

CORPORATION OF THE COUNTY OF SIMCOE

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019

CORPORATION OF THE COUNTY OF SIMCOE

CONSOLIDATED FINANCIAL STATEMENTS

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CORPORATION OF THE COUNTY OF SIMCOE

For The Year Ended December 31, 2019

MANAGEMENT REPORT

The accompanying consolidated financial statements of the Corporation of the County of Simcoe are the responsibility of management and have been approved by Council.

The consolidated financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards. Financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

The County maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the County's assets are appropriately accounted for and adequately safeguarded.

The County's Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving financial statements.

Council reviews and approves the County's financial statements for issuance to the members of Council, inhabitants and ratepayers of the Corporation of the County of Simcoe. Council meets periodically with management, as well as the external auditor, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities and to review the financial statements and the independent auditor's report.

The consolidated financial statements have been audited by Baker Tilly KDN LLP in accordance with Canadian generally accepted auditing standards on behalf of the County. Baker Tilly KDN LLP has full and free access to Council.

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Warden

A handwritten signature in blue ink, appearing to be "C. ...", written over a horizontal line.

CAO

June 9, 2020

INDEPENDENT AUDITOR'S REPORT**To the Members of Council, Inhabitants and Ratepayers
of the Corporation of the County of Simcoe***Opinion*

We have audited the consolidated financial statements of the Corporation of the County of Simcoe and its local boards (the County), which comprise the consolidated statement of financial position as at December 31, 2019, the consolidated statements of operations and accumulated surplus, change in net debt and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the County as at December 31, 2019, and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the County in accordance with the ethical requirements that are relevant to our audit of the consolidated 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 Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the County'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 County or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated 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 consolidated 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 County'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 County's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the County to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the County to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We 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.

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
June 9, 2020

CORPORATION OF THE COUNTY OF SIMCOE



CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At December 31, 2019

	2019	2018
	\$	\$
FINANCIAL ASSETS		
Cash	40,505,414	18,196,629
Investments (note 2)	37,495,919	71,437,691
Accounts receivable	20,184,992	16,262,682
Loans receivable (note 3)	17,049,720	6,192,838
TOTAL FINANCIAL ASSETS	115,236,045	112,089,840
LIABILITIES		
OIPC advance	-	20,000,000
Accounts payable and accrued liabilities	66,656,706	65,687,445
Deferred revenue - obligatory reserve fund (note 4)	17,560,733	3,905,670
Deferred revenue - other	1,169,537	1,425,236
Long term debt (note 5)	40,506,739	15,725,711
Landfill closure and post-closure liability (note 6)	24,774,770	23,151,040
Employee future benefits payable (note 7)	3,679,555	3,383,611
TOTAL LIABILITIES	154,348,040	133,278,713
NET DEBT	(39,111,995)	(21,188,873)
NON-FINANCIAL ASSETS		
Tangible capital assets (note 8)	885,284,031	813,104,224
Prepaid expenses	4,624,353	1,741,698
Other	3,419,920	1,877,036
TOTAL NON-FINANCIAL ASSETS	893,328,304	816,722,958
ACCUMULATED SURPLUS (note 9)	854,216,309	795,534,085

The accompanying notes are an integral part of these financial statements

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
For the Year Ended December 31, 2019

	Budget 2019 \$ (Unaudited)	Actual 2019 \$	Actual 2018 \$
REVENUES			
Property taxation	168,574,228	169,882,045	163,693,353
User charges	38,839,989	40,474,954	40,233,238
Government of Canada	6,975,120	7,366,159	7,187,552
Province of Ontario	204,329,127	210,926,534	205,795,335
Other municipalities	40,451,975	36,704,056	31,162,391
Investment income	600,000	3,272,205	2,323,296
Donations	190,800	946,164	1,059,623
Donated tangible capital assets	-	88,204	3,116,675
Other grants	350,000	350,400	-
Other	97,410	149,606	284,036
Development charges	24,198,250	15,053,376	16,646,743
Federal gas tax earned	9,043,889	5,716,442	6,480,932
Provincial gas tax earned	550,000	550,000	-
TOTAL REVENUES	494,200,788	491,480,145	477,983,174
EXPENSES			
General government	18,146,505	15,516,917	22,507,635
Protection services	901,131	854,160	1,041,615
Transportation services	42,711,278	44,402,668	41,188,429
Environmental services	43,826,268	48,318,466	43,084,556
Health services	61,732,722	61,722,314	58,520,014
Social and family services	199,539,002	196,616,036	193,966,371
Social housing	54,318,120	52,697,024	59,189,060
Recreation and cultural services	4,521,547	4,219,962	4,274,729
Planning and development	7,437,787	6,826,644	6,710,424
Change in closure and post-closure landfill liability	7,105,936	1,623,730	(7,106,936)
TOTAL EXPENSES	440,240,296	432,797,921	423,375,897
ANNUAL SURPLUS	<u>53,960,492</u>	58,682,224	54,607,277
ACCUMULATED SURPLUS - beginning of year		795,534,085	740,926,808
ACCUMULATED SURPLUS - end of year		854,216,309	795,534,085

The accompanying notes are an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT
For the Year Ended December 31, 2019

	Budget 2019 \$ (Unaudited)	Actual 2019 \$	Actual 2018 \$
ANNUAL SURPLUS	53,960,492	58,682,224	54,607,277
Amortization of tangible capital assets	27,450,503	26,538,989	32,037,100
Purchase of tangible capital assets	(119,562,000)	(99,037,238)	(84,439,286)
Loss/(gain) on disposal of tangible capital assets	-	(623,688)	112,456
Proceeds on sale of tangible capital assets	-	1,030,334	592,793
Contributed capital assets	-	(88,204)	(3,116,675)
Change in prepaid expenses	-	(2,882,655)	(16,700)
Change in other non-financial assets	-	(1,542,884)	63,565
CHANGE IN NET DEBT	(38,151,005)	(17,923,122)	(159,470)
NET DEBT - beginning of year	(21,188,873)	(21,188,873)	(21,029,403)
NET DEBT - end of year	(59,339,878)	(39,111,995)	(21,188,873)

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE COUNTY OF SIMCOE



CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2019

	2019	2018
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	58,682,224	54,607,277
Items not involving cash		
Amortization of tangible capital assets	26,538,989	32,037,100
Loss/(gain) on disposal of tangible capital assets	(623,688)	112,456
Contributed capital assets	(88,204)	(3,116,675)
Change in landfill closure and post-closure liability	1,623,730	(7,106,936)
Change in employee future benefits payable	295,944	662,405
Change in non-cash assets and liabilities		
Accounts receivable	(3,922,310)	7,161,478
Prepaid expenses	(2,882,655)	(16,700)
Other non-financial assets	(1,542,884)	63,565
Accounts payable and accrued liabilities	969,261	15,870,598
Deferred revenue - obligatory reserve fund	13,655,063	2,647,803
Deferred revenue - other	(255,699)	107,918
Net change in cash from operating activities	92,449,771	103,030,289
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(99,037,238)	(84,439,286)
Proceeds on disposal of tangible capital assets	1,030,334	592,793
Net change in cash from capital activities	(98,006,904)	(83,846,493)
INVESTING ACTIVITIES		
Purchase of investments	(46,058,228)	(73,133,297)
Loans receivable issued	(12,376,276)	(6,192,838)
Redemption of investments	80,000,000	55,003,165
Loan repayments received	1,519,394	-
Net change in cash from investing activities	23,084,890	(24,322,970)
FINANCING ACTIVITIES		
Long term debt issued	27,342,333	-
Debt principal repayments	(2,561,305)	(2,513,924)
OIPC advance repayments	(20,000,000)	-
Net change in cash from financing activities	4,781,028	(2,513,924)
NET CHANGE IN CASH	22,308,785	(7,653,098)
CASH - beginning of year	18,196,629	25,849,727
CASH - end of year	40,505,414	18,196,629

The accompanying notes are an integral part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

The County of Simcoe is an upper tier municipality in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislation.

1. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with the standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook. Significant aspects of the accounting policies are as follows:

(a) Reporting entity

These consolidated financial statements reflect the assets, liabilities, revenues and expenses and accumulated surplus of the reporting entity.

