
County of Wellington
Financial Statements
For the year ended December 31, 2021

County of Wellington
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For the year ended December 31, 2021

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INDEPENDENT AUDITORS' REPORT

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

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

- the consolidated statement of financial position as at December 31, 2021
 - the consolidated statement of operations and accumulated surplus for the year then ended
 - the consolidated statement of changes in net financial assets for the year then ended
 - the consolidated statement of cash flows for the year then ended
 - and notes to the consolidated financial statements, including a summary of significant accounting policies
- (Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2021, and its consolidated results of operations, its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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.



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

Chartered Professional Accountants, Licensed Public Accountants

Waterloo, Canada

May 26, 2022

County of Wellington

Consolidated Statement of Financial Position

As at December 31

	2021	2020
	\$	\$
Assets		
Financial Assets		
Cash and Cash Equivalents (Note 3)	56,020,725	46,410,515
Accounts Receivable	11,100,646	10,047,506
Portfolio Investments (Note 3)	113,664,072	96,976,239
Loans Receivable (Note 4)	722,141	945,504
Total Financial Assets	181,507,584	154,379,764
Liabilities		
Accounts Payable and Accrued Liabilities	21,753,664	21,562,364
Deferred Revenue (Note 5)	15,459,267	14,424,777
Landfill Site Closure & Post Closure Liability (Note 6)	10,190,146	8,613,565
Post-Employment/Retirement Liability (Note 7)	2,462,766	2,359,915
WSIB Liability (Note 8)	1,394,249	1,361,104
Other Long-Term Liabilities (Note 9)	45,065	90,129
Net Debentures and Loans (Note 10)	32,566,214	34,587,574
Total Liabilities	83,871,371	82,999,428
Net Financial Assets	97,636,213	71,380,336
Non-Financial Assets		
Tangible Capital Assets (Note 11)	433,813,213	434,780,804
Inventories of Supplies	844,591	1,400,178
Prepaid Expenses	1,987,575	2,426,794
Total Non Financial Assets	436,645,379	438,607,776
Accumulated Surplus (Note 12)	534,281,592	509,988,112

County of Wellington

Consolidated Statement of Operations

For the year ended December 31	(Note 20) Budget	2021	2020
	\$	\$	\$
Revenues			
Taxation (Note 13)	111,160,900	111,844,954	108,337,251
Government Transfers			
Provincial (Note 14)	77,399,824	87,314,523	78,223,252
Federal (Note 14)	10,597,173	8,183,299	6,113,066
Municipal	24,746,880	23,092,243	26,011,667
Fees and Service Charges	12,456,000	13,245,063	11,523,390
Licences, Permits, Rent	8,687,400	8,603,886	8,583,597
Interest, Donations, Other	3,321,440	7,110,700	3,742,772
Development Charges	692,000	3,179,074	2,418,713
Total Revenues	249,061,617	262,573,742	244,953,708
Expenses			
General Government	23,671,147	20,443,660	19,513,187
Protection to Persons & Property	19,626,248	19,867,211	19,190,525
Transportation Services	31,314,562	32,506,942	32,171,614
Environmental Services	13,270,053	14,480,259	11,497,936
Health Services	17,299,604	18,606,612	14,944,922
Social Housing	34,952,668	43,026,625	38,384,207
Social and Family Services	77,249,835	74,278,539	76,155,158
Library	8,961,420	8,709,080	8,355,208
Museum	2,573,271	2,503,684	2,589,553
Planning and Development	4,334,912	3,857,650	4,171,461
Total Expenses	233,253,720	238,280,262	226,973,771
Annual Surplus	15,807,897	24,293,480	17,979,937
Accumulated Surplus, Beginning of Year	509,988,112	509,988,112	492,008,175
Accumulated Surplus, End of Year	525,796,009	534,281,592	509,988,112

County of Wellington
Consolidated Statement of Change in Net Financial Assets

For the year ended December 31	(Note 20) Budget	2021	2020
	\$	\$	\$
Annual Surplus	15,807,897	24,293,480	17,979,937
Acquisition of Tangible Capital Assets	(38,179,300)	(24,884,691)	(32,931,233)
Amortization of Tangible Capital Assets	26,000,000	25,378,798	27,703,651
Loss on Disposal of Tangible Capital Assets	-	2,607	514,770
Proceeds on Sale of Tangible Capital Assets	-	470,877	379,290
	<u>3,628,597</u>	<u>25,261,071</u>	<u>13,646,415</u>
Acquisition of Inventories of Supplies	-	(844,591)	(1,400,178)
Acquisition of Prepaid Expenses	-	(1,987,575)	(2,426,794)
Consumption of Inventories of Supplies	-	1,400,178	779,004
Use of Prepaid Expenses	-	2,426,794	2,088,423
	<u>3,628,597</u>	<u>26,255,877</u>	<u>12,686,870</u>
Change in Net Financial Assets	3,628,597	26,255,877	12,686,870
Net Financial Assets, Beginning of Year	<u>71,380,336</u>	<u>71,380,336</u>	<u>58,693,466</u>
Net Financial Assets, End of Year	<u>75,008,933</u>	<u>97,636,213</u>	<u>71,380,336</u>

County of Wellington

Consolidated Statement of Cash Flows

For the year ended December 31	2021	2020
	\$	\$
Cash Provided By (Used In):		
Operating Activities:		
Annual Surplus	24,293,480	17,979,937
Items Not Involving Cash:		
Amortization	25,378,798	27,703,651
Loss on Disposal of Tangible Capital Assets	2,607	514,770
Contributed Tangible Capital Assets	(3,000,000)	-
Change in Post Employment/Retirement Liability	102,851	46,126
Change in WSIB Liability	33,145	20,777
Change in Landfill Liability	1,576,581	32,345
Change in Other Long-Term Liabilities	(45,064)	(60,086)
Change in Non-Cash Assets and Liabilities:		
Accounts Receivable	(1,061,140)	991,925
Accounts Payable and Accrued Liabilities	191,300	4,920,092
Deferred Revenue	1,034,490	3,838,210
Inventories of Supplies	555,587	(621,174)
Prepaid Expenses	439,219	(338,371)
Net Change in Cash from Operating Activities	49,501,854	55,028,202
Capital Activities:		
Proceeds on Sale of Tangible Capital Assets	470,877	379,290
Cash Used to Acquire Tangible Capital Assets	(21,884,691)	(32,931,233)
Net Change in Cash from Capital Activities	(21,413,814)	(32,551,943)
Investing Activities:		
Loan Receivable Collected	231,363	(834,119)
Change in Long-Term Investments	(16,687,833)	(4,936,572)
Net Change in Cash from Investing Activities	(16,456,470)	(5,770,691)
Financing Activities:		
Long-Term Debt Issued	1,825,000	-
Long-Term Debt Repaid	(3,846,360)	(4,065,008)
Net Change in Cash from Financing Activities	(2,021,360)	(4,065,008)
Net Change in Cash and Cash Equivalents	9,610,210	12,640,560
Cash and Cash Equivalents, Beginning of Year	46,410,515	33,769,955
Cash and Cash Equivalents, End of Year	56,020,725	46,410,515

Notes to the Financial Statements For the Year Ended December 31, 2021

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

1. ACCOUNTING POLICIES

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

a) Basis of Consolidation

(i) Consolidated Entities

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

Wellington County Police Services Board

Wellington County Public Library Board

Wellington Housing Corporation (WHC)

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

Under PSAB standards, the County reports only its share of assets, liabilities and results of operations of any government partnerships in which it participates. The County participates in the Wellington-Dufferin-Guelph Health Unit to the extent of 32.0% (2019 – 32.0%) based on population, as stated in the agreement with the other participants, the City of Guelph and the County of Dufferin.

