

**CORPORATION OF THE MUNICIPALITY OF
HASTINGS HIGHLANDS**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024

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HASTINGS HIGHLANDS**

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Hastings Highlands

Tony Fitzgerald
Mayor

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CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

For The Year Ended December 31, 2024

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 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.

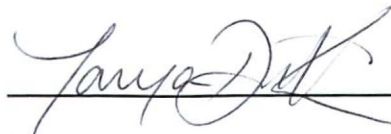
The Municipality maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Municipality's assets are appropriately 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 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 Municipality. Baker Tilly KDN LLP has full and free access to Council.


Mayor


Treasurer

July 16, 2025

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

INDEPENDENT AUDITOR'S REPORT

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To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Municipality of Hastings Highlands

Opinion

We have audited the consolidated financial statements of the Corporation of the Municipality of Hastings Highlands and its local boards (the Municipality), which comprise the consolidated statement of financial position as at December 31, 2024, the consolidated statements of operations and accumulated surplus, change in net financial assets/(net debt) and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Municipality as at December 31, 2024, 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 Municipality 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 Municipality'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 Municipality or to cease operations, or has no realistic alternative but to do so.

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

ASSURANCE • TAX • ADVISORY

Baker Tilly KDN LLP is a member of Baker Tilly Canada Cooperative, which is a member of the global network of Baker Tilly International Limited. All members of Baker Tilly Canada Cooperative and Baker Tilly International Limited are separate and independent legal entities.

Peterborough

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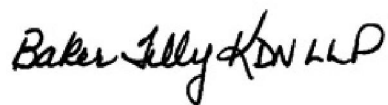
Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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 Municipality'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 Municipality'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 Municipality 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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.



Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
July 23, 2025



CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2024

	2024 \$	2023 \$
FINANCIAL ASSETS		
Cash	5,687,667	6,514,749
Accounts receivable	359,039	270,877
Taxes receivable	1,087,162	745,231
TOTAL FINANCIAL ASSETS	7,133,868	7,530,857
LIABILITIES		
Accounts payable and accrued liabilities	1,539,315	1,097,285
Deferred revenue - other (note 3)	212,024	92,232
Deferred revenue - obligatory reserve funds (note 2)	118,495	202,700
Long term debt (note 4)	306,567	499,884
Asset retirement obligation (note 17)	6,274,086	2,805,830
TOTAL LIABILITIES	8,450,487	4,697,931
NET FINANCIAL ASSETS/(NET DEBT)	(1,316,619)	2,832,926
NON-FINANCIAL ASSETS		
Tangible capital assets (note 7)	28,843,683	25,718,318
Prepaid expenses	86,275	85,664
TOTAL NON-FINANCIAL ASSETS	28,929,958	25,803,982
ACCUMULATED SURPLUS (note 9)	27,613,339	28,636,908

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, 2024

	Budget 2024 \$ (note 14)	Actual 2024 \$	Actual 2023 \$
REVENUES			
Property taxation	8,957,334	9,064,179	8,404,551
User charges	581,380	570,785	596,453
Government of Canada	-	38,621	20,740
Province of Ontario	2,147,655	2,128,342	2,278,149
Penalties and interest on taxes	110,000	123,727	113,756
Investment income	255,000	319,133	332,852
Waste diversion funding	513,000	519,562	254,985
Parkland fees earned (note 2)	20,000	1,425	20,860
Canada Community-Building Fund earned (note 2)	418,392	366,081	352,388
Gain on disposal of tangible capital assets	-	-	6,411
TOTAL REVENUES	13,002,761	13,131,855	12,381,145
EXPENSES			
General government	1,584,509	1,623,076	1,507,919
Protection services	2,535,349	2,452,938	2,244,233
Transportation services	5,978,230	5,871,219	5,502,971
Environmental services	1,707,330	3,008,801	285,874
Health services	31,500	31,825	29,692
Recreation and cultural services	515,191	578,965	441,078
Planning and development	282,795	290,631	290,622
Library services	237,804	240,769	207,429
TOTAL EXPENSES	12,872,708	14,098,224	10,509,818
ANNUAL SURPLUS/(DEFICIT)	130,053	(966,369)	1,871,327
ACCUMULATED SURPLUS - beginning of year		28,636,908	26,765,581
ADJUSTMENT ON ADOPTION OF THE REVENUE RECOGNITION STANDARD (note 15)		(57,200)	-
ACCUMULATED SURPLUS - beginning of year, as restated		28,579,708	26,765,581
ACCUMULATED SURPLUS - end of year		27,613,339	28,636,908

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/(NET DEBT)

