



County of Wellington
Financial Statements
For the year ended December 31, 2023



County of Wellington
Index to Financial Statements
For the year ended December 31, 2023

Consolidated Financial Statements

Independent Auditors' Report	
Consolidated Statement of Financial Position	4
Consolidated Statement of Operations	5
Consolidated Statement of Remeasurement Gains (Losses)	6
Consolidated Statement of Change in Net Financial Assets	7
Consolidated Statement of Cash Flows	8
Notes to the Financial Statements	9-39

Wellington Housing Corporation Financial Statements

Independent Auditor's Report	
Statement of Financial Position	44
Statement of Operations	45
Statement of Change in Net Financial Assets	46
Statement of Cash Flow	47
Notes to the Financial Statements	48-55

Trust Fund Financial Statements

Independent Auditors' Report	
Statements of Financial Position and Operations	61
Notes to the Financial Statements	62



KPMG LLP
120 Victoria Street South
Suite 600
Kitchener, ON N2G 0E1
Canada
Telephone 519 747 8800
Fax 519 747 8811

INDEPENDENT AUDITOR'S 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 statement of operations and accumulated surplus for the year then ended
- the consolidated statement of remeasurement gains (losses) for the year then ended
- the consolidated statement of changes in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2023, and its consolidated results of operations, its consolidated statement of remeasurement gains (losses), 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.

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 auditor’s 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.



Page 3

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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants, Licensed Public Accountants

Kitchener, Canada

June 4, 2024

County of Wellington

Consolidated Statement of Financial Position

As at December 31	2023	2022
		Restated
		(Note 2)
	\$	\$
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
Accumulated Remeasurement Gains (Losses)	(286,876)	-
	576,796,190	556,463,130

The accompanying notes are an integral part of these financial statements

County of Wellington

Consolidated Statement of Operations

For the year ended December 31	(Note 21) Budget	2023	2022 Restated (Note 2)
	\$	\$	\$
Revenues			
Taxation (Note 14)	123,924,600	124,162,799	116,304,778
Government transfers			
Ontario (Note 15)	80,535,782	81,559,234	87,726,421
Canada (Note 15)	39,825,200	34,516,168	17,823,306
Municipal	29,726,219	28,555,162	25,631,290
Fees & charges	13,125,400	11,828,351	13,815,352
Licences, permits, rents	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	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	4,901,517	4,904,354	4,317,145
Total Expenses	270,607,526	279,015,147	256,649,046
Operating surplus	32,194,000	20,619,936	25,764,548
Accumulated operating surplus at 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	588,657,130	577,083,066	556,463,130

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 (Note 2)	(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)

County of Wellington

Consolidated Statement of Change in Net Financial Assets

For the year ended December 31	(Note 21) Budget	2023	2022 Restated (Note 2)
	\$	\$	\$
Operating 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	77,045,624	100,282,170	94,831,424

Notes to the Financial Statements
For the Year Ended December 31, 2023
Consolidated Statement of Cash Flows

For the year ended December 31	2023	2022 Restated (Note 2)
	\$	\$
Cash provided by (used in):		
Operating Activities:		
Annual Surplus	20,619,936	25,764,548
Items not involving cash:		
Amortization tangible capital assets	28,985,421	27,880,946
Loss on disposal of tangible capital assets	966,960	(194,744)
Change in post employment/retirement 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	(44,242,420)	(52,663,890)
Net change in cash from capital activities	(43,822,668)	(51,911,713)
Investing activities:		
Loan receivable collected	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 cash equivalents	1,441,570	(2,563,287)
Cash and cash equivalents, beginning of year	53,457,438	56,020,725
Cash and cash equivalents, end of year	54,899,008	53,457,438

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 because 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.

**Notes to the Financial Statements
For the Year Ended December 31, 2023**

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).

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.

Notes to the Financial Statements For the Year Ended December 31, 2023

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.

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.