(ii) Trust Funds

Trust funds and their related operations administered by the County are not consolidated, but are reported separately on the Trust Funds Statement of Financial Position and Statement of Operations.

b) Basis of Accounting

(i) Accrual Basis of Accounting

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

(ii) Investments

Cash and cash equivalents

Cash and cash equivalents are comprised of the amounts held in the County's bank accounts and investments with an original maturity date of three months or less.

Portfolio Investments

Investments with an original maturity date of more than three months are reported as portfolio investments. Investments and pooled investments are reported using the cost method. Discounts and premiums arising on the purchase of these investments are amortized over the term of the investments. Provisions for declines in the market value of investments are recorded when they are considered to be other than temporary. Declines in

Notes to the Financial Statements For the Year Ended December 31, 2021

the market values of investments are considered to be other than temporary when the carrying value exceeds market value for more than three years.

(iii) Loans Receivable

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

(iv) Deferred Revenue

In accordance with PSAB requirements obligatory reserve funds are reported as a component of deferred revenue. The County has obligatory development charge reserve funds in the amount of \$6,948,539 (2020-\$4,736,256). These funds have been set aside, as required by the Development Charges Act, to finance a portion of the cost of growth-related capital projects. Revenue recognition occurs after the funds have been collected and when the County has incurred the expenses for the capital works for which the development charges were raised (Note 5).

Unexpended funds of \$6,785,022 (2020 - \$5,543,456) 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 \$50,502 (2020-\$1,330,613) received by the County under the Ontario Capital Infrastructure Fund are reported as deferred revenue and will be recognized as revenue in the fiscal year in which the eligible expenses are incurred.

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

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

(vi) Taxation

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

(vii) Government Transfers

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

(viii) Contaminated Sites

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

(ix) Use of Estimates

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

**Notes to the Financial Statements
For the Year Ended December 31, 2021**

c) Physical Assets

(i) Tangible Capital Assets

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

Major Asset Classification	Component Breakdown	Useful Life - Years
Land		N/A
Landfill Sites		N/A - Based on usage
Buildings	Structure	15 to 50
	Exterior	20 to 50
	Interior	15 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

Landfill sites are amortized using the units of production method based upon capacity used during the year.

Assets under construction are not amortized until the asset is available for productive use.

(ii) Contributions of Tangible Capital Assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and are also recorded as revenue. The value of assets contributed in 2021 is \$3,000,000 (2020 - \$0).

(iii) Works of Art and Cultural and Historic Assets

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

**Notes to the Financial Statements
For the Year Ended December 31, 2021**

(iv) Interest Capitalization

Borrowing costs incurred as a result of the acquisition, construction and production of an asset that takes a substantial period of time to prepare for its intended use are capitalized as part of the cost of the asset.

Capitalization of interest costs commences when the expenses are being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use are in progress. Capitalization is suspended during periods in which active development is interrupted. Capitalization ceases when substantially all of the activities necessary to prepare the asset for its intended use are complete. If only minor modifications are outstanding, this indicates that substantially all of the activities are complete.

The capitalized interest costs associated with the acquisition or construction of tangible capital assets during the year was \$0 (2020 - \$0).

(v) Leased Tangible Capital Assets

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

(vi) Inventories of Supplies

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

(vii) Tangible Capital Assets recorded at Nominal Value

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

2. TRUST FUNDS

Trust funds administered by the County amounting to \$103,264 (2020 - \$122,848) have not been included in the Consolidated Statement of Financial Position, nor have their operations been included in the Consolidated Statement of Financial Activities.

3. CASH AND CASH EQUIVALENTS AND PORTFOLIO INVESTMENTS

Total cash and cash equivalents of \$56,020,725 (2020 - \$46,410,515) are reported on the Consolidated Statement of Financial Position at cost.

Total portfolio investments of \$113,664,072 (2020 - \$96,976,239) are reported on the Consolidated Statement of Financial Position at cost and have a market value of \$116,760,588 (2020 - \$101,528,482).

At December 31, 2021 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 at December 31, 2021. Facility 2 is \$500,000 by way of Letters of Credit. The aggregate of Facility 1 and Facility 2 may not exceed \$5,000,000 at any time.

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

**Notes to the Financial Statements
For the Year Ended December 31, 2021**

4. LOANS RECEIVABLE

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

In 2010 the County entered into a cost sharing agreement with the Township of Centre Wellington and Groves Memorial Hospital to fund three phases of a Community Planning Area sub-watershed Study. The County funds the work upfront and is repaid by the Township at 54% and the Hospital at 6%. In 2011 phase 1 was completed and in 2012 phase 2 was completed. The Township will repay the County over 10 years, interest free, from year of completion and the Hospital will repay the County through the Township at the time of building permit issuance which occurred in 2017. The amount to be repaid to the County as at December 31, 2021 was \$13,230 (2020 - \$28,080).

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, 2021 was \$56,304 (2020 - \$70,380).

(ii) Keep Well – Emergency Business Sustainability Fund

In 2020, the County also established the Keep Well – Emergency Business Sustainability Fund to provide up to \$1,000,000 in low-interest loans (3%) to support local businesses. The County has entered in to agreements with the Wellington-Waterloo Community Futures Development Corporation (WWCFDC) and the Saugeen Economic Development Corporation (SEDC) to administer these loans. The total loans advanced in 2020 were \$891,400 (WWCFDC \$740,400, SEDC \$151,000). The total principal repaid in 2021 was \$194,436 (WWCFDC \$146,311. SEDC \$48,125) (2020 - total \$36,356, WWCFDC \$32,042, SEDC \$4,314) leaving an outstanding balance at December 31, 2021 of \$660,608 (WWCFDC \$562,046, SEDC \$98,561) (2020-total \$855,044, WWCFDC \$708,358, SEDC \$146,686). Of these outstanding balances only one loan was considered at risk of non-repayment and an allowance has been set up in the amount of \$8,000.

	2021 \$	2020 \$
Cost Sharing Agreements with Township of Centre Wellington		
Groves Memorial Hospital Sub-Watershed Study Phase 1 (0% Interest, maturity 2021)	-	8,235
Groves Memorial Hospital Sub-Watershed Study Phase 2(0% Interest, maturity 2023)	13,230	19,845
	13,230	28,080
Fergus Library Soil Remediation (0% Interest, maturity 2025)	52,514	65,642
Fergus Library Site Work (0% Interest, maturity 2025)	3,790	4,738
	56,304	70,380
Total Cost Sharing Agreements with Township of Centre Wellington	69,534	98,460
Keep Well - Emergency Business Sustainability Fund		
Wellington-Waterloo Community Futures Development Fund (3% annual interest rate less 1% administration fee, maturity 2025)	562,046	708,358
Less: Valuation Allowance	(8,000)	(8,000)
	554,046	700,358
Saugeen Economic Development Corporation	98,561	146,686
Total Keep Well - Emergency Business Sustainability Loans	652,607	847,044
Total Loans Receivable	722,141	945,504

