

CORPORATION OF THE COUNTY OF SIMCOE
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018

CORPORATION OF THE COUNTY OF SIMCOE

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018

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CORPORATION OF THE COUNTY OF SIMCOE

For The Year Ended December 31, 2018

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.

Warden

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Date June 26, 2019

CAO

A blue ink signature of the CAO, written over a horizontal line.

Date June 26, 2019

Baker Tilly KDN LLP
272 Charlotte St.
Peterborough, ON
Canada K9J 2V4

INDEPENDENT AUDITOR'S REPORT

**To the Members of Council, Inhabitants and Ratepayers
of the Corporation of the County of Simcoe**

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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, 2018, the consolidated statements of operations and accumulated surplus, change in net financial assets/(liabilities) 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, 2018, 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.

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.

Other Matter

The financial statements of the County as at and for the year ended December 31, 2017 were audited by Collins Barrow Kawarthas LLP, which became Baker Tilly KDN LLP effective January 10, 2019.

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.

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Peterborough

Courtice

Lindsay

Cobourg

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
July 2, 2019

CORPORATION OF THE COUNTY OF SIMCOE**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
At December 31, 2018

	2018 \$	2017 \$
FINANCIAL ASSETS		
Cash	18,196,629	25,849,727
Investments (note 2)	71,437,691	53,307,559
Accounts receivable	15,269,134	22,430,612
Loans receivable (note 3)	6,192,838	-
TOTAL FINANCIAL ASSETS	111,096,292	101,587,898
LIABILITIES		
OIPC advance (note 15)	20,000,000	20,000,000
Accounts payable and accrued liabilities	64,693,897	48,823,299
Deferred revenue - obligatory reserve fund (note 4)	3,905,670	1,257,867
Deferred revenue - other	1,425,236	1,317,318
Long term debt (note 5)	15,725,711	18,239,635
Landfill closure and post-closure liability (note 6)	23,151,040	30,257,976
Employee future benefits payable (note 7)	3,383,611	2,721,206
TOTAL LIABILITIES	132,285,165	122,617,301
NET FINANCIAL ASSETS/(LIABILITIES)	(21,188,873)	(21,029,403)
NON-FINANCIAL ASSETS		
Tangible capital assets (note 8)	813,104,224	758,290,612
Prepaid expenses	1,741,698	1,724,998
Other	1,877,036	1,940,601
TOTAL NON-FINANCIAL ASSETS	816,722,958	761,956,211
ACCUMULATED SURPLUS (note 9)	795,534,085	740,926,808

The accompanying notes are an integral part of these financial statements

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
For the Year Ended December 31, 2018

	Budget 2018 \$ (Unaudited)	Actual 2018 \$	Actual 2017 \$
REVENUES			
Property taxation	158,601,097	163,693,353	156,270,621
User charges	39,501,886	40,233,238	39,634,966
Government of Canada	6,854,247	7,187,552	7,529,400
Province of Ontario	188,020,218	205,795,335	165,979,619
Other municipalities	34,174,788	31,162,391	26,810,736
Investment income	339,773	2,323,296	1,210,598
Donations	237,280	1,059,623	5,135,077
Contributed assets	-	3,116,675	14,370
Federal gas tax earned	9,529,647	6,480,932	9,373,312
Development charges	31,784,439	16,646,743	32,239,901
Other	93,547	284,036	114,492
TOTAL REVENUES	469,136,922	477,983,174	444,313,092
EXPENSES			
General government	18,437,177	22,507,635	21,865,154
Protection services	986,147	1,041,615	965,606
Transportation services	47,669,054	41,188,429	39,572,137
Environmental services	42,711,982	35,977,620	56,607,443
Health services	59,326,102	58,520,014	57,890,251
Social and family services	186,304,803	193,966,371	171,203,440
Social housing	48,588,915	59,189,060	39,805,951
Recreation and cultural services	4,328,378	4,274,729	4,278,876
Planning and development	7,323,560	6,710,424	5,282,817
TOTAL EXPENSES	415,676,118	423,375,897	397,471,675
ANNUAL SURPLUS	<u>53,460,804</u>	54,607,277	46,841,417
ACCUMULATED SURPLUS - beginning of year		740,926,808	694,085,391
ACCUMULATED SURPLUS - end of year		795,534,085	740,926,808

The accompanying notes are an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS/(LIABILITIES)
For the Year Ended December 31, 2018

	Budget 2018 \$ (Unaudited)	Actual 2018 \$	Actual 2017 \$
ANNUAL SURPLUS	53,460,804	54,607,277	46,841,417
Amortization of tangible capital assets	29,332,646	32,037,100	25,450,501
Purchase of tangible capital assets	(101,381,382)	(84,439,286)	(52,652,265)
Loss/(gain) on disposal of tangible capital assets	-	112,456	(37,444)
Proceeds on sale of tangible capital assets	-	592,793	387,162
Contributed capital assets	-	(3,116,675)	(14,370)
Change in prepaid expenses	-	(16,700)	314,889
Change in other non-financial assets	-	63,565	617,555
CHANGE IN NET FINANCIAL ASSETS/(LIABILITIES)	(18,587,932)	(159,470)	20,907,445
NET FINANCIAL ASSETS/(LIABILITIES) - beginning of year	(21,029,403)	(21,029,403)	(41,936,848)
NET FINANCIAL ASSETS/(LIABILITIES) - end of year	(39,617,335)	(21,188,873)	(21,029,403)