The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the County and which are owned and controlled by the County. These consolidated financial statements include:

- Simcoe County Housing Corporation
- County of Simcoe Library Co-operative Board
- County of Simcoe Museum

All interfund assets and liabilities and revenues and expenses are eliminated.

(b) Trust funds

Trust funds and their related operations administered by the County are not included in these consolidated financial statements but are reported on separately on the Trust Funds Statement of Continuity and Statement of Financial Position.

(c) Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, if any, of tangible capital assets is amortized on a straight-line basis commencing the year following the date the asset is put into service, over the expected useful life of the asset, as follows:

Land improvements	20 years
Buildings	10 - 40 years
Machinery	5 - 25 years
Computers	3 - 10 years
Vehicles	5 - 20 years
Infrastructure	25 - 75 years

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and are also recorded as revenue.

Landfills are amortized over the useful life of the landfill based on the total capacity.

Tangible capital assets categorized as assets under construction are not amortized until they are put into service.

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(d) Recognition of Revenues and Expenses

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which the transactions or events occurred that give rise to the revenue; expenses are recognized in the period the goods or services are acquired and a legal liability is incurred or transfers are due.

Taxation

The County establishes tax rates annually based on the amount required to be raised. The tax rates are used to levy amounts to the lower tier municipalities and are based on their annual assessment. Adjustments to the lower tier levy amounts for additions to and reductions in assessment are reported in the financial statements when amounts can be reasonably determined.

Government Funding

Government funding is recognized in the financial statements as revenues in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

Other revenue

User charges are recognized as revenue in the year the goods and services are provided.

Investment income is recorded when earned.

Federal and Provincial gas tax and development charges are recognized in the period in which the related expenditures are recorded.

Donations are recognized as revenue in the year the amounts are received or collectibility can be reasonably determined.

(e) Non-financial assets

Tangible capital and other non-financial assets are accounted for as assets by the County because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the County unless they are sold.

(f) Reserves and reserve funds

Certain amounts, as approved by Council, are set aside in reserves and reserve funds for future operating and capital purposes. Transfers to and/or from reserves and reserve funds are an adjustment to the respective fund when approved.

(g) Deferred revenue

Deferred revenue represents restricted grants, user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(h) Use of estimates

Certain items recognized in the financial statements are subject to measurement uncertainty. The recognized amounts of such items are based on the County's best information and judgment. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant. The County's significant estimates include:

- The amounts recorded for landfill closure and post-closure care depend on estimates of usage, remaining life and capacity. The provision for future closure and post-closure costs also depends on estimates of such costs;
- The amounts recorded for amortization and opening costs of tangible capital assets are based on estimates of useful life, residual values and valuation rates;
- The values of employee future benefits depend on certain actuarial and economic assumptions; and
- The amount recorded as allowance for doubtful accounts receivable is based on management's estimate of future payments on receivable account balances.

2. INVESTMENTS

Investments consist of various guaranteed investment certificates with maturity dates ranging from January 2020 to June 2025 with interest rates ranging from 1.55% to 2.95% as well as a high interest savings portfolio with The One Investment Program and all are recorded at cost. Total market value of these investments is \$37,611,079 (2018 - \$71,484,564) with cost of \$37,495,919 (2018 - \$71,437,691).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

3. LOANS RECEIVABLE

Loans receivable consist of major capital receivables from service partners for various major capital projects. The loans are to be repaid 10% per year plus interest at 1.9% per annum. The loans receivable are due from:

	2019	2018
	\$	\$
City of Barrie	14,121,014	5,142,311
City of Orillia	2,928,706	1,050,527
	17,049,720	6,192,838

The continuity of loans receivable is as follows:

	2019	2018
	\$	\$
Balance - beginning of year	6,192,838	-
Share of capital projects - City of Barrie	9,960,402	5,055,856
Share of capital projects - City of Orillia	2,062,676	1,032,865
Interest	353,197	104,117
	12,376,275	6,192,838
Less: Payments received	1,519,394	-
Balance - end of year	17,049,719	6,192,838

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

4. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS

A requirement of the Chartered Professional Accountants Canada Public Sector Accounting Handbook, is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as legislation and external agreements restrict how these funds may be used and under certain circumstances these funds may possibly be refunded. The balances in the obligatory reserve funds of the County are summarized below:

	2019	2018
	\$	\$
Development charges	1,597,621	1,043,737
Federal gas tax	15,610,936	2,861,933
Provincial gas tax	352,176	-
	17,560,733	3,905,670

The continuity of deferred revenue - obligatory reserve funds is as follows:

	2019	2018
	\$	\$
Balance - beginning of year	3,905,670	1,257,867
Add amounts received:		
Development charges received	16,991,538	17,732,974
Federal gas tax received	18,263,738	8,831,060
Provincial gas tax received	898,331	-
Interest	201,705	48,592
	36,355,312	26,612,626
Less transfer to operations:		
Development charges earned	15,053,376	16,646,743
Federal gas tax earned	5,716,442	6,480,932
Interest charges	1,380,431	830,199
Development charges refunded	-	6,949
Provincial gas tax earned	550,000	-
	22,700,249	23,964,823
Balance - end of year	17,560,733	3,905,670

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

5. LONG TERM DEBT

- (a) The balance of long term debt reported on the Consolidated Statement of Financial Position is made up of the following:

	2019	2018
	\$	\$
Canada Mortgage and Housing Corporation debentures payable on rental properties owned by Simcoe County Housing Corporation. The debentures have various maturity dates ranging from 2020 to 2027 and interest rates ranging from 6.09% to 7.85%.	3,317,269	3,933,230
Ontario Housing Corporation debentures payable on rental properties owned by Simcoe County Housing Corporation. The debentures have various maturing dates ranging from 2020 to 2027 and interest rates ranging from 6.34% to 8.10%.	385,676	456,914
Ontario Infrastructure Projects Corporation debentures with blended semi-annual payments of \$683,558 and interest at 2.68% per annum, due in 2039.	27,342,333	-
Mortgages payable on rental property owned by Simcoe County Housing Corporation, repayable in blended monthly payments including principal and interest, secured by land and buildings. The mortgages have due dates ranging from 2020 to 2025 and interest rates ranging from 1.04% to 1.43%.	1,930,493	2,270,602
Mortgage payable on rental property owned by Simcoe County Housing Corporation, at 2.62%, due October 2022, repayable in blended monthly payments of \$35,063 including principal and interest, secured by land and buildings.	2,978,371	3,316,719
Ontario Infrastructure Projects Corporation debentures with blended semi-annual payments of \$575,428 and interest at 4.02% per annum, due in 2020.	1,117,065	2,190,542
Amounts due to lower tier municipalities for acquisition of waste disposal properties. Repayments equal the tipping fee rebates provided to the lower-tier municipalities based on the amount of waste deposited by each municipality at the County landfill sites.	3,435,532	3,557,704
	40,506,739	15,725,711

- (b) Interest paid during the year on long term debt amounted to \$999,750 (2018 - \$1,025,387).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

5. LONG TERM DEBT, continued

(c) The estimated repayments based on the current repayment terms for the next five years of the long term debt reported in (a) of this note are:

	Principal \$	Interest \$	Total \$
2020	4,044,188	1,080,967	5,125,155
2021	2,815,674	947,634	3,763,308
2022	2,754,513	855,613	3,610,126
2023	2,770,829	769,158	3,539,987
2024	2,592,939	683,878	3,276,817
2025 and subsequent years	25,528,596	4,368,046	29,896,642
	40,506,739	8,705,296	49,212,035

6. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

The estimated liability for landfill closure and post-closure costs for the nineteen sites the County operates is \$24,774,770 (2018 - \$23,151,040). The closure costs include final cover, vegetation and additional monitoring wells. Post-closure costs include monitoring, maintenance of control systems and consulting fees for 25 years after the site is closed. The County has a waste management reserve totaling \$33,471,369 (2018 - \$28,236,924) to fund these costs and other waste management projects. The remaining landfill closure and post-closure liability will be funded from taxation. There are no specific assets designated for settling this liability.

