

**CORPORATION OF THE MUNICIPALITY OF  
HASTINGS HIGHLANDS**

**CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2020**

**CORPORATION OF THE MUNICIPALITY OF  
HASTINGS HIGHLANDS**

**CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2020**

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# Hastings Highlands

Beautiful By Nature

Tracy Hagar  
Mayor

33011 Highway 62  
Maynooth, ON K0L 2S0

Tel: 613-338-2811  
Fax : 613- 338 - 3292  
Toll Free: 1- 877- 338- 2818  
Website: [www.hastingshighlands.ca](http://www.hastingshighlands.ca)

## **CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS**

**For The Year Ended December 31, 2020**

### **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

CAO/Treasurer

August 18, 2021

**INDEPENDENT AUDITOR'S REPORT****To the Members of Council, Inhabitants and Ratepayers  
of the Corporation of the Municipality of Hastings  
Highlands****T: (705) 742-3418  
F: (705) 742-9775****[www.bakertilly.ca](http://www.bakertilly.ca)***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, 2020, the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Municipality as at December 31, 2020, 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.

*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.
- Obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the Municipality to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

***Baker Tilly KDN LLP***

Chartered Professional Accountants  
Licensed Public Accountants

Peterborough, Ontario  
August 20, 2021

**CORPORATION OF THE MUNICIPALITY OF  
HASTINGS HIGHLANDS**



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
At December 31, 2020**

	2020	2019
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash	3,508,227	6,060,381
Accounts receivable	2,031,299	198,807
Taxes receivable	821,456	816,247
<b>TOTAL FINANCIAL ASSETS</b>	<b>6,360,982</b>	<b>7,075,435</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	962,883	904,053
Deferred revenue - other (note 5)	197,112	57,306
Deferred revenue - obligatory reserve funds (note 4)	152,124	399,410
Long term debt (note 6)	1,223,750	1,619,249
Landfill closure and post-closure liability (note 7)	2,005,900	1,558,500
<b>TOTAL LIABILITIES</b>	<b>4,541,769</b>	<b>4,538,518</b>
<b>NET FINANCIAL ASSETS</b>	<b>1,819,213</b>	<b>2,536,917</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 9)	22,372,607	19,334,431
Prepaid expenses	32,514	32,514
<b>TOTAL NON-FINANCIAL ASSETS</b>	<b>22,405,121</b>	<b>19,366,945</b>
<b>ACCUMULATED SURPLUS (note 12)</b>	<b>24,224,334</b>	<b>21,903,862</b>

*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, 2020**

	Budget 2020 \$ (Unaudited)	Actual 2020 \$	Actual 2019 \$
<b>REVENUES</b>			
Property taxation	7,476,129	7,478,039	7,272,776
User charges	411,950	562,911	597,422
Government of Canada	1,160,940	1,160,940	2,520
Province of Ontario	2,726,805	3,044,917	2,642,434
Penalties and interest on taxes	115,000	112,193	116,870
Investment income	60,000	39,044	88,726
Other grants	-	-	2,484
Federal gas tax earned	695,000	506,463	263,523
Gain on disposal of tangible capital assets	-	181,477	111,868
<b>TOTAL REVENUES</b>	<b>12,645,824</b>	<b>13,085,984</b>	<b>11,098,623</b>
<b>EXPENSES</b>			
General government	1,316,799	1,280,815	1,322,706
Protection services	2,203,912	2,246,974	2,390,130
Transportation services	4,965,618	5,287,015	4,924,361
Environmental services	1,107,274	1,323,778	1,381,762
Health services	15,000	13,186	13,355
Recreation and cultural services	330,837	283,284	332,996
Planning and development	207,298	170,340	147,006
Library services	175,636	160,120	170,021
<b>TOTAL EXPENSES</b>	<b>10,322,374</b>	<b>10,765,512</b>	<b>10,682,337</b>
<b>ANNUAL SURPLUS</b>	<b><u>2,323,450</u></b>	<b>2,320,472</b>	<b>416,286</b>
<b>ACCUMULATED SURPLUS - beginning of year</b>		<b>21,903,862</b>	<b>21,487,576</b>
<b>ACCUMULATED SURPLUS - end of year</b>		<b>24,224,334</b>	<b>21,903,862</b>

