

**CORPORATION OF THE MUNICIPALITY
OF HASTINGS HIGHLANDS**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2009

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OF HASTINGS HIGHLANDS**

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Ronald J. Emond
Mayor

Craig Davidson
CAO/Clerk-
Treasurer



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CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

For The Year Ended December 31, 2009

MANAGEMENT REPORT

The accompanying consolidated financial statements of the Corporation of the Municipality of Hastings Highlands are the responsibility of management and have been approved by Council.

The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. 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 Municipality 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 Municipality's assets are appropriately accounted for and adequately safeguarded.

The Municipality'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 Municipality's financial statements for issuance to the members of Council, inhabitants and ratepayers of the Corporation of the Municipality of Hastings Highlands. Council meets periodically with management, as well as the external auditors, 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 external auditor's report.

The consolidated financial statements have been audited by Collins Barrow Kawarthas LLP in accordance with Canadian generally accepted auditing standards on behalf of the Municipality. Collins Barrow Kawarthas LLP has full and free access to Council.

Mayor

A handwritten signature in black ink, appearing to read "R. Emond", written over a horizontal line.

Date

21 SEP 10

CAO/Clerk - Treasurer

A handwritten signature in black ink, appearing to read "C. Davidson", written over a horizontal line.

Date

21 SEP 10

AUDITORS' REPORT

TO THE MEMBERS OF COUNCIL INHABITANTS AND RATEPAYERS OF THE CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

We have audited the consolidated statement of financial position of the Corporation of the Municipality of Hastings Highlands as at December 31, 2009 and the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended. These financial statements are the responsibility of the Municipality's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Municipality as at December 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Collins Barrow Kawarthas LLP

Chartered Accountants
Licensed Public Accountants

Peterborough, Ontario
April 09, 2010

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2009

	2009 \$	Restated 2008 \$ (Note 2)
FINANCIAL ASSETS		
Cash and temporary investments	745,284	4,035,002
Accounts receivable	1,648,600	343,651
Taxes receivable	1,456,553	1,334,192
TOTAL FINANCIAL ASSETS	3,850,437	5,712,845
LIABILITIES		
Accounts payable and accrued liabilities	1,061,516	551,267
Deferred revenue - obligatory reserve funds (note 4)	259,961	319,586
Deferred revenue - other	-	2,694,837
Long term debt (note 5)	109,055	154,177
Landfill closure and post-closure liability (note 6)	337,823	311,700
TOTAL LIABILITIES	1,768,355	4,031,567
NET FINANCIAL ASSETS	2,082,082	1,681,278
NON-FINANCIAL ASSETS		
Tangible capital assets (note 8)	14,029,100	9,467,783
Prepaid expenses	28,567	72,447
TOTAL NON-FINANCIAL ASSETS	14,057,667	9,540,230
ACCUMULATED SURPLUS (note 7)	16,139,749	11,221,508

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS For the Year Ended December 31, 2009

	Budget 2009 \$	Actual 2009 \$	Restated Actual 2008 \$ (Note 2)
REVENUES			
Property taxation	4,997,288	5,000,087	3,995,754
User charges	252,400	305,385	307,572
Government of Canada	7,734,000	1,072,717	84,618
Province of Ontario	3,843,810	4,703,993	2,554,333
Other municipalities	-	27,188	37,470
Penalties and interest on taxes	140,000	183,379	170,340
Investment income	40,000	6,358	68,796
TOTAL REVENUES	17,007,498	11,299,107	7,218,883
EXPENSES			
General government	700,670	760,483	644,729
Protection services	1,175,600	1,203,577	1,169,300
Transportation services	2,414,930	3,358,418	4,026,505
Environmental services	444,820	573,997	431,879
Health services	15,000	6,873	11,067
Recreation and cultural services	224,740	301,723	275,256
Planning and development	118,800	175,795	120,772
TOTAL EXPENSES	5,094,560	6,380,866	6,679,508
ANNUAL SURPLUS	11,912,938	4,918,241	539,375
ACCUMULATED SURPLUS - beginning of year	11,221,508	11,221,508	10,682,133
ACCUMULATED SURPLUS - end of year	23,134,446	16,139,749	11,221,508

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS For the Year Ended December 31, 2009

	Budget 2009 \$	Actual 2009 \$	Actual 2008 \$ (Note 2)
ANNUAL SURPLUS	11,912,938	4,918,241	539,375
Amortization of tangible capital assets	-	1,324,209	1,142,818
Acquisition of tangible capital assets	(16,810,550)	(5,931,789)	(1,117,796)
Loss on disposal of tangible capital assets	-	46,263	-
(Increase)/decrease in prepaid expenses	-	43,880	(59,650)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(4,897,612)	400,804	504,747
NET FINANCIAL ASSETS - beginning of year	1,681,278	1,681,278	1,176,531
NET FINANCIAL ASSETS (LIABILITIES) - end of year	(3,216,334)	2,082,082	1,681,278