The reported liability is based upon estimates and assumptions with respect to events extending over the remaining lives of the landfills. The total discounted future cash flows for closure and post-closure cost is estimated at \$28,267,802 as at December 31, 2019 (2018 - \$25,226,006). The remaining capacity of the landfill sites is estimated at 336,676 m³ (2018 - 502,430 m³) which is approximately 12% (2018 - 18%) of the historical total capacity for all the operating sites. The liability is calculated based on the sites' capacity utilized to the end of the current year with a discount factor of 4% and inflation rate of 2%. There are currently four active landfill sites, two unused sites and thirteen closed sites. The active sites are expected to close between 2020 and 2027.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

7. EMPLOYEE FUTURE BENEFITS PAYABLE

The County provides certain employee benefits which will require payment in future periods. Under the sick leave benefit plan, unused sick leave can be accumulated and employees may become entitled to a cash payment when they leave the County's employment.

	2019	2018
	\$	\$
Vacation pay entitlement and accumulated sick leave benefit plan entitlement	2,987,116	3,108,090
Post-retirement benefits	692,439	275,521
	<u>3,679,555</u>	<u>3,383,611</u>

The County sponsors benefit plans to pay costs of life, medical and dental for eligible employees after they retire and their eligible dependents. All benefits are provided upon retirement and continue for a period of 15 years, but not beyond the age of 65, at which time the benefits cease. The plans are not funded by the County until the plan premiums are paid.

The actuarial valuation as at December 31, 2019 was based on a number of assumptions about future events, such as discount rate, weighted average health care trend rates, and employee turnover and mortality. Under this method, the benefit costs are recognized over the expected average service life of the employee group. Any actuarial gains and losses related to the past service of employees are amortized over the expected average remaining service life of the employee group, which is 15 years. The assumptions used reflect management's best estimate. The main actuarial assumptions employed for the valuation are as follows:

Discount rate	3.75%
Benefit escalation - initial	6.75%
- ultimate	3.75%
- year ultimate reached	2029

Since the prior valuation, retirement benefits have been implemented for an additional employee group.

	2019	2018
	\$	\$
Accrued benefit obligation at January 1	297,195	288,876
Unamortized actuarial losses	(21,674)	(24,997)
Liability at January 1	275,521	263,879
Current period benefit cost	14,686	13,811
Amortization of actuarial gains/losses	3,323	3,323
Interest accrued	12,595	12,196
Benefit payments	(16,353)	(17,688)
Prior period cost of plan amendment during the year	402,667	-
Liability at December 31	<u>692,439</u>	<u>275,521</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

8. TANGIBLE CAPITAL ASSETS

The net book value of the County's tangible capital assets are:

	2019	2018
	\$	\$
General		
Land	148,903,120	143,918,761
Land improvements	10,804,113	11,563,764
Buildings	153,332,498	150,681,525
Machinery and equipment	6,951,086	7,646,206
Computers	3,689,848	3,908,866
Vehicles	26,925,642	25,614,924
Infrastructure		
Roads and bridges	394,968,935	366,140,431
	745,575,242	709,474,477
Assets under construction	139,708,789	103,629,747
	885,284,031	813,104,224

For additional information, see the Consolidated Schedule of Tangible Capital Assets.

During the year there were no write-downs of assets (2018 - \$Nil) and no interest capitalized (2018 - \$Nil).

Historical treasures and works of art held by the County are not included in the balances of Tangible Capital Assets.

Tangible capital assets allocated by segment are as follows:

	2019	2018
	\$	\$
General government	37,600,322	36,791,916
Protection services	2,195,612	2,249,369
Transportation services	548,001,579	524,157,299
Environmental services	21,155,620	20,190,813
Health services	47,526,499	31,433,547
Social and Family services	80,868,485	80,778,379
Social housing	107,046,542	77,372,605
Recreation and cultural services	4,252,243	3,973,527
Planning and development	36,637,129	36,156,769
	885,284,031	813,104,224

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

9. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2019	2018
	\$	\$
Surplus/(Deficit)		
County	1,136,057	1,928,303
Investment in Lake Simcoe Regional Airport	2,800,030	1,316,941
Unfunded landfill closure and post-closure liability	(24,774,770)	(23,151,040)
	(20,838,683)	(19,905,796)
Invested In Capital Assets		
Tangible capital assets - net book value	885,284,031	813,104,224
Long term debt	(40,506,739)	(15,725,711)
Unfunded capital (see below)	(148,961,176)	(139,733,054)
	695,816,116	657,645,459
Surplus	674,977,433	637,739,663
Reserves		
Administration building	767,598	436,573
Contingencies	21,317,743	15,317,709
Transportation services	42,362,181	38,159,148
Paramedic services	6,481,478	5,675,135
Social housing	32,541,156	29,873,101
Planning and development	6,600,403	6,334,766
Homes for the aged	4,363,261	3,975,833
Recreation and cultural services	1,132,408	1,035,426
Waste management	33,471,369	28,236,924
Social services	7,765,311	7,394,723
Forestry	6,557,161	5,754,167
Total Reserves	163,360,069	142,193,505
Reserve Funds		
Social housing	6,498	577,593
Social and family services	2,505,363	2,273,757
Planning and development	405,823	591,152
Hospital	7,780,922	7,608,959
Estate of C. Matthews	5,180,201	4,549,456
Total Reserve Funds	15,878,807	15,600,917
	854,216,309	795,534,085

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

9. ACCUMULATED SURPLUS, continued

Unfunded capital consists of:

	2019	2018
	\$	\$
Transportation services	(80,958,173)	(86,878,818)
Georgian Village	(33,877,479)	(35,788,431)
Paramedic services	(8,221,465)	(7,289,613)
Social housing	(21,829,681)	(9,056,814)
Transit	(4,074,378)	(719,378)
	(148,961,176)	(139,733,054)

10. PENSION AGREEMENTS

Certain employees of the County are eligible members of the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan.

The Actuarial Opinion contained in the 2019 Annual Report disclosed total actuarial liabilities of \$107,687 million in respect of benefits accrued for service with actuarial assets of \$104,290 million indicating an actuarial deficit of \$3,397 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the County does not recognize any share of the OMERS pension surplus or deficit.

The County's required contributions to OMERS in 2019 were \$10,041,030 (2018 - \$9,210,610).

11. EXPENSES BY OBJECT

The expenses for the year reported on the Consolidated Statement of Operations and Accumulated Surplus by object are as follows:

	Budget 2019	Actual 2019	Actual 2018
	\$	\$	\$
	(Unaudited)		
Salaries and benefits	150,517,398	148,980,517	141,310,297
Interest charges	928,845	999,750	1,025,387
Materials	68,680,103	68,942,685	63,075,561
Contracted services	25,332,293	28,152,152	24,724,530
Rents and financial	2,212,511	2,263,580	2,306,887
External transfers	158,012,707	155,920,206	165,890,615
Amortization	27,450,503	26,538,989	32,037,100
Loss (gain) on disposal of tangible capital assets	-	(623,688)	112,456
Change in closure and post-closure landfill liability	7,105,936	1,623,730	(7,106,936)
	440,240,296	432,797,921	423,375,897

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

12. CREDIT FACILITY AGREEMENT

The County has a revolving credit facility agreement with its main financial institution. The amount available at any time is limited to \$15,000,000 via an operating loan. Any balance borrowed will accrue interest at the bank's prime lending rate less 0.625% per annum. At December 31, 2019 there was no balance outstanding (2018 - \$Nil).

13. BUDGET FIGURES

The budget, approved by the County, for 2019 is reflected on the Consolidated Statement of Operations and Accumulated Surplus and the Consolidated Statement of Change in Net Debt. The budget established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSA reporting requirements. Budget figures are not subject to audit.