**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, 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 & Machinery	Licensed Equipment	7
	Unlicensed Equipment	15
	Machinery and Equipment	7 to 20
Furniture & Fixtures		5 to 15
Technology & 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

**Notes to the Financial Statements
For the Year Ended December 31, 2023**

Wellington County and are fully catalogued in the County's collections database. The collection is maintained and stored at the Wellington County Museum & Archives as per professional Museum and Archives standards.

(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.

Notes to the Financial Statements For the Year Ended December 31, 2023

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.

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.

**Notes to the Financial Statements
For the Year Ended December 31, 2023**

Explanation of changes to Accumulated Surplus	Previously reported	Restated	Adjustments
	December 31, 2022	December 31, 2022	
	\$	\$	\$
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)

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.

**Notes to the Financial Statements
For the Year Ended December 31, 2023**

On November 15, 2019, an irrevocable Standby Letter of Credit was issued to finance the Badley (Metcalfe 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

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

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

(ii) Keep Well – Emergency Business Sustainability Fund

In 2020, the County also established the Keep Well – Emergency Business Sustainability Fund to provide up to \$1,000,000 in low-interest loans (3%) to support local businesses. The County has entered 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.

Notes to the Financial Statements
For the Year Ended December 31, 2023

	2023	2022
	\$	\$
Cost Sharing Agreements with Township of Centre Wellington		
Groves Memorial Hospital Sub-Watershed Study Phase 2(0% Interest, maturity 2023)	-	6,615
	-	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
	34,791,112	18,313,148
	2023	2022
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
	18,313,148	15,459,267
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
	36,162,075	24,422,188
Contributions Realized as Revenue	(19,684,111)	(21,568,307)
Balance, End of Year	34,791,112	18,313,148

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 Brucedale 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

Notes to the Financial Statements
For the Year Ended December 31, 2023

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.

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

**Notes to the Financial Statements
For the Year Ended December 31, 2023**

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:

- (i) 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%.
- (ii) 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.
- (iii) Dental costs were assumed to increase at the rate of 4.00% per year.

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).

Notes to the Financial Statements
For the Year Ended December 31, 2023

Information about the WSIB liability is as follows:

	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

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.

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.

**Notes to the Financial Statements
For the Year Ended December 31, 2023**

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	<u>89,866</u>	<u>224,056</u>
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.

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

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

(b) 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
	\$ 27,299,126

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

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

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

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

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

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

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

Notes to the Financial Statements
For the Year Ended December 31, 2023

(g) Wellington Housing Corporation:

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

2023												
	Land	Landfill Sites	Buildings	Infrastructure	Vehicles & Machinery	Furniture and Fixtures	Technology & Communications	Library Books	WHC	Public Health	Capital Work in Progress	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost												
Balance beginning of year	38,607,465	13,173,778	215,689,400	513,532,115	24,228,525	8,165,258	8,086,496	2,641,398	5,334,425	11,749,105	10,498,628	851,706,593
Asset Retirement Obligations	-	-	-	-	-	-	-	-	-	-	-	-
Additions	7,782,846	-	7,554,798	12,647,676	4,132,198	316,772	2,393,149	724,550	63,022	145,644	12,280,987	48,041,642
Disposals			(949,607)	(4,315,823)	(1,403,918)	(477,755)	(725,374)	(641,577)	-	(110,148)	(3,686,086)	(12,310,288)
Balance, end of year	46,390,311	13,173,778	222,294,591	521,863,968	26,956,805	8,004,275	9,754,271	2,724,371	5,397,447	11,784,601	19,093,529	887,437,947
Accumulated Amortization												
Balance beginning of year	-	1,455,034	84,469,022	278,331,007	12,719,789	3,384,964	5,478,001	1,454,203	1,048,107	5,327,742	-	393,667,869
Disposals	-	-	(912,857)	(3,039,114)	(1,277,730)	(477,755)	(725,374)	(641,577)	-	(49,947)	-	(7,124,354)
Amortization Expense	-	394,478	8,888,483	13,913,525	2,784,085	603,602	1,178,632	529,290	256,436	436,890	-	28,985,421
Balance, end of year	-	1,849,512	92,444,648	289,205,418	14,226,144	3,510,811	5,931,259	1,341,916	1,304,543	5,714,685	-	415,528,936
Net Book Value, end of year	46,390,311	11,324,266	129,849,943	232,658,550	12,730,661	4,493,464	3,823,012	1,382,455	4,092,904	6,069,916	19,093,529	471,909,011