For the Year Ended December 31, 2024

	Budget 2024 \$ (note 14)	Actual 2024 \$	Actual 2023 \$
ANNUAL SURPLUS/(DEFICIT)	130,053	(966,369)	1,871,327
Amortization of tangible capital assets	2,394,651	2,545,850	2,394,651
Purchase of tangible capital assets	(5,254,500)	(3,686,250)	(3,214,655)
Loss/(gain) on disposal of tangible capital assets	-	185,587	(6,411)
Proceeds on sale of tangible capital assets	-	30,261	51,547
Asset retirement obligation costs capitalized	-	(2,200,813)	-
Change in prepaid expenses	-	(611)	(9,153)
CHANGE IN NET FINANCIAL ASSETS/(NET DEBT)	(2,729,796)	(4,092,345)	1,087,306
NET FINANCIAL ASSETS - beginning of year	2,832,926	2,832,926	4,302,042
ADJUSTMENT ON ADOPTION OF THE ASSET RETIREMENT OBLIGATION STANDARD	-	-	(2,556,422)
ADJUSTMENT ON ADOPTION OF THE REVENUE RECOGNITION STANDARD (note 15)	-	(57,200)	-
NET FINANCIAL ASSETS - beginning of year, as restated	2,832,926	2,775,726	1,745,620
NET FINANCIAL ASSETS/(NET DEBT) - end of year	103,130	(1,316,619)	2,832,926

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, 2024

	2024 \$	2023 \$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus/(deficit)	(966,369)	1,871,327
Items not involving cash		
Amortization of tangible capital assets	2,545,850	2,394,651
Loss/(gain) on disposal of tangible capital assets	185,587	(6,411)
Accretion expense	102,392	154,308
Change in landfill closure and post-closure liability	-	(1,442,200)
Asset retirement obligation expense for closed landfill sites	1,255,800	95,100
Change in non-cash assets and liabilities		
Accounts receivable	(88,162)	51,570
Taxes receivable	(341,931)	(101,173)
Prepaid expenses	(611)	(9,153)
Accounts payable and accrued liabilities	442,030	226,702
Deferred revenue - other	62,592	16,660
Deferred revenue - obligatory reserve funds	(84,205)	(99,875)
Asset retirement obligations - remediation costs incurred	(90,749)	-
Net change in cash from operating activities	3,022,224	3,151,506
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(3,686,250)	(3,214,655)
Proceeds on disposal of tangible capital assets	30,261	51,547
Net change in cash from capital activities	(3,655,989)	(3,163,108)
FINANCING ACTIVITIES		
Debt principal repayments	(193,317)	(186,515)
NET CHANGE IN CASH	(827,082)	(198,117)
CASH - beginning of year	6,514,749	6,712,866
CASH - end of year	5,687,667	6,514,749

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, 2024

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 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 Municipality and which are owned and controlled by the Municipality. These consolidated financial statements include:

- Hastings Highlands Public Library Board
- Hastings Highlands 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, as well as legally or contractually required retirement activities. When historical cost records were not available, other methods were used to estimate costs. The cost, less residual value, if any, is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

Land improvements	15 - 20 years
Land improvements - landfill	1 - 110 years
Buildings	40 - 50 years
Buildings - ARO	10 - 20 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, 2024

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.

Property 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 reported in the financial statements when amounts can be reasonably determined.

The Municipality is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are levied.

Government funding

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

Other revenue

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

Investment income is recorded in the year in which it is earned.

Canada Community-Building Fund and parkland fees are recognized in the period in which the related expenditures are recorded.

(f) Reserves

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

(g) 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.

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(h) Asset retirement obligation

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

The liability for closure of operational sites and post-closure care relating to landfill sites has been recognized based on estimated future expenses. An additional liability for the remediation of gravel pits and disposal of fuel tanks has also been recognized based on estimated future expenses for remediation or disposal.

The liability for landfills is discounted using a present value calculation, and adjusted yearly for accretion expense and any amounts paid. The recognition of the liability resulted in an accompanying increase to the respective tangible capital assets. The increase to the tangible capital assets is being amortized in accordance with the accounting policies outlined in (c).

(i) 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 Municipality'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 Municipality's significant estimates include:

- The amount recorded for asset retirement obligation is based on estimates of the assets with potential contaminants and management's estimate of the costs to retire those assets - See Note 1(h) and related costs added to tangible capital assets - See Note 1(c)
- Amortization of tangible capital assets is based on estimated useful life and residual value - See Note 1(c)
- Allowance for doubtful accounts receivable is based in management's estimate of future collectibility

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(j) Financial instruments

Financial instruments are classified as either fair value or amortized cost. The following chart shows the measurement method for each type of financial instrument.

Financial Instrument	Measurement Method
Cash	Amortized Cost
Accounts receivable	Amortized Cost
Taxes receivable	Amortized Cost
Accounts payable and accrued liabilities	Amortized Cost
Long term debt	Amortized Cost

Fair value category: The Municipality manages and reports performance for groups of financial assets on a fair-value basis. Investments traded in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Consolidated Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Consolidated Statement of Operations and Accumulated Surplus and related balances reversed from the Consolidated Statement of Remeasurement Gains and Losses.

