financial Position per Capita (Net Financial Assets/Population) is a key indicator of a municipality's financial sustainability and provides information on the financial resources the County has available to provide future services. Last year the County's Financial Position per Capita was \$1,142 (prior to restatement). However, now with the restatement of the 2022 financial statements, this ratio is \$913 for 2022 and \$943 for 2023. This is a result of the adoption of the new asset retirement obligation causing a net increase to liabilities of almost \$24 million in 2022.



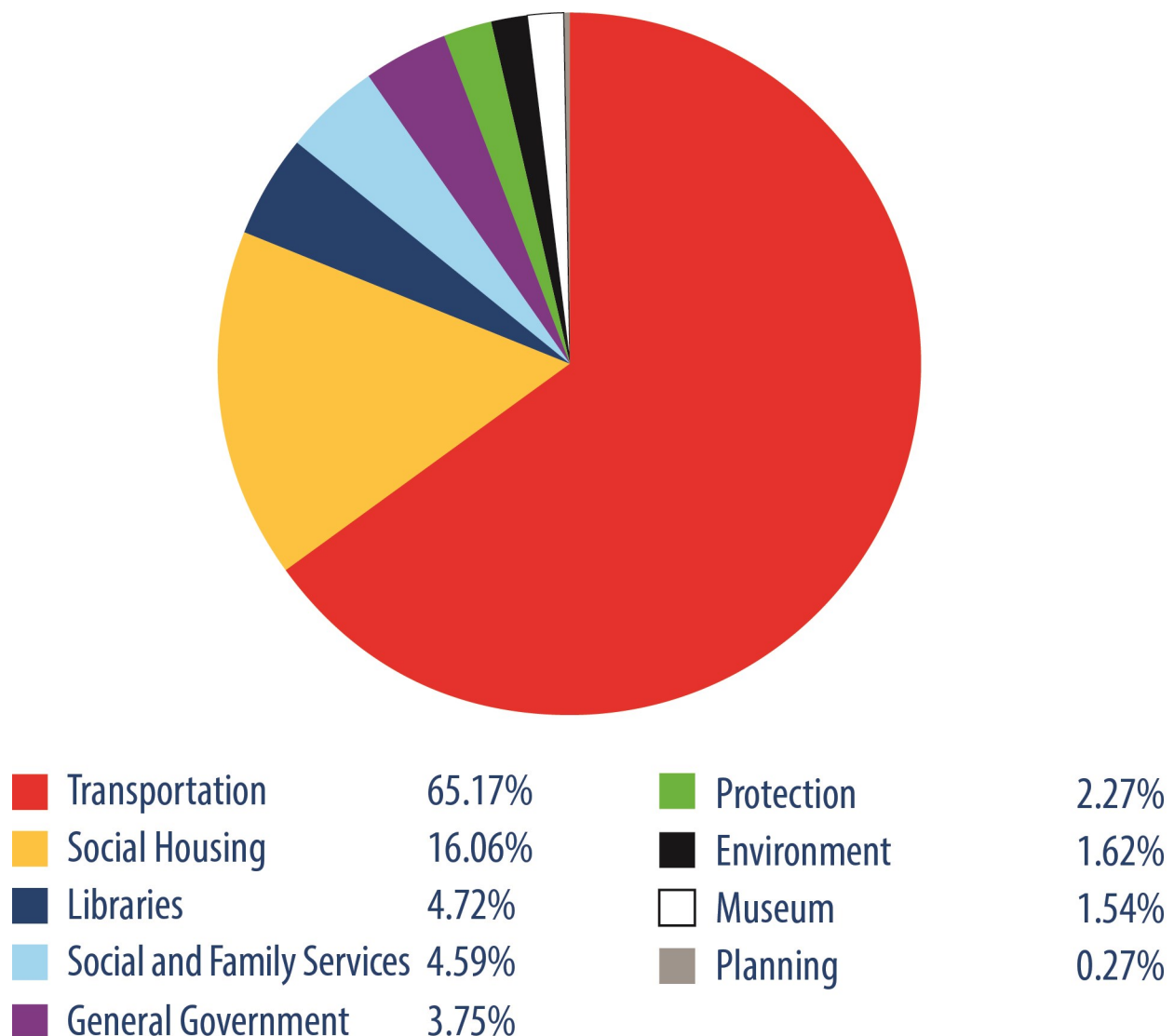
Management Discussion and Analysis

Non-Financial Assets

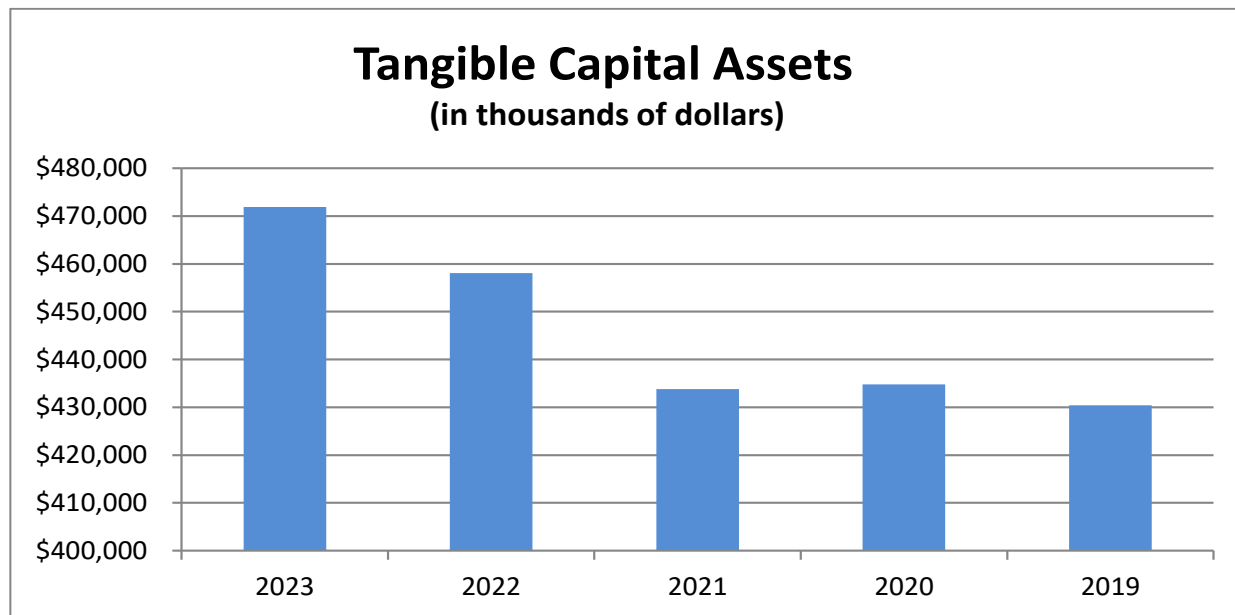
Non-financial assets include tangible capital assets, inventories of supplies and prepaid expenses. Tangible capital assets are included on the Statement of Financial Position at the net book value which is their actual historical cost less any accumulated amortization.

The total asset consumption ratio (total accumulated amortization/total gross cost of capital assets) provides an estimate of the useful life left in the municipality's capital assets of the value of the tangible capital assets that have been consumed. Again, due to the adoption of the ARO standard and restatement of 2022 incorporating the additional ARO cost assets of almost \$18 million, the asset consumption ratio of 47.7% for 2022 was reduced to 46.8% and is 47.9% for 2023. This ratio continues to trend upward towards moderately old per MMAH guidelines of 26%-50% indicating moderately new, and 51% - 75% indicating moderately old.

The pie chart below provides a breakdown of 2023 tangible capital assets by the function they support.



Management Discussion and Analysis



Tangible Capital Assets (in thousands of dollars)	2023	%	2022	%	Change	% Change
Less liabilities	\$ 57,715	12%	\$ 50,326	11%	\$ 7,389	14.7%
Buildings	129,850	28%	131,220	29%	(1,370)	-1.0%
Infrastructure	232,659	49%	235,201	51%	(2,542)	-1.1%
Vehicles, machinery and other	22,430	5%	20,085	4%	2,345	11.7%
Assets under construction	19,094	4%	10,499	2%	8,595	81.9%
Public health and WHC	10,163	2%	10,707	2%	(544)	-5.1%
	\$ 471,912	100%	\$ 458,039	100%	\$ 13,873	3.0%

Accumulated Surplus

The County's total assets exceed total liabilities and therefore is in an accumulated surplus position indicating net positive resources that could be used to provide future services. The accumulated surplus increased by 37% in 2023 over 2022 and while \$577 million is a large amount, \$476 million of this is made up of non-financial assets that are not normally used to settle liabilities. Note 13 provides details of what makes up the accumulated surplus.

Accumulated Operating Surplus (in thousands of dollars)	2023	2022	Change
Reserves	\$ 100,072	\$ 104,705	\$ (4,633)
Reserve funds	19,933	24,636	(4,703)
Investment in tangible capital assets	471,909	458,039	13,870
Invested in Capital Fund	49,179	38,777	10,402
Share of Public Health	1,881	1,704	177
Contingency Reserve Recovery of Keep Well Loan	290	475	(185)
Amounts to be recovered - from future revenues	(51,638)	(58,851)	7,213
Amounts to be recovered - from reserve funds	(14,543)	(13,020)	(1,523)
	\$ 577,083	\$ 556,465	\$ 20,618

Management Discussion and Analysis

Accumulated Surplus (cont'd)

Overall reserves and reserve funds were lower by almost \$10 million as they were used strategically to avoid or repay long-term debt. As mentioned previously, a one-time lump sum debt repayment was made to discharge Health Unit debt outstanding. Almost \$5.7 million was used from the Property Capital Reserve to purchase the Woolwich Street building to avoid debt, and over \$3 million was used from the Housing Regeneration Reserve Fund to renovate 65 Delhi Street.

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 21 of the financial statements.

Total revenue of \$299.6 million less total expenses of \$279.0 million has resulted in net revenue of \$20.6 million for 2023 and represents a \$5.1 million or 20% decrease over 2022.

Revenues

Revenues are increases in economic resources that result from the County's operations, transactions, and events during the year. Common revenues include property taxation revenue, transfers from governments and investment income. In 2023, revenue actuals were \$17.2 million higher than prior year actuals. Most of the difference is due to almost \$8 million more in taxation revenues and higher government transfers including over \$11 million more in Federal Childcare funding and \$4.6 million in Federal Rapid Housing (See Note 15 Provincial and Federal Transfers for more detailed information).

Revenues (in thousands of dollars)	2023	2022	Change	% Change
Taxation (Note 14)	\$ 124,163	\$ 116,305	\$ 7,858	6.8%
Government transfers:				
Provincial (Note 15)	81,559	87,726	(6,167)	-7.0%
Federal (Note 15)	34,516	17,823	16,693	93.7%
Municipal	28,555	25,631	2,924	11.4%
Fees and Service Charges	11,828	13,816	(1,988)	-14.4%
Licenses, Permits, Rent	9,386	9,078	308	3.4%
Interest, Donations, Other	7,004	6,496	508	7.8%
Development Charges Earned	2,624	5,538	(2,914)	-52.6%
	\$ 299,635	\$ 282,413	\$ 17,222	6.1%

Management Discussion and Analysis

Expenses

Expenses are decreases in economic resources that result from the entity's operations, transactions, and events during the year. The Statement of Operations presents expenses by function or programme and conveys the County's financial resource allocation decisions. Note 24 presents expenses classified by type such as amortization which is a non-cash amount that represents the portion of the historical cost of the County's tangible capital assets that was used up during the year (almost \$30 million in 2023).

The adoption of PS 3280 Asset Retirement Obligations requires a new annual accretion expense be booked to account for the passage of time in the amount of \$1.2 million for 2023. See Note 6 of the financial statements for more details.

In 2023, actual expenses were \$ 22 million higher than 2022. Almost \$15 million of this is related to Canada Wide Child Care transfer payments increasing by over \$10 million and Ontario Works income maintenance payments increasing by over \$1.5 million.

Expenses (in thousands of dollars)	2023	2022	Change	% Change
General Government	\$ 24,390	\$ 22,309	\$ 2,081	9.33%
Protection Services	20,027	19,955	72	0.36%
Transportation Services	35,450	34,799	651	1.87%
Environmental Services	16,231	14,500	1,731	11.94%
Health Services	16,879	15,767	1,112	7.05%
Social Housing	47,425	46,800	625	1.34%
Social and Family Services	101,060	86,328	14,732	17.07%
Library	9,884	9,254	630	6.81%
Museum	2,764	2,619	145	5.54%
Planning and Development	4,904	4,317	587	13.60%
	\$ 279,014	\$ 256,649	\$ 22,366	8.71%

Consolidated Statement of Remeasurement Gains and Losses

This statement explains the change in the accumulated surplus due to remeasurement gains and losses resulting from fair value measurement. For the County, the fair value of the Principal Protected Notes (PPNs) investments must be updated annually, and this change is reported in the Statement of Remeasurement Gains and Losses. On December 31, 2023, the accumulated remeasurement loss was \$0.3 million which was a rebound from the \$1.2 million loss at the beginning of the year.

Consolidated Statement of Change in Net Financial Assets

Net financial assets at the end of 2023 of \$100.3 million were \$5.45 million more than in 2022. This is mainly due to spending on the acquisition of tangible capital assets being less than 2022 by \$8.5 million. It is also interesting to note that the County spent more on the acquisition of tangible capital assets (\$44.2 million) than was used up or amortized (\$29 million). The County uses cash reserves, property taxes, long-term debt, government transfers and development charges to fund the purchase of tangible capital assets.

Management Discussion and Analysis

Consolidated Statement of Change in Net Financial Assets (cont'd)

The Consolidated Statement of Change in Net Financial Assets shows a gain when a tangible capital asset is sold or taken out of use and the proceeds are greater than the net book value of the asset. For 2023, the County had a loss of \$0.97 million on the disposal of assets and this appears as an expense in the statement of operations. This was related to the transfer of a local bridge (on a County road) to Guelph/Eramosa Township after rehabilitation by the County.

Consolidated Statement of Cash Flows

The Statement of Cash Flows shows how the County financed its activities during the current and prior year. The statement presents cash flow in four categories and how the cash is generated and used is shown separately in each case.

1. **Operating activities**—The statement begins with the operating activities including the annual surplus. Non-cash items are then added or backed out of this surplus depending on how they are treated in the statement of operations. For example, amortization has been included in the annual surplus as an expense but because it is a non-cash item, it is added back to the year-end results. The change in charges to operations is then added or removed as well. For example, accounts payable and accrued liabilities have increased in 2023 over 2022 by \$0.3 million which means on December 31, 2023, there is more cash included in cash and cash equivalents because it was not spent to reduce payables.
2. **Capital activities**—The capital activities area provides a summary of capital transactions that took place including cash used to acquire tangible capital assets offset by proceeds from the sale of tangible capital assets which were treated as an expense on the statement of operations.
3. **Investing activities**—The investing activities area shows the amount of funds that were invested in portfolio investments during the year offset by cash received by the repayment of loans.
4. **Financing activities**—The financing section identifies funds received from long-term debt financing as well as the amount of long-term debt principal repay during the year.

Notes to the Financial Statements

The notes are an integral part of the financial statement package and provide additional information related to specific line items contained in one or more of the statements. Below are a few interesting note examples, but as a reader you are encouraged to read them all.

Note 1. a)(i) Basis of Consolidation—describes the entities that are consolidated in the financial statements:

- Wellington County Police Services Board
- Wellington County Public Library Board
- Wellington County Housing Corporation
- County share of Wellington Dufferin Guelph Health Unit (31.7%) (2022 was 32.0%)

Management Discussion and Analysis

Notes to the Financial Statements (cont'd)

Note 1. b) (iii) Financial Instruments and Note 1. b) (iv) Investments and Note 1. c) (v) Foreign Currency—Provides additional information on the suite of new Financial Instrument related standards described earlier in the report including how financial instruments are measured and where and when gains and losses are measured.

Note 2 Change in Accounting Policies—provides a description of the new Public Sector Accounting Standards adopted in 2023 and the impacts on the financial statements.

Note 5 Loans Receivable—Provides more detailed information on loans receivable including minor cost sharing agreements with Centre Wellington as well as the Keep Well—Emergency Business Sustainability Fund loans provided during COVID. These loans continue to be repaid with \$0.2 million principal repaid in 2023 and only two loans of \$0.02 million written off as uncollectible.