Notes to the Financial Statements
For the Year Ended December 31, 2021

5. DEFERRED REVENUE

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

	2021	2020
	\$	\$
Canada Community Building Fund	6,785,022	5,543,456
Ontario Community Infrastructure Fund (OCIF)	50,502	1,330,613
Development Charges	6,948,539	4,736,256
Deferred Operating and Capital Grants	1,643,366	2,705,733
Other	31,838	108,719
	15,459,267	14,424,777
	2021	2020
Balance, Beginning of Year		
Canada Community Building Fund	5,543,456	5,297,933
OCIF	1,330,613	-
Development Charges	4,736,256	4,006,516
Deferred Operating and Capital Grants	2,705,733	1,218,274
Other	108,719	63,844
	14,424,777	10,586,567
Amounts Received		
Canada Community Building Fund	5,656,318	2,758,534
OCIF	1,863,466	1,863,466
Safe Restart Fund	1,449,108	2,311,900
Development Charges	5,267,019	3,025,369
Deferred Capital and Operating Grants	6,534,697	3,706,371
Other	49,679	72,763
Interest Earned	324,272	303,905
	21,144,559	14,042,308
Contributions Realized as Revenue	(20,110,069)	(10,204,098)
Balance, End of Year	15,459,267	14,424,777

6. LANDFILL SITE CLOSURE AND POST-CLOSURE LIABILITY

The County is responsible for all aspects of solid waste management. As of December 31, 2021 there were 16 closed landfill sites (of which 5 locations were operating as transfer stations) and 1 active landfill site. The total estimated expenditure (on a discounted basis) for closure and post-closure care as of December 31, 2021 is \$11,783,831 (2020- \$8,660,292). The amount reported on the Consolidated Statement of Financial Position as of December 31, 2021 is \$10,190,146 (2020 - \$8,613,565) and the amount remaining to be recognized is \$1,593,685 (2020 - \$46,727).

Closure costs include final cover and vegetation, drainage control features, leachate control and monitoring systems, water quality monitoring systems, gas monitoring and recovery, land acquisition, site remediation, and site closure reports. Post-closure costs include leachate monitoring and treatment, water quality monitoring, gas monitoring and recovery, ongoing maintenance and annual reports. The discounted cash flow analysis is based on the estimated costs for each of these items over a rolling 30-year period (previously 25-year period) using a long term borrowing rate of 2.75% (2020 – 2.42%). The forecast period was increased to recognize significant costs associated with

Notes to the Financial Statements
For the Year Ended December 31, 2021

the expected closure of Riverstown Landfill Site Phase 2 in 2050.

The liability for closure and post closure care is recognized as the capacity of each site is used. For any closed sites, 100% of the liability is recognized. A total of 86.48% (2020-99.46%) of the liability is recognized and reported, which represents the estimated weighted average capacity used to December 31, 2021. It is estimated that sufficient landfill site capacity exists for approximately 25 years.

Of the \$10,190,146 (2020 - \$8,613,565) recognized as a liability, \$908,819 (2020 - \$121,850) 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 \$9,281,327 (2020 - \$8,491,715) is shown as an amount to be recovered from reserve funds (see Note 12).

7. POST-EMPLOYMENT / RETIREMENT LIABILITY

Post-employment benefits include a provision to pay 90% of the premium cost for retired non-union full-time employees and 90% of the premium cost for retired union full-time employees for dental, extended health care and life insurance benefits for an employee voluntarily electing early retirement until the retired employee's 65th birthday. For union full-time employees, the County pays 100% of the premium for eligible early retirees with a retirement effective date of December 31, 2022 or earlier. There is also a provision to pay 50% of the premium cost for retired permanent part time employees for dental and extended health care. To be eligible to receive these benefits, the employee must be at least 55 years of age, have a minimum of ten years of continuous service with the County at the time of retirement and be in receipt of an OMERS pension.

The present value of these benefit obligations at December 31, 2021 was estimated from an actuarial review completed in December 2020. The review calculated the benefit obligations using an accrued benefit obligation methodology, which recognizes the accrued benefit over the employees' working lifetime.

Of the \$2,462,766 (2020 - \$2,359,915) recognized as a liability, \$492,027 (2020 - \$526,354) is related to the County's share of the Wellington-Dufferin-Guelph Health Unit, \$14,954 (2020 - \$1,833,561) 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 \$1,955,785 (2020 - \$0) is shown as an amount to be recovered from reserve funds (see Note 12)

Benefit	Number of Employees Entitled to Benefit as at December 31, 2021	Liability as at December 31, 2021	Liability as at December 31, 2020
		\$	\$
Dental	47	447,949	416,768
Extended Health Care	47	1,420,509	1,321,631
Life Insurance	44	102,281	95,162
County of Wellington Total		1,970,739	1,833,561
Wellington-Dufferin Guelph Public Health Unit		492,027	526,354
Consolidated Total		2,462,766	2,359,915

Notes to the Financial Statements
For the Year Ended December 31, 2021

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

	2021	2020
	\$	\$
Accrued Benefit Obligation:		
Balance, beginning of year	2,709,840	2,918,714
Current benefit cost	139,067	149,466
Change due to Plan Amendment	-	(188,670)
Interest	87,028	115,257
Benefits paid	(203,146)	(224,042)
Actuarial gain / (loss)	-	(60,885)
Balance, end of year	2,732,789	2,709,840
Unamortized actuarial loss	(762,050)	(876,279)
Liability for benefits	1,970,739	1,833,561
Wellington-Dufferin-Guelph Public Health Unit	492,027	526,354
Consolidated Total	2,462,766	2,359,915

Included in expenses is \$114,229 (2020 - \$118,289) for amortization of the actuarial loss. The unamortized actuarial loss is amortized over the expected average remaining service life of 15 years, which began in 2021.

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

- (i) Interest (discount rate):
The present value of future liabilities and the expense for the 12 months ended December 31, 2021 were determined using a discount rate of 3.25%.
- (ii) Health Care Cost Rates:
Medical costs were assumed to escalate at a rate of 5.75% for 2021 vs. 2020, reducing by .333% per year to 3.75% per year in 2027 vs. 2026 and 3.75% each year thereafter.
- (iii) Dental Cost Rates:
Dental costs were assumed to increase at the rate of 3.75% per year.

8. WORKPLACE SAFETY AND INSURANCE

The County is a Schedule II (self-insured) employer with the Workplace Safety and Insurance Board (WSIB). Payments made to the WSIB in 2021 resulting from approved claims were \$52,060 (2020 - \$65,949) and are reported as a liability transaction on the Consolidated Statement of Financial Position. The WSIB liability is based on an actuarial evaluation completed in December 2020. The evaluation is updated every four years. As WSIB benefits are a compensated absence, PSAB Section PS 3250 requires full recognition of liabilities associated with workplace injuries that occurred on or before the valuation date. The amount reported on the Consolidated Statement of Financial Position as a liability is \$1,394,249 (2020 - \$1,361,104) to be recovered by reserve funds (see Note 12).

Notes to the Financial Statements
For the Year Ended December 31, 2021

Information about the WSIB liability is as follows:

	2021	2020
	\$	\$
Accrued Benefit Obligation:		
Balance, beginning of year	1,105,254	1,278,321
Current benefit cost	184,684	154,223
Interest	31,255	48,129
Expected benefit payments	(122,093)	(144,011)
Expected accrued benefit obligation, end of year	1,199,100	1,336,662
Actual accrued benefit obligation, end of year	1,199,100	1,105,254
Unamortized actuarial gain	195,149	255,850
WSIB Liability	1,394,249	1,361,104

Included as a reduction in expenses is \$60,701 (2020 – \$37,564) for amortization of the actuarial gain. The unamortized actuarial gain on future payments required to WSIB is amortized over the expected period of the liability which is 10 years.

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

- (i) Interest (discount rate):
The present value of future liabilities and the expense for the 12 months ended December 31, 2021 were determined using a discount rate of 2.75%
- (ii) Administration costs:
Administration costs were assumed to be 25.0% of the compensation expense
- (iii) Compensation expense:
Compensation costs, which include loss of earnings benefits, health care costs and non-economic loss awards, were assumed to increase at rates ranging from 2.5% to 3.75% depending on the benefit type.