Amortized cost category: Amounts are measured at the initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest rate method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial instrument asset or financial instrument liability.

The following hierarchy provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

- Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 - Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

As there are no unrealized gains or losses on financial instruments to report, the Consolidated Statement of Remeasurement Gains and Losses has not been presented in these financial statements.

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

2. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS

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

	2024	2023
	\$	\$
Canada Community-Building Fund	79,929	171,375
Parkland	38,566	31,325
	118,495	202,700

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

	2024	2023
	\$	\$
Balance - beginning of year	202,700	302,575
Add amounts received:		
Canada Community-Building Fund received from the County of Hastings	134,167	132,542
Canada Community-Building Fund received from AMO	139,880	134,958
Parkland fees received	8,666	5,252
Interest	588	621
	283,301	273,373
Less transfer to operations:		
Canada Community-Building Fund earned	366,081	352,388
Parkland fees earned	1,425	20,860
	367,506	373,248
Balance - end of year	118,495	202,700

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

3. DEFERRED REVENUE - OTHER

Included in deferred revenue - other are the following amounts:

	2024	2023
	\$	\$
Seniors grant - lawn bowling	-	5,467
Cannabis funding	6,053	6,053
Ontario community infrastructure fund	36,321	80,712
Building permit fees	169,650	-
	212,024	92,232

The continuity of deferred revenue - other is as follows:

	2024	2023
	\$	\$
Balance - beginning of year	92,232	75,572
Adjustment to opening balance (note 15)	57,200	-
Add amounts received:		
Seniors grant - lawn bowling	-	20,000
Ontario community infrastructure fund	226,191	265,975
Building permit fees	258,418	-
	484,609	285,975
Less transfer to operations:		
Provincial safe restart funding	-	35,181
Cannabis funding	-	15,000
Ontario community infrastructure fund	270,582	204,601
Seniors grant - lawn bowling	5,467	14,533
Building permit fees	145,968	-
	422,017	269,315
Balance - end of year	212,024	92,232

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

4. LONG TERM DEBT

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

	2024 \$	2023 \$
Ontario Infrastructure Projects Corporation due August 18, 2025, repayable in blended semi annual instalments of \$21,713 and bearing interest at 4.19% per annum.	42,098	82,487
Ontario Infrastructure and Lands Corporation due October 10, 2025, repayable in blended semi annual instalments of \$27,959 and bearing interest at 2.65% per annum.	56,128	110,797
Ontario Infrastructure Projects Corporation due July 15, 2026, repayable in blended semi annual instalments of \$54,662 and bearing interest at 3.92% per annum.	208,341	306,600
	306,567	499,884

- (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 \$16,679 (2023 - \$23,481).
- (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 \$
2025	200,375	9,621	209,996
2026	106,192	3,132	109,324
	306,567	12,753	319,320

5. TRUST FUNDS

Trust funds administered by the Municipality amounting to \$71,276 (2023 - \$70,505) 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's financial position or operations.

6. CONTINGENT LIABILITIES

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

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

7. TANGIBLE CAPITAL ASSETS

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

	2024	2023
	\$	\$
General		
Land and land improvements	4,848,185	3,338,647
Buildings and building improvements	3,790,302	3,972,130
Machinery and vehicles	3,389,565	2,901,686
Furniture and office equipment	93,760	111,122
Infrastructure		
Roads and bridges	16,710,641	14,767,317
	28,832,453	25,090,902
Assets under construction	11,230	627,416
	28,843,683	25,718,318

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

During the year there were no write-downs of assets (2023 - \$Nil), no interest capitalized (2023 - \$Nil) and no contributed assets (2023 - \$Nil).

Tangible capital assets allocated by segment are as follows:

	2024	2023
	\$	\$
General government	2,930,018	3,049,247
Protection services	706,483	774,534
Transportation services	21,403,549	18,752,413
Environmental services	2,686,121	1,982,553
Recreation and cultural services	1,117,512	1,159,571
	28,843,683	25,718,318

8. 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 2024-003. At December 31, 2024 there was no balance outstanding (2023 - \$Nil).