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

CONSOLIDATED STATEMENT OF CASH FLOWS For the Year Ended December 31, 2009

	2009 \$	Restated 2008 \$ (Note 2)
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Annual surplus	4,918,241	539,375
Increase in accounts receivable	(1,304,949)	(111,493)
Increase in taxes receivable	(122,361)	(295,790)
Decrease in prepaid expenses	43,880	-
Increase in other assets	-	(59,650)
Increase in accounts payable and accrued liabilities	510,249	170,746
Increase/(decrease) in deferred revenue - obligatory reserve funds	(59,625)	96,145
Increase/(decrease) in deferred revenue - other	(2,694,837)	2,679,837
Increase in landfill closure and post-closure liability	26,123	23,200
Non-cash charges to operations		
Amortization of tangible capital assets	1,324,209	1,142,818
Loss on disposal of tangible capital assets	46,263	-
Net increase in cash from operating transactions	2,687,193	4,185,188
CAPITAL		
Acquisition of tangible capital assets	(5,931,789)	(1,117,796)
FINANCING		
Debt principal repayments	(45,122)	(120,645)
INCREASE/(DECREASE) IN CASH	(3,289,718)	2,946,747
CASH - beginning of year	4,035,002	1,088,255
CASH - end of year	745,284	4,035,002

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2009

The Municipality of Hastings Highlands is a lower 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 Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. 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 Municipality and which are owned and controlled by the Municipality. These financial statements include:

- Hastings Highlands Public Library Board
- Cemetery Board

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

(b) Trust Funds

Trust funds and their related operations administered by the Municipality 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, over the expected useful life of the asset, as follows:

Land improvements	15-20 years
Buildings	40-50 years
Building improvements	20-30 years
Machinery	10-15 years
Vehicles	8-10 years
Furniture and office equipment	3-20 years
Roads and bridges	15-40 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.

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2009

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(d) Non-financial Assets

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

(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.

(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 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.

(h) Taxation

Property tax billings are prepared by the Municipality based on assessment rolls issued by the Municipal Property Assessment Corporation (MPAC) and in accordance with the provisions of the Municipal Act, 2001. The Municipality's Council establishes the tax rates annually, incorporating amounts to be raised for local services, and amounts the Municipality is required to collect on behalf of the County and School Boards. From time to time property assessments are adjusted by MPAC through the reconsideration process or by the Assessment Review Board through the appeal process. Additional assessments, referred to as supplementary and omitted assessment can also be issued by MPAC in accordance with the Assessment Act. These adjustments and additional assessments are processed by the Municipality upon receipt and recognized in the fiscal year they are determined. All property taxes are secured by the land and pose no significant collection risk.

(i) 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.

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2009

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(j) 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 Municipality's best information and judgment. Such amounts are not expected to change materially in the near term.

- 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. 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.

(k) Financial Instruments

The Municipality's financial instruments consist of cash and temporary investments, accounts receivable, taxes receivable, accounts payable and accrued liabilities and long term debt. Unless otherwise noted, it is management's opinion that the carrying value of the financial instruments approximates their fair values and that the Municipality does not have any significant concentration of interest, currency or credit risk.

2. RESTATEMENT FOR CHANGE IN ACCOUNTING POLICY

The Municipality has restated its financial statements to comply with the provisions of Section 3150 of the Public Sector Accounting Board Handbook which requires municipalities and their local boards to record and amortize their tangible capital assets on their financial statements. Adjustments necessary to the 2008 financial information as a result of the Section are as follows:

Adjustment to 2008 Tangible Capital Assets

Assets previously expensed to December 31, 2008	\$ 33,204,480
Accumulated amortization to December 31, 2008, not previously recorded	<u>(23,736,697)</u>
Closing 2008 and opening 2009 net book value of tangible capital assets as restated	<u>\$ 9,467,783</u>

Adjustment to Opening 2008 Accumulated Surplus

Accumulated surplus as previously stated	
Current fund	\$ 58,790
Reserves and reserve funds	<u>1,693,860</u>
	1,752,650
Net book value of tangible capital assets at January 1, 2008	9,492,805
Unfunded liabilities	<u>(563,322)</u>
Opening 2008 accumulated surplus as restated	<u>\$ 10,682,133</u>

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2009

2. RESTATEMENT FOR CHANGE IN ACCOUNTING POLICY, continued

Adjustment to 2008 Annual Surplus

2008 annual surplus as previously stated	\$ 564,397
Add: Assets capitalized but previously expensed	1,117,796
Less: Amortization expense not previously recorded	<u>(1,142,818)</u>
2008 annual surplus as restated	<u>\$ 539,375</u>

3. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF HASTINGS

During 2009, requisitions were made by the County of Hastings and School Boards requiring the Municipality to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are as follows:

	School Boards \$	County \$
Amounts requisitioned and remitted	1,804,520	2,327,768

These amounts have not been included in the Consolidated Statement of Operations and Accumulated Surplus.

4. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS

A requirement of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants, 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 Municipality are summarized below:

	2009 \$	2008 \$
Federal gas tax	259,961	319,586

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:

	2009 \$	2008 \$
Long term capital lease repayable in blended monthly instalments of \$4,360, interest at 6%, due May 12, 2012	109,055	154,177

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2009

5. LONG TERM DEBT, continued

- (b) The long term debt in (a) issued in the name of the Municipality 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 \$6,975 (2008 - \$9,944)
- (d) The long term debt is secured by a chattel mortgage on the assets acquired.
- (e) The long term debt reported in (a) of this note is repayable as follows:

	Principal \$	Interest \$	Total \$
2010	45,121	6,175	51,296
2011	45,121	6,175	51,296
2012	18,813	2,576	21,389
	109,055	14,926	123,981

6. LANDFILL CLOSURE AND POST CLOSURE LIABILITY

The liability for landfill closure and post-closure costs of \$337,823 (2008 - \$311,700) has been estimated using discounted future cash flows associated with closure and post-closure care activities for the nine sites operated by the Municipality. 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. A reserve of \$231,222 (2008 - \$271,222) has been provided for this liability with the remaining costs to 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 nine operating landfill sites. The remaining capacity of the nine operating sites is estimated at approximately 40.3% (2008 - 41.3%) of their total capacity. The total discounted future cash flows for closure and post-closure cost is estimated at \$639,331 as at December 31, 2009 (2008 - \$593,516). The landfill sites are expected to reach their capacities between 2014 and 2049.

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2009

7. ACCUMULATED SURPLUS

Accumulated surplus consists of individual fund surplus/(deficit) and reserves and reserve funds as follows:

	2009	2008
	\$	\$
Surplus/(Deficit)		
Municipality	49,700	102,672
Hastings Highlands Public Library Board	9,950	7,656
Cemetery Board	4,414	4,414
Unfunded closure and post-closure costs	(337,823)	(311,700)
	(273,759)	(196,958)
Invested In Capital Assets		
Tangible capital assets - net book value	14,029,100	9,467,783
Long term debt	(109,055)	(154,177)
Unfunded capital	(547,274)	-
	13,372,771	9,313,606
Surplus	13,099,012	9,116,648
Reserves		
Working funds	784,780	734,780
Insurance	20,065	20,065
General administration	453,833	332,956
Equipment replacement	836,204	239,204
Paving and construction	191,401	191,401
Election	24,035	16,035
Waste disposal	389,216	349,216
Policing costs	100,000	100,000
Recreation capital	54,203	54,203
Fire	130,000	30,000
Economic development	57,000	37,000
Total Reserves	3,040,737	2,104,860
	16,139,749	11,221,508

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2009

8. TANGIBLE CAPITAL ASSETS

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

	2009	2008
	\$	\$
General		
Land and land improvements	781,022	731,900
Buildings	391,320	460,929
Vehicles and equipment	1,311,025	1,382,020
Computer equipment, furnishings and other	69,131	51,238
Infrastructure		
Roads and bridges	9,180,946	6,128,819
	11,733,444	8,754,906
Assets under construction	2,295,656	712,877
	14,029,100	9,467,783

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

During the year there were no write-downs of assets (2008 - \$Nil) and no interest capitalized (2008 - \$Nil).

9. EXPENSES BY OBJECT

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

	Budget 2009	Actual 2009	Actual 2008
	\$	\$	\$
Salaries and benefits	2,137,550	2,018,983	1,958,119
Interest	7,000	6,975	9,944
Materials	1,960,650	1,969,581	2,709,277
Contracted services	915,240	956,560	775,391
Rents and financial	30,320	34,778	56,879
External transfers	43,800	23,517	27,080
Amortization	-	1,324,209	1,142,818
Loss on disposal of capital assets	-	46,263	-
	5,094,560	6,380,866	6,679,508

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2009

10. PENSION AGREEMENTS

The Municipality makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of all permanent, full-time members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

Contributions required on account of current service in 2009 were \$81,776 (2008 - \$74,721).

11. TRUST FUNDS

Trust funds administered by the Municipality amounting to \$61,088 (2008 - \$43,040) 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 Municipality for the benefit of others, they are not presented as part of the Municipality financial position or operations.