Notes to the Financial Statements
For the Year Ended December 31, 2023

2022 Restated												
	Land	Landfill Sites	Buildings	Infrastructure	Vehicles & Machinery	Furniture and Fixtures	Technology & Communications	Library Books	WHC	Public Health	Capital Work in Progress	Total
Cost												
Balance beginning of year	34,149,012	1,871,638	200,070,044	500,299,785	22,330,920	8,107,719	7,751,222	2,873,260	5,300,155	11,500,345	9,194,609	803,448,709
Adjustment related to recognition of Asset Retirement Obligation (Note 10)	-	10,459,128	9,093,405	429,324	-	-	-	-	-	-	-	19,981,857
Balance beginning of year, as restated	34,149,012	12,330,766	209,163,449	500,729,109	22,330,920	8,107,719	7,751,222	2,873,260	5,300,155	11,500,345	9,194,609	823,430,566
Additions	4,458,453	843,012	7,184,517	14,203,180	3,531,471	392,686	504,482	426,374	34,270	255,403	3,124,110	34,957,958
Disposals	-	-	(658,566)	(1,400,174)	(1,633,866)	(335,147)	(169,208)	(658,236)	-	(6,643)	(1,820,091)	(6,681,931)
Balance, end of year	38,607,465	13,173,778	215,689,400	513,532,115	24,228,525	8,165,258	8,086,496	2,641,398	5,334,425	11,749,105	10,498,628	851,706,593
Accumulated Amortization												
Balance beginning of year	-	1,054,422	76,110,322	265,818,155	11,710,509	3,147,727	4,545,835	1,565,004	795,405	4,888,117	-	369,635,496
Adjustment related to recognition of Asset Retirement Obligation (Note 10)	-	-	455,834	-	-	-	-	-	-	-	-	455,834
Balance beginning of year, as restated	-	1,054,422	76,566,156	265,818,155	11,710,509	3,147,727	4,545,835	1,565,004	795,405	4,888,117	-	370,091,330
Disposals	-	-	(625,735)	(905,546)	(1,603,892)	(335,147)	(169,208)	(658,236)	-	(6,643)	-	(4,304,407)
Amortization Expense	-	400,612	8,528,601	13,418,398	2,613,172	572,384	1,101,374	547,435	252,702	446,268	-	27,880,946
Balance, end of year	-	1,455,034	84,469,022	278,331,007	12,719,789	3,384,964	5,478,001	1,454,203	1,048,107	5,327,742	-	393,667,869
Net Book Value, end of year	38,607,465	11,718,744	131,220,378	235,201,108	11,508,736	4,780,294	2,608,495	1,187,195	4,286,318	6,421,363	10,498,628	458,038,724
Net Book Value, beginning of year	34,149,012	11,276,344	132,597,293	234,910,954	10,620,411	4,959,992	3,205,387	1,308,256	4,504,750	6,612,228	9,194,609	453,339,236

**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 & Omitted Taxes	3,736,564	3,199,494
Payment in Lieu of Taxes	936,212	889,771
Other	40,065	39,109
	125,204,141	117,618,874
Less:		
Property Taxes written off as uncollectible	(1,096,821)	(1,472,024)
Provision for Assessment at Risk	55,479	157,928
	(1,041,342)	(1,314,096)
Tax Revenue recognized	\$ 124,162,799	\$ 116,304,778

Notes to the Financial Statements
For the Year Ended December 31, 2023

15. 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 & 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	<u>19,198,050</u>	<u>20,124,144</u>
Accumulated surplus	22,808,284	21,739,241
Revenues	30,347,801	33,834,294
Expenses	<u>29,278,758</u>	<u>32,037,915</u>
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	<u>15,866</u>	<u>18,363</u>
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)	<u>6,069,916</u>	<u>6,421,363</u>
Accumulated Surplus	7,219,170	6,939,665

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.