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

9. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2024	2023
	\$	\$
Surplus/(Deficit)		
Cemetery Board	5,188	5,188
Invested In Capital Assets		
Tangible capital assets - net book value	28,843,683	25,718,318
Asset retirement obligations	(6,274,086)	(2,805,830)
Long term debt	(306,567)	(499,884)
Unfunded capital - bridges	-	(609,270)
	22,263,030	21,803,334
Surplus	22,268,218	21,808,522
Reserves		
Working funds	2,591,218	2,587,145
Equipment replacement	429,778	481,000
Insurance	30,065	30,065
General administration	393,716	607,294
Fire	736,977	676,610
Health services	10,000	10,000
Recreation capital	32,500	32,500
Election	67,469	52,469
Economic development	49,333	46,494
Paving and construction	62,236	1,275,486
Waste disposal	901,885	994,642
Library Board projects	39,944	34,681
Total Reserves	5,345,121	6,828,386
	27,613,339	28,636,908

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

10. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF HASTINGS

During 2024, 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	1,782,527	3,514,393

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

11. EXPENSES BY OBJECT

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

	Budget 2024 \$ (note 14)	Actual 2024 \$	Actual 2023 \$
Salaries and benefits	4,442,870	4,379,086	3,973,533
Interest charges	16,679	16,679	23,482
Materials	3,475,621	3,209,046	2,945,265
Contracted services	2,489,312	3,595,783	982,894
Rents and financial	22,075	135,175	180,146
External transfers	31,500	31,018	9,847
Amortization	2,394,651	2,545,850	2,394,651
Loss on disposal of tangible capital assets	-	185,587	-
	12,872,708	14,098,224	10,509,818

12. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in the Municipality assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

The Municipality is exposed to the following risks in respect of certain of the financial instruments held:

(a) Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss.

In the opinion of management, the Municipality is not exposed to any significant currency, liquidity, market or interest rate risks.

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

13. SEGMENTED INFORMATION

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

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

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 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 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 Services

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

Planning and Development

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

Library Services

The library services function provides informational needs to residents within the Municipality.

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

14. BUDGET FIGURES

The budget, approved by the Municipality differs from the budget reflected on the Consolidated Statement of Operations and Accumulated Surplus as the approved budget has been adjusted to comply with PSA reporting requirements.

The following is a reconciliation of Council's approved budget to the annual surplus/(deficit):

	2024 \$
Council approved budgeted surplus	-
Tangible capital asset additions	5,254,500
Amortization of tangible capital assets	(2,394,651)
Principal repayment of long term debt	193,318
Transfers to/(from) reserves	(2,923,114)
Annual surplus/(deficit) reported on the Consolidated Statement of Operations	130,053

15. CHANGES IN ACCOUNTING POLICIES

The Municipality has implemented the following sections and guidelines which are now effective under the PSA Handbook: 3160 Public Private Partnerships, 3400 Revenue, and PSG-8 Purchased Intangibles.

Section 3160 establishes standards on accounting for public private partnerships between public and private sector entities where the public sector entity procures infrastructure using a private sector partner. The adoption of this standard did not have an impact on the Municipality's consolidated financial statements.

Section 3400 establishes standards on how to account for and report on revenue. Specifically, it differentiates between revenue arising from transactions that include performance obligations, referred to as 'exchange transactions', and transactions that do not have performance obligations, referred to as 'non-exchange transactions'.

In accordance with the provisions of this new standard, which has been applied prospectively, the Municipality reflected the following adjustments at January 1, 2024:

- An increase of \$57,200 to deferred revenue - other and corresponding decrease to accumulated surplus related to the estimated unearned portion of building permit fees due to outstanding performance obligations at December 31, 2023.

Under PSG-8, an entity may recognize purchased intangibles as an asset in its consolidated financial statements if the intangible meets the asset definition and the general recognition criteria. The adoption of this standard did not have an impact on the Municipality's consolidated financial statements.

16. COMPARATIVE FIGURES

Certain comparative figures were restated, where required, to conform with the current year presentation. The restatement did not effect the prior year annual surplus.

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

17. ASSET RETIREMENT OBLIGATION

The Municipality's asset retirement obligation consists of the following:

(a) Landfill obligation

The Municipality owns and operates nine landfill sites. The liability for the remaining closure costs of operational sites as well as the post-closure costs for all sites has been recognized under PS 3280 – Asset Retirement Obligations. The costs have been estimated based upon the presently known obligations that will exist at the estimated year of closure of the sites and for 25 years after the closure date using a discount rate of 4.5% and an inflation rate of 3%. For the three closed sites, there are between 17 and 25 years of remaining monitoring costs; however, the 25 year estimate could be extended based on the results of the monitoring. For the six operational sites, the sites are projected to close between 2025 and 2128.

(b) Other

The Municipality owns and operates underground tanks and gravel pits. The liability for the closure of these sites and the costs to return the property to its original state has been recognized under PS 3280 – Asset Retirement Obligations. The costs were based on presently known obligations that will exist at the estimated year of retirement of these tangible capital assets.