12. BUDGET FIGURES

The budget, approved by the Municipality, for 2009 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 amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSAB reporting requirements. Budget figures are not subject to audit.

13. CREDIT FACILITY AGREEMENT

The Municipality has a revolving credit facility agreement with its main financial institution. The amount available at any time is limited to \$1,000,000 via an operating line of credit. Any balance borrowed will accrue interest at the bank's prime lending rate. Council authorized the temporary borrowing limit by By-law 10-2008. At December 31, 2009 there was a balance outstanding of \$Nil.

14. COMMITMENTS

The Municipality has accepted a tender for the collection and disposal of household garbage and recyclable materials with a cost of \$233,000 per annum. The term of the agreement is for two years, from January 1, 2009 to December 31, 2010.

During the current year, the Municipality entered into contracts for the completion of capital construction projects. At December 31, 2009, the Municipality had outstanding commitments of \$3,000,000 related to the construction of the Municipal building. This will be funded by government grants and the issuance of long term debt.

15. SEGMENTED INFORMATION

The Municipality of Hastings Highlands is a municipal government institution that provides a range of services to its citizens. Municipality services are reported by function and their activities are separately disclosed in the segmented information.

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2009

15. SEGMENTED INFORMATION, continued

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Certain allocation methodologies are employed in the preparation of segmented financial information. Taxation, payments-in-lieu of taxes and certain unconditional government transfers are apportioned based on each segment's net requirements.

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 Segmented Disclosure.

General Government

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

Protection Services

Protection services include police, fire and protective inspection and control.

Transportation Services

The activities of the transportation function include construction and maintenance of the Municipality's roads and bridges, winter control, and street lighting.

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 local medical centre and cemetery operations.

Recreation and Cultural Services

The recreation and cultural services function provides indoor and outdoor recreational facilities and programs and library services.

Planning and Development

The planning and development services function manages commercial, industrial and residential development within the Municipality.

16. COMPARATIVE FIGURES

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

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS For the Year Ended December 31, 2009

	General				Infrastructure		Totals \$
	Land and Land Improvements \$	Buildings \$	Vehicles and Equipment \$	Computer Equipment, Furnishings and Other \$	Roads and Bridges \$	Assets Under Construction \$	
COST							
Balance, beginning of year	731,900	993,506	5,396,384	97,357	25,272,456	712,877	33,204,480
Add: additions during the year	49,122	-	238,812	39,960	3,308,239	2,295,656	5,931,789
Less: disposals during the year	-	59,694	-	18,655	368,590	-	446,939
Internal transfers	-	-	-	-	712,877	(712,877)	-
Balance, end of year	781,022	933,812	5,635,196	118,662	28,924,982	2,295,656	38,689,330
ACCUMULATED AMORTIZATION							
Balance, beginning of year	-	532,577	4,014,364	46,119	19,143,637	-	23,736,697
Add: additions during the year	-	23,346	309,807	22,067	968,989	-	1,324,209
Less: disposals during the year	-	13,431	-	18,655	368,590	-	400,676
Balance, end of year	-	542,492	4,324,171	49,531	19,744,036	-	24,660,230
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	781,022	391,320	1,311,025	69,131	9,180,946	2,295,656	14,029,100

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2009

	Recreation and					Consolidated \$
	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	
Revenues						
Property taxation	1,812,345	832,877	1,804,436	303,273	18,000	5,000,087
User charges	35,815	132,266	14,762	71,793	150	305,385
Government transfers - operating	161,179	215,023	599,994	102,547	-	1,210,650
Government transfers - capital	2,694,837	-	1,806,227	22,391	-	4,566,060
Other municipalities	-	-	-	-	-	27,188
Penalties and interest on taxes	183,379	-	-	-	-	183,379
Investment income	6,244	-	-	-	114	6,358
Total revenues	4,893,799	1,180,166	4,225,419	500,004	18,150	11,299,107
Expenses						
Salaries and benefits	483,557	312,534	972,990	85,502	-	2,018,983
Interest	-	-	6,975	-	-	6,975
Materials	158,308	226,628	1,115,461	206,942	1,873	1,969,581
Contracted services	49,686	595,452	25,488	265,008	-	956,560
Rents and financial	4,132	-	19,225	11,421	-	34,778
External transfers	11,417	-	-	-	5,000	23,517
Amortization	7,120	68,963	1,218,279	5,124	-	1,324,209
Loss on disposal of capital assets	46,263	-	-	-	-	46,263
Total expenses	760,483	1,203,577	3,358,418	573,997	6,873	6,380,866
Net surplus/(deficit)	4,133,316	(23,411)	867,001	(73,993)	11,277	4,918,241