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, 2018

	2018 \$	2017 \$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	54,607,277	46,841,417
Items not involving cash		
Amortization of tangible capital assets	32,037,100	25,450,501
Loss/(gain) on disposal of tangible capital assets	112,456	(37,444)
Contributed capital assets	(3,116,675)	(14,370)
Change in landfill closure and post-closure liability	(7,106,936)	16,741,358
Change in employee future benefits payable	662,405	100,501
Change in non-cash assets and liabilities		
Accounts receivable	7,161,478	(6,742,646)
Loans receivable	(6,192,838)	-
Prepaid expenses	(16,700)	314,889
Other non-financial assets	63,565	617,555
Accounts payable and accrued liabilities	15,870,598	(8,531,172)
Deferred revenue - obligatory reserve fund	2,647,803	(84,732)
Deferred revenue - other	107,918	(8,513)
Net change in cash from operating activities	96,837,451	74,647,344
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(84,439,286)	(52,652,265)
Proceeds on disposal of tangible capital assets	592,793	387,162
Net change in cash from capital activities	(83,846,493)	(52,265,103)
INVESTING ACTIVITIES		
Purchase of investments	(73,133,297)	(67,737,827)
Redemption of investments	55,003,165	22,388,903
Net change in cash from investing activities	(18,130,132)	(45,348,924)
FINANCING ACTIVITIES		
Long term debt issued	-	3,701,365
Debt principal repayments	(2,513,924)	(6,236,919)
Net change in cash from financing activities	(2,513,924)	(2,535,554)
NET CHANGE IN CASH	(7,653,098)	(25,502,237)
CASH - beginning of year	25,849,727	51,351,964
CASH - end of year	18,196,629	25,849,727

The accompanying notes are an integral part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2018

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

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.

Property 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

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 July 2019 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 \$71,484,564 (2017 - \$53,376,240) with cost of \$71,437,691 (2017 - \$53,307,559).

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:

	2018	2017
	\$	\$
City of Barrie	5,142,311	-
City of Orillia	1,050,527	-
	6,192,838	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

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:

	2018 \$	2017 \$
Development charges	1,043,737	777,514
Federal gas tax	2,861,933	480,353
	3,905,670	1,257,867

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

	2018 \$	2017 \$
Balance - beginning of year	1,257,867	1,342,599
Add amounts received:		
Development charges received	17,732,974	34,994,171
Federal gas tax received	8,831,060	8,578,881
Interest	48,592	14,808
	26,612,626	43,587,860
Less transfer to operations:		
Development charges earned	16,646,743	32,239,901
Federal gas tax earned	6,480,932	9,373,312
Interest charges	830,199	514,670
Development charges refunded	6,949	1,544,709
	23,964,823	43,672,592
Balance - end of year	3,905,670	1,257,867

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

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:

	2018 \$	2017 \$
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%.	3,933,230	4,554,797
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%.	456,914	528,620
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%.	2,270,602	2,606,443
Mortgage payable assumed 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.	3,316,719	3,646,373
Ontario Infrastructure Projects Corporation debentures with blended semi-annual payments of \$575,428 and interest at 4.02% per annum, due in 2020.	2,190,542	3,222,133
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.	3,557,704	3,681,269
	15,725,711	18,239,635

- (b) Interest paid during the year on long term debt amounted to \$1,025,387 (2017 - \$970,131).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

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 \$
2019	2,559,744	476,356	3,036,100
2020	2,663,041	373,059	3,036,100
2021	1,446,543	276,362	1,722,905
2022	1,387,521	218,840	1,606,361
2023	1,406,090	166,771	1,572,861
2024 and subsequent years	6,262,772	284,167	6,546,939
	15,725,711	1,795,555	17,521,266

6. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

The liability for landfill closure and post-closure costs of \$23,151,040 (2017 - \$30,257,976) has been estimated using discounted future cash flows associated with closure and post-closure care activities for the nineteen sites the County operates. 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 \$28,236,924 (2017 - \$25,103,830) 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 \$25,226,006 as at December 31, 2018 (2017 - \$19,012,603). The remaining capacity of the landfill sites is estimated at 502,430 m³ (2017 - 589,760 m³) which is approximately 18% (2017 - 22%) 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.

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.