Note 6 Deferred Revenue—Provides more detailed information on funds received but not yet earned from the Canada Community Building Fund, Ontario Community Infrastructure Fund, National Co-Investment Fund, Development Charges, and various other operating and capital grants.

Note 7—Asset Retirement Obligation—This is a note for 2023 to provide additional details for the adoption of PS 3280 Asset Retirement Obligation for landfill closures, asbestos removal, and underground fuel tank removal including methodology, inflation and discount rates used, accretion expense and any settlements.

Note 8 Post Employment/Retirement Liability—Provides more detailed information on the County's liability for post-employment benefits. For 2023, the liability for the County (not including the Wellington-Dufferin-Guelph Public Health Unit) based on a December 2023 actuarial revenue update is \$2.36 million and is fully funded by the Post-Employment Benefit reserve fund.

Note 9 Workplace Safety and Insurance Board—The WSIB liability for 2023 is \$1.49 million and is based on an actuarial update from December 2023. The WSIB liability is fully recovered by the Workplace Safety and Insurance reserve fund.

Note 12 Tangible Capital Assets—This note provides information on the cost of tangible capital assets, additions, and disposals as well as accumulated amortization additions (amortization expense) and disposals by asset category. For 2023, a restatement of this Note for 2022 has also been presented to provide information on the adoption of PS 3280 Asset Retirement Obligation and the recognition of Asset retirement obligation costs as assets.

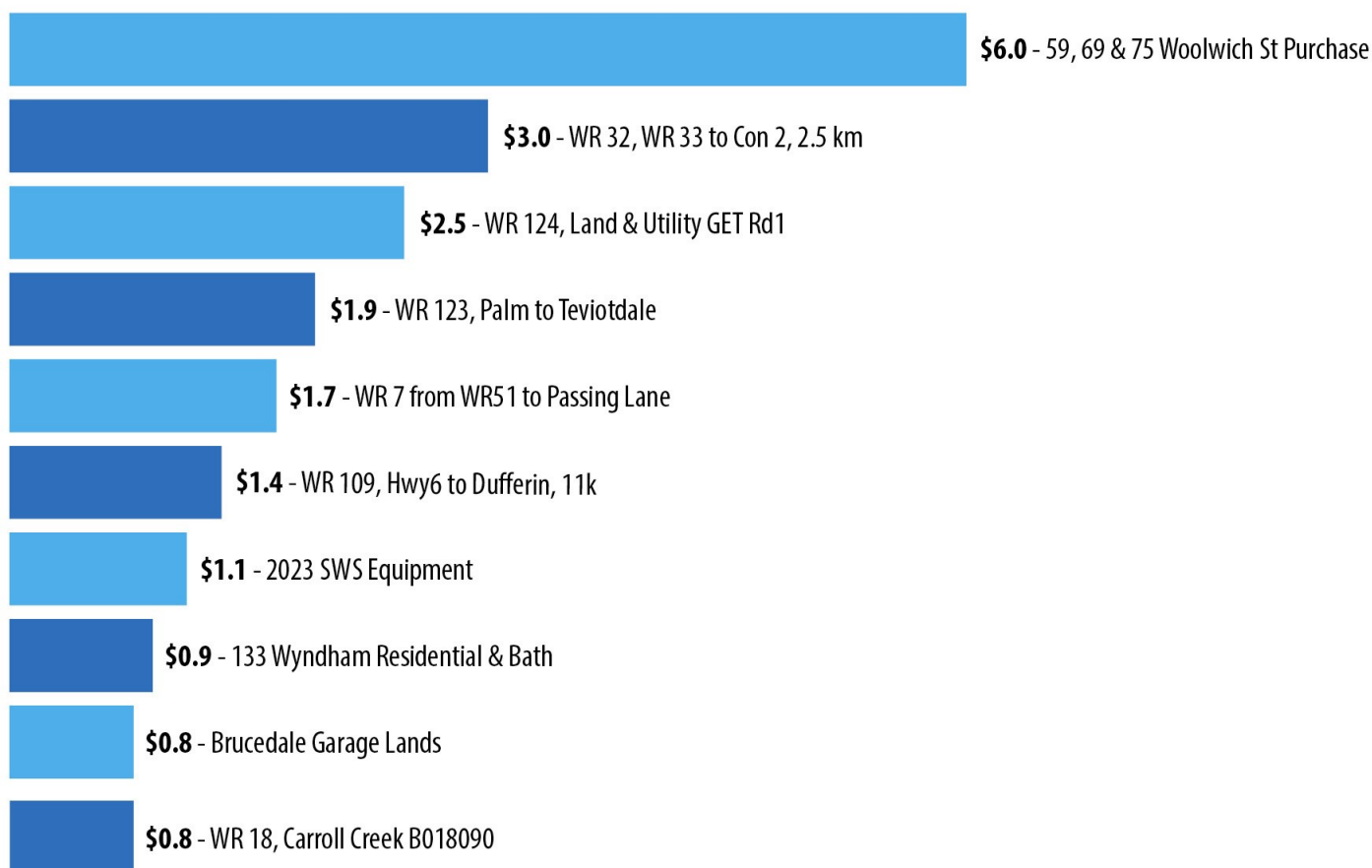
Note 13 Accumulated Surplus—Provides additional information on what makes up the accumulated surplus shown on the Consolidated Statement of Financial Position. The major amounts are the investment in tangible capital assets (\$471.9 million) and the unexpended capital financing of \$49.2 million, offset by net long-term liabilities or debt of \$27.4 million plus capital and contingency reserves of \$100.1 million and specific purpose reserve funds of \$19.9 million.

Management Discussion and Analysis

2023 Capital Financial Highlights

In 2023, the County had capital additions and betterments of approximately \$35.5 million (not including capital work-in-progress or donated assets). The following major capital projects were complete and capitalized at year end:

- \$6.0 million in the purchase of the Woolwich land and buildings
- \$3.0 million in the rehabilitation of Wellington Road 32
- \$2.5 million land purchase to extend Wellington Road 124
- \$1.9 million in the rehabilitation of Wellington Road 123

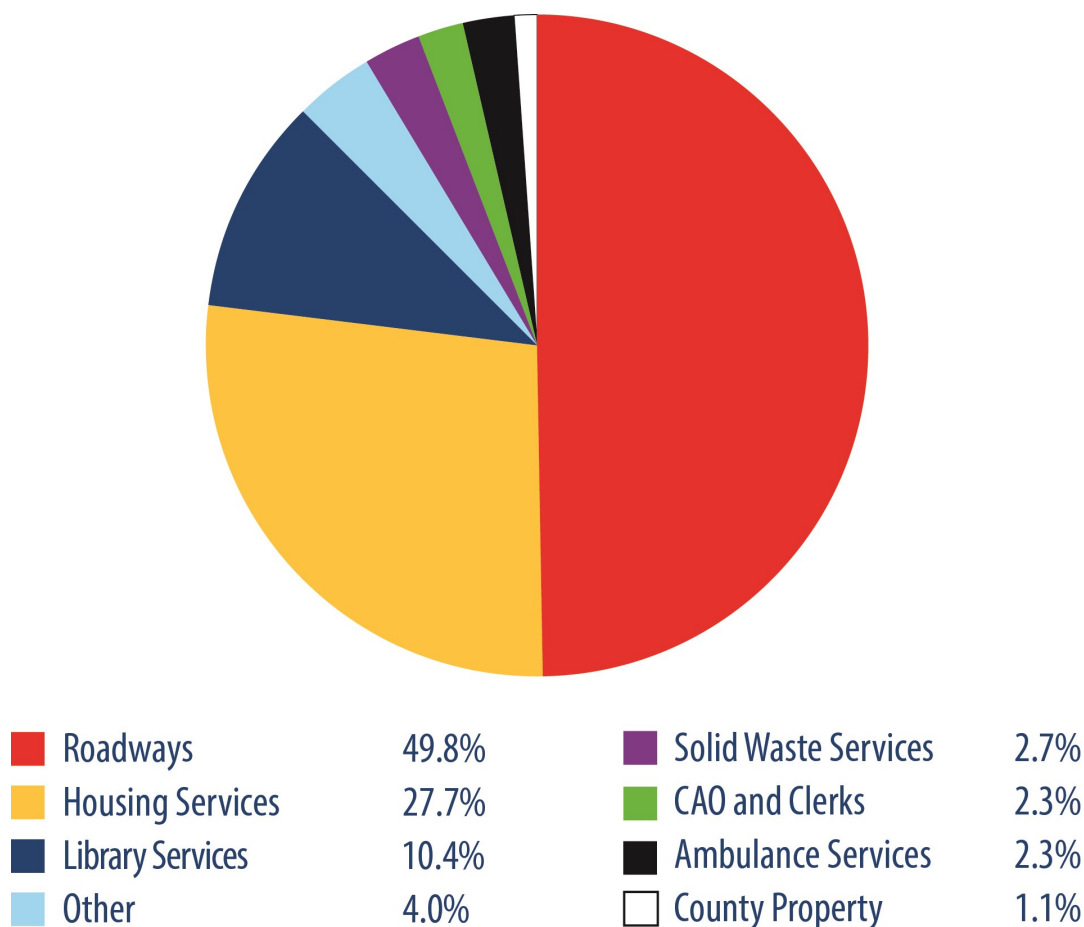


Management Discussion and Analysis

2024 Capital Budget and Forecast:

The County's 2024 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 \$115.1 million in roads construction, \$65.2 million in roads resurfacing, \$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 21 Douglas Reconstruction and Parking 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

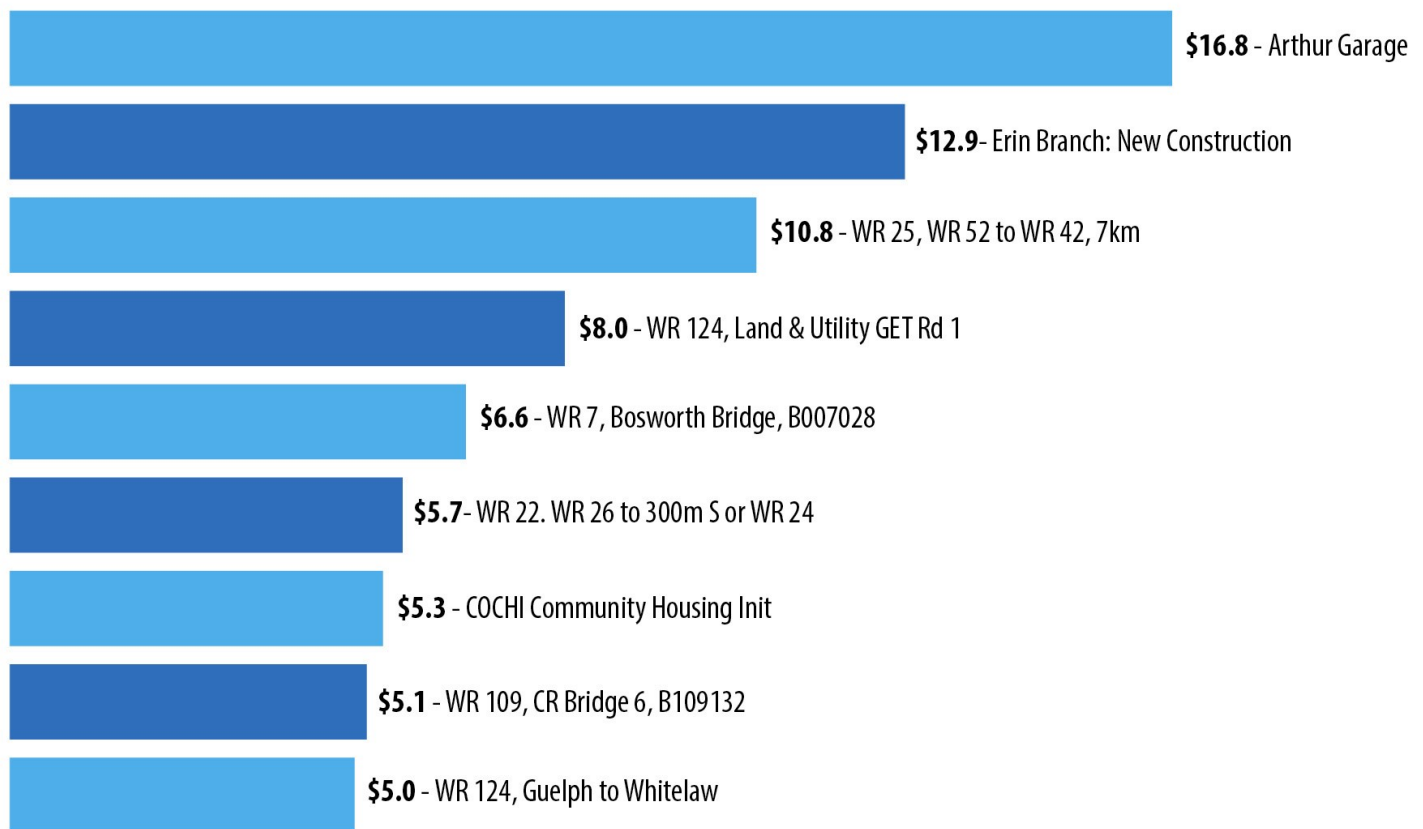
2024 Operating Budget

- Operating expenditure = \$301.4 million
- 2024 tax levy = \$128.8 million
- County tax impact = 4.6% which on average results in 2.6% on the total residential property tax bill
- Residential tax impact per \$100,000 of assessment = \$30

2024-33 Capital Budget Forecast

- Total 2024 capital investment = \$75.6 million
- Total ten-year capital investment = \$574.8 million
- New debt issues are projected to be \$81.8 million over ten-years and include \$20.5 million in tax-supported debt and \$61.3 million in growth-supported debt
- Total debt outstanding peaks at \$69.6 million in 2033

Anticipated Capital Spending 2024 (in millions)



County Tax Levy Projection	Actual	Forecasted				
	2023	2024	2025	2026	2027	2028
County Tax Levy (\$000's)	\$120,491	\$128,838	\$136,960	\$144,239	\$151,558	\$158,914
Residential Tax Impact	3.80%	4.60%	4.70%	3.80%	3.50%	3.30%
County Tax Levy Projection		Forecasted				
		2029	2030	2031	2032	2033
County Tax Levy (\$000's)		\$165,596	\$172,423	\$179,995	\$187,828	\$195,440
Residential Tax Impact		3.20%	3.00%	3.00%	2.80%	2.50%

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 Management 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.

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, 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 2023 is as follows:

Reconciliation of County Property Tax Surplus and Consolidated Financial Statement Annual Surplus	2023	2022 (Restated)
County Tax Supported Operating Surplus	\$1,261,795	\$3,658,492
Add: Revenue not included in Operating Surplus		
Development Charges	2,623,858	5,538,045
Deferred Federal Gas Tax Revenue	4,424,798	4,457,299
Ontario Community Infrastructure Fund Revenue	819,838	2,953,918
Capital Provincial Grants	7,861,110	2,071,293
Capital Municipal Transfers	3,050,400	3,470,887
Safe Restart Funding	0	0
Wellington-Dufferin-Guelph Public Health Net Revenues	338,887	573,721
Wellington Housing Corporation Net Revenues	563,697	546,659
Donated Asset	0	0
Other	927,239	782,651
	20,767,333	20,394,473
Less: Expenses not included in Operating Surplus		
Amortization of Tangible Capital Assets	28,292,095	27,181,976
Operating Expenses from Capital	6,478,737	4,813,528
Landfill, WSIB and Post-Employment Liability	243,254	(534,648)
Loss on Disposal of Assets	966,960	(194,744)
Accretion Expense	1,239,884	750,289
Other	801,320	635,074
	38,022,250	32,651,475
Less: Revenue included in Operating Surplus, but not in Consolidated Statements		
Transfers from Reserves	7,661,844	4,700,240
Interest - Development Charge and Federal Gas Tax Reserve Funds	904,276	401,993
Sale of Assets	419,752	752,177
	8,985,872	5,854,410
Add: Expenses included in Operating Surplus, but not in Consolidated Statements		
Transfers to Reserves and Reserve Funds	36,861,105	34,379,785
Transfers to Capital	0	143,000
Tax Increment Grant Payment	13,827	31,238
Landfill Liability and Short Term Disability	441,801	423,667
Debt Principal Repayments	6,971,791	4,437,997
Operating Expenses Capitalized	1,310,406	801,780
	45,598,930	40,217,467
Consolidated Financial Statement Annual Surplus	20,619,937	25,764,548

Financial Statements

For the Year Ended December 31, 2023

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, 2023
- 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

(Herein after 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, 2023, 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.