The following is a reconciliation of the Council approved budget amounts to the PSA amounts:

	(Unaudited) Revenue \$	(Unaudited) Expenses \$
Council approved budget:		
Operating	455,666,635	430,543,983
Capital	94,439,080	119,561,732
Total Council approved budget	550,105,715	550,105,715
Less: Tangible capital assets capitalized	-	(119,562,000)
Add: Amortization of tangible capital assets	-	27,450,503
Less: Principal repayment of long term debt	-	(2,548,943)
Less: Transfers to/from reserves and unfunded capital	(12,478,235)	(17,246,051)
Add: Solid waste landfill closure and post-closure expenses	-	7,105,936
Less: Change in unfinanced capital	(38,361,828)	-
Reclassifications for financial statement purposes	(5,064,864)	(5,064,864)
Adjusted budget per Consolidated Statement of Operations	494,200,788	440,240,296

14. TRUST FUNDS

Trust funds administered by the County amounting to \$654,601 (2018 - \$666,473) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations and Accumulated Surplus. As such balances are held in trust by the County for the benefit of others, they are not presented as part of the County's financial position or operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

15. COMMITMENTS

In 2017 the County committed \$45,000,000 to the Simcoe County Hospital Alliance to be funded over fifteen years, ending in 2031. The commitment remaining at December 31, 2019 is \$36,000,000.

During 2017, the County committed \$5,000,000 to Georgian College. Annual committed payments vary from \$200,000 to \$1,500,000 from 2017 through to 2022. The remaining amount of the commitment at December 31, 2019 is \$3,800,000.

The County has committed \$10,000,000 to Lakehead University. \$1,000,000 will be paid annually until this commitment has been fulfilled. The remaining amount of the commitment at December 31, 2019 is \$500,000.

During 2012, the County entered into an agreement for curbside waste, recyclables and organics collection which is in effect until March 31, 2020. In 2020, the County will be entering into a new contract under new terms. Under the existing contract, minimum annual costs over the next few years are:

2020	\$12,707,191
2021	3,176,798

During 2017, Simcoe County Housing Corporation committed \$39,892,000 towards a Collingwood housing development project. The Corporation incurred costs of \$34,168,541 to December 31, 2019. Future costs will be funded from development charges, government transfers and reserves.

During 2018, Simcoe County Housing Corporation committed \$26,814,000 towards a Wasaga Beach affordable housing development project. The Corporation incurred costs of \$18,919,338 to December 31, 2019. Future costs will be funded from development charges, government transfers, and reserves.

During 2019, Simcoe County Housing Corporation committed \$13,446,484 towards a Tay affordable housing development project. The Corporation incurred costs of \$4,501,975 to December 31, 2019. Future costs will be funded from development charges, government transfers, and reserves.

16. CONTINGENT LIABILITIES

The County, in the course of its operations, has been named in several lawsuits the outcomes of which are indeterminable at this time. No amounts in connection with these items have been reflected in these financial statements.

During 1990 the County assumed responsibility for waste management of lower tier municipalities pursuant to provincial legislation. As a result, the County acquired related property and assets from lower tier municipalities and assumed long term debt pursuant to negotiated agreements. Further negotiations are ongoing and amounts will be recognized in the year settlements are determined.

17. COMPARATIVE FIGURES

Certain comparative figures were restated, where required, to conform with the current year presentation. There was no impact on the prior year's annual surplus.

18. SOCIAL HOUSING

The Simcoe County Housing Corporation was incorporated under Part III of The Ontario Business Corporations Act in response to the Province's overall initiative to devolve Social Housing to local municipalities. The Corporation currently provides 1,509 units of subsidized housing to its tenants and their families.

As the Service Manager, on behalf of the Cities of Barrie and Orillia and the County of Simcoe, the County is now the sole shareholder of the Corporation.

On January 1, 2001 the Ontario Housing Corporation transferred 1,169 units and certain head office assets to the Corporation. The properties transferred carried the following restriction:

“The properties cannot be transferred or mortgaged or otherwise encumbered, developed or redeveloped or disposed of by any person without prior consent of the Minister of Municipal Affairs and Housing.”

In 2005 the Corporation assumed the operations of Georgian Bay Native Friendship Centre and Midland Penetanguishene Urban Native Homes Corporation.

In 2012 the Corporation assumed the operations of Matthew Co-operative Housing Inc.

19. SUBSEQUENT EVENTS

Effective January 1, 2020, the County has purchased shares in the capital of the Lake Simcoe Regional Airport (LSRA) at a purchase price of \$3,707,724. Prior to this purchase, the County owned 40% of the shares in LSRA. After the purchase, the County owns 90% of the shares in the LSRA and is now the employer of the former LSRA employees.

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the County of Simcoe's environment and in the global markets, possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the County of Simcoe's operations. The extent of the impact of this outbreak and related containment measures on the County of Simcoe's operations cannot be reliably estimated at this time.

20. SEGMENTED INFORMATION

The County of Simcoe is a municipal government organization that provides a range of services to its residents. County services are reported by function and their activities are separately disclosed in the segmented information.

20. SEGMENTED INFORMATION, continued

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Certain allocation methodologies are employed in the preparation of segmented financial information. Taxation, payments-in-lieu of taxes and certain unconditional government transfers are apportioned based on each segment's net requirements. Allocated administration include the following: 1) Workroom costs are allocated based on the department's proportionate share of the copies made in a year; 2) CAO costs are allocated based on the department's proportionate share of time allocated to the respective department; 3) Communications costs are allocated based on department's proportionate share of time allocated to the respective department; 4) Customer Service costs are allocated based on department's proportionate share of tickets and call volume; 5) Information Technology costs are allocated based on the department's proportionate share of the computers used; 6) Human Resources costs are allocated based on department's proportionate share of department heads; 7) Finance costs are allocated based on the department's proportionate share of the employee's hours; and 8) Procurement, Fleet and Property costs are allocated based on the department's proportionate share of the purchase orders generated.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1. For additional information see the Consolidated Schedule of Segment Disclosure.

General Government

General government consists of the activities of Council and general financial and administrative management of the County and its programs and services.

Protection Services

Protection services include by-law enforcement and emergency measures.

Transportation Services

The activities of the transportation function include construction and maintenance of the County's roads and bridges and winter control.

Environmental Services

The environmental function is responsible for providing waste collection, waste disposal and recycling services to ratepayers.

Health Services

The health services function consists of external transfers to the health unit and hospitals and the activities of the ambulance services.

Social and Family Services

The activities of the social and family services function include general assistance payments to citizens of the County, the activities of the County's four homes for the aged and external payments to childcare centres in the County.

Social Housing

The social housing function provides affordable housing to qualified inhabitants of the County and external payments to non-profit organization housing providers.

20. SEGMENTED INFORMATION, continued

Recreation and Cultural Services

The recreation and cultural services function is responsible for the activities of the library co-operative and the County of Simcoe museum.

Planning and Development

The planning and development services function manages commercial, industrial and residential development within the County as well as the County forests.

CORPORATION OF THE COUNTY OF SIMCOE



CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS For the Year Ended December 31, 2019

	General						Infrastructure	Assets Under Construction	Totals
	Land	Land Improvements	Buildings	Machinery and Equipment	Computers	Vehicles	Roads and Bridges		
	\$	\$	\$	\$	\$	\$	\$	\$	
COST									
Balance, beginning of year	147,785,426	29,613,681	14,269,658	13,319,460	18,659,625	41,724,246	615,360,380	103,629,747	1,184,362,223
Add: additions during the year	1,430,113	94,839	2,103,793	246,137	616,296	4,820,704	11,489,068	78,324,492	99,125,442
Less: disposals during the year	85,347	35,000	4,496	-	-	2,555,455	-	-	2,680,298
Internal transfers	3,656,858	164,708	5,765,734	-	354,582	289,080	32,014,488	(42,245,450)	-
Balance, end of year	152,787,050	29,838,228	22,134,689	13,565,597	19,630,503	44,278,575	658,863,936	139,708,789	1,280,807,367
ACCUMULATED AMORTIZATION									
Balance, beginning of year	3,866,665	18,049,917	63,588,133	5,673,254	14,750,759	16,109,322	249,219,949	-	371,257,999
Add: additions during the year	17,265	1,001,552	5,218,554	941,257	1,189,896	3,495,413	14,675,052	-	26,538,989
Less: disposals during the year	-	17,354	4,496	-	-	2,251,802	-	-	2,273,652
Balance, end of year	3,883,930	19,034,115	68,802,191	6,614,511	15,940,655	17,352,933	263,895,001	-	395,523,336
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	148,903,120	10,804,113	53,332,498	6,951,086	3,689,848	26,925,642	394,968,935	139,708,789	885,284,031