	2018 \$	2017 \$
Vacation pay entitlement and accumulated sick leave benefit plan entitlement	3,383,611	2,721,206

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

8. TANGIBLE CAPITAL ASSETS

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

	2018 \$	2017 \$
General		
Land	143,918,761	130,077,935
Land improvements	11,563,764	10,832,856
Buildings	150,681,525	155,111,250
Machinery and equipment	7,646,206	7,377,178
Computers	3,908,866	4,336,799
Vehicles	25,614,924	22,662,027
Infrastructure		
Roads and bridges	366,140,431	322,419,241
	709,474,477	652,817,286
Assets under construction	103,629,747	105,473,326
	813,104,224	758,290,612

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

During the year there were no write-downs of assets (2017 - \$Nil) and no interest capitalized (2017 - \$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:

	2018 \$	2017 \$
General government	36,791,916	29,823,133
Protection services	2,249,369	2,291,289
Transportation services	524,157,299	502,156,736
Environmental services	20,190,813	20,467,489
Health services	31,433,547	21,104,546
Social and Family services	80,778,379	82,400,683
Social housing	77,372,605	60,344,601
Recreation and cultural services	3,973,527	3,944,173
Planning and development	36,156,769	35,757,962
	813,104,224	758,290,612

CORPORATION OF THE COUNTY OF SIMCOE



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2018

9. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2018 \$	2017 \$
Surplus/(Deficit)		
County	1,928,303	2,779,649
Investment in Lake Simcoe Regional Airport	1,316,941	1,316,941
Unfunded landfill closure and post-closure liability	(23,151,040)	(30,257,976)
	(19,905,796)	(26,161,386)
Invested In Capital Assets		
Tangible capital assets - net book value	813,104,224	758,290,612
Long term debt	(15,725,711)	(18,239,635)
Unfunded capital (see below)	(139,733,054)	(108,560,653)
	657,645,459	631,490,324
Surplus	637,739,663	605,328,938
Reserves		
Administration building	436,573	636,573
Contingencies	15,317,709	14,017,358
Transportation services	38,159,148	30,501,256
Paramedic services	5,675,135	5,590,650
Social housing	29,873,101	25,334,716
Planning and development	6,334,766	4,856,243
Homes for the aged	3,975,833	1,463,373
Recreation and cultural services	1,035,426	1,044,480
Waste management	28,236,924	25,103,830
Social services	7,394,723	7,128,313
Forestry	5,754,167	5,151,544
Total Reserves	142,193,505	120,828,336
Reserve Funds		
Social housing	577,593	1,013,282
Social and family services	2,273,757	1,249,184
Planning and development	591,152	585,728
Hospital	7,608,959	7,456,712
Estate of C. Matthews	4,549,456	4,464,628
Total Reserve Funds	15,600,917	14,769,534
	795,534,085	740,926,808

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

9. ACCUMULATED SURPLUS, continued

Unfunded capital consists of:

	2018	2017
	\$	\$
Transportation services	(86,878,818)	(66,680,566)
Georgian Village	(35,788,431)	(37,772,800)
Paramedic services	(7,289,613)	(2,922,470)
Social housing	(9,056,814)	(1,184,817)
Transit	(719,378)	-
	(139,733,054)	(108,560,653)

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 2018 Annual Report disclosed total actuarial liabilities of \$100,081 million in respect of benefits accrued for service with actuarial assets of \$95,890 million indicating an actuarial deficit of \$4,191 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 2018 were \$9,210,610 (2017 - \$8,857,529).

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 2018 \$ (Unaudited)	Actual 2018 \$	Actual 2017 \$
Salaries and benefits	140,569,004	141,310,297	135,528,238
Interest charges	903,347	1,025,387	970,131
Materials	66,347,721	63,075,561	60,494,860
Contracted services	24,640,469	24,724,530	23,605,047
Rents and financial	2,252,376	2,451,758	2,458,465
External transfers	150,351,441	165,745,744	132,260,519
Amortization	29,332,646	32,037,100	25,450,501
Loss (gain) on disposal of tangible capital assets	-	112,456	(37,444)
Change in closure and post-closure landfill liability	1,279,114	(7,106,936)	16,741,358
	415,676,118	423,375,897	397,471,675

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

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, 2018 there was no balance outstanding (2017 - \$Nil).

13. BUDGET FIGURES

The budget, approved by the County, for 2018 is reflected on the Consolidated Statement of Operations and Accumulated Surplus and the Consolidated Statement of Change in Net Financial Assets/(Liabilities). 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	431,163,608	406,348,945
Capital	78,166,719	102,981,382
Total Council approved budget	509,330,327	509,330,327
Less: Tangible capital assets capitalized	-	(101,381,382)
Add: Amortization of tangible capital assets	-	29,332,646
Less: Long term debt proceeds	(7,894,000)	-
Less: Principal repayment of long term debt	-	(2,495,267)
Less: Transfers to/from reserves and unfunded capital	(11,841,556)	(17,757,045)
Add: Solid waste landfill closure and post-closure expenses	-	1,279,114
Less: Change in unfinanced capital	(15,191,000)	-
Reclassifications for financial statement purposes	(2,632,275)	(2,632,275)
Adjusted budget per Consolidated Statement of Operations	471,771,496	415,676,118

14. TRUST FUNDS

Trust funds administered by the County amounting to \$666,473 (2017 - \$691,292) 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, 2018

15. COMMITMENTS

During 2011, the County approved the issue of debentures in the amount of \$94,030,560 from the Ontario Infrastructure Projects Corporation (OIPC). At year end the debentures have not been issued. The OIPC advance of \$20,000,000 on the Consolidated Statement of Financial Position represents advances received on these debentures in 2016 while the projects and financing are in progress.