Changes to the asset retirement obligation in the year are as follows:

Asset Retirement Obligation	Landfill closure and post- closure \$	Asbestos removal \$	Other \$	Total 2024 \$	Total 2023 \$
Opening balance	2,584,500	7,187	214,143	2,805,830	-
Adjustment on adoption of the asset retirement obligation standard	-	-	-	-	2,651,522
Opening balance, as restated	2,584,500	7,187	214,143	2,805,830	2,651,522
Remediation costs incurred	(79,500)	(6,917)	(4,332)	(90,749)	-
Revaluation of liability for revised estimates:					
Asset addition	1,358,600	-	842,213	2,200,813	-
Closed sites	1,255,800	-	-	1,255,800	-
Accretion expense	110,700	(270)	(8,038)	102,392	154,308
Closing balance	5,230,100	-	1,043,986	6,274,086	2,805,830

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

18. PENSION AGREEMENTS

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

The Actuarial Opinion contained in the 2024 Annual Report disclosed total actuarial liabilities of \$142,489 million in respect of benefits accrued for service with actuarial assets of \$139,576 million indicating an actuarial deficit of \$2,913 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 Municipality does not recognize any share of the OMERS pension surplus or deficit.

The Municipality's total contributions to OMERS in 2024 were \$533,736 (2023 - \$492,688) of which \$266,868 (2023 - \$246,344) was contributed by employees.

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the Year Ended December 31, 2024

	General				Infrastructure		
	Land and Land Improvements \$	Buildings and Building Improvements \$	Machinery and Vehicles \$	Furniture and Office Equipment \$	Roads and Bridges \$	Assets Under Construction \$	Totals \$
COST							
Balance, beginning of year	3,880,499	6,602,242	8,563,185	337,885	47,112,226	627,416	67,123,453
Add: additions during the year	-	-	895,444	14,042	2,776,764	-	3,686,250
Less: disposals during the year	112,300	34,248	1,069,837	11,940	140,642	-	1,368,967
Internal transfers	-	-	-	-	616,186	(616,186)	-
Asset retirement obligation	2,200,813	-	-	-	-	-	2,200,813
Balance, end of year	5,969,012	6,567,994	8,388,792	339,987	50,364,534	11,230	71,641,549
ACCUMULATED AMORTIZATION							
Balance, beginning of year	541,852	2,630,112	5,661,499	226,763	32,344,909	-	41,405,135
Add: additions during the year	593,948	170,380	381,361	31,404	1,368,757	-	2,545,850
Less: disposals during the year	14,973	22,800	1,043,633	11,940	59,773	-	1,153,119
Balance, end of year	1,120,827	2,777,692	4,999,227	246,227	33,653,893	-	42,797,866
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	4,848,185	3,790,302	3,389,565	93,760	16,710,641	11,230	28,843,683

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2024

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Recreation and Cultural Services \$	Planning and Development \$	Library Services \$	Consolidated \$
Revenues									
Property taxation	3,161,394	503,326	3,935,664	423,165	28,900	572,185	234,545	205,000	9,064,179
User charges	92,539	182,724	71,832	136,119	5,202	14,094	49,600	18,675	570,785
Government transfers - operating	-	1,821,801	-	-	-	56,400	-	18,180	1,896,381
Government transfers - capital	-	-	270,582	-	-	-	-	-	270,582
Penalties and interest on taxes	123,727	-	-	-	-	-	-	-	123,727
Investment income	319,133	-	-	-	-	-	-	-	319,133
Waste diversion funding	-	-	-	519,562	-	-	-	-	519,562
Parkland fees earned	-	-	-	-	-	1,425	-	-	1,425
Canada Community-Building Fund earned	-	-	366,081	-	-	-	-	-	366,081
Total revenues	3,696,793	2,507,851	4,644,159	1,078,846	34,102	644,104	284,145	241,855	13,131,855
Expenses									
Salaries and benefits	1,076,834	692,311	1,892,941	281,289	-	30,692	205,217	199,802	4,379,086
Interest charges	11,065	-	5,614	-	-	-	-	-	16,679
Materials	176,116	489,426	1,984,548	48,948	11,825	407,626	71,184	19,373	3,209,046
Contracted services	208,176	1,107,028	216,738	1,942,432	-	103,879	14,230	3,300	3,595,783
Rents and financial	31,656	(1,013)	(5,129)	110,700	-	(1,114)	-	75	135,175
External transfers	-	11,018	-	-	20,000	-	-	-	31,018
Amortization	119,229	133,180	1,707,040	536,558	-	31,624	-	18,219	2,545,850
Loss on disposal of tangible capital assets	-	20,988	69,467	88,874	-	6,258	-	-	185,587
Total expenses	1,623,076	2,452,938	5,871,219	3,008,801	31,825	578,965	290,631	240,769	14,098,224
Net surplus/(deficit)	2,073,717	54,913	(1,227,060)	(1,929,955)	2,277	65,139	(6,486)	1,086	(966,369)

