

**CORPORATION OF THE MUNICIPALITY OF
HASTINGS HIGHLANDS**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2016

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HASTINGS HIGHLANDS**

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CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

For The Year Ended December 31, 2016

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.

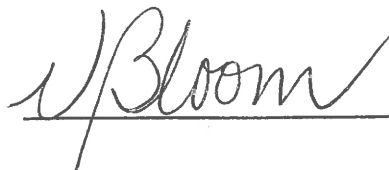
The Municipality maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Municipality's assets are appropriately 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 Collins Barrow Kawarthas LLP in accordance with Canadian generally accepted auditing standards on behalf of the Municipality. Collins Barrow Kawarthas LLP has full and free access to Council.

Mayor



Date JUNE 28/2017

Treasurer



Date JUNE 28/2017

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of the Corporation of the Municipality of Hastings Highlands and its local boards, which comprise the consolidated statement of financial position as at December 31, 2016, the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation of the Municipality of Hastings Highlands and its local boards as at December 31, 2016 and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Collins Barrow Kawarthas LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
July 5, 2017

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2016

	2016	2015
	\$	\$
FINANCIAL ASSETS		
Cash	4,031,104	3,489,561
Accounts receivable	196,674	157,991
Taxes receivable	1,791,180	1,836,764
TOTAL FINANCIAL ASSETS	6,018,958	5,484,316
LIABILITIES		
Accounts payable and accrued liabilities	1,334,129	839,400
Deferred revenue - other (note 3)	3,313	27,089
Deferred revenue - obligatory reserve funds (note 4)	95,226	134,000
Long term debt (note 5)	2,732,027	3,079,742
Landfill closure and post-closure liability (note 6)	1,133,411	1,346,606
TOTAL LIABILITIES	5,298,106	5,426,837
NET FINANCIAL ASSETS	720,852	57,479
NON-FINANCIAL ASSETS		
Tangible capital assets (note 10)	20,311,544	21,152,714
Prepaid expenses	32,514	32,514
TOTAL NON-FINANCIAL ASSETS	20,344,058	21,185,228
ACCUMULATED SURPLUS (note 15)	21,064,910	21,242,707

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, 2016

	Budget 2016 \$ (Unaudited)	Actual 2016 \$	Actual 2015 \$
REVENUES			
Property taxation	6,651,691	6,677,448	6,218,579
User charges	288,062	341,063	445,844
Government of Canada	-	2,027	7,997
Province of Ontario	1,370,536	1,475,548	1,399,190
Penalties and interest on taxes	180,000	233,398	238,989
Investment income	7,000	20,955	13,586
Sale of assets	-	83,194	-
Other grants	5,416	6,813	30,370
Federal gas tax	300,000	296,628	293,736
TOTAL REVENUES	8,802,705	9,137,074	8,648,291
EXPENSES			
General government	1,661,447	1,563,950	1,648,815
Protection services	1,858,661	1,720,694	1,461,097
Transportation services	4,513,987	5,035,763	4,041,650
Environmental services	621,626	447,515	728,569
Health services	25,000	23,327	23,116
Recreation and cultural services	516,808	427,556	355,251
Planning and development	137,800	96,066	161,556
TOTAL EXPENSES	9,335,329	9,314,871	8,420,054
ANNUAL SURPLUS/(DEFICIT)	<u>(532,624)</u>	(177,797)	228,237
ACCUMULATED SURPLUS - beginning of year		21,242,707	21,014,470
ACCUMULATED SURPLUS - end of year		21,064,910	21,242,707

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, 2016

	Budget 2016 \$ (Unaudited)	Actual 2016 \$	Actual 2015 \$
ANNUAL SURPLUS/(DEFICIT)	(532,624)	(177,797)	228,237
Amortization of tangible capital assets	1,731,907	1,688,312	1,731,907
Purchase of tangible capital assets	(1,067,096)	(865,958)	(1,753,229)
Loss on disposal of tangible capital assets	-	18,816	38,346
Change in prepaid expenses	-	-	(667)
CHANGE IN NET FINANCIAL ASSETS/(LIABILITIES)	132,187	663,373	244,594
NET FINANCIAL ASSETS/(LIABILITIES) - beginning of year	57,479	57,479	(187,115)
NET FINANCIAL ASSETS - end of year	189,666	720,852	57,479