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2008

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues								
Property taxation	454,203	804,860	2,161,970	312,468	11,069	187,226	63,958	3,995,754
User charges	33,481	152,533	19,543	68,534	150	13,402	19,929	307,572
Government transfers - operating	174,255	249,856	589,122	96,378	-	95,794	36,415	1,241,820
Government transfers - capital	2,463	-	1,353,492	26,176	-	15,000	-	1,397,131
Other municipalities	-	-	-	-	-	-	37,470	37,470
Penalties and interest on taxes	170,340	-	-	-	-	-	-	170,340
Investment income	68,497	-	-	-	-	299	-	68,796
Total revenues	903,239	1,207,249	4,124,127	503,556	11,219	311,721	157,772	7,218,883
Expenses								
Salaries and benefits	400,730	337,052	1,042,892	81,949	-	55,566	39,930	1,958,119
Interest charges	-	2,969	6,975	-	-	-	-	9,944
Materials	163,877	244,405	1,892,006	161,318	1,067	167,493	79,111	2,709,277
Contracted services	44,016	518,967	18,264	173,373	-	19,040	1,731	775,391
Rents and financial	23,143	-	23,621	10,115	-	-	-	56,879
External transfers	10,480	-	-	-	10,000	6,600	-	27,080
Amortization	2,483	65,907	1,042,747	5,124	-	26,557	-	1,142,818
Total expenses	644,729	1,169,300	4,026,505	431,879	11,067	275,256	120,772	6,679,508
Net surplus	258,510	37,949	97,622	71,677	152	36,465	37,000	539,375

AUDITORS' REPORT

TO THE MEMBERS OF COUNCIL INHABITANTS AND RATEPAYERS OF THE CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

We have audited the statement of financial position of the Trust Funds of the Corporation of the Municipality of Hastings Highlands as at December 31, 2009 and the statement of continuity of the Trust Funds for the year then ended. These financial statements are the responsibility of the Municipality's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Trust Funds of the Municipality as at December 31, 2009 and the continuity of the Trust Funds for the year then ended in accordance with Canadian generally accepted accounting principles.

Collins Barrow Kawarthas LLP

Chartered Accountants
Licensed Public Accountants

Peterborough, Ontario
April 09, 2010

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

TRUST FUNDS
STATEMENT OF FINANCIAL POSITION
 At December 31, 2009

	Community Trust \$	Papineau Cemetery Perpetual Care \$	Zion Cemetery Perpetual Care \$	2009 Total \$	2008 Total \$
FINANCIAL ASSETS					
Cash	52,257	5,729	3,102	61,088	49,690
Accounts receivable	-	-	-	-	70
	52,257	5,729	3,102	61,088	49,760
LIABILITIES AND TRUST FUND BALANCES					
CURRENT LIABILITIES					
Due to Province	-	-	-	-	1,635
Due to Municipality	-	-	-	-	5,015
Accounts payable	-	-	-	-	70
	-	-	-	-	6,720
FUND BALANCES					
Capital	52,257	5,036	3,100	60,393	42,349
Income	-	693	2	695	691
	52,257	5,729	3,102	61,088	43,040
	52,257	5,729	3,102	61,088	49,760

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

TRUST FUNDS
STATEMENT OF CONTINUITY
 For the Year Ended December 31, 2009

	Community Trust \$	Papineau Cemetery Perpetual Care \$	Zion Cemetery Perpetual Care \$	2009 Total \$	2008 Total \$
BALANCE - beginning of year	34,213	5,727	3,100	43,040	30,585
RECEIPTS					
Donations	18,236	-	-	18,236	17,750
Interest earned	-	2	72	74	76
Loan interest	-	-	-	-	63
	18,236	2	72	18,310	17,889
EXPENSES					
Cemetery maintenance	-	-	70	70	70
Administration	192	-	-	192	5,222
Transfer to Province	-	-	-	-	142
	192	-	70	262	5,434
BALANCE - end of year	52,257	5,729	3,102	61,088	43,040

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

TRUST FUNDS NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2009

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local governments and their boards as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

(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) Financial Instruments

The Trust Funds financial instruments consist of cash. It is management's opinion that the fair value of the financial instrument is not materially different from its carrying value unless otherwise noted. The Trust Funds do not have any significant concentration of credit, currency or interest rate risk.

(c) 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 Municipality's best information and judgment. Actual results could differ from these estimates.

2. CEMETERY PERPETUAL CARE

The Perpetual Care Fund administered by the Municipality is funded by the sale of cemetery plots. These funds are invested and earnings derived there from are used to perform perpetual care maintenance to the Municipality's cemeteries. The operations and investments of the Fund are undertaken by the Municipality in accordance with the regulations of the Cemeteries Act.