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

9. OTHER LONG-TERM LIABILITIES

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

The County has agreed to participate in a TIEG grant and has entered into a Financial Assistance agreement with the Township of Centre Wellington. One payment of \$45,722 was made in 2021 (2020 - \$60,105) with subsequent payments estimated at \$45,065 (2020 - \$90,129). Annual grant

Notes to the Financial Statements
For the Year Ended December 31, 2021

payments are subject to property value assessments and recalculation of the grants each year.

	2021	2020
	\$	\$
2021	-	45,064
2022	30,043	30,043
2023	15,022	15,022
	45,065	90,129

10. NET DEBENTURES AND LOANS

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

	2021	2020
	\$	\$
Debentures outstanding for County purposes	32,208,914	34,097,919
Mortgage outstanding for Wellington Housing Corporation	357,300	489,655
Total long-term liabilities at the end of the year	32,566,214	34,587,574

Debentures outstanding for Local Municipal purposes (2021-\$22,750,862; 2020- \$19,764,364) 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:

	2021	2020
	\$	\$
Long-term liabilities incurred by the County, including those incurred on behalf of member municipalities, and outstanding at the end of the year (Interest rates range from 0.85% - 5.875%)	54,959,776	53,862,283
Long-term liabilities incurred by the County and recoverable from member municipalities	(22,750,862)	(19,764,364)
Net long-term liabilities at the end of the year	32,208,914	34,097,919

Notes to the Financial Statements
For the Year Ended December 31, 2021

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

	2021	2020
Debenture payable, 4.75%-4.85%, repayable in annual principal and semi-annual interest payments of approximately \$225,000 annually, due October 5, 2021	-	215,000
Debenture payable, 2.75% - 3.35%, repayable in annual principal and semi-annual interest payments of approximately \$365,500 annually, with a balloon payment of \$735,000, due March, 6, 2022	1,056,000	1,380,000
Debenture payable, 2.45% - 3.20%, repayable in annual principal and semi-annual interest payments of approximately \$677,500 annually with a balloon payment of \$3,135,000, due June 3, 2023	4,250,000	4,785,000
Debenture payable, 5.84%, repayable in blended semi-annual payments of \$119,573, due August 12, 2024	649,471	842,206
Debenture payable, 5.875%, repayable in blended semi-annual payments of \$856,527, due August 12, 2025	6,028,443	7,329,713
Debenture payable, 1.35%-2.45%, repayable in annual principal and semi-annual interest payments of approximately \$133,500 annually, due November 30, 2026	624,000	742,000
Debenture payable, 4.70% - 5.35%, repayable in annual principal and semi-annual interest payments ranging from \$195,266 to \$164,280 annually, due June 3, 2030	1,230,000	1,340,000
Debenture payable, 0.85%-2.45% repayable in annual principal and semi-annual interest payments of approximately \$115,000 annually for ten years, with a balloon payment of \$1,109,000 due November 30, 2031	1,825,000	-
Debenture payable, 2.00% - 3.45%, repayable in annual principal and semi-annual interest payments ranging from \$430,683 to \$770,754 annually, due May 30, 2038	7,727,000	8,246,000
Debenture payable, 1.90% - 2.60%, repayable in annual principal and semi-annual interest payments of approximately \$610,000 annually, due November 4, 2039	8,819,000	9,218,000
	\$ 32,208,914	\$ 34,097,919

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

	Principal
2022	\$ 4,436,997
2023	6,655,291
2024	3,085,201
2025	2,984,425
2026	1,379,000
Subsequent to 2026	13,668,000
	\$ 32,208,914

(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

Notes to the Financial Statements
For the Year Ended December 31, 2021

Ministry of Municipal Affairs and Housing.

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

	2021	2020
	\$	\$
Principal Payments	3,714,005	3,934,016
Interest	1,154,673	1,306,295
	<u>4,868,678</u>	<u>5,240,311</u>

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

	2021	2020
	\$	\$
General Municipal Revenues	3,881,954	4,255,659
Development Charges	986,724	984,652
	<u>4,868,678</u>	<u>5,240,311</u>

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

	2021	2020
	\$	\$
Net Long-Term Liabilities		
Recovered from General Municipal Revenues	21,931,914	24,916,919
Recovered from Development Charges	10,277,000	9,181,000
	<u>32,208,914</u>	<u>34,097,919</u>

(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 (2020 - \$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 \$4,073,325 (2019 - \$2,596,483).

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

	Principal
2022	133,168
2023	134,062
2024	90,070
	<u>\$ 357,300</u>

11. TANGIBLE CAPITAL ASSETS

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

Notes to the Financial Statements
For the Year Ended December 31, 2021

Cost	December 31, 2020	Additions	Disposals	December 31, 2021
Land	\$ 33,631,664	517,348	-	\$ 34,149,012
Landfill Sites	1,871,638	-	-	1,871,638
Buildings	194,711,783	5,914,611	(556,350)	200,070,044
Infrastructure				
Roads	358,715,678	6,790,475	(405,883)	365,100,270
Bridges	100,116,737	3,039,783	(93,132)	103,063,388
Culverts	21,306,295	1,065,762	(319,398)	22,052,659
Structural Walls	308,003	-	-	308,003
Traffic Lights	4,488,426	1,533,755	-	6,022,181
Trails	249,984	-	-	249,984
Parking Lots	3,331,193	214,268	(42,161)	3,503,300
Vehicles & Machinery				
Licensed Equipment	11,936,137	1,301,927	(1,231,290)	12,006,774
Unlicensed Equipment	10,276,168	120,656	(72,678)	10,324,146
Furniture & Fixtures	9,926,956	718,738	(2,537,975)	8,107,719
Technology & Communications	7,108,392	892,364	(249,534)	7,751,222
Library Books	3,135,825	488,890	(751,455)	2,873,260
Wellington Housing Corporation	4,752,565	695,328	(147,738)	5,300,155
Public Health	11,323,776	176,569	-	11,500,345
Capital Work-in Progress	7,762,939	1,979,162	(547,492)	9,194,609
Total	\$ 784,954,159	\$ 25,449,636	\$ (6,955,086)	\$ 803,448,709
Accumulated Amortization	December 31, 2020	Amortization Expense	Disposals	December 31, 2021
Landfill Sites	\$ (1,025,977)	(28,445)	-	\$ (1,054,422)
Buildings	(68,793,995)	(7,620,480)	304,153	(76,110,322)
Infrastructure				
Roads	(194,044,802)	(9,533,023)	405,883	(203,171,942)
Bridges	(47,085,373)	(1,943,800)	90,037	(48,939,136)
Culverts	(9,913,656)	(444,013)	246,833	(10,110,836)
Structural Walls	(22,747)	(9,720)	-	(32,467)
Traffic Lights	(2,209,748)	(196,154)	-	(2,405,902)
Trails	(54,487)	(11,028)	-	(65,515)
Parking Lots	(946,623)	(169,268)	23,534	(1,092,357)
Vehicles & Machinery				
Licensed Equipment	(6,285,046)	(1,458,948)	1,124,582	(6,619,412)
Unlicensed Equipment	(4,164,319)	(999,456)	72,678	(5,091,097)
Furniture & Fixtures	(5,083,404)	(602,298)	2,537,975	(3,147,727)
Technology & Communications	(3,706,538)	(1,088,831)	249,534	(4,545,835)
Library Books	(1,715,055)	(601,404)	751,455	(1,565,004)
Wellington Housing Corporation	(679,240)	(226,158)	109,993	(795,405)
Public Health	(4,442,345)	(445,772)	-	(4,888,117)
Total	\$ (350,173,355)	\$ (25,378,798)	\$ 5,916,657	\$ (369,635,496)
Net Book Value	December 31, 2020			December 31, 2021
Land	\$ 33,631,664			\$ 34,149,012
Landfill Sites	845,661			817,216
Buildings	125,917,788			123,959,722
Infrastructure				
Roads	164,670,876			161,928,328
Bridges	53,031,364			54,124,252
Culverts	11,392,639			11,941,823
Structural Walls	285,256			275,536
Traffic Lights	2,278,678			3,616,279
Trails	195,497			184,469
Parking Lots	2,384,570			2,410,943
Vehicles & Machinery				
Licensed Equipment	5,651,091			5,387,362
Unlicensed Equipment	6,111,849			5,233,049
Furniture & Fixtures	4,843,552			4,959,992
Technology & Communications	3,401,854			3,205,387
Library Books	1,420,770			1,308,256
Wellington Housing Corporation	4,073,325			4,504,750
Public Health	6,881,431			6,612,228
Capital Work-in-Progress	7,762,939			9,194,609
Total	\$ 434,780,804			\$ 433,813,213