Emphasis of Matter – Comparative Information

We draw attention to Note 2 to the financial statements (“Note 2”), which explains that certain comparative information presented for the year ended December 31, 2023 has been restated. Note 2 explains the reason for the restatement and also explains the adjustments that were applied to restate certain comparative information.

Our opinion is not modified in respect of this matter.

Other Matter – Comparative Information

As part of our audit of the financial statements for the year ended December 31, 2023, we also audited the adjustments that were applied to restate certain comparative information presented for the year ended December 31, 2022 and as at January 1, 2022. In our opinion, such adjustments are appropriate and have been properly applied.

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.

Consolidated Financial Statements

INDEPENDENT AUDITORS' REPORT



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.

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		2022
Consolidated Statement of Financial Position	2023	(Restated)
As at December 31, 2023	\$	\$
Assets		
Financial Assets		
Cash and Cash Equivalents (Note 4)	54,899,008	53,457,438
Accounts Receivable	12,165,908	10,906,690
Portfolio Investments (Note 4)	161,210,474	147,216,180
Loans Receivable (Note 5)	318,456	515,771
Total Financial Assets	228,593,846	212,096,079
Liabilities		
Accounts Payable and Accrued Liabilities	27,339,817	27,079,127
Deferred Revenue (Note 6)	34,791,112	18,313,148
Asset Retirement Obligation (Note 7)	34,514,510	33,276,463
Post Employment/Retirement Liability (Note 8)	2,789,627	2,646,094
WSIB Liability (Note 9)	1,487,618	1,441,023
Other Long-Term Liabilities (Note 10)	-	13,827
Net Debentures and Loans (Note 11)	27,388,992	34,494,973
Total Liabilities	128,311,676	117,264,655
Net Financial Assets	100,282,170	94,831,424
Non Financial Assets		
Tangible Capital Assets (Note 12)	471,909,011	458,038,724
Inventories of Supplies	1,076,534	658,436
Prepaid Expenses	3,528,475	2,934,546
Total Non Financial Assets	476,514,020	461,631,706
Accumulated Surplus	576,796,190	556,463,130
Accumulated surplus is comprised of:		
Accumulated Operating Surplus (Note 13)	577,083,066	556,463,130
Assumulated Remeasurement Gains (Losses)	(286,876)	-
	576,796,190	556,463,130

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

For the year ended December 31

(Note 21)
Budget

2023

(Note 2)
2022
(Restated)

	\$	\$	\$
Revenues			
Taxation (Note 14)	123,924,600	124,162,799	116,304,778
Government Transfers			
Provincial (Note 15)	80,535,782	81,559,234	87,726,421
Federal (Note 15)	39,825,200	34,516,168	17,823,306
Municipal	29,726,219	28,555,162	25,631,290
Fees and Services Charges	13,125,400	11,828,351	13,815,352
Licenses, Permits, Rent	9,078,500	9,385,863	9,077,966
Interest, Donations, Other	4,157,825	7,003,648	6,496,436
Development Charges	2,428,000	2,623,858	5,538,045
Total Revenues	302,801,526	299,635,083	282,413,594
Expenses			
General Government	25,982,096	24,390,241	22,309,024
Protection Services	20,077,349	20,026,643	19,955,019
Transportation Services	33,518,929	35,450,053	34,799,367
Environmental Services	15,375,497	16,231,222	14,500,122
Health Services	14,773,880	16,879,155	15,767,218
Social Housing	40,097,396	47,424,819	46,799,785
Social and Family Services	103,660,332	101,060,065	86,327,635
Library	9,442,146	9,884,456	9,254,435
Museum	2,778,384	2,764,139	2,619,296
Planning and Development	4,901,517	4,904,354	4,317,145
Total Expenses	270,607,526	279,015,147	256,649,046
 Annual Surplus	 32,194,000	 20,619,936	 25,764,548
 Accumulated Surplus, Beginning of Year	 556,463,130	 556,463,130	 534,281,592
 Adjustment on adoption of the asset retirement Obligation standard (Note 2)	 -	 -	 (3,583,010)
 Accumulated surplus At beginning of year, as restated	 556,463,130	 556,463,130	 530,698,582
Accumulated Surplus, End of Year	558,657,130	577,083,066	556,463,130

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

Consolidated Financial Statements

CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS (LOSSES)

County of Wellington

Consolidated Statement of Remeasurement Gains (Losses)

For the year ended December 31

	2023
	\$
Accumulated remeasurement gains (losses), beginning of the year	-
Adjustment on adoption of the financial instruments standard (Note2)	(1,193,061)
	(1,193,061)
Unrealized gains (losses) attributable to:	
Portfolio investments	
Designated fair value principal protected note with embedded derivative	986,205
	986,205
Realized (gains) losses, reclassified to the statement of operations	
Long-term investments	
Designated fair value principal protected note with embedded derivative	(80,020)
Net change in remeasurement gains for the year	906,185
Accumulated remeasurement gains (losses), end of year	(286,876)

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		(Note 2)	
Consolidated Statement of Change in Net		2022	
Financial Assets		Restated	
For the year ended December 31, 2023			
	(Note 21)	2023	
	Budget		
	\$	\$	\$
Annual Surplus	32,194,000	20,619,936	25,764,548
Acquisition of Tangible Capital Assets	(75,279,800)	(44,242,420)	(52,663,890)
Amortization of Tangible Capital Assets	25,300,000	28,985,421	27,880,946
Loss(Gain) on Disposal of Tangible Capital Assets	-	966,960	(194,744)
Proceeds on Sale of Tangible Capital Assets	-	419,752	752,177
	(17,785,800)	6,749,649	1,539,037
Acquisition of Inventories of Supplies	-	(1,076,534)	(658,436)
Acquisition of Prepaid Expenses	-	(3,528,475)	(2,934,546)
Consumption of Inventories of Supplies	-	658,436	844,591
Use of Prepaid Expenses	-	2,934,546	1,987,575
Change in Net Financial Assets	(17,785,800)	5,737,622	778,221
Net Financial Assets, Beginning of Year	94,831,424	94,831,424	97,636,213
Adjustment on adoption of the Asset Retirement Obligation Standard (Note 2)	-	-	(3,583,010)
Net Financial Assets, Beginning of Year, as Restated	94,831,424	94,831,424	94,053,203
Ending Accumulated Remeasurement Gain(Losses)	-	(286,876)	-
Net Financial Assets, End of Year	94,831,424	100,282,170	94,831,424

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

Consolidated Financial Statements

CONSOLIDATED STATEMENT OF CASH FLOWS

County of Wellington		(Note 2)
Consolidated Statement of Cash Flows		2022
For the year ended December 31, 2023		(Restated)
	2023	
	\$	\$
Cash Provided By (Used In):		
Operating Activities:		
Annual Surplus	20,619,936	25,764,548
Items Not Involving Cash:		
Amortization	28,985,421	27,880,946
Loss/(Gain) on Disposal of Tangible Capital Assets	966,960	(194,744)
Change in Post-Employment Liability	143,533	183,328
Change in WSIB Liability	46,595	46,774
Change in Landfill/ARO Liability	1,238,047	19,503,307
Change in Other Long-Term Liabilities	(13,827)	(31,238)
Change in Non-Cash Assets and Liabilities:		
Accounts Receivable	(1,290,118)	193,956
Accounts Payable and Accrued Liabilities	291,590	5,325,463
Deferred Revenue	16,477,964	2,853,880
Inventories of Supplies	(418,098)	186,155
Prepaid Expenses	(593,929)	(946,971)
Net Change in Cash from Operating Activities	66,454,074	80,765,404
Capital Activities:		
Proceeds on Sale of Tangible Capital Assets	419,752	752,177
Cash Used to Acquire Tangible Capital Assets	(14,281,170)	(52,663,890)
Net Change in Cash from Capital Activities	(14,083,855)	(51,911,713)
Investing Activities:		
Change in Loan Receivable	197,315	206,370
Change in Long Term Investments	(14,281,170)	(33,552,107)
Net Change in Cash from Investing Activities	(14,083,855)	(33,345,737)
Financing Activities:		
Long Term Debt Issued	-	6,500,000
Long Term Debt Repaid	(7,105,981)	(4,571,241)
Net Change in Cash from Financing Activities	(7,105,981)	1,928,759
Net Change in Cash and Short Term Investments	1,441,570	(2,563,287)
Cash and Short Term Investments, Beginning of Year	53,457,438	56,020,725
Cash and Short Term Investments, End of Year	54,899,008	53,457,438

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

Notes to the Financial Statements

For the Year Ended December 31, 2023

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. SIGNIFICANT 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 except for loans or advances between reserve funds and any other fund of the municipality and the resulting interest income and expenses.

Under PSAB standards, the County reports only its share of assets, liabilities, and results of operations of any government partnerships in which it participates. The County participates in the Wellington-Dufferin-Guelph Public Health to the extent of 31.7% (2022 – 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 Statement of Financial Position and Statement of 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) 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 90 days or less.

Notes to the Financial Statements

For the Year Ended December 31, 2023

(iii) Financial Instruments

Financial instruments are recorded at fair value on initial recognition. Derivative instruments and equity instruments that are quoted on an active market are reported at fair value. All other financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value.

The carrying value of the County's financial instruments including cash, accounts receivable, investments, accounts payable, other liabilities, and deferred revenue approximate their fair values due to the short-term nature of these financial assets and liabilities. The financial instruments are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations.

The following is a list of the financial instruments and their related measurement basis as at December 31, 2023.

Financial assets measurement basis:	
Cash	Cost
Accounts receivable	Cost
Portfolio investments	
Pooled investments	Cost
Bonds	Amortized Cost
Guaranteed Investment Certificates	Cost
Principal Protected Notes (PPN)	Fair value
Financial liabilities measurement basis:	
Accounts payable	Cost
Deferred revenue	Cost

(iv) Investments

Investments consist of authorized investments pursuant to provisions of the Municipal Act and comprise of government bonds, pooled investment funds, principal protected notes, and shorter-term instruments of various financial institutions.

The Principal Protected Notes (PPNs) are financial instruments that combine a bond with a derivative component that pays a return based on an index or reference point such as a stock market index. The County has elected to record all PPNs in their entirety (note and embedded derivative) at fair value as they are managed and evaluated on a fair value basis. They are quoted in an active market and are level 1 investments in the fair value hierarchy.

The County has pooled investments consisting of the One Canadian Equity Fund and the One Canadian Corporate Bond Fund. As these are not quoted in an active market, management has recorded all pooled investments at cost value.

Government bonds are recorded at amortized cost and shorter-term instruments such as guaranteed investment certificates (GIC's) of various financial institutions are recorded at cost.

Investment income earned on available current funds, reserves, and reserve funds (other than obligatory funds) are reported in the period earned. Investment income earned on obligatory reserve funds is added to the fund balance and forms part of the respective deferred revenue balances.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method (or effective interest rate method).

Notes to the Financial Statements

For the Year Ended December 31, 2023

Unrealized changes in the fair market value of PPNs are recognized in the statement of remeasurement gains and losses in the period in which they occur, until they are realized and transferred to the statement of operations.

(v) Foreign Currency

Foreign exchange gains and losses related to assets and liabilities denominated in foreign currencies are recognized directly in the statement of operations.

(vi) 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 5).

(vii) 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 \$12,250,188 (2022 - \$7,393,862). 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 6).

Unexpended funds of \$4,253,086 (2022 – \$5,382,865) 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 \$3,578,085 (2022 – \$1,014,829) received by the County under the Ontario Community Infrastructure Fund 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 \$11,842,494 (2022 - \$0) received by the County from the National Housing Co-Investment Fund are reported as deferred revenue and will be recognized as revenue in the fiscal year in which the eligible expenses are incurred.

(viii) Asset Retirement Obligation

An asset retirement obligation is recognized when, as at the financial reporting date, all the following criteria are met:

- There is a legal obligation to incur retirement costs.
- The past transaction or event giving rise to the liability has occurred.
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

The liability for closure of operational sites and post-closure care relating to landfill sites has been recognized based on estimated future expenses. Liability for the removal of asbestos in buildings owned by the County has also been recognized based on estimated future remediation costs. As well, an additional liability has been recognized for the cost of removal of underground fuel storage tanks. Three underground fuel storage tanks were recognized in 2022 and one was removed in 2023, leaving two fuel storage tanks at December 31, 2023.

Notes to the Financial Statements

For the Year Ended December 31, 2023

Most of these liabilities are long-term in nature and therefore the liability is discounted using a present value calculation and adjusted yearly for accretion expense where there is a known retirement date. For those liabilities that are short-term in nature and of lower value (fuel tanks) no discounting has been used.

The recognition of a liability resulted in an accompanying increase to the respective tangible capital assets. Where the tangible capital asset is no longer in product use, and not providing economic benefit, the asset retirement costs are expensed, since there is no longer any period of future benefit associated with the costs. The increase to the tangible capital asset is amortized in accordance with the depreciation accounting policies outlined in (c)(i) (Note 7). For fully amortized tangible capital assets still in productive use, the costs are amortized to expense over the revised estimate of remaining useful life as the ARO related to the initial acquisition, construction or development of the asset would increase its cost base.

(ix) 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 14).

(x) Government Transfers

Under PS3410, government transfers received relate to social services, childcare, housing, 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 15).

(xi) 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 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 and in performing actuarial valuations of employee future benefits and WSIB liabilities, and the historical cost and useful lives of tangible capital assets.

In addition, the County's implementation of PS3280 Asset Retirement Obligations has resulted in the requirement for management to make estimates regarding the useful lives of affected tangible capital assets and the expected retirement costs, as well as the timing and duration of these retirement costs.

Actual results could differ from these estimates.

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, is amortized on a straight-line basis over their estimated useful lives as follows:

Notes to the Financial Statements

For the Year Ended December 31, 2023

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

(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 2023 is \$0 (2022 - \$0).

(iii) Works of Art and Cultural and Historic Assets

Works of art and cultural and historic assets are not recorded as assets in these financial statements. The County's art collection includes approximately 1,300 pieces, either created by a significant Wellington County artist and/or depicting Wellington County subject matter. The Museum's collection contains over 21,000 artifacts. The Archives' collection contains over 103,000 photographs, as well as 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 in the County's collections database. The collection is maintained and stored at the Wellington County Museum and Archives as per professional Museum and Archives standards.

Notes to the Financial Statements

For the Year Ended December 31, 2023

(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 the activities necessary to prepare the asset for its intended use are complete. If only minor modifications are outstanding, this indicates that substantially all the activities are complete.

The capitalized interest costs associated with the acquisition or construction of tangible capital assets during the year was \$233,581 (2022 - \$119,013).

(v) Leased Tangible Capital Assets

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

(vi) Inventories of Supplies

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

(vii) Tangible Capital Assets recorded at Nominal Value

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

2. CHANGE IN ACCOUNTING POLICIES

Accounting policies encompass the specific principles and the methods used in their application that are selected by a government in preparing financial statements. There is a general presumption that accounting policies followed by a government are consistent within each accounting period from one period to the next. However, a change in an accounting policy may be made: to conform to new Public Sector Accounting Standards (PSAS), to adopt PSAS for the first time; or if it is considered that the change would result in a more appropriate presentation of events or transactions in the financial statements.

a) PS 3450 – Financial Instruments, PS 3041 – Portfolio Investments, PS 2601 – Foreign Currency Translations and PS1201 – Financial Statement Presentation

On January 1, 2023, the County adopted Public Accounting Standards PS 3450, PS3041, PS2601 and PS1201. The standards were adopted prospectively from the date of adoption. The new standards provide comprehensive requirements for the recognition, measurement, presentation, and disclosure of financial instruments including portfolio investments and foreign currency transactions.