CORPORATION OF THE COUNTY OF SIMCOE



CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE For the Year Ended December 31, 2019

	General Government \$	Protection Services \$	Transportation Services \$	Other Environmental Services \$	Health Services \$	Social and Family Services \$	Social Housing \$	Recreation and Cultural Services \$	Planning and Development \$	Change in closure and post-closure landfill liability \$	Consolidated \$
Revenues											
Property taxation	32,019,346	478,000	24,017,385	35,814,411	27,877,402	16,638,360	23,355,402	3,841,975	5,839,764	-	169,882,045
User charges	1,038,623	143,230	887,333	8,531,502	213,471	18,675,905	8,108,508	277,905	2,598,477	-	40,474,954
Government transfers - operating	1,127,993	-	2,398,025	5,118,167	26,236,235	152,873,249	21,822,169	86,199	20,533	-	209,682,570
Government transfers - capital	-	-	686,327	-	-	1,015,969	6,907,827	-	-	-	8,610,123
Other municipalities	-	-	16,538	3,365	13,522,397	8,673,205	14,373,196	109,080	6,275	-	36,704,056
Investment income	2,916,042	-	11,091	-	171,398	58,935	6,498	108,241	-	-	3,272,205
Donations	132,145	-	-	-	100,000	174,606	-	537,913	1,500	-	946,164
Donated tangible capital assets	-	-	88,204	-	-	-	-	-	-	-	88,204
Other grants	350,400	-	-	-	-	-	-	-	-	-	350,400
Other	5,347	-	-	-	99,216	-	45,043	-	-	-	149,606
Developer contributions earned	10,695	-	12,093,669	50,331	218,243	918,377	1,762,047	14	-	-	15,053,376
Federal gas tax earned	-	-	5,716,442	-	-	-	-	-	-	-	5,716,442
Provincial gas tax earned	-	-	550,000	-	-	-	-	-	-	-	550,000
Total revenues	37,600,591	621,230	46,465,014	49,517,776	68,438,362	199,028,606	76,380,690	4,961,327	8,466,549	-	491,480,145
Expenses											
Salaries and benefits	17,297,736	595,274	7,955,590	7,029,560	42,964,759	63,327,595	4,948,267	2,223,478	2,638,258	-	148,980,517
Interest charges	608,826	-	-	-	-	-	390,924	-	-	-	999,750
Materials	4,487,038	107,043	17,346,456	18,885,991	4,572,380	11,787,872	8,983,559	1,240,705	1,531,641	-	68,942,685
Contracted services	9,486,862	64,435	73,434	17,697,804	190,214	487,336	45,181	-	106,886	-	28,152,152
Rents and financial	38,210	(1,808)	11,836	257,105	465,758	1,292,947	196,763	3,636	(867)	-	2,263,580
External transfers	3,222,850	136,096	215,431	-	7,638,591	108,339,184	35,483,969	-	884,085	-	155,920,206
Amortization	1,856,119	37,975	16,217,463	1,846,754	1,965,401	2,883,546	1,502,014	169,496	60,221	-	26,538,989
Loss (gain) on disposal of tangible capital assets	-	-	57,340	(76,175)	32,031	-	(629,839)	-	(7,045)	-	(623,688)
Internal transfers	(21,480,724)	(84,855)	2,525,118	2,677,427	3,893,180	8,497,556	1,776,186	582,647	1,613,465	-	-
Change in closure and post-closure landfill liability	-	-	-	-	-	-	-	-	-	1,623,730	1,623,730
Total expenses	15,516,917	854,160	44,402,668	48,318,466	61,722,314	196,616,036	52,697,024	4,219,962	6,826,644	1,623,730	432,797,921
Net surplus/(deficit)	22,083,674	(232,930)	2,062,346	1,199,310	6,716,048	2,412,570	23,683,666	741,365	1,639,905	(1,623,730)	58,682,224

CORPORATION OF THE COUNTY OF SIMCOE



CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE For the Year Ended December 31, 2018

	General Government \$	Protection Services \$	Transportation Services \$	Other Environmental Services \$	Health Services \$	Social and Family Services \$	Social Housing \$	Recreation and Cultural Services \$	Planning and Development \$	Change in closure and post-closure landfill liability \$	Consolidated \$
Revenues											
Property taxation	24,706,142	764,776	29,817,175	31,086,182	28,754,311	17,227,990	20,154,311	3,937,056	7,245,410	-	163,693,353
User charges	1,266,014	166,289	717,566	9,736,050	108,812	18,473,350	7,167,222	245,235	2,352,700	-	40,233,238
Government transfers - operating	-	35,051	1,462,656	3,632,018	25,585,922	152,621,067	22,166,711	144,168	91,185	-	205,738,778
Government transfers - capital	-	-	543,724	-	64,062	993,292	5,643,031	-	-	-	7,244,109
Other municipalities	-	-	126,321	-	11,005,764	7,697,815	12,215,093	106,940	10,458	-	31,162,391
Investment income	2,175,366	-	11,075	-	-	37,056	14,971	84,828	-	-	2,323,296
Donations	145,298	-	-	-	4,000	932,727	-	14,993	(37,395)	-	1,059,623
Donated tangible capital assets	-	-	649,682	58,964	-	-	2,380,029	28,000	-	-	3,116,675
Other	-	-	-	-	95,896	-	188,140	-	-	-	284,036
Developer contributions earned	98,398	-	12,653,136	180,364	293,608	1,111,732	2,309,505	-	-	-	16,646,743
Federal gas tax earned	-	-	6,480,932	-	-	-	-	-	-	-	6,480,932
Total revenues	28,391,218	966,116	52,462,267	44,693,578	65,912,375	199,095,029	72,239,013	4,561,220	9,662,358	-	477,983,174
Expenses											
Salaries and benefits	15,713,506	774,616	7,845,042	6,778,252	40,667,048	60,124,565	4,533,607	2,325,889	2,547,772	-	141,310,297
Interest charges	575,125	-	-	-	-	-	450,262	-	-	-	1,025,387
Materials	4,511,778	148,044	15,119,106	17,760,490	4,241,215	10,728,010	7,805,830	1,232,592	1,528,496	-	63,075,561
Contracted services	8,580,042	47,834	211,343	13,917,773	154,483	1,348,684	44,463	-	419,908	-	24,724,530
Rents and financial	36,332	280	11,221	326,265	566,623	1,238,358	122,872	3,584	1,352	-	2,306,887
External transfers	10,941,574	135,345	791,063	-	7,438,774	109,781,705	36,030,604	-	771,550	-	165,890,615
Amortization	1,735,576	41,920	14,687,643	1,923,596	1,782,143	2,850,755	8,763,004	198,093	54,370	-	32,037,100
Loss (gain) on disposal of tangible capital assets	8,516	-	233,322	(20,284)	48,573	-	(153,932)	(747)	(2,992)	-	112,456
Internal transfers	(19,594,814)	(106,424)	2,289,689	2,398,464	3,621,155	7,894,294	1,592,350	515,318	1,389,968	-	-
Change in closure and post-closure landfill liability	-	-	-	-	-	-	-	-	-	(7,106,936)	(7,106,936)
Total expenses	22,507,635	1,041,615	41,188,429	43,084,556	58,520,014	193,966,371	59,189,060	4,274,729	6,710,424	(7,106,936)	423,375,897
Net surplus/(deficit)	5,883,583	(75,499)	11,273,838	1,609,022	7,392,361	5,128,658	13,049,953	286,491	2,951,934	7,106,936	54,607,277

INDEPENDENT AUDITOR'S REPORT**To the Members of Council, Inhabitants and Ratepayers
of the Corporation of the County of Simcoe****T: (705) 742-3418**
F: (705) 742-9775**www.bakertilly.ca***Opinion*

We have audited the financial statements of the Trust Funds of the Corporation of the County of Simcoe (the Trust Funds), which comprise the statement of financial position as at December 31, 2019, the statement of continuity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust Funds as at December 31, 2019, and the continuity of the Trust Funds for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Trust Funds 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 Trust Funds' 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 Trust Funds or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust Funds' financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 Trust Funds' 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 Trust Funds' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust Funds 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.