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, 2016

	2016	2015
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus/(deficit)	(177,797)	228,237
Items not involving cash		
Amortization of tangible capital assets	1,688,312	1,731,907
Loss on disposal of tangible capital assets	18,816	38,346
Change in landfill closure and post-closure liability	(213,195)	217,850
Change in non-cash assets and liabilities		
Accounts receivable	(38,683)	548,348
Taxes receivable	45,584	199,713
Prepaid expenses	-	(667)
Accounts payable and accrued liabilities	494,729	(140,695)
Deferred revenue - other	(23,776)	(46,914)
Deferred revenue - obligatory reserve funds	(38,774)	4,716
Net change in cash from operating activities	1,755,216	2,780,841
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(865,958)	(1,753,229)
FINANCING ACTIVITIES		
Long term debt issued	-	744,758
Debt principal repayments	(347,715)	(246,752)
Net change in cash from financing activities	(347,715)	498,006
NET CHANGE IN CASH	541,543	1,525,618
CASH - beginning of year	3,489,561	1,963,943
CASH - end of year	4,031,104	3,489,561

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, 2016

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 financial statements include:

- Hastings Highlands Public Library Board
- Cemetery Board

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

(b) Trust Funds

Trust funds and their related operations administered by the Municipality are not included in these consolidated financial statements but are reported on separately on the Trust Funds Statement of Continuity and Statement of Financial Position.

(c) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, if any, of tangible capital assets is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

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

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

Tangible capital assets categorized as assets under construction are not amortized until they are put into service.

(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.

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2016

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(e) Recognition of Revenues and Expenses

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which the transactions or events occurred that give rise to the revenue; expenses are recognized in the period the goods or services are acquired and a legal liability is incurred or transfers are due.

Taxation

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 fees 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.

(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, 2016

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(h) Use of Estimates

Certain items recognized in the financial statements are subject to measurement uncertainty. The recognized amounts of such items are based on the Municipality'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 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 and opening costs of tangible capital assets are based on estimates of useful life, residual values and valuation rates.

2. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF HASTINGS

During 2016, 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 \$
Property taxes	1,887,126	2,605,244
Taxation from other governments	6,481	12,786
Amounts requisitioned and remitted	1,893,607	2,618,030

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

3. DEFERRED REVENUE - OTHER

Included in deferred revenue - other are the following amounts:

	2016 \$	2015 \$
Asset Management grant	-	22,373
Library Capacity grant	3,313	4,316
Cemetery deposit	-	400
	3,313	27,089

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2016

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:

	2016	2015
	\$	\$
Federal gas tax	52,726	101,500
Parkland	42,500	32,500
	95,226	134,000

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

	2016	2015
	\$	\$
Balance - beginning of year	134,000	180,914
Add amounts received:		
Federal gas tax received from County	120,686	120,686
Federal gas tax received from AMO	126,720	120,686
Parkland fees received	10,000	4,900
Interest	448	550
	257,854	246,822
Less transfer to operations:		
Federal gas tax earned	296,628	293,736
Balance - end of year	95,226	134,000

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2016

5. LONG TERM DEBT

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

	2016 \$	2015 \$
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.	322,818	351,804
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.	859,020	1,013,888
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.	897,265	969,292
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.	197,211	244,758
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.	455,713	500,000
	2,732,027	3,079,742

- (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 \$101,727 (2015 - \$94,520).

