



**CORPORATION OF THE COUNTY OF
NORTHUMBERLAND**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019

**CORPORATION OF THE COUNTY OF
NORTHUMBERLAND**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019

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CORPORATION OF THE COUNTY OF NORTHUMBERLAND

For The Year Ended December 31, 2019

MANAGEMENT REPORT

The accompanying consolidated financial statements of the Corporation of the County of Northumberland 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 Northumberland. 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

Treasurer

May 20, 2020

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the consolidated financial statements of the Corporation of the County of Northumberland and its subsidiary (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 financial assets 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
May 22, 2020

**CORPORATION OF THE COUNTY OF
NORTHUMBERLAND**



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At December 31, 2019**

	2019	2018
	\$	\$
FINANCIAL ASSETS		
Cash	5,639,486	7,044,098
Investments (note 4)	61,801,596	49,246,911
Accounts receivable	7,392,800	5,065,680
TOTAL FINANCIAL ASSETS	74,833,882	61,356,689
LIABILITIES		
Accounts payable and accrued liabilities	13,872,222	13,593,838
Deferred revenue - Federal gas tax (note 5)	2,626,984	-
Deferred revenue - other	360,764	99,704
Long term debt (note 6)	11,943,502	7,669,782
Landfill closure and post-closure liability (note 7)	28,134,648	21,255,900
Employee future benefits liability (note 8)	2,243,207	2,033,761
TOTAL LIABILITIES	59,181,327	44,652,985
NET FINANCIAL ASSETS	15,652,555	16,703,704
NON-FINANCIAL ASSETS		
Tangible capital assets (note 9)	177,871,097	172,613,862
Prepaid expenses	284,025	277,430
TOTAL NON-FINANCIAL ASSETS	178,155,122	172,891,292
ACCUMULATED SURPLUS (note 10)	193,807,677	189,594,996

The accompanying notes are an integral part of these financial statements

**CORPORATION OF THE COUNTY OF
NORTHUMBERLAND**



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

	Budget 2019 \$ (Unaudited)	Actual 2019 \$	Actual 2018 \$
REVENUES			
Tax levy from lower tiers	56,393,449	56,961,401	54,341,442
User charges	11,095,549	11,226,121	11,168,371
Government of Canada	942,542	1,020,571	983,284
Province of Ontario	34,332,056	35,261,309	36,928,470
Other municipalities	1,370,301	1,634,224	1,583,621
Investment income	985,475	1,517,957	1,109,310
Provincial Offences Act charges (note 11)	1,500,000	1,550,320	1,410,326
Rents	2,432,005	2,584,469	2,456,962
Federal gas tax earned	2,581,705	2,630,144	2,772,091
Waste Diversion Ontario grants	1,060,000	1,142,101	1,033,657
Other	181,200	119,650	125,778
Donations	15,000	17,149	21,454
Gain (loss) on disposal of tangible capital assets	-	140,819	372,079
TOTAL REVENUES	112,889,282	115,806,235	114,306,845
EXPENSES			
General government	5,411,353	5,632,416	4,454,322
Protection services	3,571,552	3,443,123	3,134,726
Transportation services	17,958,472	17,004,466	16,092,464
Environmental services	13,874,245	21,074,564	10,509,106
Health services	14,856,979	14,664,019	14,376,588
Social and family services	36,608,715	35,263,974	36,434,367
Social housing	11,431,256	10,866,129	12,853,765
Economic development, tourism and forest	4,015,417	3,644,863	4,007,823
TOTAL EXPENSES	107,727,989	111,593,554	101,863,161
ANNUAL SURPLUS	<u>5,161,293</u>	4,212,681	12,443,684
ACCUMULATED SURPLUS - beginning of year		189,594,996	177,151,312
ACCUMULATED SURPLUS - end of year		193,807,677	189,594,996

The accompanying notes are an integral part of these financial statements

**CORPORATION OF THE COUNTY OF
NORTHUMBERLAND**



**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the Year Ended December 31, 2019**

	Budget 2019 \$ (Unaudited)	Actual 2019 \$	Actual 2018 \$
ANNUAL SURPLUS	5,161,293	4,212,681	12,443,684
Amortization of tangible capital assets	8,900,000	8,759,403	8,443,738
Purchase of tangible capital assets	(16,488,982)	(14,115,585)	(18,249,196)
Gain on disposal of tangible capital assets	-	(140,819)	(372,079)
Proceeds on sale of tangible capital assets	-	239,766	23,305
Change in prepaid expenses	-	(6,595)	(22,797)
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	(2,427,689)	(1,051,149)	2,266,655
NET FINANCIAL ASSETS - beginning of year	16,703,704	16,703,704	14,437,049
NET FINANCIAL ASSETS - end of year	14,276,015	15,652,555	16,703,704