We 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.

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
June 9, 2020

CORPORATION OF THE COUNTY OF SIMCOE



**TRUST FUNDS
STATEMENT OF FINANCIAL POSITION
At December 31, 2019**

	Homes for the Aged Residents \$	Estate of S.O. Bain \$	Estate of H.P. Brown \$	Ross Channen Memorial Fund \$	S.L. Page Scholarship Fund \$	Honour Guard \$	Past Wardens \$	2019 Total \$	2018 Total \$
FINANCIAL ASSETS									
Cash and investments (note 3)	75,217	103,096	365,180	-	55,115	55,120	1,426	655,154	671,349
Due from County of Simcoe	-	-	-	3,311	-	-	-	3,311	3,240
	75,217	103,096	365,180	3,311	55,115	55,120	1,426	658,465	674,589
LIABILITIES AND FUND BALANCES									
LIABILITIES									
Accounts payable	3,864	-	-	-	-	-	-	3,864	8,116
FUND BALANCES	71,353	103,096	365,180	3,311	55,115	55,120	1,426	654,601	666,473
	75,217	103,096	365,180	3,311	55,115	55,120	1,426	658,465	674,589

CORPORATION OF THE COUNTY OF SIMCOE



**TRUST FUNDS
STATEMENT OF CONTINUITY
For the Year Ended December 31, 2019**

	Homes for the Aged Residents \$	Estate of S.O. Bain \$	Estate of H.P. Brown \$	Ross Channen Memorial Fund \$	S.L. Page Scholarship Fund \$	Honour Guard \$	Past Wardens \$	2019 Total \$	2018 Total \$
BALANCES - beginning of year	78,574	106,158	373,125	3,240	51,846	52,214	1,316	666,473	691,292
RECEIPTS									
Contribution from County of Simcoe	-	-	-	-	-	2,500	-	2,500	2,500
Interest earned	-	2,342	8,267	71	1,045	1,448	-	13,173	11,152
Residents' contributions	89,985	-	-	-	-	-	-	89,985	100,236
Donations	-	-	-	-	5,224	2,822	-	8,046	8,236
Fundraising	-	-	-	-	-	35,855	-	35,855	20,011
Membership	-	-	-	-	-	-	110	110	80
	89,985	2,342	8,267	71	6,269	42,625	110	149,669	142,215
EXPENSES									
Purchases benefiting residents	-	5,404	16,212	-	-	-	-	21,616	19,346
Operating costs	-	-	-	-	-	39,719	-	39,719	39,700
Residents' payments	97,206	-	-	-	-	-	-	97,206	106,488
Scholarships	-	-	-	-	3,000	-	-	3,000	1,500
	97,206	5,404	16,212	-	3,000	39,719	-	161,541	167,034
BALANCES - end of year	71,353	103,096	365,180	3,311	55,115	55,120	1,426	654,601	666,473

**TRUST FUNDS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2019**

1. PURPOSE OF THE TRUSTS

Homes for the Aged Resident Trust - These funds are for the Long Term Care residents and represent their personal funds that are to be used exclusively for the residents' personal items.

Estate of S.O. Bain - On December 13, 1984, the Corporation of the County of Simcoe (through Sunset Manor) was bequeathed funds from the estate of S.O. Bain. The funds are to be used at the discretion of County Council, the Administrator at Sunset Manor and the Treasurer of the Corporation of the County of Simcoe and be used for items other than normal operating expenses.

Estate of H.P. Brown - On May 24, 1994, the Corporation of the County of Simcoe (through Sunset Manor) was bequeathed funds from the estate of Helena Patricia Brown. The funds are to be used at the discretion of County Council, the Administrator at Sunset Manor and the Treasurer of the Corporation of the County of Simcoe and to be used for items other than normal operating expenses.

Ross Channen Memorial Trust Fund - Named after the first curator of the County of Simcoe Museum, the original 1975 donation of \$2,507 was to be invested and interest earned from the Trust be used for archaeological and museological activities within the County of Simcoe and at the Simcoe County Museum.

Stewart L. Page Scholarship Trust Fund - These funds are set up to provide scholarships to assist with education costs to students studying Home Economics or Agriculture at the post-secondary level. These funds are administered by the County of Simcoe under the direction of the Stewart L. Page Board.

Honour Guard - Founded in 2003, the County of Simcoe Paramedic Services Honour Guard is comprised of County of Simcoe Paramedics who volunteer their free time. The mission of the Honour Guard is to create a strong, positive public awareness of paramedicine, instill pride, professionalism and honour to the Paramedics of the County of Simcoe. Each year the Corporation provides the Honour Guard with a \$2,500 donation. That donation combined with funds raised through major fundraising initiatives provides the Honour Guard with funds to attend ceremonial events demonstrating respect for fallen comrades of the Paramedic, Police, Fire and Military communities.

Past Wardens' Trust Fund - These funds are relating to the funds received from the Past Wardens' Association. The membership fees collected are to be used to support donations approved by the Association and the AGM costs.

**TRUST FUNDS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2019**

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook.

(a) Basis of Accounting

Revenue and expenses are reported on the accrual basis of accounting which recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(b) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period and are based on the County's best information and judgment. Actual results could differ from these estimates.

3. CASH AND INVESTMENTS

Cash and investments totaling \$655,154 (2018 - \$671,349) are recorded at cost. Included in cash and investments are \$48,278 of GIC's with interest rates ranging from 1.40% to 2.16% and maturities ranging from May 18, 2020 to August 2, 2021.

SIMCOE COUNTY HOUSING CORPORATION

FINANCIAL STATEMENTS

DECEMBER 31, 2019

INDEPENDENT AUDITOR'S REPORT

**To the Directors of Simcoe County Housing Corporation
and Members of Council of the Corporation of the
County of Simcoe**

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Opinion

We have audited the financial statements of Simcoe County Housing Corporation (the Corporation), which comprise the statement of financial position as at December 31, 2019, the statements of operations and accumulated surplus, change in net debt and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Corporation 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 Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 Corporation'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 Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation 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.

We 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.

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
June 9, 2020

SIMCOE COUNTY HOUSING CORPORATION



STATEMENT OF FINANCIAL POSITION At December 31, 2019

	2019	2018
	\$	\$
FINANCIAL ASSETS		
Cash	1,836,385	4,302,349
Accounts receivable	3,852,889	2,060,045
Loans receivable (note 3)	9,962,497	3,834,673
TOTAL FINANCIAL ASSETS	15,651,771	10,197,067
LIABILITIES		
Accounts payable and accrued liabilities	6,613,372	8,923,180
Due to County (note 13)	31,125,275	10,551,209
Long term debt (note 6)	8,611,809	9,977,465
TOTAL LIABILITIES	46,350,456	29,451,854
NET DEBT	(30,698,685)	(19,254,787)
NON-FINANCIAL ASSETS		
Tangible capital assets (note 4)	107,046,542	77,372,605
Prepaid expenses	257,294	220,607
TOTAL NON-FINANCIAL ASSETS	107,303,836	77,593,212
ACCUMULATED SURPLUS (note 8)	76,605,151	58,338,425

The accompanying notes are an integral part of these financial statements

SIMCOE COUNTY HOUSING CORPORATION



STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS For the Year Ended December 31, 2019