- (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 \$
2017	359,055	90,387	449,442
2018	370,790	78,653	449,443
2019	382,933	66,510	449,443
2020	395,498	53,944	449,442
2021	357,393	41,125	398,518
2022 and subsequent years	866,358	82,951	949,309
	2,732,027	413,570	3,145,597

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2016

6. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

The liability for landfill closure and post-closure costs of \$1,111,170 (2015 - \$1,346,606) has been estimated using discounted future cash flows associated with closure and post-closure care activities for the nine sites operated by the Municipality. The closure costs include final cover, vegetation and additional monitoring wells. Post-closure costs include monitoring, maintenance of control systems and consulting fees for 25 years after the site is closed. A reserve of \$504,545 (2015 - \$464,045) 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 50.37% (2015 - 43.7%) of their total capacity. The total discounted future cash flows for closure and post-closure cost is estimated at \$1,907,204 as at December 31, 2016 (2015 - \$2,122,974) using a discount factor of 4% and an inflation rate of 2%. The landfill sites are expected to reach their capacities between 2017 and 2096. The Municipality received revised estimates from their consultant for the year ended December 31, 2016.

7. 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 2016-002. At December 31, 2016 there was no balance outstanding (2015 - \$Nil).

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 2016 Annual Report disclosed total actuarial liabilities of \$87,554 million in respect of benefits accrued for service with actuarial assets of \$81,834 million indicating an actuarial deficit of \$5,720 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 2016 were \$146,001 (2015 - \$132,153).

9. BUDGET FIGURES

The budget, approved by the Municipality, for 2016 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.

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2016

10. TANGIBLE CAPITAL ASSETS

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

	2016	2015
	\$	\$
General		
Land and land improvements	1,081,635	1,085,411
Buildings	4,936,754	5,094,994
Vehicles and equipment	1,685,137	1,864,435
Computer equipment, furnishings and other	38,983	25,097
Infrastructure		
Roads and bridges	12,569,035	13,050,723
	20,311,544	21,120,660
Assets under construction	-	32,054
	20,311,544	21,152,714

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

During the year there were no write-downs of assets (2015 - \$Nil) and no interest capitalized (2015 - \$Nil).

Tangible capital assets allocated by segment are as follows:

	2016	2015
	\$	\$
General government	3,761,330	3,850,090
Protection services	492,342	536,184
Transportation services	15,046,537	15,788,612
Environmental services	163,816	118,836
Recreation and cultural services	847,519	858,992
	20,311,544	21,152,714

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2016

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 2016 \$ (Unaudited)	Actual 2016 \$	Actual 2015 \$
Salaries and benefits	2,923,900	2,839,708	2,602,364
Interest charges	101,730	101,727	94,520
Materials	2,556,439	2,338,009	2,147,547
Contracted services	1,789,276	2,098,939	1,553,855
Rents and financial	18,100	16,769	38,621
External transfers	213,977	212,591	212,894
Amortization	1,731,907	1,688,312	1,731,907
Loss on disposal of tangible capital assets	-	18,816	38,346
	9,335,329	9,314,871	8,420,054

12. TRUST FUNDS

Trust funds administered by the Municipality amounting to \$51,873 (2015 - \$51,084) 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.

13. 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.

14. COMPARATIVE FIGURES

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

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2016

15. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2016	2015
	\$	\$
Surplus/(Deficit)		
Hastings Highlands Public Library Board	31,140	23,681
Cemetery Board	5,188	5,120
Unfunded landfill closure and post-closure costs	(1,133,411)	(1,346,606)
	(1,097,083)	(1,317,805)
Invested In Capital Assets		
Tangible capital assets - net book value	20,311,544	21,152,714
Long term debt	(2,732,027)	(3,079,742)
	17,579,517	18,072,972
Surplus	16,482,434	16,755,167
Reserves		
Working funds	2,263,707	2,386,206
Insurance	30,065	30,065
General administration	122,539	62,539
Equipment replacement	492,376	304,212
Paving and construction	229,699	428,707
Election	27,500	17,500
Waste disposal	678,201	627,701
Policing costs	110,000	110,000
Recreation capital	32,500	32,500
Fire	473,889	386,110
Economic development	97,000	77,000
Health	25,000	25,000
Total Reserves	4,582,476	4,487,540
	21,064,910	21,242,707

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2016

16. 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 collection and recycling services to ratepayers.