**Notes to the Financial Statements
For the Year Ended December 31, 2021**

(a) Assets Under Construction

Assets under construction having a value of \$9,194,609 (2020 - \$7,762,939) have not been amortized. Amortization of these assets will commence when the asset is available for use.

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

The write-down of tangible capital assets during the year was \$0 (2020 - \$0). The loss on disposal of assets during the year was \$2,607 (2020 - \$514,770).

12. ACCUMULATED SURPLUS

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

As at December 31	2021	2020
	\$	\$
Surplus:		
Invested in Tangible Capital Assets	433,813,213	434,780,804
Invested in Capital Fund	25,228,772	15,868,884
Public Health Unit (Note 16)	1,327,140	1,049,918
Contingency Reserve Recovery of Keep Well Loan	660,608	855,044
Amounts to be Recovered		
From Future Revenues		
Net Long-Term Liabilities	(32,566,214)	(34,587,574)
Post-Employment Benefits	(506,981)	(2,359,915)
Landfill Liability	(908,819)	(121,850)
Other Long-Term Liabilities	(45,065)	(90,129)
From Reserve Funds		
Post-Employment Benefits	(1,955,785)	-
Landfill Liability	(9,281,327)	(8,491,715)
WSIB	(1,394,249)	(1,361,104)
Total Surplus	414,371,293	405,542,363
Reserves set aside by Council for:		
Capital	67,743,970	56,652,635
Contingencies and Stabilization	28,767,078	25,065,117
Total Reserves	96,511,048	81,717,752
Reserve Funds set aside for specific purposes by Council for:		
Landfill Closure and Post Closure	9,281,327	8,491,715
Housing Regeneration	4,263,999	4,207,820
Workplace Safety and Insurance	3,914,280	3,731,534
Public Health Debt Retirement	2,914,368	2,854,327
Post-Employment Benefit	1,955,785	
Homeownership Loan	492,768	202,543
Museum Donations	240,275	209,675
Logan Donation	148,916	148,792
Library Donations	102,957	100,657
Wellington Terrace Donations	84,576	77,797
Short Term Disability/Employee Benefits	-	2,703,137
Total Reserve Funds	23,399,251	22,727,997
Accumulated Surplus	\$ 534,281,592	\$ 509,988,112

Notes to the Financial Statements
For the Year Ended December 31, 2021

13. TAXATION

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

	2021	2020
	\$	\$
Property Tax Levy	108,828,100	105,612,800
Supplementary & Omitted Taxes	2,811,338	2,518,533
Payment in Lieu of Taxes	874,499	835,356
Other	35,210	31,679
	112,549,147	108,998,368
Less:		
Property Taxes written off as uncollectible	(1,277,823)	(942,138)
Provision for Assessment at Risk	573,630	281,021
	(704,193)	(661,117)
Tax Revenue recognized	\$ 111,844,954	\$ 108,337,251

Notes to the Financial Statements
For the Year Ended December 31, 2021

14. PROVINCIAL AND FEDERAL GOVERNMENT TRANSFERS

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

	2021	2020
	\$	\$
Provincial Government Transfers		
Affordable Housing Construction Funding	176,703	201,314
COCHI Community Housing Initiative	1,488,054	-
Community Homelessness Prevention Initiative, SHEEP	4,024,779	3,917,657
Community Policing Partnership, RIDE, 1000 Officers, Court Security	265,286	223,384
Covid Funding - Air Quality (Capital)	562,123	-
Covid Funding - Children's Services	57,416	2,097,618
Covid Funding - Housing Services	5,639,726	2,202,409
Covid Funding - Long Term Care	2,671,190	1,830,086
Covid Funding - Safe Restart Corporate	1,449,108	2,311,900
Health Unit – Ministry of Children and Youth Services	396,575	825,987
Health Unit – Ministry of Health and Long Term Care	9,284,079	5,992,034
Library Operating Grant	141,275	141,275
Long Term Care Operating Subsidy	10,379,359	9,426,448
Ministry of Education Funding Childcare	21,718,956	19,339,651
Ministry of Housing-SIF, IAH, SHIP, OPHI	692,645	1,791,727
Museum Operating Grant & Other	57,589	70,739
Ontario Community Infrastructure Fund (OCIF)	3,170,036	549,964
Ontario Municipal Partnership Fund (OMPF)	1,089,700	1,281,900
Ontario Works Administration Subsidy	4,844,686	4,831,041
Ontario Works Benefit Subsidy	13,929,254	17,701,452
OPHI Ontario Priorities Housing Initiative	1,346,140	-
Reinvestment Funding - Children's Early Years	809,272	-
Strong Communities Rent Supplement	582,167	540,419
Waste Diversion Ontario, Stewardship Ontario, OTS Tire	1,273,302	1,057,159
Other	1,265,103	1,889,088
Provincial Government Transfers	87,314,523	\$78,223,252
Federal Government Transfers		
Canada Community Building Fund	4,588,227	2,676,722
Canada Summer Job Grant - Economic Development	2,994	-
Citizenship and Immigration Canada Subsidy	501,395	456,175
CMHC Seed Funding - Continuum of Care (Capital)	89,625	-
Covid Funding - Ontario Works	5,820	19,465
FCM Funding - Climate Change/Asset Management	(6,186)	92,901
Federal Block Funding Housing	2,462,228	2,507,768
Health Unit - Public Health Agency of Canada	11,924	19,428
Homeless Partnering Strategy	403,464	279,438
Smart Cities	123,808	61,169
Federal Government Transfers	\$8,183,299	\$6,113,066

**Notes to the Financial Statements
For the Year Ended December 31, 2021**

15. CONTINGENT LIABILITIES AND COMMITMENTS

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

The County has approved a grant of 20% of eligible costs to a maximum of \$5.0 million for the redevelopment of Groves Memorial Community Hospital (GMCH) in the Township of Centre Wellington. As of December 31, 2021 the sum of \$3,677,306 (2020 - \$3,663,531) has been paid to GMCH, leaving an outstanding commitment of \$1,322,694 (2020 - \$1,336,469).