*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, 2020**

	Budget 2020 \$ (Unaudited)	Actual 2020 \$	Actual 2019 \$
<b>ANNUAL SURPLUS</b>	2,323,450	2,320,472	416,286
Amortization of tangible capital assets	1,594,692	1,804,755	1,594,692
Purchase of tangible capital assets	(4,939,058)	(4,854,431)	(1,031,722)
Gain on disposal of tangible capital assets	-	(181,477)	(111,868)
Proceeds on sale of tangible capital assets	-	192,977	129,365
<b>INCREASE/(DECREASE) IN NET FINANCIAL ASSETS</b>	(1,020,916)	(717,704)	996,753
<b>NET FINANCIAL ASSETS - beginning of year</b>	2,536,917	2,536,917	1,540,164
<b>NET FINANCIAL ASSETS - end of year</b>	1,516,001	1,819,213	2,536,917

*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, 2020**

	2020	2019
	\$	\$
<b>CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Annual surplus	2,320,472	416,286
Items not involving cash		
Amortization of tangible capital assets	1,804,755	1,594,692
Gain on disposal of tangible capital assets	(181,477)	(111,868)
Change in landfill closure and post-closure liability	447,400	470,000
Change in non-cash assets and liabilities		
Accounts receivable	(1,832,492)	(27,400)
Taxes receivable	(5,209)	(124,786)
Accounts payable and accrued liabilities	58,830	73,828
Deferred revenue - other	139,806	16,053
Deferred revenue - obligatory reserve funds	(247,286)	260,496
<b>Net change in cash from operating activities</b>	<b>2,504,799</b>	<b>2,567,301</b>
<b>CAPITAL ACTIVITIES</b>		
Purchase of tangible capital assets	(4,854,431)	(1,031,722)
Proceeds on disposal of tangible capital assets	192,977	129,365
<b>Net change in cash from capital activities</b>	<b>(4,661,454)</b>	<b>(902,357)</b>
<b>FINANCING ACTIVITIES</b>		
Debt principal repayments	(395,499)	(382,932)
<b>NET CHANGE IN CASH</b>	<b>(2,552,154)</b>	<b>1,282,012</b>
<b>CASH - beginning of year</b>	<b>6,060,381</b>	<b>4,778,369</b>
<b>CASH - end of year</b>	<b>3,508,227</b>	<b>6,060,381</b>

*The accompanying notes are an integral part of these financial statements*

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2020**

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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
- 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. Initial costs for tangible capital assets that were acquired or developed prior to 2009 were obtained using historical cost information or using current fair market values discounted by a relevant inflation factor to the point of acquisition. 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.

**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.

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, with the exception of building permits that are recognized when the permits are issued.

Investment income is recorded when earned.

Federal gas tax 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.

**1. SIGNIFICANT ACCOUNTING POLICIES, continued**

(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.

(h) 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 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; and
- The amounts recorded for amortization of tangible capital assets are based on estimates of useful life and residual values.

**2. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF HASTINGS**

During 2020, 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 \$
<u>Amounts requisitioned and remitted</u>	<u>1,692,878</u>	<u>2,880,786</u>

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

**3. 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 2020-002. At December 31, 2020 there was no balance outstanding (2019 - \$Nil).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2020**

**4. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS**

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

	2020	2019
	\$	\$
Federal gas tax	78,624	335,910
Parkland	73,500	63,500
	<b>152,124</b>	<b>399,410</b>