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, 2018 is \$39,000,000.

In 2017 the County committed \$1,500,000 to local Hospice organizations to be funded over three years ending in 2019. The commitment remaining at December 31, 2018 is \$500,000.

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, 2018 is \$4,300,000.

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, 2018 is \$1,500,000.

During 2018, the County committed \$3,136,539 towards the purchase of transit buses. No amounts have been incurred as at December 31, 2018.

During 2012, the County entered into an agreement for curbside waste, recyclables and organics collection which is in effect until March 31, 2020. Minimum annual costs over the next few years are:

2019	\$12,707,191
2020	3,176,798

During 2017, Simcoe County Housing Corporation committed \$39,892,000 towards a Collingwood housing development project. The Corporation incurred costs of \$17,812,519 to December 31, 2018. 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 \$4,447,643 to December 31, 2018. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

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 1,395 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. 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.

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.

19. SEGMENTED INFORMATION, continued

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

20. CHANGES IN ACCOUNTING POLICIES

The County has implemented the following PSA sections which are now effective under the PSA Handbook: 3320 Contingent Assets, 3380 Contractual Rights, 2200 Related Party Disclosures and 3420 Inter-Entity Transactions.

Under Section 3320, a contingent asset is a potential asset that exists at the financial statement date but requires confirmation or disproof at a future date that is not in the control of the public-sector entity. If the contingent asset is deemed to be likely to exist, then this should be disclosed in the notes to the financial statements. Disclosure should include the nature, extent (except in those cases where extent cannot be measured or disclosure would have an adverse effect on the outcome), the reason for any non-disclosure of extent, and when an estimate of the amount has been made, the basis for that estimate. This section has been applied prospectively. The adoption of this standard did not have an impact on the County's consolidated financial statements.

Under Section 3380, a contractual right arises out of a contract or agreement where it will result in the County having both an asset and future revenue. The contract or agreement must be between two or more parties and be enforceable under contract law. Contractual rights are assets and revenues that will occur in the future due to an enforceable agreement in effect at the financial statement date. If a contractual right exists, it should be disclosed in the notes or schedules to the statements and include descriptions about nature, extent and timing. This section has been applied prospectively. The adoption of this standard did not have an impact on the County's consolidated financial statements.

Section 3240 establishes the standards and requirements on how to account for and Section 2200 establishes the standards and requirements on how to report transactions between public sector entities that comprise the government's reporting entity. These sections have been applied retroactively with restatement of prior periods. The adoption of these standards did not have an impact on the County's consolidated financial statements.

CORPORATION OF THE COUNTY OF SIMCOE



CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS For the Year Ended December 31, 2018

	General						Infrastructure		
	Land	Land	Buildings	Machinery and Equipment	Computers	Vehicles	Roads and Bridges	Assets Under Construction	Totals
	\$	\$	\$	\$	\$	\$	\$	\$	\$
COST									
Balance, beginning of year	133,916,898	27,833,516	206,771,877	12,169,971	17,904,914	38,455,796	558,649,149	105,473,326	1,101,175,447
Add: additions during the year	8,844,011	838,736	2,008,128	474,390	526,077	6,473,801	5,198,750	63,192,068	87,555,961
Less: disposals during the year	198,306	-	509,408	60,015	-	3,205,351	396,105	-	4,369,185
Internal transfers	5,222,823	941,429	5,999,061	735,114	228,634	-	51,908,586	(65,035,647)	-
Balance, end of year	147,785,426	29,613,681	214,269,658	13,319,460	18,659,625	41,724,246	615,360,380	103,629,747	1,184,362,223
ACCUMULATED AMORTIZATION									
Balance, beginning of year	3,838,963	17,000,660	51,660,627	4,792,793	13,568,115	15,793,769	236,229,908	-	342,884,835
Add: additions during the year	27,702	1,049,257	12,273,461	905,217	1,182,644	3,212,672	13,386,147	-	32,037,100
Less: disposals during the year	-	-	345,955	24,756	-	2,897,119	396,106	-	3,663,936
Balance, end 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
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	143,918,761	11,563,764	150,681,525	7,646,206	3,908,866	25,614,924	366,140,431	103,629,747	813,104,224