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2023

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Recreation and Cultural Services \$	Planning and Development \$	Library Services \$	Consolidated \$
Revenues									
Property taxation	4,407,928	(76,201)	2,598,830	696,910	26,500	321,639	266,945	162,000	8,404,551
User charges	91,384	230,289	59,201	134,668	2,178	11,213	48,215	19,305	596,453
Government transfers - operating	70,921	1,841,553	-	-	-	164,533	-	17,281	2,094,288
Government transfers - capital	-	-	204,601	-	-	-	-	-	204,601
Penalties and interest on taxes	113,756	-	-	-	-	-	-	-	113,756
Investment income	332,852	-	-	-	-	-	-	-	332,852
Waste diversion funding	-	-	-	254,985	-	-	-	-	254,985
Parkland fees earned	-	-	-	-	-	20,860	-	-	20,860
Canada Community-Building Fund earned	-	-	352,388	-	-	-	-	-	352,388
Gain on disposal of tangible capital assets	-	6,411	-	-	-	-	-	-	6,411
Total revenues	5,016,841	2,002,052	3,215,020	1,086,563	28,678	535,526	315,160	181,305	12,381,145
Expenses									
Salaries and benefits	997,896	643,955	1,717,817	246,945	-	27,514	172,695	166,711	3,973,533
Interest charges	14,807	-	8,675	-	-	-	-	-	23,482
Materials	167,734	346,641	1,911,246	71,067	29,692	329,838	68,623	20,424	2,945,265
Contracted services	181,438	1,116,629	240,538	(658,303)	-	50,988	49,304	2,300	982,894
Rents and financial	26,815	1,013	5,129	146,000	-	1,114	-	75	180,146
External transfers	-	9,847	-	-	-	-	-	-	9,847
Amortization	119,229	126,148	1,619,566	480,165	-	31,624	-	17,919	2,394,651
Total expenses	1,507,919	2,244,233	5,502,971	285,874	29,692	441,078	290,622	207,429	10,509,818
Net surplus/(deficit)	3,508,922	(242,181)	(2,287,951)	800,689	(1,014)	94,448	24,538	(26,124)	1,871,327

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INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Municipality of Hastings Highlands

Opinion

We have audited the financial statements of the Trust Funds of the Corporation of the Municipality of Hastings Highlands (the Trust Funds), which comprise the statement of financial position as at December 31, 2024, the statement of continuity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Trust Funds as at December 31, 2024, and the continuity of the Trust Funds for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Trust Funds in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

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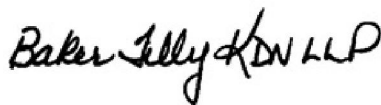
Auditor's Responsibilities for the Audit of the Financial Statements

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.



Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
July 23, 2025

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

TRUST FUNDS

STATEMENT OF FINANCIAL POSITION

At December 31, 2024

	Papineau Cemetery Care and Maintenance \$	Zion Cemetery Care and Maintenance \$	Emmanuel Cemetery Care and Maintenance \$	Grace Cemetery Care and Maintenance \$	Purdy Cemetery Care and Maintenance \$	St. Paul Cemetery Care and Maintenance \$	2024 Total \$	2023 Total \$
FINANCIAL ASSETS								
Cash	16,258	5,029	-	25,023	200	24,766	71,276	69,925
Accounts receivable	-	-	-	-	-	-	-	580
	16,258	5,029	-	25,023	200	24,766	71,276	70,505
FUND BALANCES								
Capital	15,653	5,029	-	25,023	200	24,766	70,671	69,900
Income	605	-	-	-	-	-	605	605
	16,258	5,029	-	25,023	200	24,766	71,276	70,505

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, 2024

	Papineau Cemetery Care and Maintenance \$	Zion Cemetery Care and Maintenance \$	Emmanuel Cemetery Care and Maintenance \$	Grace Cemetery Care and Maintenance \$	Purdy Cemetery Care and Maintenance \$	St. Paul's Cemetery Care and Maintenance \$	2024 Total \$	2023 Total \$
BALANCES - beginning of year	15,358	4,159	25,765	25,023	200	-	70,505	64,618
RECEIPTS								
Perpetual care	900	870	-	-	-	420	2,190	5,887
Interest earned	386	119	159	594	5	588	1,851	1,805
St. Paul's United Church Cemetery contribution (note 3)	-	-	-	-	-	24,346	24,346	-
	1,286	989	159	594	5	25,354	28,387	7,692
EXPENSES								
Transfer to Municipality	386	119	159	594	5	588	1,851	1,805
Transfer to cemetery operator (Note 4)	-	-	25,765	-	-	-	25,765	-
	386	119	25,924	594	5	588	27,616	1,805
BALANCES - end of year	16,258	5,029	-	25,023	200	24,766	71,276	70,505

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, 2024

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.

(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 instruments are not materially different from their carrying value unless otherwise noted. The Trust Funds do not have any significant concentration of credit, liquidity, currency, market or interest rate risks.

