

**CORPORATION OF THE  
MUNICIPALITY OF HASTINGS HIGHLANDS**

**CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2015**

**CORPORATION OF THE  
MUNICIPALITY OF HASTINGS HIGHLANDS**

**CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2015**

**TABLE OF CONTENTS**

	Page Number
<b>MANAGEMENT REPORT</b>	
<b>INDEPENDENT AUDITORS' REPORT</b>	
<b>CONSOLIDATED FINANCIAL STATEMENTS</b>	
Statement of Financial Position	1
Statement of Operations and Accumulated Surplus	2
Statement of Change in Net Financial Assets (Liabilities)	3
Statement of Cash Flows	4
Notes to the Financial Statements	5 - 14
Schedule of Tangible Capital Assets	15
Schedules of Segment Disclosure	16 - 17
<b>TRUST FUNDS</b>	
Independent Auditors' Report	18
Statement of Financial Position	19
Statement of Continuity	20
Notes to the Financial Statements	21

**Vivian Bloom**  
Mayor



Tel: 613-338-2811 or  
Toll Free 877-338-2818  
Fax: 613-338-3292

**Pat Pilgrim**  
CAO

#33011 Hwy 62, P.O Box 130  
Maynooth, Ontario, K0L 2S0

Email:  
info@hastingshighlands.ca

## CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

For The Year Ended December 31, 2015

### 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 auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities and to review the financial statements and the independent auditors' 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

V. Bloom

Date

July 20, 2016

Treasurer

P. Pilgrim

Date

JULY 20 / 2016

## **INDEPENDENT AUDITORS' 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, 2015, the consolidated statements of operations and accumulated surplus, change in net financial assets (liabilities) 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.

#### *Auditors' 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 auditors' 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, 2015 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 29, 2016

# CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2015

	2015	2014
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash	3,489,561	1,963,943
Accounts receivable	157,991	706,339
Taxes receivable	1,836,764	2,036,477
<b>TOTAL FINANCIAL ASSETS</b>	<b>5,484,316</b>	<b>4,706,759</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	839,400	980,095
Deferred revenue - obligatory reserve funds (note 4)	134,000	180,914
Deferred revenue - other (note 5)	27,089	22,373
Long term debt (note 6)	3,079,742	2,581,736
Landfill closure and post-closure liability (note 7)	1,346,606	1,128,756
<b>TOTAL LIABILITIES</b>	<b>5,426,837</b>	<b>4,893,874</b>
<b>NET FINANCIAL ASSETS/(LIABILITIES)</b>	<b>57,479</b>	<b>(187,115)</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 10)	21,152,714	21,169,738
Prepaid expenses	32,514	31,847
<b>TOTAL NON-FINANCIAL ASSETS</b>	<b>21,185,228</b>	<b>21,201,585</b>
<b>ACCUMULATED SURPLUS (note 15)</b>	<b>21,242,707</b>	<b>21,014,470</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, 2015

	Budget 2015 \$ (Unaudited)	Actual 2015 \$	Actual 2014 \$
<b>REVENUES</b>			
Property taxation	6,165,127	6,218,579	5,772,576
User charges	294,919	445,844	373,163
Government of Canada	3,500	7,997	4,923
Province of Ontario	1,598,052	1,399,190	3,024,148
Penalties and interest on taxes	180,000	238,989	248,794
Investment income	5,000	13,586	15,569
Other	-	-	20,641
Other grants	21,235	30,370	12,761
Federal gas tax	376,500	293,736	374,607
<b>TOTAL REVENUES</b>	<b>8,644,333</b>	<b>8,648,291</b>	<b>9,847,182</b>
<b>EXPENSES</b>			
General government	1,757,189	1,648,815	1,464,805
Protection services	1,628,775	1,461,097	1,387,145
Transportation services	4,182,550	4,041,650	4,156,114
Environmental services	580,850	728,569	1,001,832
Health services	23,000	23,116	21,150
Recreation and cultural services	415,591	355,251	353,271
Planning and development	160,700	161,556	90,556
<b>TOTAL EXPENSES</b>	<b>8,748,655</b>	<b>8,420,054</b>	<b>8,474,873</b>
<b>ANNUAL SURPLUS/(DEFICIT)</b>	<b>(104,322)</b>	<b>228,237</b>	<b>1,372,309</b>
<b>ACCUMULATED SURPLUS - beginning of year</b>	<b>21,014,470</b>	<b>21,014,470</b>	<b>19,642,161</b>
<b>ACCUMULATED SURPLUS - end of year</b>	<b>20,910,148</b>	<b>21,242,707</b>	<b>21,014,470</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 (LIABILITIES)