**CORPORATION OF THE MUNICIPALITY
OF HASTINGS HIGHLANDS**

HASTINGS HIGHLANDS PUBLIC LIBRARY BOARD

FINANCIAL STATEMENTS

DECEMBER 31, 2009

AUDITORS' REPORT

TO THE MEMBERS OF THE HASTINGS HIGHLANDS PUBLIC LIBRARY BOARD, THE MEMBERS OF COUNCIL, INHABITANTS AND RATEPAYERS OF THE CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

We have audited the statement of financial position of the Hastings Highlands Public Library Board of the Corporation of the Municipality of Hastings Highlands as at December 31, 2009 and the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Collins Barrow Kawarthas LLP

Chartered Accountants
Licensed Public Accountants

Peterborough, Ontario
April 09, 2010

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

HASTINGS HIGHLANDS PUBLIC LIBRARY BOARD STATEMENT OF FINANCIAL POSITION At December 31, 2009

	2009 \$	Restated 2008 \$ (Note 2)
FINANCIAL ASSETS		
Cash	34,708	28,977
Short term investment (note 3)	11,256	11,142
Accounts receivable	1,851	2,104
TOTAL FINANCIAL ASSETS	47,815	42,223
LIABILITIES		
Accounts payable	-	340
Due to Municipality	37,865	34,227
TOTAL LIABILITIES	37,865	34,567
NET FINANCIAL ASSETS	9,950	7,656
NON-FINANCIAL ASSETS		
Tangible capital assets (note 4)	44,613	51,238
ACCUMULATED SURPLUS (note 5)	54,563	58,894

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

HASTINGS HIGHLANDS PUBLIC LIBRARY BOARD STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS For the Year Ended December 31, 2009

	Budget 2009 \$	Actual 2009 \$	Restated Actual 2008 \$ (Note 2)
REVENUES			
Municipal contribution	56,200	90,200	29,119
Government of Canada	19,200	10,973	7,341
Province of Ontario	18,280	35,871	76,368
Donations and membership	500	3,830	1,401
Investment income	-	114	299
TOTAL REVENUES	94,180	140,988	114,528
EXPENSES			
Salaries and benefits	57,800	107,643	55,565
Program supplies	6,000	9,429	10,874
Periodicals and subscriptions	600	726	1,079
Mileage	1,000	2,471	743
CAP site	1,200	1,016	1,254
Training	8,000	5,862	-
Telephone	900	1,252	1,036
Other	8,680	982	953
Amortization	-	15,938	17,772
TOTAL EXPENSES	84,180	145,319	89,276
ANNUAL SURPLUS/(DEFICIT)	10,000	(4,331)	25,252
ACCUMULATED SURPLUS - beginning of year	58,894	58,894	33,642
ACCUMULATED SURPLUS - end of year	68,894	54,563	58,894

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

HASTINGS HIGHLANDS PUBLIC LIBRARY BOARD STATEMENT OF CHANGE IN NET FINANCIAL ASSETS For the Year Ended December 31, 2009

	Budget 2009 \$	Actual 2009 \$	Actual 2008 \$ (Note 2)
ANNUAL SURPLUS/(DEFICIT)	10,000	(4,331)	25,252
Amortization of tangible capital assets	-	15,938	17,772
Acquisition of tangible capital assets	(10,000)	(9,313)	(44,217)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	-	2,294	(1,193)
NET FINANCIAL ASSETS - beginning of year	7,656	7,656	8,849
NET FINANCIAL ASSETS - end of year	7,656	9,950	7,656

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

HASTINGS HIGHLANDS PUBLIC LIBRARY BOARD STATEMENT OF CASH FLOWS For the Year Ended December 31, 2009

	2009 \$	Restated 2008 \$ (Note 2)
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Annual surplus/(deficit)	(4,331)	25,252
Decrease in accounts receivable	253	18,085
Increase/(decrease) in accounts payable	(340)	340
Increase/(decrease) in due to Municipality	3,638	(7,983)
Non-cash charges to operations		
Amortization of tangible capital assets	15,938	17,772
Net increase in cash from operating transactions	15,158	53,466
CAPITAL		
Acquisition of tangible capital assets	(9,313)	(44,217)
INCREASE IN CASH AND CASH EQUIVALENTS	5,845	9,249
CASH AND CASH EQUIVALENTS - beginning of year	40,119	30,870
CASH AND CASH EQUIVALENTS - end of year	45,964	40,119
Comprised of:		
Cash	34,708	28,977
Short term investment	11,256	11,142
	45,964	40,119

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

HASTINGS HIGHLANDS PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2009

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local governments and their boards as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Board 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.

(b) 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 Board's best information and judgment. Such amounts are not expected to change materially in the near term.