	Budget 2019 \$ (Unaudited)	Actual 2019 \$	Actual 2018 \$
REVENUES			
Rent	7,519,521	7,557,043	7,047,216
Province of Ontario	7,541,000	6,907,827	5,643,031
Government of Canada	2,458,062	2,458,062	2,637,746
Contribution from County reserve & reserve funds	3,523,547	1,776,497	51,638
Contribution from the County of Simcoe	8,887,864	7,635,330	6,650,605
Contribution from the City of Barrie	9,095,829	7,661,718	5,907,256
Contribution from the City of Orillia	1,866,808	1,586,647	1,206,797
Recoveries	252,699	596,361	307,622
Investment income	1,010	147	524
Contribution from County development charges	2,883,000	1,762,047	2,309,505
Contributed tangible capital assets	-	-	2,380,029
Gain on disposal of tangible capital assets	-	629,839	153,932
TOTAL REVENUES	44,029,340	38,571,518	34,295,901
EXPENSES			
Salaries, wages, and benefits	3,499,049	3,450,038	3,035,330
Interest on long term debt	391,465	390,924	450,262
Building operations	3,770,306	4,518,787	3,579,950
Utilities	2,165,942	1,879,242	1,775,025
Property taxes	2,316,403	2,099,630	2,006,431
Insurance	279,777	280,910	250,705
Rent supplement subsidies	1,195,115	1,006,348	1,112,608
Bad debts	90,000	183,005	117,014
Staff travel and development	110,507	110,102	101,788
Office and communications	36,761	32,956	30,209
Rent	-	3,400	283
Services	56,840	64,006	59,800
Allocated administration	1,086,434	1,082,578	979,480
Amortization	7,508,447	1,502,014	8,763,004
Contribution to County reserve & reserve funds	878,343	3,700,852	1,519,238
TOTAL EXPENSES	23,385,389	20,304,792	23,781,127
ANNUAL SURPLUS	<u>20,643,951</u>	18,266,726	10,514,774
ACCUMULATED SURPLUS - beginning of year		58,338,425	47,823,651
ACCUMULATED SURPLUS - end of year		76,605,151	58,338,425

The accompanying notes are an integral part of these financial statements

SIMCOE COUNTY HOUSING CORPORATION



STATEMENT OF CHANGE IN NET DEBT For the Year Ended December 31, 2019

	Budget 2019 \$ (Unaudited)	Actual 2019 \$	Actual 2018 \$
ANNUAL SURPLUS	20,643,951	18,266,726	10,514,774
Amortization of tangible capital assets	7,508,447	1,502,014	8,763,004
Purchase of tangible capital assets	(38,260,000)	(31,278,944)	(23,591,020)
Gain on disposal of tangible capital assets	-	(629,839)	(153,932)
Proceeds on sale of tangible capital assets	-	732,832	333,973
Contributed capital assets	-	-	(2,380,029)
Change in prepaid expenses	-	(36,687)	(9,041)
CHANGE IN NET DEBT	(10,107,602)	(11,443,898)	(6,522,271)
NET DEBT - beginning of year	(19,254,787)	(19,254,787)	(12,732,516)
NET DEBT - end of year	(29,362,389)	(30,698,685)	(19,254,787)

The accompanying notes are an integral part of these financial statements

SIMCOE COUNTY HOUSING CORPORATION



STATEMENT OF CASH FLOWS For the Year Ended December 31, 2019

	2019	2018
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	18,266,726	10,514,774
Items not involving cash		
Amortization of tangible capital assets	1,502,014	8,763,004
Gain on disposal of tangible capital assets	(629,839)	(153,932)
Contributed capital assets	-	(2,380,029)
Change in non-cash assets and liabilities		
Accounts receivable	(1,792,844)	1,563,016
Prepaid expenses	(36,687)	(9,041)
Accounts payable and accrued liabilities	(2,309,808)	5,831,114
Due to County	20,574,066	7,187,354
Net change in cash from operating activities	35,573,628	31,316,260
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(31,278,944)	(23,591,020)
Proceeds on disposal of tangible capital assets	732,832	333,973
Net change in cash from capital activities	(30,546,112)	(23,257,047)
INVESTING ACTIVITIES		
Loans receivable issued	(7,068,623)	(3,834,673)
Loan repayments received	940,799	-
Net change in cash from investing activities	(6,127,824)	(3,834,673)
FINANCING ACTIVITIES		
Debt principal repayments	(1,365,656)	(1,358,768)
NET CHANGE IN CASH	(2,465,964)	2,865,772
CASH - beginning of year	4,302,349	1,436,577
CASH - end of year	1,836,385	4,302,349

The accompanying notes are an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

1. NATURE OF ORGANIZATION

The Corporation was incorporated on December 18, 2000 under Part III of the Ontario Business Corporations Act as a corporation to provide subsidized housing.

The Corporation is exempt from income tax under section 149(1)(d.5) of the Income Tax Act as a corporation operating exclusively for social welfare. No portion of the Corporation's income is available for the personal benefit of any tenant.

In accordance with its operating agreement with the County of Simcoe, the Corporation receives funding from the County and the Cities of Barrie and Orillia and provides subsidized housing to its tenants and their families. The Corporation is dependent on this funding for its continued operation.

The Corporation operates under the Social Housing Reform Act, 2000 and under the rules and procedures as set out by the County.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Chartered Professional Accountants Canada Handbook for local governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies are as follows:

(a) Reporting Entity

These financial statements reflect the assets, liabilities, revenues and expenses and accumulated surplus of the Simcoe County Housing Corporation.

(b) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, if any, of tangible capital assets is amortized on a straight-line basis, commencing the year following the date the asset is put into service, over the expected useful life of the asset, as follows:

Land improvements	20 years
Buildings	40 years
Machinery and equipment	5 - 25 years
Computers	3 - 10 years

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and are also recorded as revenue.

Tangible capital assets categorized as assets under construction are not amortized until they are put into service.

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(c) Recognition of Revenues and Expenses

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which the transactions or events occurred that give rise to the revenue; expenses are recognized in the period the goods or services are acquired and a legal liability is incurred or transfers are due.

Government Funding

Government funding, including contributions from the County of Simcoe, the City of Barrie, and the City of Orillia, is recognized in the financial statements as revenues in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

Other revenue

Rent and recoveries are recognized as revenue in the year the services are provided.

(d) Non-financial Assets

Tangible capital and other non-financial assets are accounted for as assets by the Corporation because they can be used to provide Corporation services in future periods. These assets do not normally provide resources to discharge the liabilities of the Corporation unless they are sold.

(e) Use of Estimates

Certain items recognized in the financial statements are subject to measurement uncertainty. The recognized amounts of such items are based on the Corporation's best information and judgment. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant. The Corporation's significant estimates are:

- The amounts recorded for amortization and opening costs of tangible capital assets are based on estimates of useful life, residual values and valuation rates; and
- The amount recorded as allowance for doubtful accounts receivable is based on management's estimate of future payments on receivable account balances.

(f) Inter-Entity Transactions

The Corporation is a Board of the County of Simcoe and is consolidated with the County's financial statements.

Allocated costs and recovery of costs are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Unallocated costs are measured at the carrying amount, which is the amount recorded in the records of the Corporation.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

3. LOANS RECEIVABLE

Loans receivable consist of major capital receivables from service partners for various major capital projects. The loans are to be repaid at 10% per year plus interest at 1.9% per annum. The loans receivable are due from:

	2019	2018
	\$	\$
City of Barrie	8,250,149	3,184,175
City of Orillia	1,712,348	650,498
	9,962,497	3,834,673

The continuity of loans receivable is as follows:

	2019	2018
	\$	\$
Balance - beginning of year	3,834,673	-
Add amounts received:		
Share of capital projects - City of Barrie	5,684,598	3,130,641
Share of capital projects - City of Orillia	1,177,210	639,562
Interest	206,815	64,470
	7,068,623	3,834,673
Less: Payments received	940,799	-
Balance - end of year	9,962,497	3,834,673

4. TANGIBLE CAPITAL ASSETS

The net book value of the Corporation's tangible capital assets are:

	2019	2018
	\$	\$
General		
Land	17,631,515	17,716,862
Land improvements	1,219,471	1,380,748
Buildings	28,588,534	28,916,718
Machinery & equipment	121,109	116,730
Computers	23,608	35,412
	47,584,237	48,166,470
Assets under construction	59,462,305	29,206,135

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

4. TANGIBLE CAPITAL ASSETS, continued

107,046,542 77,372,605

For additional information, see the Schedule of Tangible Capital Assets.

During the year there were no write-downs of assets (2018 - \$Nil) and no interest capitalized (2018 - \$Nil).

5. CREDIT FACILITY AGREEMENT

The County has a revolving credit facility agreement with its main financial institution. The amount available at any time is limited to \$15,000,000 via an operating loan. Any balance borrowed will accrue interest at the bank's prime lending rate 0.625%. At December 31, 2019 there was no balance outstanding (2018 - \$Nil).