Notes to the Financial Statements

For the Year Ended December 31, 2023

Under PS3450, all financial instruments, including derivatives, are included on the statement of financial position, and are measured either at fair value or amortized cost based on the characteristics of the instrument and the County's accounting policy choices (see Note 1(b)(iii) Significant Accounting Policies). These standards have an impact on the presentation of the financial statements and require the adoption of the statement of remeasurement gains (losses).

b) PS 3280 – Asset Retirement Obligations (ARO)

On January 1, 2023, the County also adopted Public Accounting Standard PS 3280 - Asset Retirement Obligations. The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets and resulted in a withdrawal of Section PS 3270 – Solid Waste Landfill Closure and Post-Closure Liability.

The County has done an assessment of its assets and concluded that asset retirement obligations are associated with County landfill sites, buildings containing asbestos and underground fuel tanks (see Note 7). For landfill and asbestos liabilities, an estimate is made today for some point in the future, at which time the liability will be extinguished. The future value is then discounted back to current year values. Each year there is an accretion expense on the Statement of Operations to increase the liability with time. As well, there will also be an amortization expense associated with the ARO asset.

The County removed the landfill liability that had been recognized to date of \$9,417,141 (PS 3260- old standard) through an adjustment to accumulated surplus and recognized an asset retirement obligation (ARO) of \$32,526,174 (landfill closure - \$22,260,166, asbestos removal - \$ 9,836,684 and fuel tank removal - \$429,324) upon adoption of PS 3280 on January 1, 2022, using the modified retrospective method. In 2022, accretion of \$750,289 was expensed leaving an ARO balance of \$33,276,463 on December 31, 2022 (Note 7).

Once the ARO liability is estimated, the liability and asset of equal value may be recorded on the Statement of Financial Position. The County recognized ARO cost assets of \$19,526,023 (landfill closure - \$10,459,128, asbestos removal - \$ 8,637,571, and fuel tank removal - \$429,324) at January 1, 2022. In 2022, amortization of \$1,686,514 was expensed leaving an ARO cost asset of \$17,839,509 on December 31, 2022. This effectively increases the carrying cost of the existing asset at the same time as recognizing the liability. However, for assets that are no longer in productive use, the associated ARO cost must be expense (see Note 2). For the 11 landfills where an ARO liability was recognized, only 1 landfill is still in productive use resulting in the County expensing \$11,801,038 through accumulated surplus in 2022. As well, an adjustment was made to the accumulated surplus of \$1,199,113 related to the measurement of the non-fully amortized building assets containing asbestos. The overall impact on the accumulated surplus over previously presented figures for the year ending December 31, 2022 is a reduction of \$6,019,813.

Explanation of changes to Accumulated Surplus	Previously reported December 31, 2022 \$	Restated December 31, 2022 \$	Adjustments \$
Statement of Financial Position			
Landfill liability (withdrawn standard 3270)	(9,417,141)	-	9,417,141
Asset retirement obligation (Note 7)	-	(33,276,463)	(33,276,463)
Asset retirement obligation cost (Note 12)	-	17,839,509	17,839,509
	(9,417,141)	(15,436,954)	(6,019,813)
Accumulated Surplus	562,482,943	556,463,130	(6,019,813)

Notes to the Financial Statements

For the Year Ended December 31, 2023

Statement of Operations	2022
	\$
Asset retirement obligation accretion expense	(750,289)
Asset retirement obligation cost amortization expense	(1,686,514)
Restated Annual Surplus	(2,436,803)
Landfill liability (withdrawn standard 3270)	9,417,141
Landfills no longer in productive use	(11,801,038)
Asset retirement obligation cost, less accumulated amortization (asbestos) accumulated surplus adjustment	(1,199,113)
Restated Opening Accumulated Surplus	(3,583,010)
Total Impact on Ending Accumulated Surplus	(6,019,813)

3. TRUST FUNDS

Trust funds administered by the County amounting to \$107,892 (2021 - \$114,396) have not been included in the Consolidated Statement of Financial Position, nor have their operations been included in the Consolidated Statement of Operations.

4. CASH AND CASH EQUIVALENTS AND PORTFOLIO INVESTMENTS

Total cash and cash equivalents of \$54,899,008 (2022 - \$53,457,438) are reported on the Consolidated Statement of Financial Position at cost.

Total portfolio investments at cost are \$161,497,349 (2022 - \$147,216,180) and have a market value of \$159,650,220 (2022 - \$139,575,772). As reported on the Consolidated Statement of Financial Position and the Statement of Remeasurement Gains (Losses), the difference between the portfolio investment balance of \$161,210,474 and the total portfolio balance at cost above, is the accumulated remeasurement loss of \$286,875.

On December 31, 2023, 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, 2023. In December of 2023, Fisheries and Oceans Canada determined all conditions were satisfied and the Letter of Credit was cancelled by the Royal Bank on January 8, 2024, subsequent to year-end.

5. LOANS RECEIVABLE

a) 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%.

Notes to the Financial Statements

For the Year Ended December 31, 2023

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. This amount was fully repaid to the County in 2023 (2022 - \$6,615).

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, 2023 was \$28,152 (2022 - \$42,232).

b) 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 into 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, SEDC \$151,000). The total principal repaid in 2023 was \$166,625 (WWCFDC \$141,668, SEDC \$24,957) (2022 - total \$185,683, WWCFDC \$161,431, SEDC \$24,252) and principal written off as uncollectible was \$17,996, leaving an outstanding balance at December 31, 2023 of \$290,304 (WWCFDC \$240,952, SEDC \$49,352). The \$8,000 previously set up as doubtful was written off in 2023 along with another \$9,996 as these two companies have ceased operations.

	2023	2022
	\$	\$
Cost Sharing Agreements with Township of Centre Wellington		
Groves Memorial Hospital Sub-Watershed Study Phase 2(0% Interest, maturity 2023)	-	6,615
Fergus Library Soil Remediation (0% Interest, maturity 2025)	26,257	39,389
Fergus Library Site Work (0% Interest, maturity 2025)	1,895	2843
	28,152	42,232
Total Cost Sharing Agreements with Township of Centre Wellington	28,152	48,847
Keep Well - Emergency Business Sustainability Fund		
Wellington-Waterloo Community Futures Development Fund (3% annual interest rate less 1% administration fee, maturity 2025)	258,948	400,615
Less: Uncollectable Write-offs	(17,996)	(8,000)
	240,952	392,615
Saugeen Economic Development Corporation	49,352	74,309
Total Keep Well - Emergency Business Sustainability Loans	290,304	466,924
Total Loans Receivable	318,456	515,771

Notes to the Financial Statements

For the Year Ended December 31, 2023

6. DEFERRED REVENUE

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

	2023	2022
	\$	\$
Canada Community Building Fund	4,253,086	5,382,865
Ontario Community Infrastructure Fund (OCIF)	3,578,085	1,014,829
National Housing Co-Investment Fund	11,842,494	-
Development Charges	12,250,188	7,393,862
Deferred Operating and Capital Grants	2,806,696	4,434,370
Other	60,563	87,222
	<u>34,791,112</u>	<u>18,313,148</u>
Balance, Beginning of Year		
Canada Community Building Fund	5,382,865	6,785,022
OCIF	1,014,829	50,502
Development Charges	7,393,862	6,948,539
Deferred Operating and Capital Grants	4,434,370	1,643,366
Other	87,222	31,838
	<u>18,313,148</u>	<u>15,459,267</u>
Amounts Received		
Canada Community Building Fund	3,009,310	2,883,922
OCIF	3,252,789	3,759,468
National Housing Co-Investment Fund	12,000,000	-
Development Charges	6,991,920	7,692,424
Deferred Operating and Capital Grants	9,982,982	9,603,158
Other	20,798	81,223
Interest Earned	904,276	401,993
	<u>36,162,075</u>	<u>24,422,188</u>
Contributions Realized as Revenue	<u>(19,684,111)</u>	<u>(21,568,307)</u>
Balance, End of Year	<u>34,791,112</u>	<u>18,313,148</u>

7. ASSET RETIREMENT OBLIGATION

(i) Landfill Obligation

As of December 31, 2023, there were 10 closed landfill sites and 1 active landfill site where the liability for the closure of operational sites and post-closure care has been recognized under PS 3280 – Asset Retirement Obligation. The costs were based upon current estimates of the known obligations that will exist at the estimated year of closure for the 1 active landfill site (2049) and for 50 years post this date. For the 10 closed sites, additional closure costs and annual post-closure costs were estimated to be required for 5 to 50 years. These costs were estimated by a third-party engineering firm and then inflated at a rate of 3.5% and discounted to December 31, 2023, using a discount rate of 4.5%.

Notes to the Financial Statements

For the Year Ended December 31, 2023

(ii) Asbestos Obligation

The County owns and operates a significant number of buildings in both the Social Housing and General Government areas that are known to have asbestos, which represents a health hazard upon demolition of the building or disruption of the components of the building and there is a legal obligation to remove it. Following the adoption of PS3280 – Asset retirement obligations, the County recognized an obligation relating to the removal of this asbestos. The costs of these remediations were estimated by a third-party engineering firm and then inflated at a rate of 3.5% and discounted to December 31, 2023 using a discount rate of 4.5% using various estimated useful lives depending on the associated component life cycle.

(iii) Underground tank removal obligation

The County originally identified three separate underground fuel tanks that required remediation upon removal. The Aberfoyle garage tank was removed and cleaned up during 2023 so the cost for this cleanup was used to estimate the removal and clean-up cost for the remaining two fuel tanks at the Elora and Bruce Dale garages. Therefore, as of December 31, 2023, only 2 fuel tanks remain with associated asset retirement obligations.

Asset Retirement Obligation	Landfill Closure \$	Asbestos Removal \$	Fuel Tank Removal \$	Balance at December 31, 2023 \$
Opening Balance	22,567,908	10,279,231	429,324	33,276,463
Settlement of ARO Liability	-	-	(167,883)	(167,883)
Adjustment for additional costs	166,046	-	-	166,046
Accretion Expense	777,432	462,452	-	1,239,884
Closing Balance	23,511,386	10,741,683	261,441	34,514,510

Asset Retirement Obligation	Landfill Closure \$	Asbestos Removal \$	Fuel Tank Removal \$	Balance at December 31, 2022 \$
Opening Balance	-	-	-	-
Adjustment on adoption of the asset retirement obligation standard (Note 2)	22,260,166	9,836,684	429,324	32,526,174
Opening balance, as restated	22,260,166	9,836,684	429,324	32,526,174
Accretion expense	307,742	442,547	-	750,289
Closing Balance	22,567,908	10,279,231	429,324	33,276,463

8. POST EMPLOYMENT/RETIREMENT LIABILITY

Post-employment benefits include a provision to pay 90% of the premium cost for retired non-union full-time employees and 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 regular 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.

Notes to the Financial Statements

For the Year Ended December 31, 2023

The present value of these benefit obligations at December 31, 2023 was estimated from an actuarial review completed for December 31, 2023. The review calculated the benefit obligations using an accrued benefit obligation methodology, which recognizes the accrued benefit over the employees' working lifetime.

Of the \$2,789,627 (2022 - \$2,646,094) recognized as a liability, \$430,627 (2022 - \$483,772) is related to the County's share of the Wellington-Dufferin-Guelph Health Unit. \$430,627 (2022—\$483,772) 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 \$2,358,980 (2022 - \$2,162,322) is shown as an amount to be recovered from reserve funds (see Note 13)

Benefit	Number of Employees	2023 \$	2022 \$
Dental	53	495,386	497,334
Extended Health Care	53	1,769,235	1,556,872
Life Insurance	50	94,359	108,116
County of Wellington		2,358,980	2,162,322
Wellington-Dufferin Guelph Public Health Unit		430,647	483,772
Consolidated Total		2,789,627	2,646,094

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

	2023 \$	2022 \$
Accrued Benefit Obligation		
Balance beginning of year	2,810,142	2,732,789
Current benefit cost	154,243	146,458
Interest	91,513	88,632
Benefits paid	(142,976)	(157,737)
Actuarial loss	779,992	-
Balance end of year	3,692,914	2,810,142
Unamortized actuarial loss	(1,333,934)	(647,820)
Liability for benefits	2,358,980	2,162,322
Wellington-Dufferin Guelph Public Health Unit	430,647	483,772
Consolidated Total	2,789,627	2,646,094

Included in expenses is \$93,878 (2022 - \$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 2024.

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

- The present value of future liabilities and the expense for the 12 months ended December 31, 2023, were determined using a discount rate of 4.50%.
- Medical costs were assumed to escalate at a rate of 6.00% for 2024 vs. 2023, reducing by .333% per year to 4.00% per year in 2030 vs. 2029 and 4.0% each year thereafter.
- Dental costs were assumed to increase at the rate of 4.00% per year.

Notes to the Financial Statements

For the Year Ended December 31, 2023

9. 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 2023 resulting from approved claims were \$76,293 (2022—\$58,840) 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 2023. 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 \$1,487,618 (2022 - \$1,441,023) to be recovered by reserve funds (see Note 13).

	2023 \$	2022 \$
Accrued Benefit Obligation:		
Balance, beginning of year	1,285,864	1,199,100
Current benefit cost	196,017	190,261
Interest	36,056	33,705
Expected benefit payments	(145,488)	(137,202)
Expected accrued benefit obligation, end of year	1,372,449	1,285,864
Actual/expected accrued benefit obligation, end of year	618,678	1,285,864
Unamortized actuarial gain	868,940	155,159
WSIB Liability	1,487,618	1,441,023

Information about the WSIB liability is as follows:

Included as a reduction in expenses is \$39,990 (2022 – \$39,990) 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) The present value of future liabilities and the expense for the 12 months ended December 31, 2023, were determined using an average discount rate of 4.75%, which is 2.00% more than the 2.75% used for the December 31, 2020, valuation.
- ii) Administration costs were assumed to be 21% (25% used for December 31, 2020, valuation).
- iii) Compensation costs, which include loss of earnings benefits, health care costs and non-economic loss awards, were assumed to increase at rates ranging from 0.75% to 2.75% depending on the benefit type.

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

Notes to the Financial Statements

For the Year Ended December 31, 2023

10. 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 because 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 now completed the one TIEG agreement in the grant payment phase with the Township of Centre Wellington. A final payment of \$13,827 was made in 2023 (2022 - \$31,238). Annual grant payments are subject to property value assessments and recalculation of the grants each year.

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.

11. 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.

	2023 \$	2022 \$
Debentures Outstanding for County Purposes	27,299,126	34,270,917
Mortgage outstanding for Wellington Housing Corporation	89,866	224,056
Total long-term liabilities at the end of the year	\$ 27,388,992	\$ 34,494,973

Debentures outstanding for Local Municipal purposes (2023 - \$18,909,927; 2022- \$21,294,125) are direct, unsecured, unsubordinated, joint and several obligations of the County and such Local Municipalities.

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:

Notes to the Financial Statements

For the Year Ended December 31, 2023

	2023 \$	2022 \$
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% to 5.875%)	46,209,053	55,565,042
Long-term Liabilities incurred by the County and recoverable from member municipalities	(18,909,927)	(21,294,125)
Net long-term liabilities at the end of the year	\$ 27,299,126	\$ 34,270,917

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

	2023 \$	2022 \$
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, repaid June 3, 2023	-	3,700,000
Debenture payable, 5.84%, repayable in blended semi-annual payments of \$119,573, due August 12, 2024	229,065	445,317
Debenture payable, 5.875%, repayable in blended semi-annual payments of \$865,527, due August 12, 2025	3,188,561	4,649,600
Debenture payable, 1.80%-2.45%, repayable in annual principal and semi-annual interest payments of approximately \$133,500 annually, due November 30, 2026	382,000	504,000
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	995,000	1,115,000
Debenture payable, .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	1,674,000	1,750,000
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	6,182,500	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	6,649,000	7,195,000
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	7,999,000	8,412,000
	\$ 27,299,126	\$ 34,270,917

Notes to the Financial Statements

For the Year Ended December 31, 2023

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

	Principal
2024	\$ 3,402,701
2025	3,301,925
2026	1,696,500
2027	1,599,500
2028	1,640,500
Subsequent to 2028	15,658,000
	<u>\$ 27,299,126</u>

- b) 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.
- c) Total payments for the year for net long-term liabilities are as follows:

	2023 \$	2022 \$
Principal Payments	6,972,791	4,436,997
Interest	1,091,240	1,188,338
	<u>\$ 8,064,031</u>	<u>\$ 5,625,335</u>

- d) The payments shown on the previous table are recovered as follows:

	2023 \$	2022 \$
General Municipal Revenues	6,392,084	3,901,150
Development Charges	1,671,947	1,724,185
	<u>\$ 8,064,031</u>	<u>\$ 5,625,335</u>

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

	2023 \$	2022 \$
Net Long-Term Liabilities		
Recovered from General Municipal Reserves	13,070,626	18,835,917
Recovered from Municipal Charges	14,228,500	15,435,000
	<u>\$ 27,299,126</u>	<u>\$ 34,270,917</u>

- f) 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 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 \$4,092,904 (2022 - \$4,286,318).