- The amounts recorded for amortization and opening costs of tangible capital assets are based on estimates of useful life, residual values and valuation rates. 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.

(c) Financial Instruments

The Board's financial instruments consist of cash, short term investments, accounts receivable, accounts payable and due to Municipality. It is management's opinion that the fair value of financial instruments are not materially different from their carrying value unless otherwise noted. The Board does not have any significant concentration of credit, currency or interest rate risk.

(d) 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:

Books	7 years
Furniture and equipment	5 years

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

(e) Non-Financial Assets

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

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

HASTINGS HIGHLANDS PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2009

2. RESTATEMENT FOR CHANGE IN ACCOUNTING POLICY

The Board has restated its financial statements to comply with the provisions of Section 3150 of the Public Sector Accounting Board Handbook which requires municipalities and their local boards to record and amortize their tangible capital assets on their financial statements. Adjustments necessary to the 2008 financial information as a result of the Section are as follows:

Adjustment to 2008 Tangible Capital Assets

Assets previously expensed to December 31, 2008	\$	97,357
Accumulated amortization to December 31, 2008, not previously recorded		<u>(46,119)</u>
Closing 2008 and opening 2009 net book value of tangible capital assets as restated	\$	<u>51,238</u>

Adjustment to Opening 2008 Accumulated Surplus

Accumulated surplus as previously stated		
Current fund	\$	8,849
Net book value of tangible capital assets at January 1, 2008		<u>24,793</u>
Opening 2008 accumulated surplus, as restated	\$	<u>33,642</u>

Adjustment to 2008 Annual Surplus

2008 annual surplus as previously stated	\$	(1,193)
Add: Assets capitalized but previously expensed		44,217
Less: Amortization expense not previously recorded		<u>(17,772)</u>
2008 annual surplus as restated	\$	<u>25,252</u>

3. SHORT TERM INVESTMENT

The short term investment consists of a GIC with an interest rate of 0.2% per annum, maturing December 22, 2010.

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

HASTINGS HIGHLANDS PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2009

4. TANGIBLE CAPITAL ASSETS

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

	Books \$	Furniture and Equipment \$	2009 Totals \$	2008 Totals \$
COST				
Balance, beginning of year	29,750	67,607	97,357	61,331
Add: additions during the year	6,146	3,167	9,313	44,217
Less: disposals during the year	6,749	11,906	18,655	8,191
Balance, end of year	29,147	58,868	88,015	97,357
ACCUMULATED AMORTIZATION				
Balance, beginning of year	15,129	30,990	46,119	36,538
Add: additions during the year	4,164	11,774	15,938	17,772
Less: disposals during the year	6,749	11,906	18,655	8,191
Balance, end of year	12,544	30,858	43,402	46,119
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	16,603	28,010	44,613	51,238

5. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2009 \$	2008 \$
Surplus/(Deficit)		
Operations	9,950	7,656
Invested In Capital Assets		
Tangible capital assets - net book value	44,613	51,238
	54,563	58,894

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

HASTINGS HIGHLANDS PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2009

6. BUDGET FIGURES

The operating budget, approved by the Board, for 2009 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 PSAB reporting requirements. Budget figures are not subject to audit.

7. COMPARATIVE FIGURES

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

**CORPORATION OF THE MUNICIPALITY
OF HASTINGS HIGHLANDS**

CEMETERY BOARD

FINANCIAL STATEMENTS

DECEMBER 31, 2009

AUDITORS' REPORT

TO THE MEMBERS OF THE CEMETERY BOARD, THE MEMBERS OF COUNCIL, INHABITANTS AND RATEPAYERS OF THE CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

We have audited the statement of financial position of the Cemetery Board of the Corporation of the Municipality of Hastings Highlands as at December 31, 2009 and the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Collins Barrow Kawarthas LLP

Chartered Accountants
Licensed Public Accountants

Peterborough, Ontario
April 09, 2010

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

CEMETERY BOARD STATEMENT OF FINANCIAL POSITION At December 31, 2009

	2009	2008
	\$	\$
FINANCIAL ASSETS		
Cash	4,414	4,414
NET FINANCIAL ASSETS	4,414	4,414
ACCUMULATED SURPLUS (note 2)	4,414	4,414

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

CEMETERY BOARD

STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the Year Ended December 31, 2009

	Budget 2009 \$	Actual 2009 \$	Actual 2008 \$
REVENUES			
Municipal contribution	3,000	1,723	1,067
Sale of plots	-	150	150
Investment income	-	-	2
TOTAL REVENUES	3,000	1,873	1,219
EXPENSES			
Maintenance	3,000	1,873	1,067
ANNUAL SURPLUS	-	-	152
ACCUMULATED SURPLUS - beginning of year	4,414	4,414	4,262
ACCUMULATED SURPLUS - end of year	4,414	4,414	4,414