Notes to the Financial Statements

For the Year Ended December 31, 2023

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.

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).

**Notes to the Financial Statements
For the Year Ended December 31, 2023**

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-g 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 & 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 & 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**

23. COMPARATIVE FIGURES

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

24. 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	Social and Family Services	Library	Museum	Planning & Development	Consolidated
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues											
Taxation	14,278,725	19,414,382	36,698,996	10,152,243	8,799,733	6,537,167	13,847,954	8,411,728	2,664,703	3,357,168	\$ 124,162,799
Grants and Subsidies	1,420,278	236,156	5,244,636	1,949,146	6,412,053	19,934,594	80,334,238	141,275	296,866	106,160	116,075,402
Municipal Revenue	263,980	392,018	2,229,182	-	56,336	19,496,957	5,684,884	31,680	-	400,125	28,555,162
Fees & Service Charges	1,176,672	265,530	(513,710)	3,784,385	-	43,548	5,640,772	37,557	116,777	1,276,820	11,828,351
Licences, Permits, Rents	1,407,906	210,897	-	30,869	-	7,650,946	5,780	49,461	30,004	-	9,385,863
Interest, Donations, Other	6,058,123	11,404	-	-	107,104	413,463	132,258	270,123	10,947	226	7,003,648
Development Charges	28,786	-	1,976,063	-	-	-	19,575	599,434	-	-	2,623,858
Total Revenues	24,634,470	20,530,387	45,635,167	15,916,643	15,375,226	54,076,675	105,665,461	9,541,258	3,119,297	5,140,499	299,635,083
Expenses											
Salaries and Benefits	12,365,931	623,285	7,252,331	3,272,038	4,715,100	5,321,631	38,292,996	5,432,153	1,659,636	3,229,768	82,164,869
Goods and Services	8,486,595	1,286,106	10,565,734	10,823,769	3,037,004	11,304,873	5,671,250	2,409,659	642,798	718,146	54,945,934
Transfer Payments	452,537	17,258,540	-	-	8,654,984	24,792,272	54,426,018	-	6,000	788,690	106,379,041
Insurance and Interest	1,428,732	31,604	1,442,488	330,764	35,177	676,334	1,010,702	199,650	67,440	77,107	5,299,998
Amortization	1,645,108	827,108	16,174,947	1,027,219	436,890	4,898,793	1,654,835	1,841,613	388,265	90,643	28,985,421
Accretion	11,338	-	14,553	777,432	-	430,916	4,264	1,381	-	-	1,239,884
Total Expenses	24,390,241	20,026,643	35,450,053	16,231,222	16,879,155	47,424,819	101,060,065	9,884,456	2,764,139	4,904,354	279,015,147
Annual Surplus	244,229	503,744	10,185,114	(314,579)	(1,503,929)	6,651,856	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	Social and Family Services	Library	Museum	Planning & Development	Consolidated
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues											
Taxation	13,767,437	19,126,103	33,352,546	8,856,505	8,750,747	6,156,778	12,271,232	8,043,225	2,493,332	3,486,873	\$ 116,304,778
Grants and Subsidies	1,891,426	212,308	7,411,217	1,724,345	7,608,945	18,644,246	67,788,068	141,275	55,262	72,635	105,549,727
Municipal Revenue	594,753	34,093	1,398,728	-	123,951	17,245,384	5,724,894	34,320	-	475,167	25,631,290
Fees & Service Charges	894,288	383,538	673,207	4,899,752	-	24,946	5,505,312	23,444	141,109	1,269,756	13,815,352
Licences, Permits, Rents	1,338,724	127,250	-	30,869	66,699	7,447,423	-	36,492	30,509	-	9,077,966
Interest, Donations, Other	5,536,470	11,496	140	1,740	41,811	729,695	154,819	5,252	10,551	4,462	6,496,436
Development Charges	505,340	1,107,257	1,686,469	-	280,214	-	100,387	1,858,378	-	-	5,538,045
Total Revenues	24,528,438	21,002,045	44,522,307	15,513,211	16,872,367	50,248,472	91,544,712	10,142,386	2,730,763	5,308,893	282,413,594
Expenses											
Salaries and Benefits	11,035,325	577,044	6,703,461	2,867,221	5,221,018	4,721,840	35,436,970	4,930,547	1,553,122	2,894,829	75,941,377
Goods and Services	7,670,735	1,177,962	11,416,651	10,113,703	1,985,591	9,727,319	4,569,895	2,275,769	715,459	662,284	50,315,368
Transfer Payments	438,451	17,300,816	-	-	8,044,162	26,714,398	43,712,480	-	5,425	610,883	96,826,615
Insurance and Interest	1,648,706	33,020	1,088,743	293,635	70,179	537,165	975,132	170,141	52,447	65,283	4,934,451
Amortization	1,504,948	866,177	15,576,586	917,821	446,268	4,686,704	1,629,077	1,876,656	292,843	83,866	27,880,946
Accretion	10,859	-	13,926	307,742	-	412,359	4,081	1,322	-	-	750,289
Total Expenses	22,309,024	19,955,019	34,799,367	14,500,122	15,767,218	46,799,785	86,327,635	9,254,435	2,619,296	4,317,145	256,649,046
Annual Surplus	2,219,414	1,047,026	9,722,940	1,013,089	1,105,149	3,448,687	5,217,077	887,951	111,467	991,748	25,764,548