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

16. GOVERNMENT PARTNERSHIP

The County of Wellington is a partner in the Wellington-Dufferin-Guelph Health Unit. The County provides 32.0% (2020 - 32.0%) of the municipal funding to the Health Unit for the Cost Shared Mandatory and related programmes, and is responsible for a similar share of the assets, liabilities and municipal position of the Health Unit. Based on updated 2016 Census information, the County share is 32.0% except for the share of the long-term loan which remains at 32.7%. The County's share of the results of the Health Unit's financial activities for the year and its financial position at year-end have been consolidated in these financial statements. At December 31, 2021, the Health Unit's financial results and financial position are as follows:

	2021	2020
	\$	\$
Financial Assets	8,017,479	5,567,985
Liabilities	(8,851,225)	(8,461,004)
Non-Financial Assets	20,699,931	21,557,543
Accumulated Surplus	19,866,185	18,664,524
Revenues	40,075,746	31,015,019
Expenses	38,874,085	30,128,513
Annual Surplus	1,201,661	886,506

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

	2021	2020
	\$	\$
Financial Assets	2,565,594	1,781,756
Accounts Payable and Deferred Revenue	(1,250,204)	(748,820)
Non-Financial Assets	11,750	16,982
Share of Health Unit (Note 12)	1,327,140	1,049,918
Long-Term Debt (County share remains at 32.7%)	(1,090,163)	(1,465,581)
Post-Employment Liability (Note 7)	(492,027)	(526,354)
Invested in Tangible Capital Assets (Note 11)	6,612,228	6,881,431
Accumulated Surplus	6,357,178	5,939,414

On December 19, 2012, the County entered into a Financing Agreement with the Wellington-Dufferin-Guelph Public Health Unit, the County of Dufferin and the City of Guelph, to finance the County portion of the cost of building the two new facilities at Chancellors Way, Guelph, and Broadway, Orangeville. The Financing Agreement allows for quarterly advances of capital by the County of Wellington to Public Health beginning in January 2013, until the completion of the new facilities. The

Notes to the Financial Statements

For the Year Ended December 31, 2021

total amount of the advances from all obligated municipalities will not exceed \$24,400,000 and based on 2011 Census population information, the County of Wellington's obligation is 32.7% or \$8,000,000. The interest rate on the loan repayment from the Health Unit to the County will be 3.34% per annum, and the term and amortization of the loan will be twenty years. The whole or any part of the capital financing under this agreement may be prepaid at any time without penalty or bonus and the Health Unit has made three prepayments; December 2014 - \$490,500, April 2017 - \$611,964 and August 2019 - \$1,665,800. These amounts have been transferred to the County's Public Health Debt Retirement Reserve Fund. At December 31, 2021 the balance of the loan receivable is \$1,090,163 (2020 - \$1,465,581).

17. PUBLIC LIABILITY INSURANCE

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

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

Based on claims received to December 31, 2021, the maximum deductible exposure to the County is estimated at \$220,609. 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 at December 31, 2021 totaled \$16,961,938 (2020 - \$6,022,715).

18. PENSION AGREEMENTS

The County makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of approximately 676 (2020 - 678) members of its staff. The plan is a defined benefit plan, which specifies the amount of retirement benefit to be received by the employees, based on the length of service and rates of pay.

Contributions of employees with a normal retirement age of 65 were being made at a rate of 9.0% for earnings up to the yearly maximum pensionable earnings of \$61,600 and at a rate of 14.6% for earnings over the yearly maximum.

The County's contribution to OMERS for 2021 was \$4,308,735 (2020 - \$4,169,595) for current service and past service costs and is included as an expense on the Consolidated Statement of Operations. Employee contribution to OMERS in 2021 was \$4,308,735 (2020 - \$4,169,595).

As per PSAB 3250.111, the County of Wellington is current with all payments to OMERS, therefore, there is neither a surplus or deficit with the County's pension plan contributions.

As at December 31, 2021, the OMERS Primary Plan had a funded ratio of assets to pension obligations of 97% (2020 - 97%). The OMERS pension plan funding deficit at December 31, 2021 was \$3.1 billion (2020 - \$3.2 billion).

19. SOCIAL HOUSING PROPERTIES

The County has title to the 1,189 social housing units of the former Wellington-Guelph Housing Authority. The units are located in the City of Guelph and throughout the County. The related debt on these units remains with the Province of Ontario. Of the \$2,462,227 (2020 - \$2,507,769) in federal government subsidies provided to the County for social housing, \$556,065 (2020 - \$590,600) is retained by the province to fund the associated debt servicing costs.

Notes to the Financial Statements

For the Year Ended December 31, 2021

The County owns 100% of the shares of Wellington Housing Corporation which owns 440 King Street East in Mount Forest. 440 King Street is a 39-unit townhouse complex that is split approximately 50/50 between rent-geared-to-income (RGI) and affordable rental units. At December 31, 2021 the mortgage outstanding was \$357,300 (2020 - \$489,655).

20. BUDGET DATA

The budget data presented in these consolidated financial statements is based upon the 2021 operating and capital budgets approved by Council on January 27, 2021 and capital budget amendments made in 2021 in the amount of \$3,807,900 (2020 - \$174,000) 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.

	2021 Budget	2020 Budget
	\$	\$
Revenues		
Operating Budget	234,944,600	231,978,600
Capital Budget	38,179,300	38,985,200
Health Unit and WHC Budget	10,970,217	7,045,715
Less:		
Transfers from other funds	(23,647,700)	(26,831,100)
New debt financing	(3,850,000)	(1,825,000)
Internal recoveries	(7,534,800)	(7,384,000)
Total Revenues	249,061,617	241,969,415
Expenses		
Operating Budget	234,944,600	231,978,600
Capital Budget	38,179,300	38,985,200
Amortization	26,000,000	23,000,000
Health Unit and WHC Budget	10,821,020	6,518,715
Less:		
Transfer to other funds	(27,412,500)	(25,829,701)
Capital Expenses	(38,179,300)	(38,985,200)
Debt principal payments	(3,714,000)	(3,934,000)
Internal charges	(7,385,400)	(7,253,600)
Total Expenses	233,253,720	224,480,014
Annual Surplus	15,807,897	17,489,401

21. COMPARATIVE FIGURES

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

Notes to the Financial Statements
For the Year Ended December 31, 2021

22. SEGMENTED INFORMATION

The County of Wellington is a diversified municipal government institution that is responsible for ensuring the provision of a wide range of services to its citizens, including police, roads, solid waste services, ambulance, public health, child care, social housing, Ontario Works, homes for the aged, museum, library and planning.

County services are provided by departments and their activities are reported in the Consolidated Statement of Operations. Certain departments have been separately disclosed in the segmented information in the following schedule.

Notes to the Financial Statements
For the Year Ended December 31, 2021

2021											
	General Government	Protection	Transportation Services	Environmental Services	Health Services	Social Housing	Social and Family Services	Library	Museum	Planning & Development	Consolidated
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues											
Taxation	13,322,043	18,782,942	31,078,600	8,835,628	8,303,063	5,836,429	12,676,428	7,641,108	2,212,067	3,156,646	111,844,954
Grants and Subsidies	2,168,674	883,425	7,734,235	1,273,302	10,222,277	17,901,260	55,121,971	141,275	57,589	(6,186)	95,497,822
Municipal Revenue	17,865	206,413	1,242,730	-	181,266	14,870,819	6,168,143	29,640	-	375,367	23,092,243
Fees & Service Charges	837,356	206,844	741,194	4,764,601	-	(106,081)	5,726,185	9,402	40,444	1,025,118	13,245,063
Licences, Permits, Rents	1,306,745	118,215	-	19,093	-	7,140,079	-	11,840	7,914	-	8,603,886
Interest, Donations, Other	3,554,717	9,261	140	162	4,305	3,427,552	98,718	3,291	11,068	1,486	7,110,700
Development Charges	349,642	277,634	1,604,452	-	79,343	-	112,685	755,318	-	-	3,179,074
Total Revenues	21,557,042	20,484,734	42,401,351	14,892,786	18,790,254	49,070,058	79,904,130	8,591,874	2,329,082	4,552,431	262,573,742
Expenses											
Salaries and Benefits	10,333,934	496,391	6,094,181	2,807,944	7,373,700	4,474,712	33,335,983	4,586,513	1,553,419	2,740,518	73,797,295
Goods and Services	6,432,877	1,707,926	11,275,278	10,877,519	2,804,254	10,083,527	4,472,995	2,012,418	618,373	442,298	50,727,465
Transfer Payments	707,857	16,691,083	-	-	7,919,970	24,384,645	34,049,169	-	-	524,114	84,276,838
Insurance and Interest	1,151,141	41,143	873,074	277,993	62,916	392,426	1,002,171	176,167	57,048	65,787	4,099,866
Amortization	1,817,851	930,668	14,264,409	516,803	445,772	3,691,315	1,418,221	1,933,982	274,844	84,933	25,378,798
Total Expenses	20,443,660	19,867,211	32,506,942	14,480,259	18,606,612	43,026,625	74,278,539	8,709,080	2,503,684	3,857,650	238,280,262
Annual Surplus	1,113,382	617,523	9,894,409	412,527	183,642	6,043,433	5,625,591	(117,206)	(174,602)	694,781	24,293,480