The accompanying notes are an integral part of these financial statements

**CORPORATION OF THE COUNTY OF
NORTHUMBERLAND**



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

	2019	2018
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	4,212,681	12,443,684
Items not involving cash		
Amortization of tangible capital assets	8,759,403	8,443,738
Gain on disposal of tangible capital assets	(140,819)	(372,079)
Change in landfill closure and post-closure liability	6,878,748	(1,504,088)
Change in employee future benefits liability	209,446	214,766
Change in non-cash assets and liabilities		
Accounts receivable	(2,327,120)	(2,216,843)
Prepaid expenses	(6,595)	(22,797)
Accounts payable and accrued liabilities	278,384	2,520,498
Deferred revenue - Federal gas tax	2,626,984	(169,121)
Deferred revenue - other	261,060	-
Net change in cash from operating activities	20,752,172	19,337,758
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(14,115,585)	(18,249,196)
Proceeds on disposal of tangible capital assets	239,766	23,305
Net change in cash from capital activities	(13,875,819)	(18,225,891)
INVESTING ACTIVITIES		
Purchase of investments	(57,102,678)	(30,547,598)
Disposal of investments	44,547,993	22,981,763
Net change in cash from investing activities	(12,554,685)	(7,565,835)
FINANCING ACTIVITIES		
Long term debt issued	5,531,761	649,217
Debt principal repayments	(1,258,041)	(1,220,850)
Net change in cash from financing activities	4,273,720	(571,633)
NET CHANGE IN CASH	(1,404,612)	(7,025,601)
CASH - beginning of year	7,044,098	14,069,699
CASH - end of year	5,639,486	7,044,098

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 Northumberland 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:

- Northumberland County Housing Corporation

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

(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 in the year of acquisition except for road surface betterments where amortization commences in the year following construction, over the expected useful life of the asset, as follows:

Land improvements	10 years
Buildings	50 years
Roads and bridges	20 to 75 years
Equipment and computers	5 to 20 years
Vehicles	5 to 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.

(c) 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.

(d) 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.

1. SIGNIFICANT ACCOUNTING POLICIES, continued

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

Government funding and other grants

Government funding and other grants are 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

Fines levied under the Provincial Offenses Act 1997 are recognized when the funds are received. (see note 11).

User charges and rents are recognized as revenue in the year the goods and services are provided, with the exception of permits that are recognized when the permits are issued.

Investment income is recorded when earned.

Federal gas tax is recognized in the period in which the related expenditures are recorded.

(f) Use of Estimates

Certain items recognized in the consolidated 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 consolidated financial statements or 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.

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

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(g) 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.

2. TRUST FUNDS

Trust funds administered by the County amounting to \$151,896 (2018 - \$143,602) 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.

3. 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 \$10,000,000 via an operating loan. Any balance borrowed will accrue interest at the bank's prime lending rate less 0.85% per annum. Council authorized the temporary borrowing limit by by-law 2019-03. At December 31, 2019 there was no balance outstanding (2018 - \$Nil).

4. INVESTMENTS

	2019	2018
	\$	\$
BNS Investment high interest savings account	34,369,194	-
ONE Investment high interest savings account	6,693	23,005,000
Renaissance high interest savings account.	30,576	474,312
Corporate bonds bearing interest, rates between 1.8% and 4.86%, maturing between April 23, 2021 and April 4, 2028.	27,395,133	25,767,599
	61,801,596	49,246,911

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

5. 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 balance in the obligatory reserve funds of the County is summarized below:

	2019	2018
	\$	\$
Federal gas tax	2,626,984	-

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

	2019	2018
	\$	\$
Balance - beginning of year	-	169,121
Add amounts received:		
Federal gas tax	5,230,998	2,600,853
Interest	26,130	2,117
	5,257,128	2,602,970
Less transfer to operations:		
Federal gas tax earned	2,630,144	2,772,091
Balance - end of year	2,626,984	-

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

6. 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
	\$	\$
Ontario Infrastructure and Lands Corporation due December 3, 2023, repayable in blended semi-annual instalments of \$70,528, and bears interest at 3.07% per annum.	527,162	649,217
Ontario Strategic Infrastructure Financing Authority due March 15, 2028, repayable in blended semi-annual instalments of \$89,862 and bears interest at 4.92% per annum.	1,236,261	1,350,913
Ontario Infrastructure Projects Corporation due March 1, 2019, repayable in blended semi-annual instalments of \$127,039 and bears interest at 4.37% per annum.	-	124,323
Ontario Infrastructure Projects Corporation due September 1, 2022, repayable in blended semi-annual instalments of \$266,865 and bears interest of 2.27% per annum.	1,539,459	2,029,878
Ontario Infrastructure Projects Corporation due September 15, 2019, repayable in blended semi-annual instalments of \$35,104 and bears interest at 4% per annum.	-	68,156
Ontario Infrastructure Projects Corporation due September 4, 2035, repayable in blended semi-annual instalments of \$90,923 and bears interest at 4.51% per annum.	2,056,814	2,142,972
Ontario Infrastructure Projects Corporation due May 4, 2020, repayable in blended semi-annual instalments of \$76,095 and bears interest at 4.15% per annum.	74,547	219,130
Ontario Infrastructure Projects Corporation due September 1, 2027, repayable in blended semi-annual instalments of \$68,560 and bears interest of 2.78% per annum.	977,497	1,085,193
Ontario Infrastructure and Lands Corporation due September 16, 2029, repayable in blended semi-annual instalments of \$81,259 and bears interest at 2.19% per annum.	1,452,424	-
Ontario Infrastructure and Lands Corporation due September 16, 2029, repayable in blended semi-annual instalments of \$228,226 and bears interest at 2.19% per annum.	4,079,338	-
	11,943,502	7,669,782