(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. CARE AND MAINTENANCE FUNDS

Care and Maintenance Funds are administered by the Municipality and are required to be invested in accordance with the Funeral Burial and Cremation Services Act for the long-term upkeep of the Cemetery. The Act requires that a specified portion of each in-ground grave (cemetery lot) be invested into the Care and Maintenance Fund. The Act also requires that a specified amount be set aside into the Care and Maintenance funds for the installation of markers and monuments of a prescribed size installed at a Municipal Cemetery. These funds are invested, and the earnings derived from them are permitted (under the Act) to be used to fund the regular operations and maintenance of the cemetery.

3. ST. PAUL'S CEMETERY

During the year, the Municipality acquired the operating license for St. Paul's United Church Cemetery in accordance with Section 101.1 of the Funeral, Burial and Cremation Services Act as part of the abandonment process and is now responsible for its ongoing administration and preservation in perpetuity.

4. EMMANUEL CEMETERY

During the year, the Municipality ceased acting as Trustee for Emmanuel Cemetery and funds were returned to the operator of the Cemetery.

**CORPORATION OF THE MUNICIPALITY OF
HASTINGS HIGHLANDS**

HASTINGS HIGHLANDS PUBLIC LIBRARY BOARD

FINANCIAL STATEMENTS

DECEMBER 31, 2024

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INDEPENDENT AUDITOR'S 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

Qualified Opinion

We have audited the financial statements of the Hastings Highlands Public Library Board of the Corporation of the Municipality of Hastings Highlands (the Board), which comprise the statement of financial position as at December 31, 2024, 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, 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 Board as at December 31, 2024, and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Qualified Opinion

In common with many Public Library Boards, the Board derives revenue from fees, fundraising and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Board. Therefore, we were not able to determine whether any adjustments might be necessary to fees, fundraising and donations revenue, annual surplus/(deficit) and cash flows from operations for the years ended December 31, 2024 and 2023, and assets and accumulated surplus as at December 31, 2024 and 2023. Our opinion on the financial statements for the year ended December 31, 2023 was modified accordingly because of the possible effects of this scope limitation.

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 Board 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 Board'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 Board or to cease operations, or has no realistic alternative but to do so.

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Those charged with governance are responsible for overseeing the Board'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 Board'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 Board'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 Board to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
July 23, 2025

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

HASTINGS HIGHLANDS PUBLIC LIBRARY BOARD STATEMENT OF FINANCIAL POSITION At December 31, 2024

	2024 \$	2023 \$
FINANCIAL ASSETS		
Cash	172,100	148,193
LIABILITIES		
Due to Municipality of Hastings Highlands (note 4)	132,114	110,907
Accounts payable	42	2,605
TOTAL LIABILITIES	132,156	113,512
NET FINANCIAL ASSETS	39,944	34,681
NON-FINANCIAL ASSETS		
Tangible capital assets (note 2)	49,019	53,196
ACCUMULATED SURPLUS (note 3)	88,963	87,877

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, 2024

	Budget 2024 \$ (note 5)	Actual 2024 \$	Actual 2023 \$
REVENUES			
Municipal contribution (note 4)	205,000	205,000	162,000
Province of Ontario	18,780	18,180	17,281
Fees, fundraising and donations	12,205	18,675	19,305
TOTAL REVENUES	235,985	241,855	198,586
EXPENSES			
Salaries and benefits	199,610	199,802	166,710
Supplies and postage	2,600	1,394	2,759
Materials	5,700	7,166	8,646
Programs	2,000	6,165	2,768
Advertising	400	50	525
Office administration	3,375	3,869	3,757
Professional development	1,250	329	1,216
Contracted services	3,300	3,300	2,300
Memberships	150	475	75
IT maintenance	1,500	-	754
Amortization	17,919	18,219	17,919
TOTAL EXPENSES	237,804	240,769	207,429
ANNUAL SURPLUS/(DEFICIT)	<u>(1,819)</u>	1,086	(8,843)
ACCUMULATED SURPLUS - beginning of year		87,877	96,720
ACCUMULATED SURPLUS - end of year		88,963	87,877

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, 2024

	Budget 2024 \$ (note 5)	Actual 2024 \$	Actual 2023 \$
ANNUAL SURPLUS/(DEFICIT)	(1,819)	1,086	(8,843)
Amortization of tangible capital assets	17,919	18,219	17,919
Acquisition of tangible capital assets	(17,000)	(14,042)	(16,765)
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	(900)	5,263	(7,689)
NET FINANCIAL ASSETS - beginning of year	34,681	34,681	42,370
NET FINANCIAL ASSETS - end of year	33,781	39,944	34,681

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, 2024

	2024	2023
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus/(deficit)	1,086	(8,843)
Items not involving cash		
Amortization of tangible capital assets	18,219	17,919
Change in non-cash assets and liabilities		
Due to Municipality of Hastings Highlands	21,207	30,652
Accounts payable	(2,563)	(40)
Net change in cash from operating activities	37,949	39,688
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(14,042)	(16,765)
NET CHANGE IN CASH	23,907	22,923
CASH - beginning of year	148,193	125,270
CASH - end of year	172,100	148,193

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, 2024

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 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.