CORPORATION OF THE COUNTY OF SIMCOE



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

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Social and Family Services \$	Social Housing \$	Recreation and Cultural Services \$	Planning and Development \$	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
Contributed assets	-	-	649,682	58,964	-	-	2,380,029	28,000	-	3,116,675
Federal gas tax earned	-	-	6,480,932	-	-	-	-	-	-	6,480,932
Development charges	98,398	-	12,653,136	180,364	293,608	1,111,732	2,309,505	-	-	16,646,743
Other	-	-	-	-	95,896	-	188,140	-	-	284,036
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	267,743	3,584	1,352	2,451,758
External transfers	10,941,574	135,345	791,063	-	7,438,774	109,781,705	35,885,733	-	771,550	165,745,744
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	35,977,620	58,520,014	193,966,371	59,189,060	4,274,729	6,710,424	423,375,897
Net surplus/(deficit)	5,883,583	(75,499)	11,273,838	8,715,958	7,392,361	5,128,658	13,049,953	286,491	2,951,934	54,607,277

CORPORATION OF THE COUNTY OF SIMCOE



CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE For the Year Ended December 31, 2017

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Social and Family Services \$	Social Housing \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues										
Property taxation	27,643,536	705,196	25,127,879	32,021,803	28,776,328	15,275,446	17,293,072	3,834,586	5,592,775	156,270,621
User charges	1,094,084	161,492	263,203	11,157,155	156,288	17,805,028	6,914,620	235,642	1,847,454	39,634,966
Government transfers - operating	-	38,083	1,029,177	3,437,230	24,326,149	128,006,971	13,390,000	156,076	38,956	170,422,642
Government transfers - capital	-	-	78,500	-	-	993,292	2,014,585	-	-	3,086,377
Other municipalities	-	-	35,120	3,117	9,979,127	9,069,310	7,618,312	105,750	-	26,810,736
Investment income	1,177,308	-	-	-	-	17,483	15,807	-	-	1,210,598
Donations	131,529	-	-	-	3,125	474,756	-	4,505,667	20,000	5,135,077
Contributed assets	-	-	14,370	-	-	-	-	-	-	14,370
Federal gas tax earned	-	-	9,373,312	-	-	-	-	-	-	9,373,312
Development charges	36,519	-	24,783,765	230,638	672,407	2,115,636	4,363,083	37,853	-	32,239,901
Other	-	-	-	-	69,162	-	45,330	-	-	114,492
Total revenues	30,082,976	904,771	60,705,326	46,849,943	63,982,586	173,757,922	51,654,809	8,875,574	7,499,185	444,313,092
Expenses										
Salaries and benefits	15,251,827	429,140	7,788,202	6,560,529	39,400,504	57,379,250	4,310,414	2,176,403	2,231,969	135,528,238
Interest charges	467,366	-	-	-	-	-	502,765	-	-	970,131
Materials	4,195,454	135,487	14,197,629	16,255,332	5,417,670	10,419,127	7,466,793	1,268,732	1,138,636	60,494,860
Contracted services	8,598,947	61,053	137,570	13,089,033	141,634	1,329,115	59,691	9	187,995	23,605,047
Rents and financial	70,441	850	397	193,139	630,803	1,274,785	286,629	1,421	-	2,458,465
External transfers	8,020,621	133,050	-	-	7,284,881	90,857,402	24,708,574	-	1,255,991	132,260,519
Amortization	1,704,180	52,336	16,300,895	1,386,265	1,668,080	2,809,834	1,274,106	201,712	53,093	25,450,501
Loss (gain) on disposal of tangible capital assets	-	-	20,335	(11,603)	(16,957)	(26,089)	-	-	(3,130)	(37,444)
Internal transfers	(16,443,682)	153,690	1,127,109	2,393,390	3,363,636	7,160,016	1,196,979	630,599	418,263	-
Change in closure and post-closure landfill liability	-	-	-	16,741,358	-	-	-	-	-	16,741,358
Total expenses	21,865,154	965,606	39,572,137	56,607,443	57,890,251	171,203,440	39,805,951	4,278,876	5,282,817	397,471,675
Net surplus/(deficit)	8,217,822	(60,835)	21,133,189	(9,757,500)	6,092,335	2,554,482	11,848,858	4,596,698	2,216,368	46,841,417

Baker Tilly KDN LLP
272 Charlotte St.
Peterborough, ON
Canada K9J 2V4

INDEPENDENT AUDITOR'S REPORT

**To the Members of Council, Inhabitants and Ratepayers
of the Corporation of the County of Simcoe**

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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, 2018, 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, 2018, and the continuity of the Trust Funds for the year then ended in accordance with Canadian Public Sector Accounting Standards.

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.

Other Matter

The financial statements of the Trust Funds as at and for the year ended December 31, 2017 were audited by Collins Barrow Kawarthas LLP, which became Baker Tilly KDN LLP effective January 10, 2019.