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

6. LONG TERM DEBT, continued

- (b) The long term debt in (a) issued in the name of the County have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.
- (c) Interest paid during the year on long term debt amounted to \$264,872 (2018 - \$288,047).
- (d) The long term debt reported in (a) of this note is repayable as follows:

	Principal \$	Interest \$	Total \$
2020	1,272,067	286,990	1,559,057
2021	1,228,791	254,171	1,482,962
2022	1,261,047	221,914	1,482,961
2023	757,565	191,667	949,232
2024	637,507	170,668	808,175
	5,156,977	1,125,410	6,282,387
2025 to 2029	2,923,530	573,521	3,497,051
2030 and subsequent years	3,862,995	322,927	4,185,922
	11,943,502	2,021,858	13,965,360

7. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

The estimated liability for landfill closure and post-closure costs for the County's one operational site and the eight closed sites that the County has obtained from the lower tier municipalities by way of a settlement process (see Note 16) is \$28,134,648 (2018 - \$21,255,900). 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 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 life of the landfill. The total discounted future cash flows for closure and post-closure cost is estimated at \$32,907,859 as at December 31, 2019 (2018 - \$25,592,387) using a discount factor of 3% and an inflation rate of 2%.

The remaining capacity of the one operational landfill site is estimated at 409,116 m³ (2018 - 444,997 m³) which is 32.5% (2018 - 48.7%) of the site's total capacity. The total capacity of the site was revised in 2019 which resulted in 12.2% of the 16.2% decrease in the remaining capacity and resulted in an increase in the liability of \$1,805,762. The County estimates the site will continue to operate until 2030.

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

8. EMPLOYEE FUTURE BENEFITS LIABILITY

Under the Workplace Safety and Insurance Board (WSIB), the County is self-insured (Schedule II) and remits payments to the WSIB as required to fund disability payments. The liability recorded of \$2,243,207 (2018 - \$2,033,761) has been determined by an actuarial review completed as of December 31, 2017. This liability is fully funded by a reserve set aside for this purpose and reported as part of the employee health, safety and related costs reserve as reported in the Accumulated Surplus note.

The liability is comprised of the following amounts:

	2019	2018
	\$	\$
Accrued benefit obligation	2,519,574	2,330,513
Unamortized actuarial gains/(losses)	(276,367)	(296,752)
	<u>2,243,207</u>	<u>2,033,761</u>

The actuarial report for the WSIB liability was based on the following assumptions:

Interest discount rate	3.75%
WSIB administration and physician fees	38% of benefit costs
Expected level of employee cost increases	1.01%
Expected average remaining service life	9.96 years

The continuity of the WSIB liability is as follows:

	2019	2018
	\$	\$
Accrued benefit obligation at January 1	2,330,513	2,136,132
Unamortized actuarial losses	(296,752)	(317,137)
Liability at January 1	2,033,761	1,818,995
Increase due to plan amendment	-	16,959
Current year benefit cost	392,386	380,739
Interest	89,265	82,521
Amortization of actuarial loss/(gain) (amortized over the expected average remaining service life)	20,385	20,385
Less: benefit payments	(292,590)	(285,838)
Liability at December 31	<u>2,243,207</u>	<u>2,033,761</u>

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

9. TANGIBLE CAPITAL ASSETS

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

	2019	2018
	\$	\$
General		
Land	14,170,087	14,127,981
Land improvements	4,077,407	3,520,637
Buildings	22,592,355	23,627,018
Equipment and computers	6,824,498	6,927,129
Vehicles	5,987,966	5,992,871
Infrastructure		
Roads and bridges	104,966,086	103,005,190
	158,618,399	157,200,826
Assets under construction	19,252,698	15,413,036
	177,871,097	172,613,862

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).