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

CEMETERY BOARD STATEMENT OF CHANGE IN NET FINANCIAL ASSETS For the Year Ended December 31, 2009

	Budget 2009 \$	Actual 2009 \$	Actual 2008 \$
ANNUAL SURPLUS	-	-	152
NET FINANCIAL ASSETS - beginning of year	4,414	4,414	4,262
NET FINANCIAL ASSETS - end of year	4,414	4,414	4,414

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

CEMETERY BOARD STATEMENT OF CASH FLOWS For the Year Ended December 31, 2009

	2009	2008
	\$	\$
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Annual surplus	-	152
INCREASE IN CASH	-	152
CASH - beginning of year	4,414	4,262
CASH - end of year	4,414	4,414

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

CEMETERY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2009

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local governments and their boards as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Board 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.

(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 Board's best information and judgment. Actual results could differ from these estimates.

(c) Financial Instruments

The Board's financial instruments consist of cash. It is management's opinion that the fair value of the financial instrument is not materially different from its carrying value unless otherwise noted. The Board does not have any significant concentration of credit, currency or interest rate risk.

(d) 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 Board has no significant capital assets

(e) Non-Financial Assets

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

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

CEMETERY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2009

2. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2009	2008
	\$	\$
Surplus/(Deficit)		
Current fund	4,414	4,414
	<u>4,414</u>	<u>4,414</u>

3. BUDGET FIGURES

The operating budget, approved by the Board, for 2009 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 PSAB reporting requirements. Budget figures are not subject to audit.

4. TRUST FUNDS

Trust funds administered by the Board amounting to \$8,831 (2008 - \$8,827) have not been included in the Statement of Financial Position nor have their operations been included in the Statement of Operations and Accumulated Surplus. As such balances are held in trust by the Board for the benefit of others, they are not presented as part of the Board's financial position or operations.

AUDITORS' REPORT

TO THE MEMBERS OF THE CEMETERY BOARD, THE MEMBERS OF COUNCIL, INHABITANTS AND RATEPAYERS OF THE CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

We have audited the statement of financial position of the Cemetery Board Trust Funds of the Corporation of the Municipality of Hastings Highlands as at December 31, 2009 and the statement of continuity of the Trust Funds for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board's Trust Funds as at December 31, 2009 and the continuity of the Trust Funds for the year then ended in accordance with Canadian generally accepted accounting principles.

Collins Barrow Kawarthas LLP

Chartered Accountants
Licensed Public Accountants

Peterborough, Ontario
April 09, 2010

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

**PERPETUAL CARE TRUST FUNDS
STATEMENT OF FINANCIAL POSITION
At December 31, 2009**

	Papineau Cemetery Perpetual Care \$	Zion Cemetery Perpetual Care \$	2009 Total \$	2008 Total \$
FINANCIAL ASSETS				
Cash	5,729	3,102	8,831	8,827
Accounts receivable	-	-	-	70
	5,729	3,102	8,831	8,897
LIABILITIES AND TRUST FUND BALANCES				
CURRENT LIABILITIES				
Accounts payable	-	-	-	70
FUND BALANCES				
Capital	5,036	3,100	8,136	8,136
Income	693	2	695	691
	5,729	3,102	8,831	8,827
	5,729	3,102	8,831	8,897

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

PERPETUAL CARE TRUST FUNDS STATEMENT OF CONTINUITY For the Year Ended December 31, 2009

	Papineau Cemetery Perpetual Care \$	Zion Cemetery Perpetual Care \$	2009 Total \$	2008 Total \$
BALANCE - beginning of year	5,727	3,100	8,827	8,821
RECEIPTS				
Interest earned	2	72	74	76
EXPENSES				
Cemetery maintenance	-	70	70	70
BALANCE - end of year	5,729	3,102	8,831	8,827

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

PERPETUAL CARE TRUST FUNDS NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2009

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local governments and their boards as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

(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) Financial Instruments

The Trust Funds financial instruments consist of cash. It is management's opinion that the fair value of financial instruments are not materially different from their carrying value unless otherwise noted. The Trust Funds does not have any significant concentration of credit, currency or interest rate risk.

(c) 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 Board's best information and judgment. Actual results could differ from these estimates.

2. CEMETERY PERPETUAL CARE

The Perpetual Care Fund administered by the Board is funded by the sale of cemetery plots. These funds are invested and earnings derived there from are used to perform perpetual care maintenance to the Board's cemeteries. The operations and investments of the Fund are undertaken by the Board in accordance with the regulations of the Cemeteries Act.