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

	2020	2019
	\$	\$
Balance - beginning of year	399,410	138,914
Add amounts received:		
Federal gas tax received from County of Hastings	123,711	258,938
Federal gas tax received from AMO	123,711	258,938
Parkland fees received	10,000	5,000
Interest	1,755	1,143
	<b>259,177</b>	<b>524,019</b>
Less transfer to operations:		
Federal gas tax earned	506,463	263,523
Balance - end of year	<b>152,124</b>	<b>399,410</b>

**CORPORATION OF THE MUNICIPALITY OF  
HASTINGS HIGHLANDS**



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2020**

**5. DEFERRED REVENUE - OTHER**

Included in deferred revenue - other are the following amounts:

	2020	2019
	\$	\$
AMO Mainstreet Revitalization Grant	-	41,253
Cannabis funding	16,053	16,053
Provincial safe restart funding	181,059	-
	197,112	57,306

The continuity of deferred revenue - other is as follows:

	2020	2019
	\$	\$
Balance - beginning of year	57,306	41,253
Add amounts received:		
Provincial safe restart funding	236,600	-
Cannabis funding	-	16,053
	236,600	16,053
Less transfer to operations:		
Provincial safe restart funding	55,541	-
AMO Mainstreet Revitalization Grant	41,253	-
	96,794	-
Balance - end of year	197,112	57,306

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2020**

**6. LONG TERM DEBT**

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

	2020 \$	2019 \$
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.	194,072	228,288
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.	266,430	315,636
Ontario Infrastructure Projects Corporation due July 15, 2021, repayable in blended semi annual instalments of \$94,261 and bearing interest at 3.45% per annum.	183,754	361,328
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.	579,494	663,621
Ontario Infrastructure and Lands Corporation due September 1, 2020, repayable in blended semi annual instalments of \$25,462 and bearing interest at 1.45% per annum.	-	50,376
	<b>1,223,750</b>	<b>1,619,249</b>

- (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 \$53,945 (2019 - \$66,510).

- (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 \$
2021	357,393	41,125	398,518
2022	179,958	30,038	209,996
2023	186,515	23,481	209,996
2024	193,317	16,679	209,996
2025	200,375	9,621	209,996
	1,117,558	120,944	1,238,502
2026	106,192	3,132	109,324
	<b>1,223,750</b>	<b>124,076</b>	<b>1,347,826</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2020**

**7. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY**

The estimated liability for landfill closure and post-closure costs for the nine sites operated by the Municipality is \$2,005,900 (2019 - \$1,558,500). 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 \$532,004 (2019 - \$517,004) 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 landfill sites. The remaining capacity of the nine operating sites is estimated at approximately 34.97% (2019 - 35.96%) of their total capacity. The total discounted future cash flows for closure and post-closure cost is estimated at \$3,444,098 as at December 31, 2020 (2019 - \$1,872,774). The liability is calculated based on the capacity of the sites used to the end of the current year. The landfill sites are expected to reach their capacities between 2033 and 2145. The Municipality received revised estimates from their consultant for the year ended December 31, 2020.

**8. 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 2020 Annual Report disclosed total actuarial liabilities of \$113,055 million in respect of benefits accrued for service with actuarial assets of \$109,844 million indicating an actuarial deficit of \$3,211 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 required contributions to OMERS in 2020 were \$190,545 (2019 - \$170,518).

**9. TANGIBLE CAPITAL ASSETS**

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

	2020	2019
	\$	\$
General		
Land and land improvements	1,059,301	1,074,578
Buildings and building improvements	4,315,485	4,474,041
Machinery and vehicles	1,860,988	2,097,473
Furniture and office equipment	66,045	68,209
Infrastructure		
Roads and bridges	15,059,558	11,598,437
	22,361,377	19,312,738
Assets under construction	11,230	21,693
	22,372,607	19,334,431



# CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2020

### 9. **TANGIBLE CAPITAL ASSETS, continued**

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

During the year there were no write-downs of assets (2019 - \$Nil) and no interest capitalized (2019 - \$Nil).