Tangible capital assets allocated by segment are as follows:

	2019	2018
	\$	\$
General government	17,886,758	17,567,789
Protection services	110,559	119,956
Transportation services	111,330,886	109,304,194
Environmental services	32,579,722	31,632,538
Health services	1,656,483	1,660,134
Social and family services	5,141,880	2,349,189
Social housing	6,588,483	7,013,951
Economic development, tourism and forest	2,576,326	2,966,111
	177,871,097	172,613,862

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

10. ACCUMULATED SURPLUS

(a) Accumulated surplus consists of the following:

	2019	2018
	\$	\$
Surplus/(Deficit)		
Unfunded landfill closure and post-closure liability	(28,134,648)	(21,255,900)
Unfunded employee future benefits liability	(2,243,207)	(2,033,761)
	(30,377,855)	(23,289,661)
Invested In Capital Assets		
Tangible capital assets - net book value	177,871,097	172,613,862
Long term debt	(11,943,502)	(7,669,782)
Unfunded capital (b)	(1,078,193)	(5,579,933)
	164,849,402	159,364,147
Surplus	134,471,547	136,074,486
Reserves		
Working funds	821,275	821,274
Corporate services	14,985,661	12,303,006
Transportation services	11,920,881	8,535,169
Waste services	4,381,418	4,272,470
Social services	715,903	726,903
Social housing	11,116,089	11,027,006
Golden Plough Lodge	5,377,053	6,001,408
Ambulance services	1,771,075	1,731,318
Technological development	1,456,379	1,168,773
Emergency planning	295,050	290,050
Employee health, safety and related costs	3,984,235	4,221,505
Facilities	1,725,645	1,655,398
Economic development, tourism and forest	316,724	341,924
Plumbing and septic inspections	214,153	191,717
Land use planning	254,589	232,589
Total Reserves	59,336,130	53,520,510
	193,807,677	189,594,996

(b) Unfunded capital amounts are for projects in progress. When the projects are complete, the amounts will be funded with long term debt.

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

11. PROVINCIAL OFFENCES OFFICES

As a result of the provincial-municipal restructuring under Bill 108, streamlining of administration of Provincial Offences Act (“POA”) 1997, the County has assumed responsibility and administration of the POA office and courts.

Revenues from the POA office consists of fines levied under Part I and III (including delay penalties) for POA charges filed at 860 William Street in Cobourg. Offenders may pay their fines at any court office in Ontario, at which time, their receipt is recorded in the Integrated Courts Operations Network system (“ICON”) operated by the Province of Ontario. The County of Northumberland recognizes fine revenue when the receipt of funds is recorded by ICON and matched to the offence notice, regardless of the location where payment is made.

Revenues and expenses related to these operations have been reported as follows:

	2019	2018
	\$	\$
Gross revenues	1,550,320	1,410,326
Operating costs and allocated charges	(1,144,731)	(1,148,567)
Net County revenue used to reduce tax levy	405,589	261,759

12. 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 \$ (Unaudited)	Actual 2019 \$	Actual 2018 \$
Salaries and benefits	42,824,895	41,920,300	40,637,163
Interest charges	356,579	264,872	288,047
Materials	15,851,591	17,438,186	16,065,591
Contracted services	16,399,075	20,711,375	10,604,103
Rents and financial	155,313	124,464	161,347
External transfers	23,240,536	22,374,954	25,663,172
Amortization	8,900,000	8,759,403	8,443,738
	107,727,989	111,593,554	101,863,161

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

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 Financial Assets. 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 and capital	123,031,787	123,031,787
Total Council approved budget	123,031,787	123,031,787
Less: Tangible capital assets capitalized	-	(16,488,982)
Add: Amortization of tangible capital assets	-	8,900,000
Less: Long term debt proceeds	(1,571,627)	-
Less: Principal repayment of long term debt	-	(1,491,304)
Less: Net transfers to/from reserves	(8,395,878)	(6,848,512)
Less: Change in unfunded liabilities	-	800,000
Revenues and expenses netted for financial reporting	(175,000)	(175,000)
Adjusted budget per Consolidated Statement of Operations	112,889,282	107,727,989

14. 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 \$2,746,069 (2018 - \$2,511,492).

15. 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.

16. COMMITMENTS

The County assumed the assets and liabilities of the waste management systems of the lower tier municipalities on January 1, 1991 according to by-law 24-90. This by-law was passed pursuant to subsection 209(a) of the Municipal Act of the Province of Ontario which required the County to pay or to receive from the lower tier municipalities' compensation based upon the discounted future cash flows of the landfill site. The County is involved with ongoing negotiations with respect to the settlements for further sites.

During 2015, the County entered into a multi-year agreement with Peterborough Fire Services for fire dispatch services. The annual costs under the agreement, which goes until the end of 2020, were approximately \$377,000 in the first year with annual increases as per the agreement. The total costs for 2019 were \$413,140.

During 2019, the County entered into a multi-year agreement for the collection of garbage. The annual costs under the agreement, which goes until November 30, 2027, are approximately \$1,550,000.