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

6. LONG TERM DEBT

- (a) The balance of long term debt reported on the Statement of Financial Position is made up of the following:

	2019	2018
	\$	\$
Canada Mortgage and Housing Corporation debentures payable on rental properties owned by Simcoe County Housing Corporation. The debentures have various maturity dates ranging from 2020 to 2027 and interest rates ranging from 6.09% to 7.85%.	3,317,269	3,933,230
Ontario Housing Corporation debentures payable on rental properties owned by Simcoe County Housing Corporation. The debentures have various maturing dates ranging from 2020 to 2027 and interest rates ranging from 6.34% to 8.10%.	385,676	456,914
Mortgages payable, repayable in blended monthly payments including principal and interest, secured by land and buildings. The mortgages have due dates ranging from 2020 to 2025 and interest rates ranging from 1.04% to 1.43%.	1,930,493	2,270,602
Mortgage payable, 2.62%, due October 2022, repayable in blended monthly payments of \$35,063 including principal and interest, secured by land and buildings.	2,978,371	3,316,719
	8,611,809	9,977,465

- (b) Interest paid during the year on long term debt amounted to \$390,924 (2018 - \$450,262).
- (c) The estimated repayments for the next five years of the long term debt reported in (a) of this note, using the existing repayment terms are:

	Principal	Interest	Total
	\$	\$	\$
2020	1,437,836	321,578	1,759,414
2021	1,326,387	260,683	1,587,070
2022	1,265,226	205,301	1,470,527
2023	1,281,542	155,484	1,437,026
2024	1,103,651	105,237	1,208,888
2025 and subsequent years	2,197,167	106,762	2,303,929
	8,611,809	1,155,045	9,766,854

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

7. PENSION AGREEMENTS

Certain employees of the Corporation are eligible members of the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan.

The Actuarial Opinion contained in the 2019 Annual Report disclosed total actuarial liabilities of \$107,687 million in respect of benefits accrued for service with actuarial assets of \$104,290 million indicating an actuarial deficit of \$3,397 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Corporation does not recognize any share of the OMERS pension surplus or deficit.

The Corporation's required contributions to OMERS in 2019 were \$370,061 (2018 - \$331,150).

8. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2019	2018
	\$	\$
Surplus		
100 common shares issued, authorized for an unlimited number of common shares	100	100
Invested In Capital Assets		
Net book value of capital assets	107,046,542	77,372,605
Long term debt	(8,611,809)	(9,977,465)
Unfunded capital	(21,829,682)	(9,056,815)
	76,605,051	58,338,325
	76,605,151	58,338,425

Unfunded capital is expected to be funded from future contributions from County of Simcoe development charges and future debt and consists of:

	2019	2018
	\$	\$
Collingwood redevelopment	(13,563,410)	(7,116,008)
Wasaga Beach development	(8,266,272)	(1,940,807)
	(21,829,682)	(9,056,815)

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

9. BUDGET FIGURES

The budget, approved by the Corporation, for 2019 is reflected on the Statement of Operations and Accumulated Surplus and the Statement of Change in Net Financial Liabilities. The budgets established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSA reporting requirements. Budget figures are not subject to audit.

The following is a reconciliation of the Board approved budget amounts to the PSA amounts:

	(Unaudited) Revenue \$	(Unaudited) Expenses \$
Corporation approved budget:		
Operating	16,156,000	16,156,000
Capital	38,260,000	38,260,000
Total Corporation approved budget	54,416,000	54,416,000
Less: Tangible capital assets capitalized	-	(38,260,000)
Add: Amortization of tangible capital assets	-	7,508,447
Less: Principal repayment of long term debt	-	(1,365,466)
Less: Transfers to unfunded capital	(11,473,068)	-
Reclassifications for financial statement presentation	1,086,408	1,086,408
Adjusted budget per Statement of Operations	44,029,340	23,385,389

10. COMMITMENTS

During 2017, Simcoe County Housing Corporation committed \$39,892,000 towards a Collingwood housing development project. The Corporation incurred costs of \$34,168,541 to December 31, 2019. Future costs will be funded from development charges, government transfers and reserves.

During 2018, Simcoe County Housing Corporation committed \$26,814,000 towards a Wasaga Beach affordable housing development project. The Corporation incurred costs of \$18,919,338 to December 31, 2019. Future costs will be funded from development charges, government transfers, and reserves.

During 2019, Simcoe County Housing Corporation committed \$13,446,484 towards a Tay affordable housing development project. The Corporation incurred costs of \$4,501,975 to December 31, 2019. Future costs will be funded from development charges, government transfers, and reserves.

11. SUBSEQUENT EVENTS

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the County of Simcoe Housing Corporation environment and in the global markets, possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the County of Simcoe Housing Corporation operations. The extent of the impact of this outbreak and related containment measures on the County of Simcoe Housing Corporation operations cannot be reliably estimated at this time.

12. INCORPORATION AND TRANSFER AGREEMENT

On December 18, 2000 the Simcoe County Housing Corporation was established under the provisions of the Ontario Business Corporations Act. Upon incorporation 100 shares were issued to the County of Simcoe for nominal consideration.

As part of its local services realignment program, transfers of social housing units owned by the Ontario Housing Corporation (OHC) were made in accordance with transfer orders prepared under authority of the Social Housing Reform Act, 2000. Under the provisions of such a transfer order, this Corporation was the recipient on January 1, 2001 of all the assets, liabilities, rights and obligations previously owned by the OHC and located in the County of Simcoe. Effective on the date of transfer, the Corporation is responsible for the management and operations of the housing projects transferred and is bound by the requirements set out in the legislation.

On January 1, 2001 the Ontario Housing Corporation transferred 1,169 units and certain head office assets to the Corporation. The properties transferred carried the following restriction:

“The properties cannot be transferred or mortgaged or otherwise encumbered, developed or redeveloped or disposed of by any person without prior consent of the Minister of Municipal Affairs and Housing.”

In 2005 the Corporation assumed the operations of Georgian Bay Native Friendship Centre and Midland Penetanguishene Urban Native Homes Corporation.

In 2012, the Corporation assumed the operations of Matthew Co-Operative Housing Inc.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

13. INTER-ENTITY TRANSACTIONS

During the year, the Corporation entered into transactions with the County of Simcoe.

As part of the budgeting process, the County approves a contribution to the Corporation which is identified on the Statement of Operations and Accumulated Surplus. Other contributions approved by the County to the Corporation as identified on the Statement of Operations and Accumulated Surplus include contributions from County reserve and reserve funds and contributions from County development charges.

Details of the inter-entity expense transactions are as follows:

	2019	2018
	\$	\$
Allocated costs:		
Administration	1,082,578	979,480
Unallocated costs:		
Contribution to County reserve & reserve funds	3,700,852	1,519,238
	<u>4,783,430</u>	<u>2,498,718</u>

All balances with the County of Simcoe have been identified on the Statement of Financial Position. Due from (to) balances are unsecured, without interest and have no terms of repayment.

SIMCOE COUNTY HOUSING CORPORATION



SCHEDULE OF TANGIBLE CAPITAL ASSETS For the Year Ended December 31, 2019

	General					Assets Under Construction	Totals
	Land	Land Improvements	Buildings	Machinery & Equipment	Computers		
	\$	\$	\$	\$	\$	\$	\$
COST							
Balance, beginning of year	17,716,862	3,738,470	47,084,521	129,700	59,020	29,206,135	97,934,708
Add: additions during the year	-	43,146	473,361	10,864	-	30,751,573	31,278,944
Less: disposals during the year	85,347	35,000	4,496	-	-	-	124,843
Internal transfers	-	-	495,403	-	-	(495,403)	-
Balance, end of year	17,631,515	3,746,616	48,048,789	140,564	59,020	59,462,305	129,088,809
ACCUMULATED AMORTIZATION							
Balance, beginning of year	-	2,357,722	18,167,803	12,970	23,608	-	20,562,103
Add: additions during the year	-	186,777	1,296,948	6,485	11,804	-	1,502,014
Less: disposals during the year	-	17,354	4,496	-	-	-	21,850
Balance, end of year	-	2,527,145	19,460,255	19,455	35,412	-	22,042,267
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	17,631,515	1,219,471	28,588,534	121,109	23,608	59,462,305	107,046,542