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'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 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'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 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'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 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
July 2, 2019

CORPORATION OF THE COUNTY OF SIMCOE



TRUST FUNDS STATEMENT OF FINANCIAL POSITION At December 31, 2018

	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 \$	2018 Total \$	2017 Total \$
FINANCIAL ASSETS									
Cash and investments (note 3)	86,690	106,158	373,125	-	51,846	52,214	1,316	671,349	694,540
Due from County of Simcoe	-	-	-	3,240	-	-	-	3,240	3,187
	86,690	106,158	373,125	3,240	51,846	52,214	1,316	674,589	697,727
LIABILITIES AND FUND BALANCES									
LIABILITIES									
Accounts payable	8,116	-	-	-	-	-	-	8,116	6,435
FUND BALANCES	78,574	106,158	373,125	3,240	51,846	52,214	1,316	666,473	691,292
	86,690	106,158	373,125	3,240	51,846	52,214	1,316	674,589	697,727

CORPORATION OF THE COUNTY OF SIMCOE



TRUST FUNDS STATEMENT OF CONTINUITY For the Year Ended December 31, 2018

	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 \$	2018 Total \$	2017 Total \$
BALANCES - beginning of year	84,826	108,983	380,580	3,187	52,478	60,002	1,236	691,292	714,015
RECEIPTS									
Contribution from County of Simcoe	-	-	-	-	-	2,500	-	2,500	4,064
Interest earned	-	2,012	7,054	53	868	1,165	-	11,152	7,120
Residents' contributions	100,236	-	-	-	-	-	-	100,236	200,076
Donations	-	-	-	-	-	8,236	-	8,236	14,296
Fundraising	-	-	-	-	-	20,011	-	20,011	54,614
Membership	-	-	-	-	-	-	80	80	160
	100,236	2,012	7,054	53	868	31,912	80	142,215	280,330
EXPENSES									
Purchases benefiting residents	-	4,837	14,509	-	-	-	-	19,346	51,878
Operating costs	-	-	-	-	-	39,700	-	39,700	42,487
Residents' payments	106,488	-	-	-	-	-	-	106,488	208,688
Scholarships	-	-	-	-	1,500	-	-	1,500	-
	106,488	4,837	14,509	-	1,500	39,700	-	167,034	303,053
BALANCES - end of year	78,574	106,158	373,125	3,240	51,846	52,214	1,316	666,473	691,292

TRUST FUNDS NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2018

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, 2018

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 \$671,349 (2017 - \$694,540) are recorded at cost. Included in cash and investments are \$44,362 of GIC's with interest rates ranging from 1.40% to 2.16% and maturities ranging from January 17, 2019 to August 2, 2021.

SIMCOE COUNTY HOUSING CORPORATION

FINANCIAL STATEMENTS

DECEMBER 31, 2018

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of the Simcoe County Housing Corporation (the Corporation), which comprise the statement of financial position as at December 31, 2018, the statements of operations and accumulated surplus, change in net financial assets/(liabilities) 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, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

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.

Other Matter

The financial statements of the Corporation as at and for the year ended December 31, 2017 were audited by Collins Barrow Kawarthas LLP, which became Baker Tilly KDN LLP effective January 10, 2019.

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
July 2, 2019

SIMCOE COUNTY HOUSING CORPORATION



STATEMENT OF FINANCIAL POSITION At December 31, 2018

	2018 \$	2017 \$
FINANCIAL ASSETS		
Cash	4,302,349	1,436,577
Accounts receivable	2,060,045	3,623,061
Loans receivable (note 4)	3,834,673	-
TOTAL FINANCIAL ASSETS	10,197,067	5,059,638
LIABILITIES		
Accounts payable and accrued liabilities	8,923,180	3,092,066
Due to County	10,551,209	3,363,855
Long term debt (note 5)	9,977,465	11,336,233
TOTAL LIABILITIES	29,451,854	17,792,154
NET FINANCIAL ASSETS/(LIABILITIES)	(19,254,787)	(12,732,516)
NON-FINANCIAL ASSETS		
Tangible capital assets (note 6)	77,372,605	60,344,601
Prepaid expenses	220,607	211,566
TOTAL NON-FINANCIAL ASSETS	77,593,212	60,556,167
ACCUMULATED SURPLUS (note 9)	58,338,425	47,823,651

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, 2018

	Budget 2018 \$ (Unaudited)	Actual 2018 \$	Actual 2017 \$
REVENUES			
Rental income	6,849,902	7,047,216	6,813,328
Province of Ontario	6,206,800	5,643,031	2,014,585
Government of Canada	2,637,746	2,637,746	2,780,024
Contribution from County reserve & reserve funds	4,245,989	51,638	738,718
Contribution from the County of Simcoe	9,728,482	6,650,605	4,871,586
Contribution from the City of Barrie	8,330,263	5,907,256	2,608,269
Contribution from the City of Orillia	1,768,608	1,206,797	540,985
Recoveries	130,000	307,622	146,141
Investment income	1,010	524	480
Contribution from County development charges	4,004,736	2,309,505	4,363,083
Contributed tangible capital assets	-	2,380,029	-
Gain on disposal of tangible capital assets	-	153,932	-
TOTAL REVENUES	43,903,536	34,295,901	24,877,199
EXPENSES			
Salaries, wages, and benefits	3,194,003	3,035,330	2,836,571
Interest on long term debt	459,081	450,262	502,765
Building operations	3,461,864	3,579,950	2,999,536
Utilities	2,556,308	1,775,025	2,031,273
Property taxes	2,131,821	2,006,431	1,992,717
Insurance	255,547	250,705	251,975
Rent supplement subsidies	1,173,983	1,112,608	1,112,166
Bad debts	70,000	117,014	90,545
Staff travel and development	106,198	101,788	93,592
Office and communications	28,382	30,209	19,974
Rent	-	283	3,400
Services	56,027	59,800	74,288
Allocated administration	1,004,466	979,480	849,721
Amortization	1,468,454	8,763,004	1,274,106
Contribution to County reserve & reserve funds	2,298,748	1,519,238	865,311
TOTAL EXPENSES	18,264,882	23,781,127	14,997,940
ANNUAL SURPLUS	<u>25,638,654</u>	10,514,774	9,879,259
ACCUMULATED SURPLUS - beginning of year		47,823,651	37,944,392
ACCUMULATED SURPLUS - end of year		58,338,425	47,823,651