17. SEGMENTED INFORMATION

The County of Northumberland 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 to the segment. Certain allocation methodologies are employed in the preparation of segmented financial information. Taxation levied to lower tiers is allocated based on each segment's net requirements. Internal transfers include the following: 1) Actual wages and benefits expenses for governance, corporate management and information technologies that are allocated based on the segment's proportionate share as determined by head count, revenue and number of computers; and 2) Actual occupancy costs that are allocated based on the segment's proportionate share of the square footage of the County buildings.

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 including contributions to the Municipal Property Assessment Corporation.

Protection Services

Protection services includes emergency measures, plumbing and septic inspections and Provincial Offences Act charges.

Transportation Services

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

17. SEGMENTED INFORMATION, continued

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 land ambulance services and contributions to the local health unit.

Social and Family Services

The social and family services consist of general assistance to inhabitants, homes for the aged and child care services for the County.

Social Housing

The social housing services provides affordable housing to qualified inhabitants of the County.

Economic Development, Tourism and Forest

The function includes economic development and tourism operations and maintenance of the County forests.

18. SOCIAL HOUSING

The Northumberland 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 subsidized housing to its tenants and their families.

As the Service Manager, the County is now the sole shareholder of the Corporation.

On January 1, 2001 the Ontario Housing Corporation transferred 14 properties 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.”

19. COMPARATIVE FIGURES

Certain comparative figures were restated, where required, to conform with the current year presentation.

20. SUBSEQUENT EVENTS

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social impact.

At the time of approval of these consolidated financial statements, the County has experienced the following indicators of financial implications and undertaken the following activities in relation to the COVID-19 pandemic:

- Permitting a deferral of lower-tier municipal levy payments waiving any interest charges
- Additional costs for enhanced facility cleaning and acquisition of personal protective equipment
- Additional labour costs for front line workers
- Temporary closure of the Ontario Agri-food Venture Centre
- Temporarily closed all facilities for walk-in access
- Expected decline in investment income
- Working from home requirements have been setup for those able to do so
- Waived bag tag fees for first weekly bag of waste per household for April and May 2020
- Some employees have been laid off and some hirings have been deferred
- Reduced revenues from Provincial Offences Act charges

The County plans to mitigate any additional operating costs with committed Provincial government funding, costs savings in other budget items and tight controls over the operating expenses.

At this time these factors present uncertainty over future cash flows, may cause significant changes to the assets or liabilities and may have a significant impact on future operations. Estimates and assumptions have been made by management to try and quantify the financial effect of these activities on the 2020 County operations.

CORPORATION OF THE COUNTY OF NORTHUMBERLAND



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

	General					Infrastructure	Assets Under Construction	Totals
	Land	Land Improvements	Buildings	Equipment and Computers	Vehicles	Roads and Bridges		
	\$	\$	\$	\$	\$	\$	\$	\$
COST								
Balance, beginning of year	14,127,981	4,060,888	57,929,524	17,396,833	14,831,212	184,791,360	15,413,036	308,550,834
Add: additions during the year	-	58,683	303,896	335,412	1,212,794	6,437,837	5,766,963	14,115,585
Less: disposals during the year	-	-	-	177,664	1,073,048	2,675,954	-	3,926,666
Internal transfers	42,106	638,295	816,651	430,249	-	-	(1,927,301)	-
Balance, end of year	14,170,087	4,757,866	59,050,071	17,984,830	14,970,958	188,553,243	19,252,698	318,739,753
ACCUMULATED AMORTIZATION								
Balance, beginning of year	-	540,251	34,302,506	10,469,704	8,838,341	81,786,170	-	135,936,972
Add: additions during the year	-	140,208	2,155,210	868,292	1,211,804	4,383,889	-	8,759,403
Less: disposals during the year	-	-	-	177,664	1,067,153	2,582,902	-	3,827,719
Balance, end of year	-	680,459	36,457,716	11,160,332	8,982,992	83,587,157	-	140,868,656
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	14,170,087	4,077,407	22,592,355	6,824,498	5,987,966	104,966,086	19,252,698	177,871,097