Total interest on the mortgage payable which is reported on the Statement of Operations is \$1,011 (2022 \$1,981).

Notes to the Financial Statements

For the Year Ended December 31, 2023

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

	Principal \$
2024	89,866
Total	89,866

12. 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:

i) Assets Under Construction

Assets under construction having a value of \$19,093,529 (2022 - \$10,498,628) have not been amortized. Amortization of these assets will commence when the asset is available for use.

ii) Write-Down of Tangible Capital Assets and Gain on Disposal

The write-down of tangible capital assets during the year was \$0 (2022 - \$0). The loss on disposal of assets during the year was \$966,960 (2022 - \$194,744 gain).

Notes to the Financial Statements

For the Year Ended December 31, 2023

Cost	December 31, 2022	Additions	Disposals	December 31, 2023
Land	\$ 38,607,465	\$ 7,782,846	\$ -	\$ 46,390,311
Landfill Sites	13,173,778	-	-	13,173,778
Buildings	215,689,400	7,554,798	(949,607)	222,294,591
Infrastructure	513,532,115	12,647,676	(4,315,823)	521,863,968
Vehicles and Machinery	24,228,525	4,132,198	(1,403,918)	26,956,805
Furniture and Fixtures	8,165,258	316,772	(477,755)	8,004,275
Technology and Communications	8,086,496	2,393,149	(725,374)	9,754,271
Library Books	2,641,398	724,550	(641,577)	2,724,371
Wellington Housing Corporation	5,334,425	63,022	-	5,397,447
Public Health	11,749,105	145,644	(110,148)	11,784,601
Capital Work-in-Progress	10,498,628	12,280,987	(3,686,086)	19,093,529
Total	\$ 851,706,593	\$48,041,642	\$ (12,310,288)	\$ 887,437,947
Accumulated Amortization	December 31, 2022	Amortization Expense	Disposals	December 31, 2023
Landfill Sites	\$ (1,455,034)	\$ (394,478)	\$ -	\$ (1,849,512)
Buildings	(84,469,022)	(8,888,483)	912,857	(92,444,648)
Infrastructure	(278,331,007)	(13,913,525)	3,039,114	(289,205,418)
Vehicles and Machinery	(12,719,789)	(2,784,085)	1,277,730	(14,226,144)
Furniture and Fixtures	(3,384,964)	(603,602)	477,755	(3,510,811)
Technology and Communications	(5,478,001)	(1,178,632)	725,374	(5,931,259)
Library Books and Media	(1,454,203)	(529,290)	641,577	(1,341,916)
Wellington Housing Corporation	(1,048,107)	(256,436)	-	(1,304,543)
Public Health	(5,327,742)	(436,890)	49,947	(5,714,685)
Total	\$ (393,667,869)	\$ (28,985,421)	\$ 7,124,354	\$ (415,528,936)
Net Book Value	\$ 458,038,724			\$ 471,909,011

Notes to the Financial Statements

For the Year Ended December 31, 2023

Cost	December 31, 2021	Adjustment- Recognition of ARO	Additions	Disposals	December 31, 2022 (Restated)
Land	\$ 34,149,012	\$ -	\$ 4,458,453	\$ -	\$ 38,607,465
Landfill Sites	1,871,638	10,459,128	843,012	-	13,173,778
Buildings	200,070,044	9,093,405	7,184,517	(658,566)	215,689,400
Infrastructure	500,299,785	429,324	14,203,180	(1,400,1740)	513,532,115
Vehicles and Machinery	22,330,920	-	3,531,471	(1,633,866)	24,228,525
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	\$ 19,981,857	\$34,957,958	\$ (6,681,931)	\$ 851,706,593
Accumulated Amortization	December 31, 2021	Adjustment- Recognition of ARO	Amortization Expense	Disposals	December 31, 2022 (Restated)
Landfill Sites	\$ (1,054,422)	\$ -	\$ (400,612)	\$ -	\$ (1,455,034)
Buildings	(76,110,322)	(455,834)	(8,528,601)	625,735	(84,469,022)
Infrastructure	(265,818,155)	-	(13,418,398)	905,546	(278,331,007)
Vehicles and Machinery	(11,710,509)	-	(2,613,172)	1,603,892	(12,719,789)
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)	\$ (455,834)	\$ (27,880,946)	\$ 4,304,407	\$ (393,667,869)
Net Book Value, restated					\$ 458,038,724

Notes to the Financial Statements

For the Year Ended December 31, 2023

13. ACCUMULATED OPERATING SURPLUS

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

As at December 31	2023 \$	2022 \$
Surplus:		
Invested in tangible capital assets	471,909,011	458,038,724
Unexpended capital financing	49,178,728	38,776,891
Share of Public Health Unit (Note 17)	1,881,194	1,704,281
Contingency reserve recovery of Keep Well Loan	290,304	474,924
Amounts to be recovered:		
From future revenues		
Net long-term liabilities	(27,388,992)	(34,494,973)
Asset retirement obligation	(23,818,193)	(23,859,322)
Post employment benefits	(430,647)	(483,772)
Other long-term liabilities	-	(13,827)
From reserve funds		
Asset retirement obligation	(10,696,317)	(9,417,141)
Post employment benefits	(2,358,980)	(2,162,322)
WSIB	(1,487,618)	(1,441,023)
Total surplus	457,078,490	427,122,440
Reserves set aside by Council for :		
Capital Reserves	65,112,503	72,907,880
Contingency and Stabilization	34,959,207	31,796,894
Total reserves	100,071,710	104,704,774
Reserve Funds set aside for specific purposes by Council for:		
Asset Retirement obligation	10,696,317	9,913,092
Workplace Safety and Insurance	4,160,646	3,989,363
Post Employment Benefit Reserve	2,428,228	2,162,324
Housing Regeneration (Shared)	1,294,880	4,562,876
Museum Donations	120,596	66,194
Library Donation	370,293	105,396
Wellington Terrace Donations	46,530	58,448
Logan Donation Reserve	153,622	152,444
Health Unit Debt Retirement	-	2,980,414
Homeownership Loan	661,754	645,365
Total reserve funds	19,932,866	24,635,916
Accumulated operating surplus	577,083,066	556,463,130

Notes to the Financial Statements

For the Year Ended December 31, 2023

14. 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.

	2023 \$	2022 \$
Property Tax Levy	120,491,300	113,490,500
Supplementary and Omitted Taxes	3,736,564	3,199,494
Payment in Lieu of Taxes	936,212	889,771
Other	40,065	39,109
	<u>125,204,141</u>	<u>117,618,874</u>
Less:		
Property Taxes written off as uncollectible	(1,096,821)	(1,472,024)
Provision for Assessment at Risk	55,479	157,928
	<u>(1,041,342)</u>	<u>(1,314,096)</u>
Tax Revenue recognized	\$ 124,162,799	\$ 116,304,778

Notes to the Financial Statements

For the Year Ended December 31, 2023

13. PROVINCIAL AND FEDERAL GOVERNMENT TRANSFERS

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

	2023	2022
	\$	\$
Affordable Housing Construction Funding	175,200	176,105
CMHC Rapid Housing	-	3,521,890
COCHI Community Housing Initiative	948,846	888,117
Community Policing Partnership, RIDE, 1000 Officers, Court Security	236,156	212,308
Covid Funding - Air Quality (Capital)	101,437	239,490
Covid Funding - Housing Services	1,207,320	2,420,612
Covid Funding - Long Term Care	432,135	3,032,032
Health Unit - Ministry of Children, Community and Social Services	492,610	442,687
Health Unit - Ministry of Health and Long-Term Care	5,919,443	7,152,217
Home Energy Grant	-	51,516
Homelessness Prevention Programme	4,899,400	5,015,872
Library Operating Admin Grant	141,275	141,275
Long Term Care Operating Subsidy	13,540,059	11,938,210
Ministry of Education Funding Childcare	23,597,985	22,499,945
Ministry of Health (SAMH)	165,000	-
Ministry of Housing - SIF, IAH, SHIP, OPHI	247,167	622,693
Ministry of Long-Term Care	49,569	-
Municipal Modernization Program	-	554,067
Museum Operating Grant and Other	51,064	51,064
Ontario Community Infrastructure Fund (OCIF)	819,838	2,953,918
Ontario Municipal Partnership Fund (OMPF)	787,400	926,300
Ontario Works Administration Subsidy	4,853,000	4,850,484
Ontario Works Benefit Subsidy	18,056,097	16,810,206
OPHI Ontario Priorities Housing Initiative	9,767	517,032
Social Services Relief Fund	1,810,380	-
Tourism Relief Grant	30,591	85,000
Waste Diversion Ontario, Stewardship Ontario, OTS Tire, CIF	1,949,146	1,722,330
Other	1,038,349	901,051
Provincial Government Transfers	81,559,234	87,726,421
Canada Community Building Fund	4,424,798	4,457,299
Canada Wide Early Learning and Childcare	-	7,866,023
Citizenship and Immigration Canada Subsidy	561,573	486,746
FCM: Green Municipal Fund	84,484	-
FCM: Building Monitoring and Analysis Grant	17,500	-
Federal Block Funding Housing	2,447,582	2,306,515
Health Unit - Public Health Agency of Canada	-	14,040
Homeless Partnering Strategy	2,383,920	2,409,423
Ministry of Education Funding Childcare	19,197,628	-
National Housing CoInvestment Fund	157,506	-
Rapid Housing (Federal)	4,587,541	-
Smart Cities	404,041	255,912
Other	249,595	27,348
Federal Government Transfers	34,516,168	17,823,306
Total Government Transfers	116,075,402	105,549,727

Notes to the Financial Statements

For the Year Ended December 31, 2023

16. 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. In September of 2023 all final costs, registrations, and transfers for the original \$5.0 million were completed including the transfer of ownership of Frederick Campbell Street to the County, leaving a final balance paid to Groves Memorial Hospital of \$1,295,700 (2022 - \$1,315,739).

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. On January 25, 2024 the County was informed that SWIFT had officially closed the credit facility and officially discharged the loan guarantee as the project was winding down and cash-flow needs were met.

17. GOVERNMENT PARTNERSHIP

The County of Wellington is a partner in the Wellington-Dufferin-Guelph Health Unit. The County provides 31.7% (2022 - 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 2023 Census information, the County share is 31.7% 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. On December 31, 2023, the Health Unit's financial results and financial position are as follows:

	2023 \$	2022 \$
Financial assets	7,329,231	9,850,359
Liabilities	(3,718,997)	(8,235,262)
Non-financial assets	19,198,050	20,124,144
Accumulated surplus	22,808,284	21,739,241
Revenues	30,347,801	33,384,294
Expenses	29,278,758	32,037,915
Annual Surplus	1,069,043	1,796,379

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

	2023 \$	2022 \$
Financial Assets	2,323,366	3,152,114
Accounts Payable and Deferred Revenue	(458,038)	(1,466,196)
Non-Financial Assets	15,866	18,363
Share of Health Unit (Note 13)	1,881,194	1,704,281
Long-Term Debt (County share remains at 32.7%)	(301,293)	(702,207)
Post-Employment Liability (Note 8)	(430,647)	(483,772)
Invested in Tangible Capital Assets (Note 12)	6,069,916	6,421,363
Accumulated Surplus	7,219,170	6,939,665

Notes to the Financial Statements

For the Year Ended December 31, 2023

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 and along with interest earned, these reserve funds were used to repay the outstanding balance of the Health Unit Facilities debt issued in 2013 in the amount of \$3,054,096 (principal \$3,006,000 and interest \$48,096). On December 31, 2023, the balance of the loan receivable is \$301,293 (2022 - \$702,207).

18. 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, 2023, the maximum deductible exposure to the County is estimated at \$542,813 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, 2023, totaled \$20,593,091 (2022 - \$19,781,896).

19. PENSION AGREEMENTS

The County makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of approximately 885 (2022 - 697) 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 2023 was \$5,250,539 (2022 - \$4,521,761) for current service and past service costs and is included as an expense on the Consolidated Statement of Operations. Employee contribution to OMERS in 2023 was \$5,250,539 (2022 - \$4,521,761).

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.

Notes to the Financial Statements

For the Year Ended December 31, 2023

As of December 31, 2023, the OMERS Primary Plan had a funded ratio of assets to pension obligations of 97% (2022 – 95%). The OMERS pension plan funding deficit on December 31, 2023, was \$4.2 billion (2022 – \$6.7 billion).

20. SOCIAL HOUSING PROPERTIES

The County has title to the 1,189 social housing units of the former Wellington-Guelph Housing Authority. The units are in the City of Guelph and throughout the County. The related debt on these units remains with the Province of Ontario. Of the \$2,447,583 (2022 - \$2,306,514) in federal government subsidies provided to the County for social housing, \$208,198 (2022 - \$264,088) 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, 2023, the mortgage outstanding was \$89,866 (2022 \$224,056).

21. 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.

	2023 Budget \$	2022 Budget \$
Revenues		
Operating Budget	279,185,200	252,715,700
Capital Budget	75,279,800	57,465,000
Health Unit Budget and WHC	7,457,526	8,767,184
Less:		
Transfers from other funds	(47,192,100)	(38,025,000)
New debt financing	(3,700,000)	(6,500,000)
Internal recoveries	(8,228,900)	(7,383,100)
Total Revenues	302,801,526	267,039,784
Expenses		
Operating Budget	285,405,200	252,715,700
Capital Budget	75,279,800	57,465,000
Amortization	25,300,000	26,700,000
Health Unit Budget and WHC	6,922,426	8,233,383
Less:		
Transfer to other funds	(31,914,100)	(31,168,700)
Capital Expenses	(75,279,800)	(57,465,000)
Debt principal payments	(6,972,800)	(4,437,000)
Internal charges	(8,133,200)	(7,262,100)
Total Expenses	270,607,526	244,781,283
Annual Surplus	32,194,000	22,258,501

Notes to the Financial Statements

For the Year Ended December 31, 2023

22. FINANCIAL INSTRUMENTS

The County of Wellington is exposed to various risks through its financial instruments and continues to monitor, evaluate, and manage these risks. The following analysis provides information about the County's risk exposure and concentration as of December 31, 2023.

a) Credit risk

Credit risk arises from the potential of default associated with loans, bonds, or other financial instruments. It is the policy of the County to diversify its investment portfolio through differentiating investments based on sector, maturity, issuer, credit quality, and structure. As well, when contracting with third parties, the County purchasing policy provides guarantees to ensure proper bonding and insurance requirements are met as well as Contractor Performance Evaluations.

b) Liquidity risk

Liquidity risk refers to the inability to meet short-term obligations such as accounts payable, payroll, pension contributions and debt servicing due to insufficient cash flow. In order to mitigate liquidity, risk the County uses reserve and reserve funds strategically, has available credit facilities (see Note 4) and monitors its liquidity position regularly through an 18 month cash flow model.

c) Operational risk

Operational risk is the risk associated with errors, fraud, or disruptions in financial operations. The County mitigates this risk through the implementation of internal controls, staff training and continuous process monitoring.

d) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The Corporation is mainly exposed to interest rate risk and other price risk.

- **Interest rate risk**

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the County manages exposure through its normal operating and financing activities. For example, fluctuations in interest rates can impact borrowing costs and debt service payments. To mitigate this risk, the County monitors the market and adjusts timing of debt issuance accordingly through responsible debt management and predictable infrastructure investment.

- **Other price risk**

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Corporation is exposed to other price risk through its investment in pooled investments.

Unless otherwise noted, it is management's opinion that the Corporation is not exposed to significant other financial risks arising from these financial instruments.