For the Year Ended December 31, 2015

	Budget 2015 \$ (Unaudited)	Actual 2015 \$	Actual 2014 \$
<b>ANNUAL SURPLUS/(DEFICIT)</b>	(104,322)	228,237	1,372,309
Amortization of tangible capital assets	1,694,050	1,731,907	1,694,050
Acquisition of tangible capital assets	(2,063,854)	(1,753,229)	(2,721,923)
Loss on disposal of tangible capital assets	-	38,346	16,719
Proceeds on sale of tangible capital assets	-	-	12,475
Increase in prepaid expenses	-	(667)	(31,847)
<b>CHANGE IN NET FINANCIAL ASSETS (LIABILITIES)</b>	(474,126)	244,594	341,783
<b>NET FINANCIAL LIABILITIES - beginning of year</b>	(187,115)	(187,115)	(528,898)
<b>NET FINANCIAL ASSETS (LIABILITIES) - end of year</b>	(661,241)	57,479	(187,115)

*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, 2015

	2015	2014
	\$	\$
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING</b>		
Annual surplus/(deficit)	228,237	1,372,309
(Increase)/decrease in accounts receivable	548,348	(270,409)
(Increase)/decrease in taxes receivable	199,713	(274,075)
Increase in prepaid expenses	(667)	(31,847)
Increase/(decrease) in accounts payable and accrued liabilities	(140,695)	140,849
Decrease in deferred revenue - obligatory reserve funds	(46,914)	(110,901)
Increase/(decrease) in deferred revenue - other	4,716	(23,621)
Non-cash charges to operations		
Amortization of tangible capital assets	1,731,907	1,694,050
Loss on disposal of tangible capital assets	38,346	16,719
Increase in landfill closure and post-closure liability	217,850	204,544
<b>Net increase in cash from operating transactions</b>	<b>2,780,841</b>	<b>2,717,618</b>
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(1,753,229)	(2,721,923)
Proceeds on disposal of tangible capital assets	-	12,475
<b>Net decrease in cash from capital transactions</b>	<b>(1,753,229)</b>	<b>(2,709,448)</b>
<b>FINANCING</b>		
Long term debt issued	744,758	-
Debt principal repayments	(246,752)	(237,952)
<b>Net increase/(decrease) in cash from financing transactions</b>	<b>498,006</b>	<b>(237,952)</b>
<b>INCREASE/(DECREASE) IN CASH</b>	<b>1,525,618</b>	<b>(229,782)</b>
<b>CASH - beginning of year</b>	<b>1,963,943</b>	<b>2,193,725</b>
<b>CASH - end of year</b>	<b>3,489,561</b>	<b>1,963,943</b>

*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, 2015

---

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.

# CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2015

---

### 1. SIGNIFICANT ACCOUNTING POLICIES, continued

(d) Non-financial Assets

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

(e) Recognition of Revenues and Expenses

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

(f) Reserves

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.

(h) Taxation

Property tax billings are prepared by the Municipality based on assessment rolls issued by the Municipal Property Assessment Corporation (MPAC) and in accordance with the provisions of the Municipal Act, 2001. The Municipality's Council establishes the tax rates annually, incorporating amounts to be raised for local services, and amounts the Municipality is required to collect on behalf of the County and School Boards. From time to time property assessments are adjusted by MPAC through the reconsideration process or by the Assessment Review Board through the appeal process. Additional assessments, referred to as supplementary and omitted assessment can also be issued by MPAC in accordance with the Assessment Act. These adjustments and additional assessments are 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.

(i) Government Funding

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

# CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2015

---

### 1. SIGNIFICANT ACCOUNTING POLICIES, continued

#### (j) Use of Estimates

Certain items recognized in the financial statements are subject to measurement uncertainty. The recognized amounts of such items are based on the Municipality's best information and judgment. 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. CHANGES IN ACCOUNTING POLICY

The Municipality has implemented PSA section 3260 Liability for Contaminated Sites. Section 3260 requires governments to record a liability in their financial statements if they have a contaminated site that meets the requirements set out in the standard. The standard defines contamination as the introduction into air, soil, water, or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The standard generally applies to sites that are not in productive use. Sites that are in productive use are only considered contaminated if there was an unexpected event that resulted in contamination. This change has been applied retroactively without restatement of prior periods. The adoption of this standard did not have an impact on the Municipality's financial statements.