Notes to the Financial Statements
For the Year Ended December 31, 2021

2020											
	General Government	Protection	Transportation Services	Environmental Services	Health Services	Social Housing	Social and Family Services	Library	Museum	Planning & Development	Consolidated
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues											
Taxation	12,971,719	19,008,869	29,285,662	7,522,184	7,743,488	5,414,155	13,478,114	7,563,717	2,158,791	3,190,552	108,337,251
Grants and Subsidies	1,548,165	1,120,977	3,303,378	1,211,283	7,173,272	13,279,274	56,027,165	393,018	164,617	115,169	84,336,318
Municipal Revenue	48,406	(30,700)	2,886,835	-	52,021	16,618,163	6,087,737	33,600	-	315,605	26,011,667
Fees & Service Charges	907,203	119,253	442,719	3,955,107	-	(529,371)	5,508,222	45,245	34,164	1,040,848	11,523,390
Licences, Permits, Rents	1,250,936	114,590	-	8,836	-	7,179,436	-	20,891	8,908	-	8,583,597
Interest, Donations, Other	3,221,261	16,596	-	-	12,991	297,423	188,521	1,743	1,975	2,262	3,742,772
Development Charges	143,648	161,358	1,470,364	-	66,462	-	74,056	502,825	-	-	2,418,713
Total Revenues	20,091,338	20,510,943	37,388,958	12,697,410	15,048,234	42,259,080	81,363,815	8,561,039	2,368,455	4,664,436	244,953,708
Expenses											
Salaries and Benefits	9,885,559	404,483	5,347,658	2,720,857	4,980,298	4,248,317	32,047,131	4,536,419	1,596,161	2,753,943	68,520,826
Goods and Services	6,337,293	1,353,651	10,221,117	7,856,617	1,799,647	6,965,107	4,853,188	1,627,921	641,237	531,147	42,186,925
Transfer Payments	476,262	16,428,619	-	-	7,560,208	22,567,554	36,538,592	-	-	729,723	84,300,958
Insurance and Interest	1,128,792	62,438	852,626	269,719	113,137	465,406	1,068,028	184,074	55,140	62,051	4,261,411
Amortization	1,685,281	941,334	15,750,213	650,743	491,632	4,137,823	1,648,219	2,006,794	297,015	94,597	27,703,651
Total Expenses	19,513,187	19,190,525	32,171,614	11,497,936	14,944,922	38,384,207	76,155,158	8,355,208	2,589,553	4,171,461	226,973,771
Annual Surplus	578,151	1,320,418	5,217,344	1,199,474	103,312	3,874,873	5,208,657	205,831	(221,098)	492,975	17,979,937

Wellington Housing Corporation
Financial Statements
For the year ended December 31, 2021

Wellington Housing Corporation
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For the year ended December 31, 2021

Financial Statements

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INDEPENDENT AUDITORS' REPORT

To the Members of Board of Directors Wellington Housing Corporation

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

- the statement of financial position as at December 31, 2021
- the statement of operations and changes in accumulated surplus for the year then ended
- the statement of changes in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2021, and its results of operations and changes in accumulated surplus, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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



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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.



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

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

Chartered Professional Accountants, Licensed Public Accountants

Waterloo, Canada

May 12, 2022

Wellington Housing Corporation

Statement of Financial Position

As at December 31	2021 \$	2020 \$
Assets		
Financial Assets		
Cash and Cash Equivalents (Note 3)	855,307	987,164
Accounts Receivable (Note 4)	151,144	218,814
Portfolio Investments (Note 3)	103,096	87,387
Total Financial Assets	1,109,547	1,293,365
Liabilities		
Accounts Payable and Accrued Liabilities	91,669	242,613
Deferred Revenue	12,325	14,439
Mortgage Payable (Note 5)	357,300	489,655
Total Liabilities	461,294	746,707
Net Financial Assets	648,253	546,658
Non-Financial Assets		
Tangible Capital Assets (Note 6)	4,504,750	4,073,325
Contingencies and commitments (Note 7)		
Accumulated Surplus (Note 8)	5,153,003	4,619,983

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 9) Budget	2021	2020
	\$	\$	\$
<hr/>			
Revenues			
Rental revenues	248,100	283,937	212,159
Municipal operating subsidies	711,900	711,900	749,650
Provincial capital subsidies	-	-	450,000
Interest and other	10,200	22,655	13,904
Total revenues	970,200	1,018,492	1,425,713
<hr/>			
Expenses			
Office and general	28,400	28,826	14,413
Professional fees	15,100	11,139	11,433
Management fees	30,000	28,596	32,288
Repairs and maintenance	325,600	133,267	119,028
Utilities	22,000	18,827	19,702
Insurance	13,000	14,807	11,960
Interest and bank charges	3,900	3,559	5,515
Amortization	-	226,158	166,934
Loss on disposal of tangible capital assets	-	20,293	132,696
Total expenses	438,000	485,472	513,969
<hr/>			
Excess of revenue over expenses	532,200	533,020	911,744
Accumulated surplus, beginning of year	4,619,983	4,619,983	3,708,239
Accumulated surplus, end of year	5,152,183	5,153,003	4,619,983

The accompanying notes are an integral part of these financial statements

Wellington Housing Corporation
Statement of Changes in Net Financial Assets

	(Note 9) Budget	2021	2020
For the year ended December 31	\$	\$	\$
Excess of revenue over expenses	532,200	533,020	911,744
Loss on disposal of tangible capital assets	-	20,293	132,696
Acquisition of tangible capital assets	(638,000)	(677,876)	(1,776,472)
Amortization of tangible capital assets	-	226,158	166,934
Increase (decrease) in net financial assets	(105,800)	101,595	(565,098)
Net financial assets, beginning of year	546,658	546,658	1,111,756
Net financial assets, end of year	440,858	648,253	546,658

Wellington Housing Corporation

Statement of Cash Flows

For the year ended December 31	2021 \$	2020 \$
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	533,020	911,744
Items not involving cash:		
Amortization	226,158	166,934
Loss on disposal of tangible capital assets	20,293	132,696
Net change in non-cash working capital items	(85,388)	427,414
Net cash provided by operating activities	694,083	1,638,788
Cash flows from investing activities		
Purchase of tangible capital assets	(677,876)	(1,776,472)
Increase in portfolio investments	(15,709)	(6,267)
Net cash used in investing activities	(693,585)	(1,782,739)
Cash flows from financing activities		
Long-term debt repaid	(132,355)	(130,993)
Net cash used in financing activities	(132,355)	(130,993)
Net change in cash and cash equivalents	(131,857)	(274,944)
Cash and cash equivalents, beginning of year	987,164	1,262,108
Cash and cash equivalents, end of year	855,307	987,164

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, 2021

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 PSA standards. The financial statements have been prepared in accordance with public sector accounting standards.