Notes to the Financial Statements

For the Year Ended December 31, 2023

22. 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, childcare, 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, 2023

2023						
	General Government	Protection	Transportation Services	Environmental Services	Health Services	Social Housing
Revenues	\$	\$	\$	\$	\$	\$
Taxation	14,278,725	19,414,382	36,698,996	10,152,243	8,799,733	6,537,167
Grants and Subsidies	1,420,278	236,156	5,244,636	1,949,146	6,412,053	19,934,594
Municipal Revenue	263,980	392,018	2,229,182	-	56,336	19,496,957
Fees and Service Charges	1,176,672	265,530	(513,710)	3,784,385	-	43,548
Licenses, Permits, Rents	1,407,906	210,897	-	30,869	-	7,650,946
Interest, Donations, Other	6,058,123	11,404	-	-	107,104	413,463
Development Charges	28,786	-	1,976,063	-	-	-
Total Revenues	24,634,470	20,530,387	45,635,167	15,916,643	15,375,226	54,076,675
Expenses						
Salaries and Benefits	12,365,931	623,285	7,252,331	3,272,038	4,715,100	5,321,631
Goods and Services	8,486,595	1,286,106	10,565,734	10,823,769	3,037,004	11,304,872
Transfer Payments	452,537	17,258,540	-	-	8,654,984	24,792,272
Insurance and Interest	1,428,732	31,604	1,442,488	330,764	35,177	676,334
Amortization	1,645,108	827,108	16,174,947	1,027,219	436,890	4,898,793
Accretion	11,338	-	14,553	777,432	-	430,916
Total Expenses	24,390,241	20,026,643	35,450,053	16,231,222	16,879,155	47,424,818
Excess (deficiency) of revenue over expenses	244,229	503,744	10,185,114	(314,579)	(1,503,929)	6,651,857

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Notes to the Financial Statements

For the Year Ended December 31, 2023

2023					
	Social and Family Services	Library	Museum	Planning and Development	Consolidated
Revenues	\$	\$	\$	\$	\$
Taxation	13,847,954	8,411,728	2,664,703	3,357,168	124,162,799
Grants and Subsidies	80,334,238	141,275	296,866	106,160	116,075,402
Municipal Revenue	5,684,884	31,680	-	400,125	28,555,162
Fees and Service Charges	5,640,772	37,557	116,777	1,276,820	11,828,351
Licenses, Permits, Rents	5,780	49,461	30,004	-	9,385,863
Interest, Donations, Other	132,258	270,123	10,947	226	7,003,648
Development Charges	19,575	599,434	-	-	2,623,858
Total Revenues	105,665,461	9,541,258	3,119,297	5,140,499	299,635,083
Expenses					
Salaries and Benefits	38,292,996	5,432,153	1,659,636	3,229,768	82,164,869
Goods and Services	5,671,250	2,409,659	642,798	718,146	54,945,933
Transfer Payments	54,426,018	-	6,000	788,690	106,379,041
Insurance and Interest	1,010,702	199,650	67,440	77,107	5,299,998
Amortization	1,654,835	1,841,613	388,265	90,643	28,985,421
Accretion	4,264	1,381	-	-	1,239,884
Total Expenses	101,060,065	9,884,456	2,764,139	4,904,354	279,015,147
Excess (deficiency) of revenue over expenses	4,605,396	(343,198)	355,158	236,145	20,619,936

Notes to the Financial Statements

For the Year Ended December 31, 2023

2022 (Restated)						
	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	6,703,461	2,867,221	5,221,018	4,721,840
Goods and Services	7,670,735	1,177,962	11,416,652	10,113,703	1,985,591	9,727,319
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	1,504,948	866,177	15,576,586	917,821	446,268	4,686,704
Accretion	10,859	-	13,926	307,742	-	412,359
Total Expenses	22,309,024	19,955,019	34,799,368	14,500,122	15,767,218	46,799,785
Excess (deficiency) of revenue over expenses	2,219,414	1,047,026	9,722,940	1,013,090	1,105,149	3,448,687

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Notes to the Financial Statements

For the Year Ended December 31, 2023

2022 (Restated)					
	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	75,941,377
Goods and Services	4,569,895	2,275,769	715,459	662,284	50,315,368
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	1,629,077	1,876,656	292,843	83,866	27,880,946
Accretion	4,081	1,322	-	-	750,289
Total Expenses	86,327,635	9,254,435	2,619,296	4,317,145	256,649,046
Excess (deficiency) of revenue over expenses	5,217,077	887,951	111,467	991,748	25,764,548

Wellington Housing Corporation

Financial Statements

For the year ended December 31, 2023

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, 2023
- 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, 2023, 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 “**Auditors’ Responsibilities for the Audit of the Financial Statements**” section of our auditors’ report.

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

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

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

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

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

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

Auditors’ Responsibility

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

Financial Statements

INDEPENDENT AUDITORS' REPORT (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 9, 2024

Kitchener, Canada

Financial Statements

WHC — STATEMENT OF FINANCIAL POSITION

Wellington Housing Corporation		
Statement of Financial Position	2023	2022
As at December 31, 2023	\$	\$
Assets		
Financial Assets		
Cash	2,200,739	1,589,845
Accounts Receivable (Note 6)	26,459	26,383
Prepaid Expenses	20,035	-
Portfolio Investments (Note 4)	105,255	104,196
Total Financial Assets	2,352,488	1,720,424
Liabilities		
Accounts Payable and Accrued Liabilities	42,906	36,949
Due to County of Wellington	30,900	28,600
Deferred Revenue (Note 7)	18,360	17,474
Mortgage Payable (Note 8)	89,866	224,056
Total Liabilities	182,032	307,079
Net Financial Assets	2,170,456	1,413,345
Non Financial Assets		
Tangible Capital Assets (Note 9)	4,092,904	4,286,318
Contingencies and Commitments (Note 10)		
Accumulated Surplus (Note 11)	6,263,360	5,699,663

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

Financial Statements

WHC — STATEMENT OF OPERATIONS

Wellington Housing Corporation	(Note 12)		
Statement of Operations	Budget	2023	2022
For the year ended December 31, 2023	\$	\$	\$
Revenues			
Rental revenues	275,400	296,529	296,355
Municipal operating subsidies	698,600	698,600	713,600
Interest and other	11,000	98,010	28,179
Total revenues	985,000	1,093,139	1,038,134
Expenses			
Office and general	35,900	31,407	29,978
Professional fees	16,100	12,149	14,149
Management fees	36,000	28,071	25,630
Repairs and maintenance	318,500	168,468	133,878
Utilities	23,300	17,709	15,899
Insurance	19,100	13,526	16,624
Interest and bank charges	2,900	1,676	2,614
Amortization	-	256,436	252,702
Total expenses	451,800	529,442	491,474
Excess of revenue over expenses	533,200	563,697	546,660
Accumulated surplus, beginning of year	5,699,663	5,699,663	5,153,003
Accumulated surplus, end of year	6,232,863	6,263,360	5,699,663

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, 2023

(Note 12)

Budget

\$

2023

\$

2022

\$

Excess of revenue over expenses	533,200	563,697	546,660
Acquisition of tangible capital assets	(69,000)	(63,022)	(34,270)
Amortization of tangible capital assets	-	256,436	252,702

Increase in net financial assets	464,200	757,111	765,092
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Net financial assets, beginning of year	1,413,345	1,413,345	648,253
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Net financial assets, end of year	1,877,545	2,170,456	1,413,345
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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, 2023

2023**2022**

\$

\$

Cash Provided By (Used In):**Operating Activities:**

Excess of revenue over expenses	563,697	546,660
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Items not involving cash:

Amortization	256,436	252,702
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Net change in non-cash working capital items	(10,968)	103,789
--	----------	---------

Net cash provided by operating activities	809,165	903,151
--	----------------	----------------

Cash flows from investing activities:

Purchase of tangible capital assets	(63,022)	(34,270)
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Increase in portfolio investments	(1,059)	(1,099)
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Net cash used in investing activities	(64,081)	(35,369)
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Cash flows from financing activities:

Long-term debt repaid	(134,190)	(133,244)
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Net cash used in financing activities	(134,190)	(133,244)
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Net change in cash	610,894	734,538
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Cash, beginning of year	1,589,845	855,307
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Cash, end of year	2,200,739	1,589,845
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Notes to the WHC Financial Statements

For the Year Ended December 31, 2023

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, 2023

(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. There have been no contributions in 2022 or 2023.

(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) Asset Retirement Obligations

An asset retirement obligation is recognized when, as at the financial reporting date, all the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset.
- The past transaction or event giving rise to the liability has occurred.
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

There have not been any asset retirement obligations identified for the corporation.

(g) Investments

Investments consist of pooled investment funds. Specifically, Encasa Canadian Short Term Bond Fund, Encasa Canadian Bond Fund and Encasa Equity Fund. All investments are carried at cost.

Investment income earned on available current funds and reserves are reported in the period earned. All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations. .

(h) 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, 2023

3. ADOPTION OF NEW ACCOUNTING STANDARDS

Accounting policies encompass the specific principles and the methods used in their application that are selected by a corporation in preparing financial statements. There is a general presumption that accounting policies followed by a corporation are consistent within each accounting period from one period to the next. However, a change in an accounting policy may be made: to conform to new Public Sector Accounting Standards (PSAS), to adopt PSAS for the first time; or if it is considered that the change would result in a more appropriate presentation of events or transactions in the financial statements.

a) PS 3450- Financial Instruments

On January 1, 2023, Wellington Housing Corporation adopted Public Sector Accounting Standard 3450. The standard was adopted prospectively from the date of adoption. The new standard provides comprehensive requirements for the recognition, measurement, presentation, and disclosure of financial instruments. There was no impact to the corporation as a result of adoption.

Wellington Housing Corporation's financial instruments include cash, accounts receivable, accounts payable and accrued liabilities. The carrying value of these approximate their face value due to the short term nature of these financial assets and liabilities. As all financial instruments are measured at cost or amortized cost, there have been no re-measurement gains or losses. Therefore, the Statement of Gains (Losses) has been excluded.

b) PS3280 – Asset Retirement Obligations

On January 1, 2023, Wellington Housing corporation also adopted Public Accounting Standard PS 3280 – Asset Retirement Obligations. The new accounting standard addresses the reporting of legal obligations associated with retirement of certain tangible capital assets.

Wellington Housing Corporation has done an assessment of the buildings and have not identified any legal obligations related to the retirement of assets which would require an asset obligation. No other legal obligations have been identified. No entry was required as a result of the adoption of PS 3280 as at January 1, 2023.

4. INVESTMENTS

Total pooled investment funds of \$105,255 (2022 - \$104,196) are reported on the Statement of Financial Position at cost and have a market value of \$118,574 (2022 - \$104,896).

5. FINANCIAL INSTRUMENTS

Wellington Housing Corporation is exposed to various risks through its financial instruments and continues to monitor, evaluate, and manage these risks. The following analysis provides information about the Corporation's risk exposure and concentration as of December 31, 2023.

Notes to the WHC Financial Statements

For the Year Ended December 31, 2023

a) Credit risk

Credit risk is the risk of a financial loss to the corporation if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Such risk arises principally from certain financial assets held by the corporation consisting of cash, accounts receivable, and contributions receivable.

b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The corporation is mainly exposed to interest rate risk and other price risk.

c) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. The corporation has limited interest rate risk as its mortgage payable attracts a fixed rate of interest. In seeking to minimize the risks from interest rate fluctuations, the corporation manages exposure through its normal operating and financial activities.

d) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instruments or its issuer, or factors affecting all similar financial instruments traded in the market. The corporation is exposed to other price risk through its investment in pooled investments.

6. ACCOUNTS RECEIVABLE

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

	2023 \$	2022 \$
GST/HST Receivable	19,592	20,258
Rent, net of allowance \$- (2022 - \$-)	6,867	6,125
Total	26,459	26,383

7. DEFERRED REVENUE

Deferred revenue recorded on the Statement of Financial Position are composed of the following:

	2023 \$	2022 \$
Last month rent deposits	14,388	13,631
2024 Rent collected in 2023	3,972	3,843
Total	18,360	17,474

Notes to the WHC Financial Statements

For the Year Ended December 31, 2023

8. 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 \$4,092,904 (2022 - \$4,286,318).

Total interest on the mortgage payable which is reported on the Statement of Operations is \$1,011 (2022 - \$1,981).

Principal payments required on mortgage payable next year are due as follows:

	Principal \$
2024	89,866
Total	89,866

9. 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				
Cost	Balance at December 31, 2022	Disposals	Additions	Balance at December 31, 2023
Land	\$ 304,679	\$ -	\$ -	\$ 304,679
Buildings	4,664,892	-	63,022	4,727,914
Infrastructure—Parking Lot	346,762	-	-	346,762
Furniture and Fixtures	15,235	-	-	15,235
Capital Work-in-Progress	2,857	-	-	2,857
Total	5,334,425	-	63,022	5,397,447
Amortization				
Accumulated Amortization	Balance at December 31, 2022	Disposals	Additions	Balance at December 31, 2023
Land	\$ -	\$ -	\$ -	\$ -
Buildings	(965,165)	-	(241,662)	(1,206,827)
Infrastructure—Parking Lot	(79,670)	-	(13,756)	(93,426)
Furniture and Fixtures	(3,272)	-	(1,018)	(4,290)
Total	(1,048,107)	-	(256,436)	(1,304,543)
Net Book Value				
Net Book Value	Balance at December 31, 2022			Balance at December 31, 2023
Land	\$ 304,679			\$ 304,679
Buildings	3,699,727			3,521,087
Infrastructure—Parking Lot	267,092			253,336
Furniture and Fixtures	11,963			10,945
Capital Work-in-Progress	2,857			2,857
Total	4,286,318			4,092,904

Notes to the WHC Financial Statements

For the Year Ended December 31, 2023

10. 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.

11. ACCUMULATED SURPLUS

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

As at December 31	2023	2022
Surplus:	\$	\$
Invested in Tangible Capital Assets	4,092,904	4,286,318
Invested in Capital Fund	20,815	83,889
Mortgage Payable	(89,866)	(224,056)
Total Surplus	4,023,853	4,146,151
Reserve Funds set aside by the Corporation Board for:		
WHC Capital Reserve	2,239,507	1,553,512
Total Reserves	2,239,507	1,553,512
Accumulated Surplus	\$ 6,263,360	\$ 5,699,663

12. BUDGET DATA

The budget data presented in these financial statements is based upon the 2023 operating and capital budgets approved by County of Wellington Council on January 26, 2023. 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.

Notes to the WHC Financial Statements

For the Year Ended December 31, 2023

	2023 Budget	2022 Budget
Revenue	\$	\$
Operating budget	985,000	980,000
Capital budget	69,000	40,000
Less:		
Transfer from other funds	(69,000)	(40,000)
Total revenue	985,000	980,000
Expenses		
Operating budget	985,000	980,000
Capital budget	69,000	40,000
Less:		
Transfers to other funds	(400,000)	(400,000)
Capital expenses	(69,000)	(40,000)
Debt principal payments	(133,200)	(133,800)
Total expenses	451,800	446,200
Annual surplus	\$ 533,200	\$ 533,800

13. CHANGE IN NON-CASH WORKING CAPITAL

Net change in non-cash working capital shows on the Statement of Cash Flows and is analyzed below:

As at December 31	2023	2022
	\$	\$
Change in Accounts Receivable	(76)	124,761
Change in Prepaid Expenses	(20,035)	-
Change in Accounts Payable and Accrued Liabilities	5,957	(26,090)
Change in Due to County of Wellington	2,300	(30)
Change in Deferred Revenue	886	5,148
	(10,968)	103,789

Trust Fund Financial Statements

For the Year Ended December 31, 2023

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, 2023
- 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, 2023, 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 “**Auditors’ Responsibilities for the Audit of the Financial Statements**” section of our auditors’ report.