Health Services

The health services function consists of external transfers to the local medical centre and cemetery operations.

Recreation and Cultural Services

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

Planning and Development

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

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the Year Ended December 31, 2016

	General				Infrastructure		Totals
	Land and Land Improvements	Buildings	Vehicles and Equipment	Computer Equipment, Furnishings and Other	Roads and Bridges	Assets Under Construction	
	\$	\$	\$	\$	\$	\$	\$
COST							
Balance, beginning of year	1,095,887	6,492,466	7,243,173	136,135	39,278,712	32,054	54,278,427
Add: additions during the year	-	-	105,422	27,016	733,520	-	865,958
Less: disposals during the year	-	-	353,247	6,146	752,658	-	1,112,051
Internal transfers	-	-	-	-	32,054	(32,054)	-
Balance, end of year	1,095,887	6,492,466	6,995,348	157,005	39,291,628	-	54,032,334
ACCUMULATED AMORTIZATION							
Balance, beginning of year	10,476	1,397,472	5,378,738	111,038	26,227,989	-	33,125,713
Add: additions during the year	3,776	158,240	284,720	13,130	1,228,446	-	1,688,312
Less: disposals during the year	-	-	353,247	6,146	733,842	-	1,093,235
Balance, end of year	14,252	1,555,712	5,310,211	118,022	26,722,593	-	33,720,790
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	1,081,635	4,936,754	1,685,137	38,983	12,569,035	-	20,311,544

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2016

	General Government		Protection Services		Transportation Services		Environmental Services		Health Services		Recreation and Cultural Services		Planning and Development		Consolidated		
	\$		\$		\$		\$		\$		\$		\$		\$		
Revenues																	
Property taxation	1,655,970		474,287		3,517,970		544,456		23,237		368,845		92,683		6,677,448		
User charges	34,354		131,407		43,232		84,867		90		27,929		19,184		341,063		
Government transfers - operating	22,373		-		1,272,700		98,220		-		19,308		4,199		1,416,800		
Government transfers - capital	-		-		32,128		28,647		-		-		-		60,775		
Penalties and interest on taxes	233,398		-		-		-		-		-		-		233,398		
Investment income	20,955		-		-		-		-		-		-		20,955		
Sale of assets	38,219		-		44,975		-		-		-		-		83,194		
Other grants	-		-		-		-		-		6,813		-		6,813		
Federal gas tax	-		-		296,628		-		-		-		-		296,628		
Total revenues	2,005,269		605,694		5,207,633		756,190		23,327		422,895		116,066		9,137,074		
Expenses																	
Salaries and benefits	1,084,534		136,536		1,213,392		179,395		-		150,059		75,792		2,839,708		
Interest charges	37,297		3,377		61,053		-		-		-		-		101,727		
Materials	162,660		185,346		1,515,682		212,926		13,327		230,960		17,108		2,338,009		
Contracted services	154,542		1,155,002		719,469		45,325		-		21,435		3,166		2,098,939		
Rents and financial	16,704		-		-		-		-		65		-		16,769		
External transfers	-		196,591		-		-		10,000		6,000		-		212,591		
Amortization	108,213		43,842		1,507,351		9,869		-		19,037		-		1,688,312		
Loss on disposal of tangible capital assets	-		-		18,816		-		-		-		-		18,816		
Total expenses	1,563,950		1,720,694		5,035,763		447,515		23,327		427,556		96,066		9,314,871		
Net surplus/(deficit)	441,319		(1,115,000)		171,870		308,675		-		(4,661)		20,000		(177,797)		