(a) Basis of accounting

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

(b) Tangible capital assets

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

Wellington Housing Corporation
Notes to the Financial Statements
For the year ended December 31, 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

(c) Contributions of tangible capital assets

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

(d) Government transfers

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

(e) Rental Revenue

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

Wellington Housing Corporation
Notes to the Financial Statements
For the year ended December 31, 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Investments

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

(g) Cash and cash equivalents

Cash and cash equivalents include short-term investments with a term to maturity of 90 days or less at acquisition.

(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. CASH AND CASH EQUIVALENTS AND PORTFOLIO INVESTMENTS

Total cash and cash equivalents of \$855,307 (2020 - \$987,164) are reported on the Statement of Financial Position at cost.

Total bond and equity investments of \$103,096 (2020 - \$87,387) are reported on the Statement of Financial Position at cost and have a market value of \$123,689 (2020 - \$104,202).

4. ACCOUNTS RECEIVABLE

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

	2021	2020
	\$	\$
GST/HST Receivable	59,654	117,774
Rent, net of allowance \$2,982 (2020 - \$2,982)	1,490	5,040
Provincial Subsidy	90,000	90,000
Deposit Receivable	-	6,000
Total	151,144	218,814

Wellington Housing Corporation
Notes to the Financial Statements
For the year ended December 31, 2021

5. MORTGAGE PAYABLE

The mortgage payable is held by the Canadian Mortgage and Housing Corporation at an interest rate of 0.67% with monthly installments of \$11,262 (2020 - \$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 \$4,504,750 (2020 - \$4,073,325).

Total interest on the mortgage payable which is reported on the Statement of Operations is \$2,868 (2020 - \$4,917).

Principal payments required on mortgage payable for the next three years are due as follows:

	Principal \$
2022	133,168
2023	134,062
2024	90,070
Total	357,300

Wellington Housing Corporation
Notes to the Financial Statements
For the year ended December 31, 2021

6. TANGIBLE CAPITAL ASSETS

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

Cost					
Cost		Balance at December 31, 2020	Additions	Disposals	Balance at December 31, 2021
Land		\$ 304,679	\$ -	\$ -	\$ 304,679
Buildings		\$ 4,093,828	\$ 628,089	\$ (91,295)	\$ 4,630,622
Infrastructure	Parking Lot	\$ 282,380	\$ 64,382	\$ -	\$ 346,762
Furniture & Fixtures		\$ 54,226	\$ -	\$ (38,991)	\$ 15,235
Capital Work-in-Progress		\$ 17,452	\$ 2,857	\$ (17,452)	\$ 2,857
Total		\$ 4,752,565	\$ 695,328	\$ (147,738)	\$ 5,300,155
Amortization					
Accumulated Amortization		Balance at December 31, 2020	Disposals	Amortization Expense	Balance at December 31, 2021
Land		\$ -	\$ -	\$ -	\$ -
Buildings		\$ (590,256.00)	\$ 71,002	\$ (207,984)	\$ (727,238)
Infrastructure	Parking Lots	\$ (52,579.00)	\$ -	\$ (13,335)	\$ (65,914)
Furniture & Fixtures		\$ (36,405.00)	\$ 38,991	\$ (4,839)	\$ (2,253)
Total		\$ (679,240.00)	\$ 109,993	\$ (226,158)	\$ (795,405)
Net Book Value					
Net Book Value		Balance at December 31, 2020			Balance at December 31, 2021
Land		\$ 304,679			\$ 304,679
Buildings		\$ 3,503,572			\$ 3,903,384
Infrastructure	Parking Lots	\$ 229,801			\$ 280,848
Furniture & Fixtures		\$ 17,821			\$ 12,982
Capital Work-in-Progress		\$ 17,452			\$ 2,857
Total		\$ 4,073,325			\$ 4,504,750

Wellington Housing Corporation
Notes to the Financial Statements
For the year ended December 31, 2021

7. CONTINGENCIES AND COMMITMENTS

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

8. ACCUMULATED SURPLUS

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

As at December 31	2021 (\$)	2020 (\$)
Surplus:		
Invested in Tangible Capital Assets	4,504,750	4,073,325
Invested in Capital Fund	87,626	422,883
Mortgage Payable	(357,300)	(489,655)
Total Surplus	4,235,076	4,006,553
Reserves set aside by the Corporation Board for:		
WHC Capital Reserve	917,927	613,430
	917,927	613,430
Accumulated Surplus	5,153,003	4,619,983

Wellington Housing Corporation

Notes to the Financial Statements

For the year ended December 31, 2021

9. BUDGET DATA

The budget data presented in these financial statements is based upon the 2021 operating and capital budgets approved by County of Wellington Council on January 28, 2021. 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.

	2021 Budget (\$)	2020 Budget (\$)
Revenues		
Operating budget	970,200	942,000
Capital budget	638,000	508,000
Less:		
Transfers from other funds	(638,000)	(508,000)
Total revenues	970,200	942,000
Expenses		
Operating budget	970,200	942,000
Capital budget	638,000	508,000
Less:		
Transfer to other funds	(400,000)	(400,000)
Capital expenses	(638,000)	(508,000)
Debt principal repayments	(132,200)	(127,000)
Total expenses	438,000	415,000
Annual Surplus	532,200	527,000

10. IMPACT OF COVID-19

On March 11, 2020, the World Health Organization declared the Coronavirus COVID-19 (COVID-19) outbreak a pandemic. The pandemic has resulted in significant financial, market and societal impacts in Canada and around the world.

The ultimate duration and magnitude of the COVID-19 pandemic's impact on the Corporation's operations and financial position is not known at this time.

These impacts could include a decline in future cash flows, changes to the value of assets and liabilities, and the use of accumulated surpluses to sustain operations. An estimate of the financial effect of the pandemic on the Corporation is not practicable at this time.

County of Wellington Trust Funds
Financial Statements
For the year ended December 31, 2021



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INDEPENDENT AUDITORS' REPORT

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

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

- the statement of financial position as at December 31, 2021
- 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, 2021, 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 "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

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

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

KPMG LLP, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Canada provides services to KPMG LLP.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants, Licensed Public Accountants

Waterloo, Canada

May 26, 2022

County of Wellington
Trust Funds – Statement of Financial Position
As at December 31, 2021

	Comfort Money	County Wellness Centre	Safe Communities	2021	2020
	\$	\$	\$	\$	\$
Financial Assets					
Cash and Bank	49,716	8,995	44,553	103,264	122,848
Liabilities					
Accounts Payable	-	-	-	-	-
Balance	49,716	8,995	44,553	103,264	122,848

County of Wellington
Trust Funds - Statement of Operations
For the year ended December 31, 2021

	Comfort Money	County Wellness Centre	Safe Communities	2021	2020
	\$	\$	\$	\$	\$
Balance at the beginning of the year	46,112	5,052	71,684	122,848	129,754
Source of Funds:					
Deposits	158,415	15,003	440	173,858	195,141
Use of Funds					
Withdrawals	154,811	11,060	27,571	193,442	202,048
Balance at the end of the year	49,716	8,995	44,553	103,264	122,847

**Notes to the Trust Fund Financial Statements
For the Year Ended December 31, 2021**

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 on the basis of their individual balances in the fund.