Tangible capital assets allocated by segment are as follows:

	2020	2019
	\$	\$
General government	3,344,038	3,458,473
Protection services	681,356	743,178
Transportation services	17,381,955	14,142,939
Environmental services	141,156	152,075
Recreation and cultural services	824,102	837,766
	22,372,607	19,334,431

### 10. **TRUST FUNDS**

Trust funds administered by the Municipality amounting to \$57,158 (2019 - \$51,808) 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.

### 11. **CONTINGENT LIABILITIES**

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

**CORPORATION OF THE MUNICIPALITY OF  
HASTINGS HIGHLANDS**



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2020**

**12. ACCUMULATED SURPLUS**

Accumulated surplus consists of the following:

	2020	2019
	\$	\$
<b>Surplus/(Deficit)</b>		
Cemetery Board	5,188	5,188
Unfunded landfill closure and post-closure costs	(2,005,900)	(1,558,500)
	(2,000,712)	(1,553,312)
<b>Invested In Capital Assets</b>		
Tangible capital assets - net book value	22,372,607	19,334,431
Long term debt	(1,223,750)	(1,619,249)
	21,148,857	17,715,182
<b>Surplus</b>	19,148,145	16,161,870
<b>Reserves</b>		
Working funds	987,287	2,672,707
Equipment replacement	574,470	475,056
Insurance	30,065	30,065
General administration	569,273	498,988
Fire	451,496	458,856
Health services	15,000	25,000
Recreation capital	32,500	32,500
Election	47,500	32,500
Economic development	38,929	67,000
Paving and construction	1,286,528	705,001
Waste disposal	729,642	704,642
Committed capital (note 17)	274,142	-
Library Board projects	34,673	34,993
Library DVD pool	4,684	4,684
<b>Total Reserves</b>	5,076,189	5,741,992
	24,224,334	21,903,862

**CORPORATION OF THE MUNICIPALITY OF  
HASTINGS HIGHLANDS**



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2020**

**13. BUDGET FIGURES**

The budget, approved by the Municipality, for 2020 is reflected on the Consolidated Statement of Operations and Accumulated Surplus and the Consolidated Statement of Change in Net Financial Assets. The budget established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSA reporting requirements. Budget figures are not subject to audit.

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

	(Unaudited) Revenue \$	(Unaudited) Expenses \$
Council approved budget:		
Operating	10,198,332	10,198,332
Capital	6,198,058	6,198,058
<b>Total Council approved budget</b>	<b>16,396,390</b>	<b>16,396,390</b>
Less: Tangible capital assets capitalized	-	(4,939,058)
Add: Amortization of tangible capital assets	-	1,594,692
Less: Principal repayment of long term debt	-	(395,498)
Less: Transfers to/from reserves	(3,750,566)	(2,334,152)
<b>Adjusted budget per Consolidated Statement of Operations</b>	<b>12,645,824</b>	<b>10,322,374</b>

**14. EXPENSES BY OBJECT**

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

	Budget 2020 \$ (Unaudited)	Actual 2020 \$	Actual 2019 \$
Salaries and benefits	3,724,700	3,680,849	3,525,839
Interest charges	53,945	53,945	66,510
Materials	2,593,398	2,590,582	2,856,826
Contracted services	2,312,703	2,590,312	2,595,353
Rents and financial	17,075	19,652	17,873
External transfers	25,861	25,417	25,244
Amortization	1,594,692	1,804,755	1,594,692
	<b>10,322,374</b>	<b>10,765,512</b>	<b>10,682,337</b>

## **15. 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.

**16. UNCERTAINTY CAUSED BY COVID-19**

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

**17. COMMITMENT**

During the current year, the Municipality entered into a contract for the purchase of a tandem truck. At December 31, 2020, the Municipality had an outstanding commitment of \$274,142 with the supplier as the Municipality had not received the truck by the year end date. This purchase will be funded from the committed capital reserves in 2021.