CORPORATION OF THE COUNTY OF NORTHUMBERLAND



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

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Social and Family Services \$	Social Housing \$	Economic Development, Tourism and Forest \$	Consolidated \$
Revenues									
Tax levy from lower tiers	3,264,273	1,066,905	17,873,186	6,826,554	10,661,835	8,750,156	5,605,946	2,912,546	56,961,401
User charges	503,553	441,617	255,291	5,896,846	31,435	3,610,032	219,289	268,058	11,226,121
Government transfers - operating	725,000	415,424	-	58,648	6,282,571	24,033,824	3,614,949	343,801	35,474,217
Government transfers - capital	-	-	729,632	-	-	-	78,031	-	807,663
Other municipalities	-	-	1,572,166	62,058	-	-	-	-	1,634,224
Investment income	1,517,957	-	-	-	-	-	-	-	1,517,957
Provincial Offences Act charges	-	1,550,320	-	-	-	-	-	-	1,550,320
Rents	761,390	-	-	5,691	-	-	1,682,499	134,889	2,584,469
Federal gas tax earned	-	-	2,630,144	-	-	-	-	-	2,630,144
Waste Diversion Ontario grants	-	-	-	1,142,101	-	-	-	-	1,142,101
Other	-	-	-	-	-	-	-	119,650	119,650
Donations	195	-	-	-	-	16,954	-	-	17,149
Gain (loss) on disposal of tangible capital assets	6,079	-	(54,704)	32,578	156,866	-	-	-	140,819
Total revenues	6,778,447	3,474,266	23,005,715	14,024,476	17,132,707	36,410,966	11,200,714	3,778,944	115,806,235
Expenses									
Salaries and benefits	5,714,892	1,130,756	3,955,299	4,059,027	9,842,807	14,941,220	595,748	1,680,551	41,920,300
Interest charges	125,112	2,051	-	93,733	19,001	24,975	-	-	264,872
Materials	2,600,984	311,664	4,601,280	3,386,420	1,040,586	2,706,447	2,134,521	656,284	17,438,186
Contracted services	2,485,804	1,340,634	3,234,685	11,875,661	49,019	651,500	649,246	424,826	20,711,375
Rents and financial	50,129	12,293	-	3,652	28,152	(119)	30,357	-	124,464
External transfers	2,000	-	-	-	2,094,792	14,781,460	5,416,702	80,000	22,374,954
Amortization	745,528	9,396	5,144,465	607,073	578,638	120,104	1,158,668	395,531	8,759,403
Internal transfers	(6,092,033)	636,329	68,737	1,048,998	1,011,024	2,038,387	880,887	407,671	-
Total expenses	5,632,416	3,443,123	17,004,466	21,074,564	14,664,019	35,263,974	10,866,129	3,644,863	111,593,554
Net surplus/(deficit)	1,146,031	31,143	6,001,249	(7,050,088)	2,468,688	1,146,992	334,585	134,081	4,212,681

CORPORATION OF THE COUNTY OF NORTHUMBERLAND



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 \$	Economic Development, Tourism and Forest \$	Consolidated \$
Revenues									
Tax levy from lower tiers	2,997,491	1,017,136	17,264,529	6,126,155	8,304,116	10,032,751	5,709,745	2,889,519	54,341,442
User charges	394,256	435,984	286,084	6,054,080	97,660	3,495,340	64,118	340,849	11,168,371
Government transfers - operating	-	359,617	-	14,929	6,080,930	25,236,147	5,144,879	479,490	37,315,992
Government transfers - capital	-	-	496,412	-	-	-	66,950	32,400	595,762
Other municipalities	-	-	1,531,000	52,621	-	-	-	-	1,583,621
Investment income	1,109,310	-	-	-	-	-	-	-	1,109,310
Provincial Offences Act charges	-	1,410,326	-	-	-	-	-	-	1,410,326
Rents	783,437	-	-	5,894	-	-	1,607,946	59,685	2,456,962
Federal gas tax earned	-	-	2,772,091	-	-	-	-	-	2,772,091
Waste Diversion Ontario grants	-	-	-	1,033,657	-	-	-	-	1,033,657
Other	-	-	-	-	-	-	-	125,778	125,778
Donations	156	-	-	-	-	-	6,298	15,000	21,454
Gain (loss) on disposal of tangible capital assets	-	5,203	357,279	8,000	1,597	-	-	-	372,079
Total revenues	5,284,650	3,228,266	22,707,395	13,295,336	14,484,303	38,764,238	12,599,936	3,942,721	114,306,845
Expenses									
Salaries and benefits	5,331,581	1,076,354	3,813,414	3,736,981	9,602,300	14,780,641	555,378	1,740,514	40,637,163
Interest charges	131,803	4,698	-	124,484	-	27,062	-	-	288,047
Materials	2,350,007	296,366	4,463,988	2,251,423	1,054,722	2,502,656	2,200,792	945,637	16,065,591
Contracted services	2,383,202	1,251,375	2,273,472	2,945,953	45,802	561,715	637,850	504,734	10,604,103
Rents and financial	94,507	9,870	-	605	26,500	2,572	27,293	-	161,347
External transfers	1,600	-	-	-	2,050,362	16,321,042	7,132,168	158,000	25,663,172
Amortization	647,461	9,396	4,864,327	723,861	528,326	104,068	1,174,583	391,716	8,443,738
Internal transfers	(6,485,839)	486,667	677,263	725,799	1,068,576	2,134,611	1,125,701	267,222	-
Total expenses	4,454,322	3,134,726	16,092,464	10,509,106	14,376,588	36,434,367	12,853,765	4,007,823	101,863,161
Net surplus/(deficit)	830,328	93,540	6,614,931	2,786,230	107,715	2,329,871	(253,829)	(65,102)	12,443,684

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

We have audited the financial statements of the Trust Funds of the Corporation of the County of Northumberland (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, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, 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 Qualified Opinion

In common with many municipal trust funds, the completeness of the revenue derived from residents is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Trust Funds and we were not able to determine whether any adjustments might be necessary to resident receipts, assets and fund balances at the end of the year.