Wellington Housing Corporation
Financial Statements
For the year ended December 31, 2023

Wellington Housing Corporation
Index to Financial Statements
For the year ended December 31, 2023

Financial Statements

Independent Auditor's Report	
Statement of Financial Position	44
Statement of Operations and Changes in Accumulated Surplus	45
Statement of Change in Net Financial Assets	46
Statement of Cash Flows	47
Notes to the Financial Statements	48-55



KPMG LLP

120 Victoria Street South
Suite 600
Kitchener, ON N2G 0E1
Canada
Telephone 519 747 8800
Fax 519 747 8811

INDEPENDENT AUDITOR'S REPORT

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 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 for Opinion

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

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

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



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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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.



Page 3

- 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font. Below the signature is a long, horizontal, slightly wavy line.

Chartered Professional Accountants, Licensed Public Accountants

Kitchener, Canada

June 4, 2024

Wellington Housing Corporation

Statement of Financial Position

As at December 31	2023 \$	2022 \$
Financial Assets		
Cash	2,200,739	1,589,845
Accounts Receivable (Note 6)	26,459	26,383
Prepaid Expenses	20,035	-
Investments (Note 4)	105,255	104,196
Total Financial Assets	2,352,488	1,720,424
Financial 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

Wellington Housing Corporation

Statement of Operations and Changes in Accumulated Surplus

For the year ended December 31	(Note 12) Budget	2023	2022
	\$	\$	\$
Revenues			
Rental	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

Wellington Housing Corporation
Statement of Changes in Net Financial Assets

For the year ended December 31	(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
Net financial assets, beginning of year	1,413,345	1,413,345	648,253
Net financial assets, end of year	1,877,545	2,170,456	1,413,345

The accompanying notes are an integral part of these financial statements

Wellington Housing Corporation

Statement of Cash Flows

For the year ended December 31	2023	2022
	\$	\$
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	563,697	546,660
Items not involving cash:		
Amortization	256,436	252,702
Net change in non-cash working capital items (Note 13)	(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)
Increase in investments	(1,059)	(1,099)
Net cash used in investing activities	(64,081)	(35,369)
Cash flows from financing activities		
Mortgage repaid	(134,190)	(133,244)
Net cash used in financing activities	(134,190)	(133,244)
Net change in cash	610,894	734,538
Cash, beginning of year	1,589,845	855,307
Cash, end of year	2,200,739	1,589,845