The accompanying notes are an integral part of these financial statements

SIMCOE COUNTY HOUSING CORPORATION



STATEMENT OF CHANGE IN NET FINANCIAL ASSETS/(LIABILITIES) For the Year Ended December 31, 2018

	Budget 2018 \$ (Unaudited)	Actual 2018 \$	Actual 2017 \$
ANNUAL SURPLUS	25,638,654	10,514,774	9,879,259
Amortization of tangible capital assets	1,468,454	8,763,004	1,274,106
Purchase of tangible capital assets	(32,292,032)	(23,591,020)	(7,456,673)
Gain on disposal of tangible capital assets	-	(153,932)	-
Proceeds on sale of tangible capital assets	-	333,973	-
Contributed capital assets	-	(2,380,029)	-
Change in prepaid expenses	-	(9,041)	(3,293)
CHANGE IN NET FINANCIAL ASSETS/(LIABILITIES)	(5,184,924)	(6,522,271)	3,693,399
NET FINANCIAL ASSETS/(LIABILITIES) - beginning of year	(12,732,516)	(12,732,516)	(16,425,915)
NET FINANCIAL ASSETS/(LIABILITIES) - end of year	(17,917,440)	(19,254,787)	(12,732,516)

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, 2018

	2018 \$	2017 \$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	10,514,774	9,879,259
Items not involving cash		
Amortization of tangible capital assets	8,763,004	1,274,106
Gain on disposal of tangible capital assets	(153,932)	-
Contributed capital assets	(2,380,029)	-
Change in non-cash assets and liabilities		
Accounts receivable	1,563,016	(1,774,597)
Loans receivable	(3,834,673)	-
Prepaid expenses	(9,041)	(3,293)
Accounts payable and accrued liabilities	5,831,114	105,837
Due to County	7,187,354	(1,278,235)
Net change in cash from operating activities	27,481,587	8,203,077
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(23,591,020)	(7,456,673)
Proceeds on disposal of tangible capital assets	333,973	-
Net change in cash from capital activities	(23,257,047)	(7,456,673)
FINANCING ACTIVITIES		
Long term debt issued	-	3,701,365
Debt principal repayments	(1,358,768)	(5,139,605)
Net change in cash from financing activities	(1,358,768)	(1,438,240)
NET CHANGE IN CASH	2,865,772	(691,836)
CASH - beginning of year	1,436,577	2,128,413
CASH - end of year	4,302,349	1,436,577

The accompanying notes are an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2018

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.

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

(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.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

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 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

Rental income 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, 2018

3. CHANGES IN ACCOUNTING POLICIES

The Corporation has implemented the following PSA sections which are now effective under the PSA Handbook: 3320 Contingent Assets, 3380 Contractual Rights, 2200 Related Party Disclosures and 3420 Inter-Entity Transactions.

Under Section 3320, a contingent asset is a potential asset that exists at the financial statement date but requires confirmation or disproof at a future date that is not in the control of the public-sector entity. If the contingent asset is deemed to be likely to exist, then this should be disclosed in the notes to the financial statements. Disclosure should include the nature, extent (except in those cases where extent cannot be measured or disclosure would have an adverse effect on the outcome), the reason for any non-disclosure of extent, and when an estimate of the amount has been made, the basis for that estimate. This section has been applied prospectively. The adoption of this standard did not have an impact on the Corporation's financial statements.

Under Section 3380, a contractual right arises out of a contract or agreement where it will result in the public-sector entity having both an asset and future revenue. The contract or agreement must be between two or more parties and be enforceable under contract law. Contractual rights are assets and revenues that will occur in the future due to an enforceable agreement in effect at the financial statement date. If a contractual right exists, it should be disclosed in the notes or schedules to the statements and include descriptions about nature, extent and timing. This section has been applied prospectively. The adoption of this standard did not have an impact on the Corporation's financial statements.

Section 3240 establishes the standards and requirements on how to account for and Section 2200 establishes the standards and requirements on how to report transactions between public sector entities that comprise the government's reporting entity. These sections have been applied retroactively with restatement of prior periods. The adoption of these standards did not have an impact on the Corporation's financial statements but did result in additional note disclosure.