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 qualified 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
May 22, 2020

**CORPORATION OF THE COUNTY OF
NORTHUMBERLAND**



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

	Blacklock Bequest \$	Safekeeping Pensioners \$	2019 Total \$	2018 Total \$
FINANCIAL ASSETS				
Cash	662	34,284	34,946	28,788
Investment (note 3)	116,950	-	116,950	114,814
	117,612	34,284	151,896	143,602
FUND BALANCES				
Due to Residents	-	34,284	34,284	28,140
Bequests	117,612	-	117,612	115,462
	117,612	34,284	151,896	143,602

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

	Blacklock Bequest \$	Safekeeping Pensioners \$	2019 Total \$	2018 Total \$
BALANCES - beginning of year	115,462	28,140	143,602	151,365
RECEIPTS				
Residents' contributions	-	56,243	56,243	38,042
Interest earned	2,150	-	2,150	1,657
	2,150	56,243	58,393	39,699
EXPENSES				
Residents' personal costs	-	50,099	50,099	47,462
BALANCES - end of year	117,612	34,284	151,896	143,602

The accompanying notes are an integral part of these financial statements

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

1. PURPOSE OF TRUST FUNDS

The County is required, under Section 241 of Ontario Regulation 79/10 as prescribed by the Long-Term Care Homes Act, 2007, to maintain a trust fund to manage the funds of the residents of the County's home for the aged.

The Blacklock bequest was created by a donation and is for the use of the County's Long Term Care Home called the Golden Plough Lodge.

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. INVESTMENT

The investment is recorded at cost and has been invested in a Renaissance high interest savings account SR F (5001) with CIBC Wood Gundy.

**CORPORATION OF THE COUNTY OF
NORTHUMBERLAND**

NORTHUMBERLAND COUNTY HOUSING CORPORATION

FINANCIAL STATEMENTS

DECEMBER 31, 2019

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

We have audited the financial statements of the Northumberland County Housing Corporation of the Corporation of the County of Northumberland (the Corporation), which comprise the statement of financial position as at December 31, 2019, the statements of operations and accumulated surplus, change in net financial assets 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 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
May 22, 2020

**CORPORATION OF THE COUNTY OF
NORTHUMBERLAND**



**NORTHUMBERLAND COUNTY HOUSING CORPORATION
STATEMENT OF FINANCIAL POSITION
At December 31, 2019**

	2019
	\$
<hr/>	
FINANCIAL ASSETS	
Accounts receivable	86,261
Due from County (note 7)	1,332,303
TOTAL FINANCIAL ASSETS	1,418,564
<hr/>	
LIABILITIES	
Accounts payable	61,466
Deferred revenue	26,768
TOTAL LIABILITIES	88,234
<hr/>	
NET FINANCIAL ASSETS	1,330,330
<hr/>	
NON-FINANCIAL ASSETS	
Tangible capital assets (note 4)	6,059,476
ACCUMULATED SURPLUS (note 5)	7,389,806

The accompanying notes are an integral part of these financial statements

**CORPORATION OF THE COUNTY OF
NORTHUMBERLAND**



**NORTHUMBERLAND COUNTY HOUSING CORPORATION
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
For the Year Ended December 31, 2019**

	Budget 2019 \$ (Unaudited)	Actual 2019 \$
REVENUES		
Municipal contributions	2,002,105	1,532,530
Rent	1,494,800	1,682,499
Recovery of expenses	-	183,342
Other	38,000	35,947
TOTAL REVENUES	3,534,905	3,434,318
EXPENSES		
Insurance	46,319	53,895
Professional fees	10,000	41,926
Utilities	660,716	593,059
Property tax	508,312	496,934
Repairs and maintenance	765,900	900,632
Major repairs	503,000	335,855
Bad debts	20,000	30,357
Internal chargebacks		
Allocated administrative services (note 7)	91,250	48,740
Allocated maintenance services (note 7)	732,408	605,055
Amortization	1,200,000	1,158,668
TOTAL EXPENSES	4,537,905	4,265,121
ANNUAL DEFICIT	<u>(1,003,000)</u>	(830,803)
ACCUMULATED SURPLUS - beginning of year		8,220,609
ACCUMULATED SURPLUS - end of year		7,389,806