The accompanying notes are an integral part of these financial statements

Wellington Housing Corporation

Notes to the 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 VI and VII of the Housing Services Act (HAS): 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	15 to 50
	Exterior	20 to 40
	Interior	15 to 40
	Site Elements	10 to 30
	Leasehold Improvements	Lease Term
Infrastructure	Parking Lots - Asphalt	20
	Parking Lots - Gravel	10
Furniture & Fixtures		15
Technology & Communications		5

Wellington Housing Corporation

Notes to the Financial Statements

For the year ended December 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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, and collection is reasonably assured.

(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.

Wellington Housing Corporation

Notes to the Financial Statements

For the year ended December 31, 2023

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

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.

Wellington Housing Corporation

Notes to the Financial Statements

For the year ended December 31, 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.

(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.

Wellington Housing Corporation
Notes to the Financial Statements
For the year ended December 31, 2023

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

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

Wellington Housing Corporation
Notes to the Financial Statements
For the year ended December 31, 2023

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 & 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	Amortization Expense	Balance at December 31, 2023
Land		\$ -	\$ -	\$ -	\$ -
Buildings		\$ (965,165)	\$ -	\$ (241,662)	\$ (1,206,827)
Infrastructure	Parking Lots	\$ (79,670)	\$ -	\$ (13,756)	\$ (93,426)
Furniture & 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 Lots	\$ 267,092			\$ 253,336
Furniture & Fixtures		\$ 11,963			\$ 10,945
Capital Work-in-Progress		\$ 2,857			\$ 2,857
Total		\$ 4,286,318			\$ 4,092,904

Wellington Housing Corporation
Notes to the 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 4 unit affordable housing project on the 440 King Street, Mount Forest site. The County provided \$900,000 in a forgivable loan for the Project. The loan and any accrued interest (8% per annum) are forgivable after 25 years as long as all conditions of the agreement have been met during this term. The terms of the forgivable loan include that the Corporation is to construct and operate the Project as affordable housing units for a term of twenty-five years. As per the agreement, funding of \$450,000 was disbursed in 2019 as the initial milestone of having a signed contribution agreement in place was met. Additional funding \$450,000 was disbursed in 2020 upon completion of structural framing and confirmation of occupancy.

11. ACCUMULATED SURPLUS

Accumulated surplus shows on the 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
Reserves set aside by the Corporation Board for:		
WHC Capital Reserve	2,239,507	1,553,512
	2,239,507	1,553,512
Accumulated Surplus	6,263,360	5,699,663

Wellington Housing Corporation
Notes to the Financial Statements
For the year ended December 31, 2023

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.

	2023 Budget (\$)	2022 Budget (\$)
Revenues		
Operating budget	985,000	980,000
Capital budget	69,000	40,000
Less:		
Transfers from other funds	(69,000)	(40,000)
Total revenues	985,000	980,000
Expenses		
Operating budget	985,000	980,000
Capital budget	69,000	40,000
Less:		
Transfer to other funds	(400,000)	(400,000)
Capital expenses	(69,000)	(40,000)
Debt principal repayments	(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

County of Wellington Trust Funds

Financial Statements

For the year ended December 31, 2023



KPMG LLP

120 Victoria Street South
Suite 600
Kitchener, ON N2G 0E1
Canada
Telephone 519 747 8800
Fax 519 747 8811

INDEPENDENT AUDITOR'S REPORT

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 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 for Opinion

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

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

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



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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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.



Page 3

- 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font. Below the signature is a long, horizontal, slightly wavy line.

Chartered Professional Accountants, Licensed Public Accountants

Kitchener, Canada

June 4, 2024

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

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 beginning of 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 end of 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, County Wellness Centre members and Wellington County Safe Communities Committee based on 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.