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.

Fees, fundraising and donations revenue is recognized when the amounts are received.

(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. 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 Board's significant estimates include:

- Amortization of tangible capital assets is based on estimated useful life and residual value - See Note 1(d)

(c) 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.

(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, as well as legally or contractually required retirement activities. When historical cost records were not available, other methods were used to estimate costs. The cost, less residual value, if any, 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.

Tangible capital assets are not amortized until they are put into service.

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

HASTINGS HIGHLANDS PUBLIC LIBRARY BOARD

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(e) Financial Instruments

Financial instruments are classified as either fair value or amortized cost. The following chart shows the measurement method for each type of financial instrument.

Financial Instrument	Measurement Method
Cash	Amortized Cost
Due to Municipality of Hastings Highlands	Amortized Cost
Accounts payable	Amortized Cost

Fair value category: The Board manages and reports performance for groups of financial assets on a fair-value basis. Investments traded in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Statement of Operations and Accumulated Surplus and related balances reversed from the Statement of Remeasurement Gains and Losses.

Amortized cost category: Amounts are measured at the initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest rate method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial instrument asset or financial instrument liability.

The following hierarchy provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

- Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 - Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

As there are no unrealized gains or losses on financial instruments to report, the Statement of Remeasurement Gains and Losses has not been presented in 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, 2024

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(f) Reserves

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

(g) Inter-Entity Transactions

The Hastings Highlands Public Library Board is a Board of the Municipality of Hastings Highlands and is consolidated with the Municipality'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 Municipality.

2. TANGIBLE CAPITAL ASSETS

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

	Books \$	Furniture and Equipment \$	2024 Totals \$	2023 Totals \$
COST				
Balance, beginning of year	97,213	73,010	170,223	161,021
Add: additions during the year	14,042	-	14,042	16,765
Less: disposals during the year	11,940	-	11,940	7,563
Balance, end of year	99,315	73,010	172,325	170,223
ACCUMULATED AMORTIZATION				
Balance, beginning of year	52,509	64,518	117,027	106,671
Add: additions during the year	14,188	4,031	18,219	17,919
Less: disposals during the year	11,940	-	11,940	7,563
Balance, end of year	54,757	68,549	123,306	117,027
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	44,558	4,461	49,019	53,196

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

HASTINGS HIGHLANDS PUBLIC LIBRARY BOARD

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

3. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2024 \$	2023 \$
Invested In Capital Assets		
Tangible capital assets - net book value	49,019	53,196
Surplus	49,019	53,196
Reserve		
Projects	39,944	34,681
	88,963	87,877

4. INTER-ENTITY TRANSACTIONS

During the year, the Board entered into transactions with the Municipality of Hastings Highlands.

As part of the budgeting process, the Municipality approves a contribution to the Board which is identified on the Statement of Operations and Accumulated Surplus.

In addition, the following services are provided to the Board by the Municipality at no cost:

- Accounting and administrative services
- Rental of buildings
- Buildings and grounds maintenance
- Other occupancy costs

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

5. BUDGET FIGURES

The budget, approved by the Board differs from the budget reflected on the Statement of Operations and Accumulated Surplus as the approved budget has been adjusted to comply with PSA reporting requirements.

The following is a reconciliation of Board's approved budget to the annual surplus/(deficit):

	2024 \$
Board approved budgeted surplus	-
Tangible capital asset additions	17,000
Amortization of tangible capital assets	(17,919)
Transfers to/(from) reserves	(900)
Annual surplus/(deficit) reported on the Statement of Operations	(1,819)

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

HASTINGS HIGHLANDS PUBLIC LIBRARY BOARD

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

6. CHANGE IN ACCOUNTING POLICY

The Board has implemented the following sections and guidelines which are now effective under the PSA Handbook: 3160 Public Private Partnerships, 3400 Revenue, and PSG-8 Purchased Intangibles.

Section 3160 establishes standards on accounting for public private partnerships between public and private sector entities where the public sector entity procures infrastructure using a private sector partner. The adoption of this standard did not have an impact on the Board's financial statements.

Section 3400 establishes standards on how to account for and report on revenue. Specifically, it differentiates between revenue arising from transactions that include performance obligations, referred to as 'exchange transactions', and transactions that do not have performance obligations, referred to as 'non-exchange transactions'. The adoption of this standard did not have an impact on the Board's financial statements.

Under PSG-8, an entity may recognize purchased intangibles as an asset in its consolidated financial statements if the intangible meets the asset definition and the general recognition criteria. The adoption of this standard did not have an impact on the Board's financial statements.