4. 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:

	2018	2017
	\$	\$
City of Barrie	3,184,175	-
City of Orillia	650,498	-
	3,834,673	-

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

5. LONG TERM DEBT

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

	2018 \$	2017 \$
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%.	3,933,230	4,554,797
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%.	456,914	528,620
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%.	2,270,602	2,606,443
Mortgage payable assumed - 2.62%, due October 2022, repayable in blended monthly payments of \$35,063 including principal and interest, secured by land and buildings.	3,316,719	3,646,373
	9,977,465	11,336,233

- (b) Interest paid during the year on long term debt amounted to \$450,262 (2017 - \$502,765).

- (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 \$
2019	1,362,701	398,977	1,761,678
2020	1,422,410	339,267	1,761,677
2021	1,322,977	276,362	1,599,339
2022	1,263,955	218,840	1,482,795
2023	1,282,524	166,771	1,449,295
2024 and subsequent years	3,322,898	284,167	3,607,065
	9,977,465	1,684,384	11,661,849

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

6. TANGIBLE CAPITAL ASSETS

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

	2018	2017
	\$	\$
General		
Land	17,716,862	15,619,487
Land improvements	1,380,748	1,294,821
Buildings	28,916,718	37,104,383
Machinery & equipment	116,730	123,215
Computers	35,412	47,216
	48,166,470	54,189,122
Assets under construction	29,206,135	6,155,479
	77,372,605	60,344,601

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

During the year there were no write-downs of assets (2017 - \$Nil) and no interest capitalized (2017 - \$Nil).

7. CREDIT FACILITY AGREEMENT

Through the County, the Corporation 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%. Council authorized the temporary borrowing limit by By-law 6719. At December 31, 2018 there was no balance outstanding. (2017 - \$Nil).

8. 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 2018 Annual Report disclosed total actuarial liabilities of \$100,081 million in respect of benefits accrued for service with actuarial assets of \$95,890 million indicating an actuarial deficit of \$4,191 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 2018 were \$331,150 (2017 - \$305,866).

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

9. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2018	2017
	\$	\$
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	77,372,605	60,344,601
Long term debt	(9,977,465)	(11,336,233)
Unfunded capital	(9,056,815)	(1,184,817)
	58,338,325	47,823,551
	58,338,425	47,823,651

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

	2018	2017
	\$	\$
Collingwood redevelopment	(7,116,008)	(1,184,817)
Wasaga Beach development	(1,940,807)	-
	(9,056,815)	(1,184,817)

10. 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.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

11. BUDGET FIGURES

The budget, approved by the Corporation, for 2018 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 \$
Council approved budget:		
Operating	16,551,504	16,551,504
Capital	33,892,032	33,892,032
Total Council approved budget	50,443,536	50,443,536
Less: Tangible capital assets capitalized	-	(32,292,032)
Add: Amortization of tangible capital assets	-	1,468,454
Less: Principal repayment of long term debt	-	(1,355,076)
Less: Transfers to unfunded capital	(6,540,000)	-
Adjusted budget per Consolidated Statement of Operations	43,903,536	18,264,882

12. COMMITMENTS

During 2017, Simcoe County Housing Corporation committed \$39,892,000 towards a Collingwood housing development project. The Corporation incurred costs of \$17,812,519 to December 31, 2018. 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 \$4,447,643 to December 31, 2018. Future costs will be funded from development charges, government transfers, and reserves.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

13. 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. with the land valued at its replacement cost and the building at its replacement cost less adjustment for past years of service.

14. 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:

	2018	2017
	\$	\$
Allocated costs:		
Administration	979,480	849,721
Unallocated costs:		
Contribution to County reserve & reserve funds	1,519,238	865,311
	2,498,718	1,715,032

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, 2018

	General					Assets Under Construction	Totals
	Land \$	Land Improvements \$	Buildings \$	Machinery & Equipment \$	Computers \$	\$	\$
COST							
Balance, beginning of year	15,619,487	3,478,612	46,885,357	129,700	59,020	6,155,479	72,327,655
Add: additions during the year	2,113,963	192,442	546,572	-	-	23,118,072	25,971,049
Less: disposals during the year	16,588	-	347,408	-	-	-	363,996
Internal transfers	-	67,416	-	-	-	(67,416)	-
Balance, end of year	17,716,862	3,738,470	47,084,521	129,700	59,020	29,206,135	97,934,708
ACCUMULATED AMORTIZATION							
Balance, beginning of year	-	2,183,791	9,780,974	6,485	11,804	-	11,983,054
Add: additions during the year	-	173,931	8,570,784	6,485	11,804	-	8,763,004
Less: disposals during the year	-	-	183,955	-	-	-	183,955
Balance, end of year	-	2,357,722	18,167,803	12,970	23,608	-	20,562,103
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	17,716,862	1,380,748	28,916,718	116,730	35,412	29,206,135	77,372,605