The accompanying notes are an integral part of these financial statements

**CORPORATION OF THE COUNTY OF
NORTHUMBERLAND**



**NORTHUMBERLAND COUNTY HOUSING CORPORATION
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the Year Ended December 31, 2019**

	Budget 2019 \$ (Unaudited)	Actual 2019 \$
ANNUAL DEFICIT	(1,003,000)	(830,803)
AMORTIZATION OF TANGIBLE CAPITAL ASSETS	1,200,000	1,158,668
ACQUISITION OF TANGIBLE CAPITAL ASSETS	(247,000)	(204,193)
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	(50,000)	123,672
NET FINANCIAL ASSETS - beginning of year	1,206,658	1,206,658
NET FINANCIAL ASSETS - end of year	1,156,658	1,330,330

The accompanying notes are an integral part of these financial statements

**CORPORATION OF THE COUNTY OF
NORTHUMBERLAND**



**NORTHUMBERLAND COUNTY HOUSING CORPORATION
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2019**

	2019
	\$
CASH PROVIDED BY (USED IN)	
OPERATING ACTIVITIES	
Annual deficit	(830,803)
Items not involving cash	
Amortization of tangible capital assets	1,158,668
Change in non-cash assets and liabilities	
Accounts receivable	(3,853)
Due from County	(185,365)
Accounts payable	61,466
Deferred revenue	4,080
Net change in cash from operating activities	204,193
CAPITAL ACTIVITIES	
Acquisition of tangible capital assets	(204,193)
NET CHANGE IN CASH	-

The accompanying notes are an integral part of these financial statements

**NORTHUMBERLAND COUNTY HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2019**

1. 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. Significant aspects of the accounting policies adopted by the Corporation are as follows:

(a) Recognition of Revenue and Expenses

Revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenue in the period in which the transactions of 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 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.

Rents are recognized as revenue in the period earned.

(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 Corporation's best information and judgment. Actual results could differ from these 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 include:

- 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 amount recorded as allowance for doubtful accounts receivable is based on management's estimate of future payments on receivable account balances.
- Allocation of the County's administrative internal chargebacks.

(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, over the expected useful life of the asset, as follows:

Land improvements	10 years
Buildings	50 years
Equipment	5 to 20 years

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

**NORTHUMBERLAND COUNTY HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2019**

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(d) Deferred Revenue

Deferred revenue represents 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.

(e) Non-Financial Assets

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

(f) Reserves and Reserve Funds

Certain amounts, as approved by the Corporation, 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) Related Party Transactions

The Northumberland County Housing Corporation is a subsidiary of the County of Northumberland 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 County.

2. SUBSEQUENT EVENT

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the Corporation'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 Corporation's operations. The extent of the impact of this outbreak and related containment measures on the Corporation's operations cannot be reliably estimated at this time.

3. COMPARATIVE FIGURES

Comparative figures have not been presented as the 2018 amounts were not segregated in the County records in a similar format as the 2019 figures. The additional detail of the 2019 financial information is a result of the Corporation and Board of Directors becoming active again during 2018. Prior to 2019, the financial activities of the Corporation were presented as part of the consolidated financial statements of the County of Northumberland and separate financial statements for the Corporation were not prepared.

**NORTHUMBERLAND COUNTY HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2019**

4. TANGIBLE CAPITAL ASSETS

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

	Land and Land Improvements \$	Buildings \$	Equipment \$	Assets Under Construction \$	2019 Totals \$
COST					
Balance, beginning of year	1,352,595	26,777,689	-	-	28,130,284
Add: additions during the year	44,344	25,216	131,377	3,256	204,193
Balance, end of year	1,396,939	26,802,905	131,377	3,256	28,334,477
ACCUMULATED AMORTIZATION					
Balance, beginning of year	54,335	21,061,998	-	-	21,116,333
Add: additions during the year	20,250	1,135,134	3,284	-	1,158,668
Balance, end of year	74,585	22,197,132	3,284	-	22,275,001
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	1,322,354	4,605,773	128,093	3,256	6,059,476

5. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2019 \$
Invested In Capital Assets	
Tangible capital assets - net book value	6,059,476
Surplus	6,059,476
Reserve	
Operations	1,330,330
	7,389,806

**NORTHUMBERLAND COUNTY HOUSING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2019**

6. BUDGET FIGURES

The operating 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 Assets. 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 expenditure 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.

7. RELATED PARTY TRANSACTIONS

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

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.

Details of the related party expense transactions are as follows:

	2019
	\$
<hr/>	
Allocated costs:	
Internal chargebacks - allocated administrative service	48,740
Internal chargebacks - allocated maintenance services	605,055
	<hr/>
	653,795

In addition, as the Board has no employees, the County's Social Housing staff spend time on the Corporation's activities which is not currently included in the internal chargebacks calculation. As such this staff cost as well as related human resources and information technology services for those staff have been provided to the Corporation at no cost.

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