**18. 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



## CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS For the Year Ended December 31, 2020

	General				Infrastructure	Assets Under Construction	Totals
	Land and Land Improvements	Buildings and Building Improvements	Machinery and Vehicles	Furniture and Office Equipment	Roads and Bridges		
	\$	\$	\$	\$	\$	\$	\$
<b>COST</b>							
Balance, beginning of year	1,100,158	6,505,105	8,370,681	233,753	38,646,752	21,693	54,878,142
Add: additions during the year	-	-	73,429	35,272	4,745,730	-	4,854,431
Less: disposals during the year	11,500	20,475	-	11,153	-	-	43,128
Internal transfers	-	-	-	-	10,463	(10,463)	-
<b>Balance, end of year</b>	<b>1,088,658</b>	<b>6,484,630</b>	<b>8,444,110</b>	<b>257,872</b>	<b>43,402,945</b>	<b>11,230</b>	<b>59,689,445</b>
<b>ACCUMULATED AMORTIZATION</b>							
Balance, beginning of year	25,580	2,031,064	6,273,208	165,544	27,048,315	-	35,543,711
Add: additions during the year	3,777	158,556	309,914	37,436	1,295,072	-	1,804,755
Less: disposals during the year	-	20,475	-	11,153	-	-	31,628
<b>Balance, end of year</b>	<b>29,357</b>	<b>2,169,145</b>	<b>6,583,122</b>	<b>191,827</b>	<b>28,343,387</b>	<b>-</b>	<b>37,316,838</b>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>1,059,301</b>	<b>4,315,485</b>	<b>1,860,988</b>	<b>66,045</b>	<b>15,059,558</b>	<b>11,230</b>	<b>22,372,607</b>

# CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS



## CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE For the Year Ended December 31, 2020

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Recreation and Cultural Services \$	Planning and Development \$	Library Services \$	Consolidated \$
<b>Revenues</b>									
Property taxation	80,538	156,629	5,524,123	896,105	15,000	476,846	187,798	141,000	7,478,039
User charges	103,486	232,104	50,691	136,339	-	803	29,048	10,440	562,911
Government transfers - operating	291,453	1,841,435	-	69,807	-	-	-	17,281	2,219,976
Government transfers - capital	-	-	1,985,881	-	-	-	-	-	1,985,881
Penalties and interest on taxes	112,193	-	-	-	-	-	-	-	112,193
Investment income	39,044	-	-	-	-	-	-	-	39,044
Federal gas tax earned	-	-	506,463	-	-	-	-	-	506,463
Gain on disposal of tangible capital assets	181,477	-	-	-	-	-	-	-	181,477
<b>Total revenues</b>	<b>808,191</b>	<b>2,230,168</b>	<b>8,067,158</b>	<b>1,102,251</b>	<b>15,000</b>	<b>477,649</b>	<b>216,846</b>	<b>168,721</b>	<b>13,085,984</b>
<b>Expenses</b>									
Salaries and benefits	870,689	711,244	1,650,986	231,610	-	11,140	85,633	119,547	3,680,849
Interest charges	25,198	549	28,198	-	-	-	-	-	53,945
Materials	138,802	313,105	1,751,062	73,682	3,186	206,238	83,027	21,480	2,590,582
Contracted services	99,795	1,123,476	303,988	1,007,567	-	48,820	1,680	4,986	2,590,312
Rents and financial	19,577	-	-	-	-	-	-	75	19,652
External transfers	-	9,417	-	-	10,000	6,000	-	-	25,417
Amortization	126,754	89,183	1,552,781	10,919	-	11,086	-	14,032	1,804,755
<b>Total expenses</b>	<b>1,280,815</b>	<b>2,246,974</b>	<b>5,287,015</b>	<b>1,323,778</b>	<b>13,186</b>	<b>283,284</b>	<b>170,340</b>	<b>160,120</b>	<b>10,765,512</b>
<b>Net surplus/(deficit)</b>	<b>(472,624)</b>	<b>(16,806)</b>	<b>2,780,143</b>	<b>(221,527)</b>	<b>1,814</b>	<b>194,365</b>	<b>46,506</b>	<b>8,601</b>	<b>2,320,472</b>

# CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS



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

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Recreation and Cultural Services \$	Planning and Development \$	Library Services \$	Consolidated \$
<b>Revenues</b>									
Property taxation	1,365,204	156,482	4,255,933	731,460	15,000	457,440	155,757	135,500	7,272,776
User charges	111,547	221,123	63,420	150,808	-	12,964	20,750	16,810	597,422
Government transfers - operating	642,901	1,787,052	-	62,483	-	3,658	-	18,849	2,514,943
Government transfers - capital	-	-	130,011	-	-	-	-	-	130,011
Penalties and interest on taxes	116,870	-	-	-	-	-	-	-	116,870
Investment income	88,726	-	-	-	-	-	-	-	88,726
Other grants	-	-	-	-	-	-	-	2,484	2,484
Federal gas tax earned	-	-	263,523	-	-	-	-	-	263,523
Gain on disposal of tangible capital assets	111,868	-	-	-	-	-	-	-	111,868
<b>Total revenues</b>	<b>2,437,116</b>	<b>2,164,657</b>	<b>4,712,887</b>	<b>944,751</b>	<b>15,000</b>	<b>474,062</b>	<b>176,507</b>	<b>173,643</b>	<b>11,098,623</b>
<b>Expenses</b>									
Salaries and benefits	898,836	610,827	1,547,341	208,275	-	32,229	96,765	131,566	3,525,839
Interest charges	28,401	1,271	36,838	-	-	-	-	-	66,510
Materials	157,438	591,139	1,724,271	68,584	3,355	239,993	48,242	23,804	2,856,826
Contracted services	92,722	1,091,202	269,223	1,093,984	-	43,688	1,999	2,535	2,595,353
Rents and financial	17,798	-	-	-	-	-	-	75	17,873
External transfers	-	9,244	-	-	10,000	6,000	-	-	25,244
Amortization	127,511	86,447	1,346,688	10,919	-	11,086	-	12,041	1,594,692
<b>Total expenses</b>	<b>1,322,706</b>	<b>2,390,130</b>	<b>4,924,361</b>	<b>1,381,762</b>	<b>13,355</b>	<b>332,996</b>	<b>147,006</b>	<b>170,021</b>	<b>10,682,337</b>
<b>Net surplus/(deficit)</b>	<b>1,114,410</b>	<b>(225,473)</b>	<b>(211,474)</b>	<b>(437,011)</b>	<b>1,645</b>	<b>141,066</b>	<b>29,501</b>	<b>3,622</b>	<b>416,286</b>



**INDEPENDENT AUDITOR'S REPORT****To the Members of Council, Inhabitants and Ratepayers  
of the Corporation of the Municipality of Hastings  
Highlands****T: (705) 742-3418  
F: (705) 742-9775****[www.bakertilly.ca](http://www.bakertilly.ca)***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, 2020, the statement of continuity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust Funds as at December 31, 2020, and the continuity of the Trust Funds for the year then ended in accordance with Canadian Public Sector Accounting Standards.

*Basis for Opinion*

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

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust Funds' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust Funds' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust Funds to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

*Baker Tilly KDN LLP*

Chartered Professional Accountants  
Licensed Public Accountants

Peterborough, Ontario  
August 20, 2021

**CORPORATION OF THE MUNICIPALITY OF  
HASTINGS HIGHLANDS**



**TRUST FUNDS  
STATEMENT OF FINANCIAL POSITION  
At December 31, 2020**

	Papineau Cemetery Care and Maintenance \$	Zion Cemetery Care and Maintenance \$	Emmanuel Cemetery Care and Maintenance \$	Grace Cemetery Care and Maintenance \$	2020 Total \$	2019 Total \$
<b>FINANCIAL ASSETS</b>						
Cash	12,736	2,999	17,240	23,183	56,158	51,808
Accounts receivable	-	-	1,000	-	1,000	-
	12,736	2,999	18,240	23,183	57,158	51,808
<b>FUND BALANCES</b>						
Capital	12,131	2,999	18,240	23,183	56,553	51,203
Income	605	-	-	-	605	605
	12,736	2,999	18,240	23,183	57,158	51,808