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

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

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

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

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

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

Auditors’ Responsibilities for the Audit of the Financial Statements

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

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 31, 2024

Kitchener, Canada

Financial Statements

TRUST FUNDS—STATEMENT OF FINANCIAL POSITION

County of Wellington

Trust Funds—Statement of Financial Position

As at December 31, 2023

	Comfort Money	County Wellness Centre	Safe Communities	2023	2022
Financial Assets					
Cash and Bank	\$44,518	\$11,620	\$52,254	\$108,392	\$114,396
Liabilities					
Accounts Payable	-	-	500	500	-
Balance	\$44,518	\$11,620	\$51,754	\$107,892	\$114,396

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, 2023

	Comfort Money	County Wellness Centre	Safe Communities	2023	2022
Balance at the beginning of the year	\$ 42,854	\$ 21,585	\$ 49,957	\$ 114,396	\$ 103,264
Source of Funds:					
Deposits	172,641	51,581	32,318	256,540	254,375
Use of Funds					
Withdrawals	170,977	61,546	30,521	263,044	243,243
Balance at the end of the year	\$ 44,518	\$ 11,620	\$ 51,754	\$ 107,892	\$ 114,396

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

Notes to the Trust Fund Financial Statements

For the Year Ended December 31, 2023

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.

PS3450 – Financial Instruments

On January 1, 2023, Trust Funds adopted Public Sector Accounting Standard 3450. The standard was adopted prospectively from the date of adoption. The new standard provides comprehensive requirements for the recognition, measurement, presentation, and disclosure of financial instruments. There was no impact to the corporation as a result of the adoption.

Trust Fund's financial instruments include cash and accounts payable. The carrying value of these approximate their face value due to the short-term nature of these financial assets and liabilities. As all financial instruments are measured at cost or amortized cost, there have been no remeasurement gain or losses. Therefore, the Statement of Gains (Losses) has been excluded

Statistical Data

For the Year Ended December 31, 2023

Five-Year Financial Statistics

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		2022			
	2023	(Restated)	2021	2020	2019
Financial Assets	\$ 228,593,846	\$ 212,096,079	\$ 181,507,584	\$ 154,379,764	\$ 136,960,439
Liabilities	128,311,676	117,264,655	83,871,371	82,999,428	78,266,973
Net Financial Assets	\$ 100,282,170	\$ 94,831,424	\$ 97,636,213	\$ 71,380,336	\$ 58,693,446
Tangible Capital Assets	471,909,011	458,038,724	433,813,213	434,780,804	430,447,282
Prepays and Inventory	4,605,009	3,592,982	2,832,166	3,826,972	2,867,427
Accumulated Surplus	\$ 576,796,190	\$ 556,463,130	\$ 534,281,592	\$ 509,988,112	\$ 492,008,175
RESERVE AND RESERVE FUNDS					
Reserves and Reserve Funds	\$ 120,004,576	\$ 129,340,690	\$ 119,910,299	\$ 104,445,749	\$ 90,401,471
LONG-TERM LIABILITIES					
Gross Long Term Liabilities	\$ 46,209,053	\$ 55,565,042	\$ 54,959,776	\$ 53,862,283	\$ 62,526,249
Recoverable from Member Municipalities	(18,909,927)	(21,294,125)	(22,750,862)	(19,764,364)	(24,494,314)
NET LONG-TERM LIABILITIES	\$ 27,299,126	\$ 34,270,917	\$ 32,208,914	\$ 34,097,919	\$ 38,031,935
Supported by					
General Municipal Revenues	\$ 13,070,626	\$ 18,835,917	\$ 21,931,914	\$ 24,916,919	\$ 28,142,935
Development Charges	14,228,500	15,435,000	10,277,000	9,181,000	9,889,000
	\$ 27,299,126	\$ 34,270,917	\$ 32,208,914	\$ 34,097,919	\$ 38,031,935
CHARGES FOR NET LONG-TERM LIABILITIES					
Supported by					
General Municipal Revenues	\$ 6,392,084	\$ 3,901,150	\$ 3,881,954	\$ 4,255,659	\$ 4,189,301
Development Charges	1,971,947	1,724,185	986,724	984,652	840,379
	\$ 8,064,031	\$ 5,625,335	\$ 4,868,678	\$ 5,240,311	\$ 5,029,680
Provincial Annual Debt Repayment Limit	\$ 23,135,215	\$ 27,739,626	\$ 20,298,363	\$ 23,978,337	\$ 23,327,601

Five-Year Financial Statistics

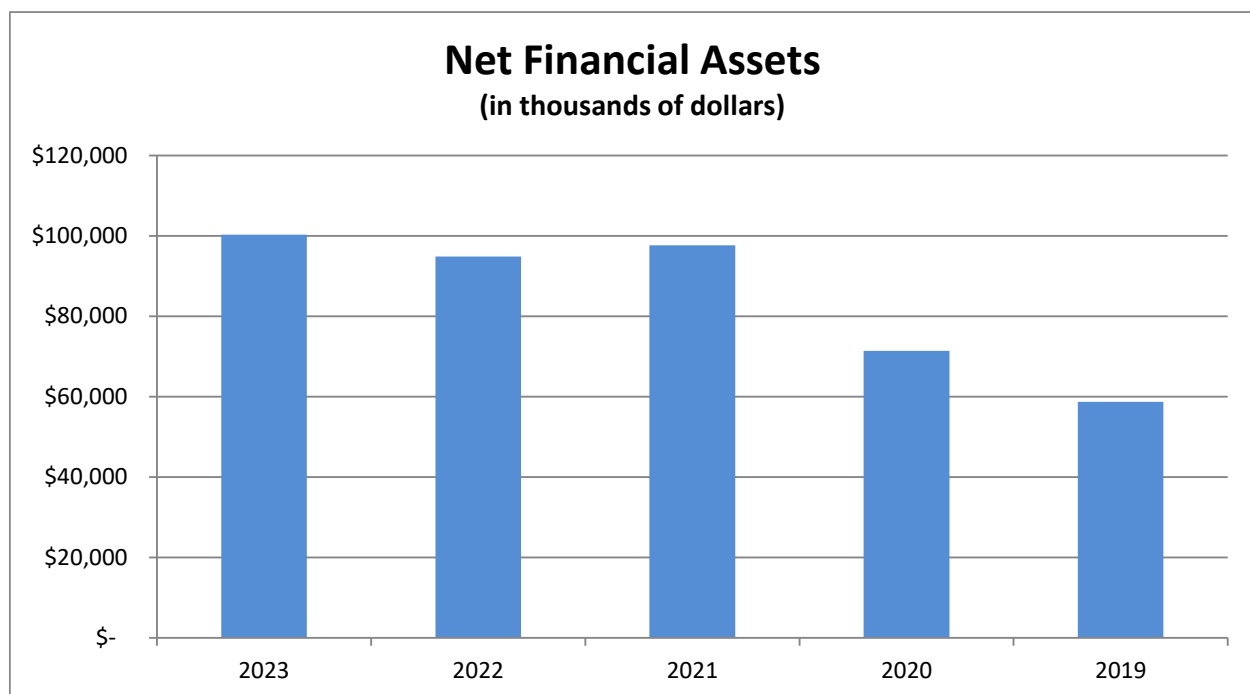
CONSOLIDATED STATEMENT OF OPERATIONS

	2023	2022 (Restated)	2021	2020	2019
Sources of Revenue					
Taxation	\$ 124,162,799	\$ 116,304,778	\$ 111,844,954	\$ 108,337,251	\$ 101,785,776
Government Transfers					
Provincial	81,559,234	87,726,421	87,314,523	78,223,252	75,341,570
Federal	34,516,168	17,823,306	8,183,299	6,113,066	9,144,215
Municipal	28,555,162	25,631,290	23,092,243	26,011,667	26,604,122
Fees and Service Charges	11,828,351	13,815,352	13,245,063	11,523,390	12,319,029
Licenses, Permits, Rent	9,385,863	9,077,966	8,603,886	8,583,597	8,549,762
Interest, Donations, Other	7,003,648	6,496,436	7,110,700	3,742,772	3,561,633
Development Charges Earned	2,623,858	5,538,045	3,179,074	2,418,713	1,453,012
	299,635,083	282,413,594	262,573,742	244,953,708	238,779,119
Expenses by Function					
General Government	24,390,241	22,309,024	20,443,660	19,513,187	19,644,954
Protection to Persons and Property	20,026,643	19,955,019	19,867,211	19,190,525	18,372,745
Transportation Services	35,450,053	34,799,367	32,506,942	32,171,614	33,381,891
Environmental Services	16,231,222	14,500,122	14,480,259	11,497,936	10,229,115
Health Services	16,879,155	15,767,218	18,606,612	14,944,922	18,935,820
Social Housing	47,424,819	46,799,785	43,026,625	38,384,207	34,540,776
Social and Family Services	101,060,065	86,327,635	74,278,539	76,155,158	75,860,161
Library and Museum	12,648,595	11,873,731	11,212,764	10,944,761	10,113,459
Planning and Development	4,904,354	4,317,145	3,857,650	4,171,461	3,706,336
	279,015,147	256,649,046	238,280,262	226,973,771	224,785,257
Annual Surplus (Deficit)	20,619,936	25,764,548	24,293,480	17,979,937	13,993,862
Accumulated Surplus (Deficit), Beginning of Year	556,463,130	534,281,592	509,988,112	492,008,175	478,014,313
Adjustment on adoption of the asset		(3,583,010)			
Accumulated Surplus (Deficit), End of Year	\$ 577,083,066	\$ 556,463,130	\$ 534,281,592	\$ 509,988,112	\$ 492,008,175
Expenses by Object					
Salaries and Benefits	\$ 82,164,869	\$ 75,941,375	\$ 73,797,295	\$ 68,520,826	\$ 64,251,219
Goods and Services	54,945,933	50,315,370	50,727,465	42,186,925	43,115,252
Transfer Payments	106,379,041	96,826,615	84,276,838	84,300,958	89,341,049
Insurance and Interest	5,299,998	4,934,451	4,099,866	4,261,411	4,247,176
Amortization	28,985,421	27,880,946	25,378,798	27,703,651	23,830,562
	\$ 279,015,147	\$ 256,649,046	\$ 238,280,262	\$ 226,973,771	\$ 224,785,257

Five-Year Financial Statistics

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

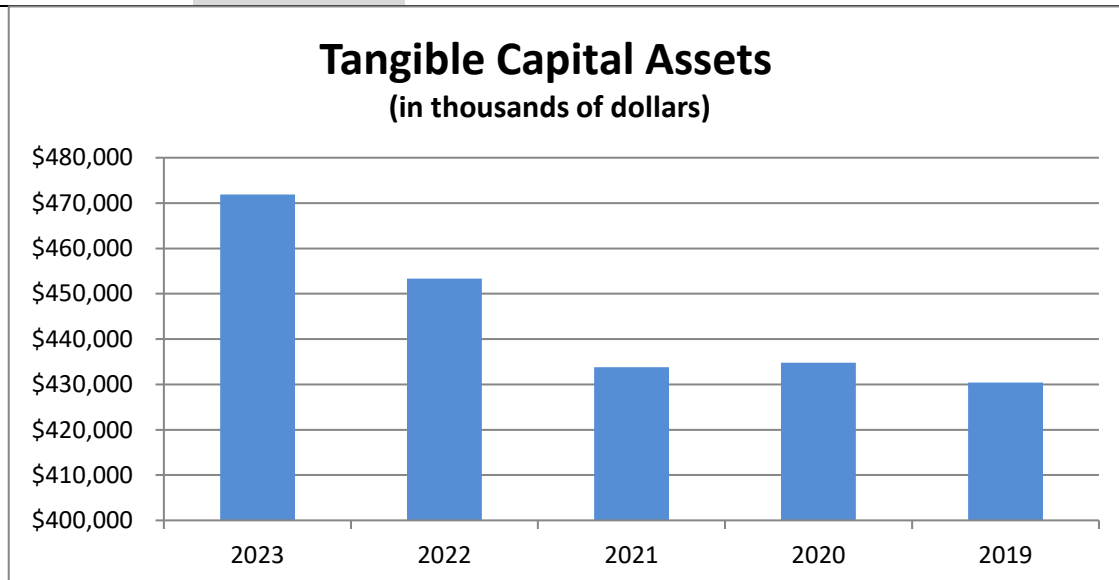
	2023	2022 (Restated)	2021	2020	2019
Annual Surplus	\$ 20,619,936	\$ 25,764,548	\$ 24,293,480	\$ 17,979,937	\$ 13,993,862
Acquisition of Tangible Capital Assets	(44,242,420)	(52,663,890)	(24,884,691)	(32,931,233)	(33,558,567)
Amortization of Tangible Capital Assets	28,985,421	27,880,946	25,378,798	27,703,651	23,830,562
(Gain)/Loss on Disposal of Tangible Capital Assets	966,960	(194,744)	2,607	514,770	418,246
Proceeds on Sale of Tangible Capital Assets	419,752	752,177	470,877	379,290	284,401
	6,749,649	1,539,037	25,261,071	13,646,415	4,968,504
Acquisition of Inventories of Supplies	(1,076,534)	(658,436)	(844,591)	(1,400,178)	(779,004)
Acquisition of Prepaid Expenses	(3,528,475)	(2,934,546)	(1,987,575)	(2,426,794)	(2,088,423)
Consumption of Inventories of Supplies	658,436	844,591	1,400,178	779,004	922,697
Use of Prepaid Expenses	2,934,546	1,987,575	2,426,794	2,088,423	2,041,694
Change in Net Financial Assets	5,737,622	778,221	26,255,877	12,686,870	5,065,468
Net Financial Assets, Beginning of Year	94,831,424	97,636,213	71,380,336	58,693,466	53,627,998
Net Financial Assets, End of Year	100,282,170	94,831,424	97,636,213	\$ 71,380,336	\$ 58,693,466



Five-Year Financial Statistics

NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS

		2022			
	2023	(Restated)	2021	2020	2019
Land	\$ 46,390,311	\$ 38,607,465	\$ 34,149,012	\$ 33,631,664	\$ 33,631,664
Landfill Sites	11,324,2606	11,718,744	817,216	845,661	858,296
Buildings	129,849,942	131,220,378	123,959,722	125,917,788	130,788,606
Infrastructure					
Roads	162,839,560	162,918,264	161,928,328	164,670,876	164,207,997
Bridges	52,765,798	53,754,048	54,124,252	53,031,364	41,411,653
Culverts	11,738,539	12,091,865	11,941,823	11,392,639	12,210,880
Structural Walls	256,095	265,816	275,536	285,256	189,595
Traffic Lights	2,511,218	3,450,333	3,616,279	2,278,678	1,217,708
Trails	292,924	173,441	184,469	195,497	206,524
Parking Lots	2,074,390	2,242,666	2,410,943	2,384,570	1,989,140
Vehicles and Machinery					
Licensed Equipment	7,190,844	6,747,592	5,387,362	5,651,091	7,656,515
Unlicensed Equipment	5,359,792	5,065,822	5,233,049	6,111,849	4,861,970
Furniture and Fixtures	4,493,464	4,780,294	4,959,992	4,843,552	4,389,054
Technology and Communications	3,823,012	2,608,495	3,205,387	3,401,854	2,935,617
Library Books and Media	1,382,455	1,187,195	1,308,256	1,420,770	1,600,874
Wellington Housing Corporation	1,304,543	4,286,318	4,504,750	4,073,325	2,596,483
Public Health	5,714,685	6,421,363	6,612,228	6,881,431	7,156,597
Capital Work-in-Progress	19,093,529	10,498,628	9,194,609	7,762,939	12,538,109
Total	\$ 471,909,011	\$ 458,038,724	\$ 433,813,213	\$ 434,780,804	\$ 430,447,282