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2015

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues								
Property taxation	1,061,251	564,481	3,488,749	687,270	23,003	287,027	106,798	6,218,579
User charges	72,883	151,633	91,819	84,433	113	21,746	23,217	445,844
Government transfers - operating	-	-	1,131,200	39,257	-	32,753	31,541	1,234,751
Government transfers - capital	-	-	172,436	-	-	-	-	172,436
Penalties and interest on taxes	238,989	-	-	-	-	-	-	238,989
Investment income	13,586	-	-	-	-	-	-	13,586
Other grants	1,824	-	-	-	-	28,546	-	30,370
Federal gas tax	-	-	293,736	-	-	-	-	293,736
Total revenues	1,388,533	716,114	5,177,940	810,960	23,116	370,072	161,556	8,648,291
Expenses								
Salaries and benefits	986,972	157,646	1,035,162	170,525	-	155,093	96,966	2,602,364
Interest charges	40,040	-	54,480	-	-	-	-	94,520
Materials	321,147	204,525	1,216,477	191,678	13,116	153,863	46,741	2,147,547
Contracted services	158,751	854,352	144,075	359,240	-	19,588	17,849	1,553,855
Rents and financial	38,556	-	-	-	-	65	-	38,621
External transfers	-	196,894	-	-	10,000	6,000	-	212,894
Amortization	103,349	47,680	1,553,110	7,126	-	20,642	-	1,731,907
Loss on disposal of tangible capital assets	-	-	38,346	-	-	-	-	38,346
Total expenses	1,648,815	1,461,097	4,041,650	728,569	23,116	355,251	161,556	8,420,054
Net surplus/(deficit)	(260,282)	(744,983)	1,136,290	82,391	-	14,821	-	228,237

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Trust Funds of the Corporation of the Municipality of Hastings Highlands, which comprise the statement of financial position as at December 31, 2016, the statement of continuity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Trust Funds of the Corporation of the Municipality of Hastings Highlands as at December 31, 2016 and the continuity of the Trust Funds for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Collins Barrow Kawarthas LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
July 5, 2017

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

TRUST FUNDS STATEMENT OF FINANCIAL POSITION At December 31, 2016

	Train Trust \$	Papineau Cemetery Perpetual Care \$	Zion Cemetery Perpetual Care \$	Emmanuel Cemetery Perpetual Care \$	Grace Cemetery Perpetual Care \$	2016 Total \$	2015 Total \$
FINANCIAL ASSETS							
Cash	12,026	8,275	2,999	11,090	17,483	51,873	50,184
Due from Municipality	-	-	-	-	-	-	900
	12,026	8,275	2,999	11,090	17,483	51,873	51,084
FUND BALANCES							
Capital	12,026	7,670	2,999	11,090	17,483	51,268	50,479
Revenue	-	605	-	-	-	605	605
	12,026	8,275	2,999	11,090	17,483	51,873	51,084
	12,026	8,275	2,999	11,090	17,483	51,873	51,084

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

TRUST FUNDS STATEMENT OF CONTINUITY For the Year Ended December 31, 2016

	Train Trust \$	Papineau Cemetery Perpetual Care \$	Zion Cemetery Perpetual Care \$	Emmanuel Cemetery Perpetual Care \$	Grace Cemetery Perpetual Care \$	2015 Total \$	2016 Total \$
BALANCE - beginning of year	12,026	7,836	2,999	10,790	17,433	51,084	142,934
RECEIPTS							
Donations	-	-	-	-	-	-	4,529
Perpetual care	-	439	-	300	50	789	-
Interest earned	24	15	6	22	35	102	-
	24	454	6	322	85	891	4,529
EXPENSES							
Bank charges	-	-	-	-	-	-	98
Transfer to Honorarium Committee	-	-	-	-	-	-	96,281
Transfer to Municipality	24	15	6	22	35	102	-
	24	15	6	22	35	102	96,379
BALANCE - end of year	12,026	8,275	2,999	11,090	17,483	51,873	51,084

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

TRUST FUNDS NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2016

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. CEMETERY PERPETUAL CARE

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