### 3. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF HASTINGS

During 2015, 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	1,885,759	2,514,575
Taxation from other governments	6,403	12,215
<b>Amounts requisitioned and remitted</b>	<b>1,892,162</b>	<b>2,526,790</b>

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

# CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2015

### 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:

	2015	2014
	\$	\$
Federal gas tax	101,500	153,314
Parkland	32,500	27,600
	134,000	180,914

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

	2015	2014
	\$	\$
Balance - beginning of year	180,914	291,815
Add amounts received:		
Federal gas tax received from County	120,686	123,991
Federal gas tax received from AMO	120,686	110,653
Parkland fees received	4,900	27,600
Interest	550	1,462
	246,822	263,706
Less transfer to operations:		
Federal gas tax earned	293,736	374,607
Balance - end of year	134,000	180,914

### 5. DEFERRED REVENUE - OTHER

Included in deferred revenue - other are the following amounts:

	2015	2014
	\$	\$
Asset Management grant	22,373	22,373
Library Capacity grant	4,316	-
Cemetery deposit	400	-
	27,089	22,373

# CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2015

### 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:

	2015	2014
	\$	\$
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.	351,804	379,612
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.	1,013,888	1,163,547
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.	969,292	1,038,577
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.	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.	500,000	-
	<u>3,079,742</u>	<u>2,581,736</u>

- (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 \$94,520 (2014 - \$103,320).
- (d) The long term debt is secured by a chattel mortgage on the assets acquired.

# CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2015

### 6. LONG TERM DEBT, continued

(e) The long term debt reported in (a) of this note is repayable as follows:

	Principal \$	Interest \$	Total \$
2016	347,715	101,728	449,443
2017	359,056	90,387	449,443
2018	370,790	78,653	449,443
2019	382,933	66,510	449,443
2020	395,498	53,944	449,442
2021 and subsequent years	1,223,750	124,077	1,347,827
	3,079,742	515,299	3,595,041

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

The liability for landfill closure and post-closure costs of \$1,346,606 (2014 - \$1,128,756) 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 \$464,045 (2014 - \$371,222) has been provided for this liability with the remaining costs to be funded from taxation. There are no specific assets designated for settling this liability.

The reported liability is based upon estimates and assumptions with respect to events extending over the remaining life of the nine landfill sites. The remaining capacity of the nine operating sites is estimated at approximately 43.7% (2014 - 54.1%) of their total capacity. The total discounted future cash flows for closure and post-closure cost is estimated at \$2,122,974 as at December 31, 2015 (2014 - \$2,003,060) using a discount factor of 4% and an inflation rate of 2%. The landfill sites are expected to reach their capacities between 2016 and 2071. The Municipality received revised estimates from their consultant for the year ended December 31, 2015.

### 8. CREDIT FACILITY AGREEMENT

The Municipality has a revolving credit facility agreement with its main financial institution. The amount available at any time is limited to \$1,000,000 via an operating line of credit. Any balance borrowed will accrue interest at the bank's prime lending rate. Council authorized the temporary borrowing limit by By-law 2015-006. At December 31, 2015 there was no balance outstanding (2014 - \$Nil).

### 9. PENSION AGREEMENTS

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

Contributions required on account of current service in 2015 were \$132,153 (2014 - \$137,820).

# CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2015

### 10. TANGIBLE CAPITAL ASSETS

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

	2015	2014
	\$	\$
General		
Land and land improvements	1,085,411	1,089,187
Buildings	5,094,994	5,253,234
Vehicles and equipment	1,864,435	1,740,115
Computer equipment, furnishings and other	25,097	26,228
Infrastructure		
Roads and bridges	13,050,723	10,994,638
	21,120,660	19,103,402
Assets under construction	32,054	2,066,336
	21,152,714	21,169,738

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

During the year there were no write-downs of assets (2014 - \$Nil) and no interest capitalized (2014 - \$Nil).

Tangible capital assets allocated by segment are as follows:

	2015	2014
	\$	\$
General government	3,850,090	3,953,440
Protection services	536,184	358,669
Transportation services	15,788,612	15,860,775
Environmental services	118,836	125,962
Recreation and cultural services	858,992	870,892
	21,152,714	21,169,738

# CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2015

### 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 2015 \$ (Unaudited)	Actual 2015 \$	Actual 2014 \$
Salaries and benefits	2,754,675	2,602,364	2,673,787
Interest charges	97,540	94,520	103,320
Materials	2,444,075	2,147,547	2,096,852
Contracted services	1,530,699	1,553,855	1,653,717
Rents and financial	12,700	38,621	11,473
External transfers	214,916	212,894	224,955
Amortization	1,694,050	1,731,907	1,694,050
Loss on disposal of tangible capital assets	-	38,346	16,719
	8,748,655	8,420,054	8,474,873

### 12. BUDGET FIGURES

The budget, approved by the Municipality, for 2015 is reflected on the Consolidated Statement of Operations and Accumulated Surplus and the Consolidated Statement of Change in Net Financial Assets (Liabilities). The budgets established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSA reporting requirements. Budget figures are not subject to audit.