**TRUST FUNDS  
STATEMENT OF CONTINUITY  
For the Year Ended December 31, 2020**

	Papineau Cemetery Care and Maintenance \$	Zion Cemetery Care and Maintenance \$	Emmanuel Cemetery Care and Maintenance \$	Grace Cemetery Care and Maintenance \$	2020 Total \$	2019 Total \$
<b>BALANCES - beginning of year</b>	10,936	2,999	17,240	20,633	51,808	57,373
<b>RECEIPTS</b>						
Perpetual care	1,800	-	1,000	2,550	5,350	6,461
Interest earned	54	14	84	99	251	744
	1,854	14	1,084	2,649	5,601	7,205
<b>EXPENSES</b>						
Transfer to Municipality	54	14	84	99	251	744
Transfer to community group	-	-	-	-	-	12,026
	54	14	84	99	251	12,770
<b>BALANCES - end of year</b>	12,736	2,999	18,240	23,183	57,158	51,808

*The accompanying notes are an integral part of these financial statements*

**TRUST FUNDS  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2020**

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**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) 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**

The Care and Maintenance Funds administered by the Municipality are 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 Funeral, Burial and Cremation Services Act.

**CORPORATION OF THE MUNICIPALITY OF  
HASTINGS HIGHLANDS**

**HASTINGS HIGHLANDS PUBLIC LIBRARY BOARD**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2020**

**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****T: (705) 742-3418**  
**F: (705) 742-9775****[www.bakertilly.ca](http://www.bakertilly.ca)***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, 2020, 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, 2020, 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), assets and accumulated surplus.

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.

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  
August 20, 2021

**CORPORATION OF THE MUNICIPALITY OF  
HASTINGS HIGHLANDS**



**HASTINGS HIGHLANDS PUBLIC LIBRARY BOARD  
STATEMENT OF FINANCIAL POSITION  
At December 31, 2020**

	2020	2019
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash	84,611	67,087
<b>LIABILITIES</b>		
Due to Municipality of Hastings Highlands (note 5)	42,409	24,565
Accounts payable	2,845	2,845
<b>TOTAL LIABILITIES</b>	45,254	27,410
<b>NET FINANCIAL ASSETS</b>	39,357	39,677
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 2)	43,864	34,943
<b>ACCUMULATED SURPLUS (note 3)</b>	83,221	74,620

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*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, 2020**

	Budget 2020 \$ (Unaudited)	Actual 2020 \$	Actual 2019 \$
<b>REVENUES</b>			
Municipal contribution (note 5)	141,000	141,000	135,500
Province of Ontario	17,280	17,281	18,849
Fees, fundraising and donations	14,600	10,440	16,810
Other grants	-	-	2,484
<b>TOTAL REVENUES</b>	<b>172,880</b>	<b>168,721</b>	<b>173,643</b>
<b>EXPENSES</b>			
Salaries and benefits	133,720	119,546	131,566
Supplies and postage	3,150	4,279	3,186
Materials	8,000	10,746	8,101
Programs	4,500	65	3,716
Advertising	600	224	484
Office administration	2,275	2,191	2,560
Professional development	1,900	1,211	1,984
Contracted services	2,800	4,986	2,535
Memberships	150	140	206
IT maintenance	2,500	1,315	2,032
Amortization	12,041	14,032	12,041
Equipment	4,000	1,385	1,610
<b>TOTAL EXPENSES</b>	<b>175,636</b>	<b>160,120</b>	<b>170,021</b>
<b>ANNUAL SURPLUS/(DEFICIT)</b>	<b><u>(2,756)</u></b>	<b>8,601</b>	<b>3,622</b>
<b>ACCUMULATED SURPLUS - beginning of year</b>		<b>74,620</b>	<b>70,998</b>
<b>ACCUMULATED SURPLUS - end of year</b>		<b>83,221</b>	<b>74,620</b>