Five-Year Financial Statistics

CONSOLIDATED RESERVES AND RESERVE FUNDS

	2023	2022	2021	2020	2019
Capital Reserves					
Roads Construction and Equipment	\$ 14,059,440	\$ 17,775,140	\$ 17,041,363	\$ 14,761,737	\$ 12,507,745
County Property	8,833,841	17,779,593	15,045,756	8,263,941	7,746,621
Wellington Terrace and Continuum of Care	14,896,275	14,356,376	14,152,117	13,813,875	12,448,486
Social Housing Capital and Development	11,158,050	8,036,367	8,446,302	6,127,412	4,784,749
General Capital	8,288,505	7,180,711	5,910,363	5,818,439	5,023,237
Solid Waste Capital and Equipment	2,405,123	3,701,842	3,785,205	5,054,209	4,004,884
Climate Change Mitigation	2,961,807	3,009,224	2,623,263	2,242,652	2,071,474
Land Ambulance	2,509,462	1,068,627	739,601	570,370	465,814
	\$ 65,112,503	\$ 72,907,880	\$ 67,743,970	\$ 56,652,635	\$ 49,053,010
Contingency and Stabilization Reserves					
Contingency and Stabilization	\$ 20,593,091	\$ 19,781,896	\$ 16,961,938	\$ 15,380,349	\$ 12,465,715
Shared Services Reserve	8,264,294	7,892,539	7,476,832	6,877,520	6,312,365
Winter Control	6,101,822	4,122,459	4,328,308	2,807,248	1,391,360
	\$ 34,959,207	\$ 31,796,894	\$ 28,767,078	\$ 25,065,117	\$ 20,169,440
Specific Purpose Reserve Funds					
Landfill Closure and Post Closure	\$ 10,696,317	\$ 9,913,092	\$ 9,281,327	\$ 8,491,715	\$ 7,970,073
Housing Regeneration	1,294,880	4,562,876	4,263,999	6,321,855	3,337,662
Workplace Safety and Insurance	4,160,646	3,989,363	3,914,280	3,731,534	3,569,701
Public Health Debt Retirement	-	2,980,414	2,914,368	2,854,327	2,785,879
Post-Employment Benefit	2,428,228	2,162,324	1,955,785	-	-
Home Ownership Loan Programme	661,754	645,365	492,768	202,543	132,753
Logan Donation	153,622	152,444	148,916	148,792	148,158
Library Donation	370,293	105,396	102,957	100,657	93,025
Museum Donations	120,596	66,194	240,275	209,675	190,705
Wellington Terrace Donations	46,530	58,448	84,576	77,797	71,121
Short Term Disability/Employee Benefits	-	-	-	2,703,137	2,879,944
	\$ 19,932,866	\$ 24,635,916	\$ 23,399,251	\$ 22,727,997	\$ 21,179,021
Total Reserves and Reserve Funds	\$ 120,004,576	\$ 129,340,690	\$ 119,910,299	\$ 104,445,749	\$ 90,401,471

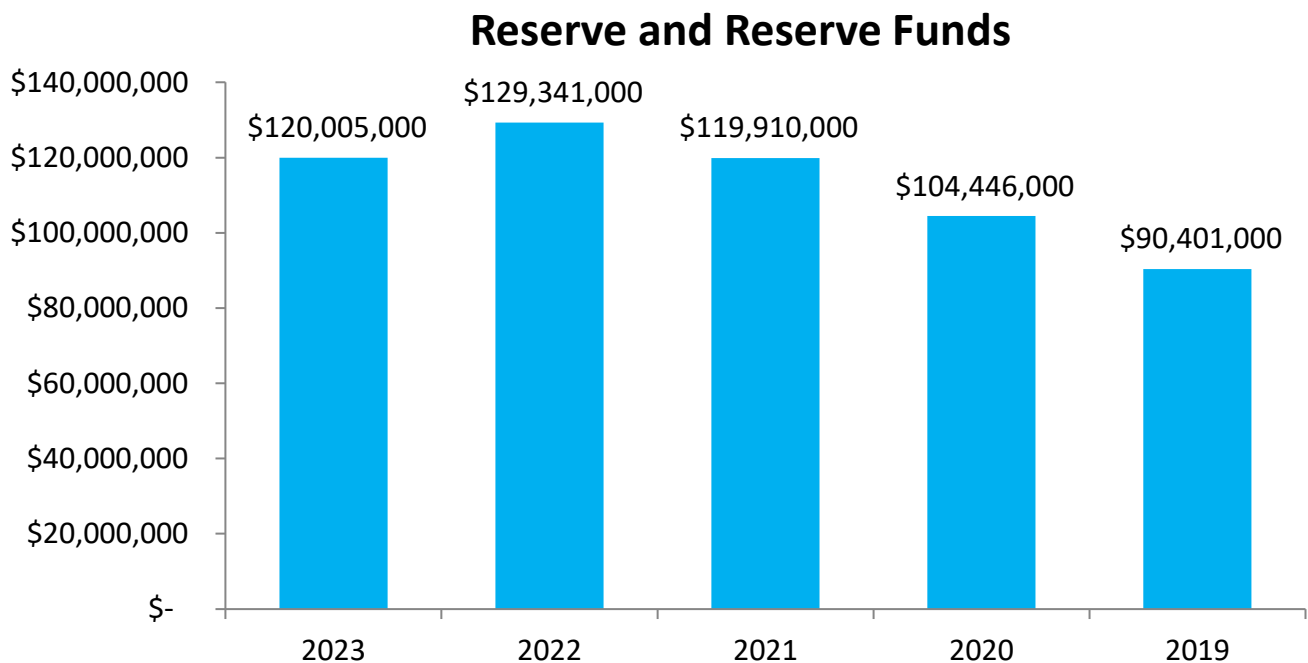
Five-Year Financial Statistics

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 2023, the County of Wellington had an operating budget surplus of \$1.26 million with \$0.16 million transferred to the Post-Employment Benefit Reserve Fund in order to fully fund the County's Post-Employment Liability, and \$1.10 million transferred to the Ambulance Capital Reserve to reduce future debt requirements for the County's contribution to the Elmira Road Station upgrade in Guelph.

For 2023, the balance of the County's Reserve and Reserve funds were \$120.0 million (2022—\$129.3 million) including contingency and stabilization reserves of \$35.0 million (2022-\$31.8 million), capital reserves of \$65.1 million (2022-\$72.9 million) and specific purpose reserve funds of \$19.9 million (2022-\$24.6 million). It is notable that at December 31, 2023 the Landfill Liability (\$10.7 million), Post-Employment Benefit Liability (\$2.43 million) and WSIB Liability (\$4.16 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

	2023	2022	2021	2020	2019
Property Tax Rates by Class					
Residential	0.6589%	0.6346%	0.6220%	0.6144%	0.6175%
Multi-Residential	1.2520%	1.2058%	1.1818%	1.1674%	1.1732%
Farmland	0.1647%	0.1587%	0.1555%	0.1536%	0.1543%
Commercial	0.9825%	0.9463%	0.9274%	0.9161%	0.9207%
Industrial	1.5815%	1.5232%	1.4928%	1.4746%	1.4820%
Pipeline	1.4826%	1.4280%	1.3995%	1.3824%	1.3893%
Managed Forests	0.1647%	0.1587%	0.1555%	0.1536%	0.1543%
County Tax Levy	\$120,491,300	\$113,490,500	\$108,828,100	\$105,612,800	\$99,741,800
Supplementary and Omitted Taxes	\$3,736,564	\$3,199,494	\$2,811,338	\$2,512,217	\$2,223,353
Payment in Lieu of Taxes	\$936,212	\$889,771	\$874,499	\$835,356	\$765,247
Other	\$40,065	\$39,109	\$35,210	\$31,680	\$31,680
	\$125,204,141	\$117,618,874	\$112,549,147	\$108,992,053	\$102,762,080
Less:					
Property Taxes written off as uncollectible	(\$1,096,821)	(\$1,472,024)	(\$1,277,823)	(\$935,845)	(\$971,519)
Provision for Assessment as Risk	\$55,479	\$157,928	\$573,630	\$281,021	(\$4,785)
Total Property Taxes Collected By the County	\$ 124,162,799	\$ 116,304,778	\$ 111,844,954	\$108,337,229	\$101,785,776
Weighted Assessment (\$000)	\$18,285,620	\$17,882,249	\$17,496,569	\$17,189,609	\$16,152,362
Current Value Assessment (\$000)					
Residential	\$14,162,942	\$13,823,456	\$13,557,268	\$13,327,701	\$12,583,129
Non-residential	\$6,680,476	\$6,656,093	\$6,580,114	\$6,499,887	\$5,917,378
Total Current Value Assessment	\$20,834,418	\$20,479,549	\$20,137,382	\$19,827,588	\$18,500,507

Five-Year Financial Statistics

MUNICIPAL STATISTICS

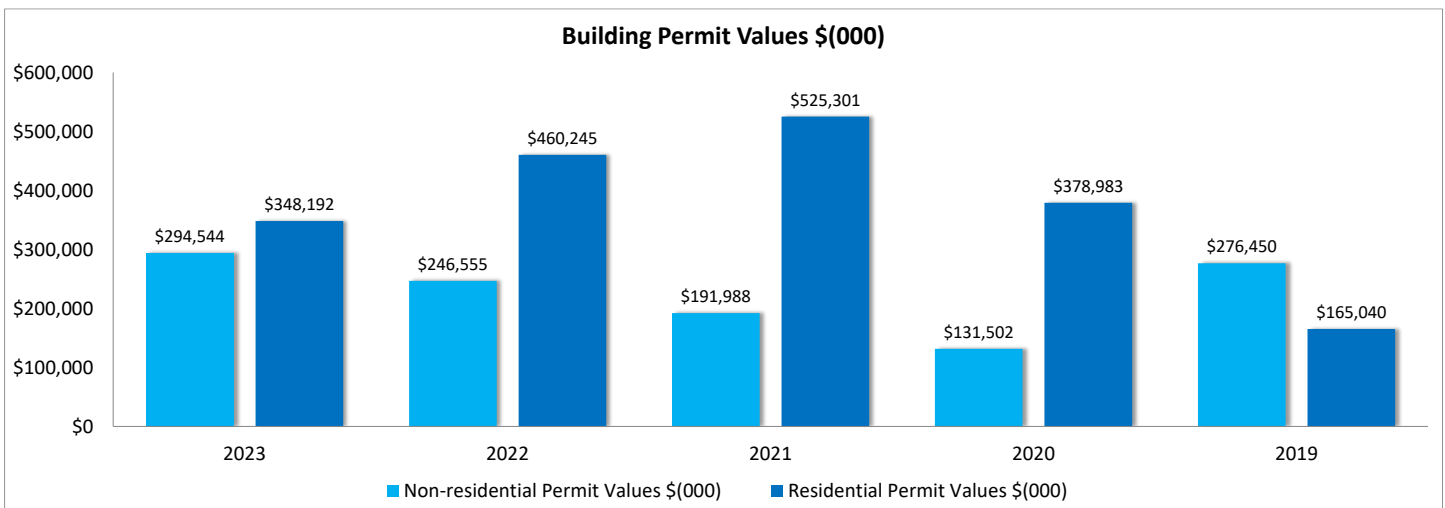
As shown by the building permit values in the table below, total residential development has slowed from the peak of 2021 as interest rates remain high while non-residential development continued to see strong growth in 2023 driven by a new industrial business park complex in Puslinch. Ontario Places 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. The number of jobs has increased significantly in 2023 and the unemployment rate has remained low, reflecting expansion of Wellington's economy, backed by the ongoing implementation of a solid Economic Development Strategy.

	2023	2022	2021	2020	2019
Population*	106,390	103,910	102,250	100,980	99,200
Households*	37,860	36,910	36,040	35,580	34,930
Average Unemployment Rate**	3.3%	2.5%	4.3%	4.2%	3.3%
Jobs	60,568	55,666	54,400	54,712	53,713
Average Household Income	\$145,100	\$140,459	\$123,772	\$121,334	\$119,363
Residential Permit Values (\$000) (a)	\$348,192	\$460,245	\$525,301	\$378,983	\$276,450
Non-residential Permit Values (\$000) (b)	\$294,545	\$246,555	\$191,988	\$131,502	\$165,040
Per Household Information					
County Tax Levy Per Household	\$3,183	\$3,075	\$3,020	\$2,968	\$2,855
Debt Charges Per Household	\$212	\$152	\$135	\$147	\$144
Tangible Capital Assets Per Household	\$11,974	\$11,926	\$12,036	\$12,220	\$12,323
Total Debt Outstanding Per Household	\$723	\$874	\$894	\$958	\$1,089

* 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	2023	2022 (Restated)	2021	2020	2019
Net Liabilities Ratio	(0.66)	(0.66)	(0.72)	(0.53)	(0.47)
Capital Expenditures/ Total Expenditures (Adjusted)	16.3%	20.0%	10.1%	15.7%	15.9%
Operating Balance/ Operating Revenue (Adjusted)	13.7%	13.9%	13.9%	16.9%	11.3%
After-Capital Balance/ Total Revenue (Adjusted)	2.2%	-0.6%	10.3%	5.7%	1.9%
Asset Consumption Ratio	47.9%	46.8%	46.5%	45.1%	44.0%
Tax Discretionary Reserves as a % of Own Source Revenues	79%	90%	88%	78%	72%
Direct Debt Outstanding/ Operating Revenue (Adjusted)	10.4%	14.1%	14.4%	16.2%	19.3%
Debt Interest (Including Lower Tier)/ Operating Revenue (Adjusted)	0.6%	0.7%	0.8%	1.3%	1.1%
Debt to Reserve	0.23	0.27	0.27	0.33	0.43

Five-Year Financial Statistics

FULL-TIME STAFFING

Department	2023	2022	2021	2020	2019
Office of the CAO/Clerk	39.8	38.3	35.0	34.7	33.6
Economic Development	8.7	8.2	7.0	7.0	6.0
Treasury	19.0	18.2	18.2	16.1	15.4
Human Resources	14.1	13.1	12.3	12.3	14.3
Property	14.1	14.4	14.8	12.4	11.6
Police	2.1	2.1	2.1	2.1	2.1
Roads Admin	9.0	9.0	9.0	8.5	7.0
Roads Field	61.4	60.7	60.2	60.2	60.7
Solid Waste	32.5	30.4	29.9	29.9	30.9
Planning	19.5	18.6	17.5	17.5	16.8
Tree Nursery	8.2	8.2	8.2	7.9	7.9
Emergency Management	4.3	4.3	4.0	3.7	3.3
Museum	18.2	18.2	18.7	18.7	18.7
Library	60.8	60.0	59.7	59.7	58.9
Ontario Works	69.5	69.4	69.4	69.3	68.7
Child Care	97.5	96.4	94.0	91.1	80.7
Housing	52.7	50.2	47.3	46.8	45.3
Terrace	215.9	215.5	214.3	208.1	198.3
Total	747.4	735.2	721.6	706.0	680.1

TOP 20 EMPLOYERS IN 2023 (ESTIMATED EMPLOYEES)

Upper Grand District School Board (1,000+)

County of Wellington (1,000+)

TG Minto (900+)

Jefferson Elora Corporation (700-799)

Musashi Auto Parts Canada Inc. (500-599)

Groves Memorial Hospital (400-499)

Township of Centre Wellington (300-399)

Elora Mill Hotel and Spa (300-399)

Royal Canin Canada (200-299)

Wallenstein Feed and Supply Ltd. (200-299)

North Wellington Health Care (200-299)

Polycopp Ltd. (200-299)

Triton Water Canada Holdings (200-299)

Dana Lang Corp (200-299)

Nexans Canada Inc. (200-299)

Cascade Canada Ltd (200-299)

Walinga Inc. (200-299)

Mammoet Crane (Assets) Inc. (200-299)

Viking-Cives Ltd.(200-299)

Capital Paving Inc. (200-299)

TOP 20 CORPORATE TAXPAYERS IN 2023

Jefferson Elora Corporation, Centre Wellington

TG Minto Corporation, Minto

Triton Water Canada Holdings, Puslinch

Skyline Retail and Real Estate Holdings, Centre Wellington (incl.WN)

Dream Summit Industrial (Ontario) Inc., Puslinch

Wallenstein Feed and Supply, Mapleton

Musashi Auto Parts Canada, Wellington North

Royal Canin Canada Company, Puslinch

Con-Cast Pipe Ltd., Puslinch

RMM Fergus Property Inc., Centre Wellington

Coldpoint Properties and Industrial Park, Guelph/Eramosa

Darling International Canada, Mapleton

Sharon Farms and Enterprises, Wellington North

Nexans Canada Inc., Centre Wellington

Mammoet Crane (Assets) Inc., Puslinch

Nieuwland Feed and Supply, Mapleton (CW and Minto)

FRG-S Holdings Ltd., Centre Wellington

7475 McLean Road East Inc., Puslinch

Pier Property Inc., Puslinch

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

Acknowledgements

The County Treasurer would like to thank the following staff members for their assistance during the preparation of the Annual Financial Report:

Susan Aram, Deputy Treasurer

Andrea Brossault, Asset Management Programme Manager

Simon Burgess, Operating Budget and Cash Manager

Crystal Haffner, Accounting Analyst

Holly Leeming, Property Tax Analyst

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