### 13. TRUST FUNDS

Trust funds administered by the Municipality amounting to \$51,084 (2014 - \$142,934) 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.

### 14. 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, 2015

### 15. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2015	2014
	\$	\$
<b>Surplus/(Deficit)</b>		
Municipality	-	27,334
Hastings Highlands Public Library Board	23,681	31,174
Cemetery Board	5,120	5,123
Unfunded landfill closure and post-closure costs	(1,346,606)	(1,128,756)
	(1,317,805)	(1,065,125)
<b>Invested In Capital Assets</b>		
Tangible capital assets - net book value	21,152,714	21,169,738
Long term debt	(3,079,742)	(2,581,736)
	18,072,972	18,588,002
<b>Surplus</b>	16,755,167	17,522,877
<b>Reserves</b>		
Working funds	2,386,206	1,411,856
Insurance	30,065	20,065
General administration	62,539	29,751
Equipment replacement	304,212	663,142
Paving and construction	428,707	294,559
Election	17,500	7,500
Waste disposal	627,701	524,878
Policing costs	110,000	110,000
Recreation capital	32,500	-
Fire	386,110	327,842
Economic development	77,000	77,000
Health	25,000	25,000
<b>Total Reserves</b>	4,487,540	3,491,593
	21,242,707	21,014,470

### 16. 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, 2015

---

### 17. 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, waste disposal and recycling services to ratepayers.

#### **Health Services**

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

#### **Recreation and Cultural Services**

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

#### **Planning and Development**

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

# CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

## CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS For the Year Ended December 31, 2015

	General				Infrastructure		Totals \$
	Land and Land Improvements \$	Buildings \$	Vehicles and Equipment \$	Computer Equipment, Furnishings and Other \$	Roads and Bridges \$	Assets Under Construction \$	
<b>COST</b>							
Balance, beginning of year	1,095,887	6,492,466	6,860,697	134,778	36,690,999	2,066,336	53,341,163
Add: additions during the year	-	-	424,126	8,741	1,288,308	32,054	1,753,229
Less: disposals during the year	-	-	41,650	7,384	766,931	-	815,965
Internal transfers	-	-	-	-	2,066,336	(2,066,336)	-
Balance, end of year	1,095,887	6,492,466	7,243,173	136,135	39,278,712	32,054	54,278,427
<b>ACCUMULATED AMORTIZATION</b>							
Balance, beginning of year	6,700	1,239,232	5,120,582	108,550	25,696,361	-	32,171,425
Add: additions during the year	3,776	158,240	299,806	9,872	1,260,213	-	1,731,907
Less: disposals during the year	-	-	41,650	7,384	728,585	-	777,619
Balance, end of year	10,476	1,397,472	5,378,738	111,038	26,227,989	-	33,125,713
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	1,085,411	5,094,994	1,864,435	25,097	13,050,723	32,054	21,152,714

# 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 \$
<b>Revenues</b>								
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
<b>Total revenues</b>	<b>1,388,533</b>	<b>716,114</b>	<b>5,177,940</b>	<b>810,960</b>	<b>23,116</b>	<b>370,072</b>	<b>161,556</b>	<b>8,648,291</b>
<b>Expenses</b>								
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
<b>Total expenses</b>	<b>1,648,815</b>	<b>1,461,097</b>	<b>4,041,650</b>	<b>728,569</b>	<b>23,116</b>	<b>355,251</b>	<b>161,556</b>	<b>8,420,054</b>
<b>Net surplus/(deficit)</b>	<b>(260,282)</b>	<b>(744,983)</b>	<b>1,136,290</b>	<b>82,391</b>	<b>-</b>	<b>14,821</b>	<b>-</b>	<b>228,237</b>

# CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

## CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2014

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
<b>Revenues</b>								
Property taxation	173,811	1,379,769	3,125,946	702,400	20,400	271,350	98,900	5,772,576
User charges	48,617	103,226	56,931	119,306	600	45,463	(980)	373,163
Government transfers - operating	1,056,496	-	-	73,683	-	32,869	6,321	1,169,369
Government transfers - capital	-	-	1,859,702	-	-	-	-	1,859,702
Penalties and interest on taxes	248,794	-	-	-	-	-	-	248,794
Investment income	15,569	-	-	-	-	-	-	15,569
Other	20,641	-	-	-	-	-	-	20,641
Other grants	-	-	2,740	-	-	10,021	-	12,761
Federal gas tax	-	-	374,607	-	-	-	-	374,607
<b>Total revenues</b>	<b>1,563,928</b>	<b>1,482,995</b>	<b>5,419,926</b>	<b>895,389</b>	<b>21,000</b>	<b>359,703</b>	<b>104,241</b>	<b>9,847,182</b>
<b>Expenses</b>								
Salaries and benefits	807,873	250,430	1,151,578	241,441	-	159,940	62,525	2,673,787
Interest charges	42,678	-	60,642	-	-	-	-	103,320
Materials	355,015	205,472	1,220,533	145,152	11,150	138,873	20,657	2,096,852
Contracted services	137,365	704,180	175,392	602,989	-	26,417	7,374	1,653,717
Rents and financial	11,473	-	-	-	-	-	-	11,473
External transfers	7,052	201,903	-	-	10,000	6,000	-	224,955
Amortization	103,349	25,160	1,531,250	12,250	-	22,041	-	1,694,050
Loss on disposal of tangible capital assets	-	-	16,719	-	-	-	-	16,719
<b>Total expenses</b>	<b>1,464,805</b>	<b>1,387,145</b>	<b>4,156,114</b>	<b>1,001,832</b>	<b>21,150</b>	<b>353,271</b>	<b>90,556</b>	<b>8,474,873</b>
<b>Net surplus/(deficit)</b>	<b>99,123</b>	<b>95,850</b>	<b>1,263,812</b>	<b>(106,443)</b>	<b>(150)</b>	<b>6,432</b>	<b>13,685</b>	<b>1,372,309</b>

## **INDEPENDENT AUDITORS' 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, 2015, 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.

#### *Auditors' 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 auditors' 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, 2015 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 29, 2016

# CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

## TRUST FUNDS STATEMENT OF FINANCIAL POSITION At December 31, 2015

	Community Trust \$	Papineau Cemetery Perpetual Care \$	Zion Cemetery Perpetual Care \$	Emmanuel Cemetery Perpetual Care \$	Grace Cemetery Perpetual Care \$	2015 Total \$	2014 Total \$
<b>FINANCIAL ASSETS</b>							
Cash	-	6,936	2,999	10,790	17,433	50,184	142,034
Due from Municipality	-	900	-	-	-	900	900
	-	7,836	2,999	10,790	17,433	51,084	142,934
<b>FUND BALANCES</b>							
Capital	-	7,231	2,999	10,790	17,433	50,479	142,321
Revenue	-	605	-	-	-	605	613
	-	7,836	2,999	10,790	17,433	51,084	142,934
	-	7,836	2,999	10,790	17,433	51,084	142,934

# CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

## TRUST FUNDS STATEMENT OF CONTINUITY For the Year Ended December 31, 2015

	Community Trust \$	Papineau Cemetery Perpetual Care \$	Zion Cemetery Perpetual Care \$	Emmanuel Cemetery Perpetual Care \$	Grace Cemetery Perpetual Care \$	Train Trust \$	2015 Total \$	2014 Total \$
<b>BALANCE - beginning of year</b>	96,361	7,844	3,009	9,980	13,714	12,026	142,934	142,616
<b>RECEIPTS</b>								
Donations	-	-	-	810	3,719	-	4,529	-
Perpetual Care	-	-	-	-	-	-	-	600
Interest earned	-	-	-	-	-	-	-	122
	-	-	-	810	3,719	-	4,529	722
<b>EXPENSES</b>								
Bank charges	80	8	10	-	-	-	98	285
Transfer to Honorarium Committee	96,281	-	-	-	-	-	96,281	-
Transfer to Cemetery	-	-	-	-	-	-	-	119
	96,361	8	10	-	-	-	96,379	404
<b>BALANCE - end of year</b>	-	7,836	2,999	10,790	17,433	12,026	51,084	142,934

The accompanying notes are an integral part of these financial statements



# CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

## TRUST FUNDS NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2015

---

### 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.

### 3. COMMUNITY TRUST

During the year, the Municipality requisitioned \$96,281 at the discretion of the former Mayor to the Honorarium Committee. These funds were used to improve equipment in the Hastings Highlands Centre.