*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, 2020**

	Budget 2020 \$ (Unaudited)	Actual 2020 \$	Actual 2019 \$
<b>ANNUAL SURPLUS/(DEFICIT)</b>	(2,756)	8,601	3,622
Amortization of tangible capital assets	12,041	14,032	12,041
Acquisition of tangible capital assets	(16,000)	(22,953)	(14,972)
<b>INCREASE/(DECREASE) IN NET FINANCIAL ASSETS</b>	(6,715)	(320)	691
<b>NET FINANCIAL ASSETS - beginning of year</b>	39,677	39,677	38,986
<b>NET FINANCIAL ASSETS - end of year</b>	32,962	39,357	39,677

*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, 2020**

	2020	2019
	\$	\$
<b>CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Annual surplus	8,601	3,622
Items not involving cash		
Amortization of tangible capital assets	14,032	12,041
Change in non-cash assets and liabilities		
Due to Municipality of Hastings Highlands	17,844	16,482
Accounts payable	-	845
<b>Net change in cash from operating activities</b>	<b>40,477</b>	<b>32,990</b>
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(22,953)	(14,972)
<b>NET CHANGE IN CASH</b>	<b>17,524</b>	<b>18,018</b>
<b>CASH - beginning of year</b>	<b>67,087</b>	<b>49,069</b>
<b>CASH - end of year</b>	<b>84,611</b>	<b>67,087</b>

*The accompanying notes are an integral part of these financial statements*

**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:

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

(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:

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.

(d) 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, 2020**

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**1. SIGNIFICANT ACCOUNTING POLICIES, continued**

(e) 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.

(f) 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 \$	2020 Totals \$	2019 Totals \$
<b>COST</b>				
Balance, beginning of year	71,043	54,715	125,758	117,056
Add: additions during the year	17,613	5,340	22,953	14,972
Less: disposals during the year	11,153	-	11,153	6,270
<b>Balance, end of year</b>	<b>77,503</b>	<b>60,055</b>	<b>137,558</b>	<b>125,758</b>
<b>ACCUMULATED AMORTIZATION</b>				
Balance, beginning of year	38,346	52,469	90,815	85,044
Add: additions during the year	11,072	2,960	14,032	12,041
Less: disposals during the year	11,153	-	11,153	6,270
<b>Balance, end of year</b>	<b>38,265</b>	<b>55,429</b>	<b>93,694</b>	<b>90,815</b>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>39,238</b>	<b>4,626</b>	<b>43,864</b>	<b>34,943</b>

**CORPORATION OF THE MUNICIPALITY OF  
HASTINGS HIGHLANDS**



**HASTINGS HIGHLANDS PUBLIC LIBRARY BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2020**

**3. ACCUMULATED SURPLUS**

Accumulated surplus consists of the following:

	2020	2019
	\$	\$
<b>Invested In Capital Assets</b>		
Tangible capital assets - net book value	43,864	34,943
<b>Surplus</b>	43,864	34,943
<b>Reserves</b>		
Projects	34,673	34,993
DVD pool	4,684	4,684
<b>Total Reserves</b>	39,357	39,677
	83,221	74,620

**4. BUDGET FIGURES**

The operating budget, approved by the Board, for 2020 is reflected on the Statement of Operations and Accumulated Surplus and the Statement of Change in Net Financial Assets. The budgets established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual expenditure amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSA reporting requirements. Budget figures are not subject to audit.

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

	(Unaudited) 2020 Revenue \$	(Unaudited) 2020 Expenses \$
Board approved budget	172,880	172,880
Less: Tangible capital assets capitalized	-	(16,000)
Add: Amortization of tangible capital assets	-	12,041
Add: Reserve transfers	-	6,715
	172,880	175,636

**5. 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.

**6. UNCERTAINTY CAUSED BY COVID-19**

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