

**CORPORATION OF THE MUNICIPALITY OF
HASTINGS HIGHLANDS**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

**CORPORATION OF THE MUNICIPALITY OF
HASTINGS HIGHLANDS**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

TABLE OF CONTENTS

	Page Number
MANAGEMENT REPORT	
INDEPENDENT AUDITOR'S REPORT	
CONSOLIDATED FINANCIAL STATEMENTS	
Statement of Financial Position	1
Statement of Operations and Accumulated Surplus	2
Statement of Change in Net Financial Assets	3
Statement of Cash Flows	4
Notes to the Financial Statements	5 - 15
Schedule of Tangible Capital Assets	16
Schedules of Segment Disclosure	17 - 18
TRUST FUNDS	
Independent Auditor's Report	19
Statement of Financial Position	21
Statement of Continuity	21
Notes to the Financial Statements	22
LOCAL BOARD	
Hastings Highlands Public Library Board	23 - 32



Hastings Highlands

Beautiful By Nature

33011 Highway 62
Maynooth, ON K0L 2S0

Tony Fitzgerald
Mayor

Tel: 613-338-2811
Fax : 613- 338 - 3292
Toll Free: 1- 877- 338- 2818
Website: www.hastingshighlands.ca

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

For The Year Ended December 31, 2022

MANAGEMENT REPORT

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

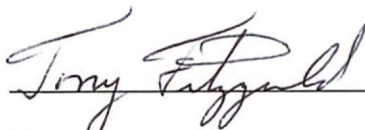
The consolidated financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards. Financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

The Municipality maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Municipality's assets are appropriately accounted for and adequately safeguarded.

The Municipality's Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving financial statements.

Council reviews and approves the Municipality's financial statements for issuance to the members of Council, inhabitants and ratepayers of the Corporation of the Municipality of Hastings Highlands. Council meets periodically with management, as well as the external auditor, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities and to review the financial statements and the independent auditor's report.

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



Mayor



Treasurer

August 16, 2023

INDEPENDENT AUDITOR'S REPORT**To the Members of Council, Inhabitants and Ratepayers
of the Corporation of the Municipality of Hastings
Highlands***Opinion*

We have audited the 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, 2022, 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, 2022, 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.

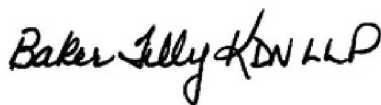
Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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.



Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
September 22, 2023

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2022

	2022	2021
	\$	\$
FINANCIAL ASSETS		
Cash	6,712,866	6,636,535
Accounts receivable	322,447	190,865
Taxes receivable	644,058	573,147
TOTAL FINANCIAL ASSETS	7,679,371	7,400,547
LIABILITIES		
Accounts payable and accrued liabilities	870,583	1,125,867
Deferred revenue - other (note 4)	75,572	216,390
Deferred revenue - obligatory reserve funds	302,575	383,899
Long term debt (note 6)	686,399	866,358
Landfill closure and post-closure liability (note 7)	1,442,200	2,071,000
TOTAL LIABILITIES	3,377,329	4,663,514
NET FINANCIAL ASSETS	4,302,042	2,737,033
NON-FINANCIAL ASSETS		
Tangible capital assets (note 11)	22,387,028	22,090,667
Prepaid expenses	76,511	32,514
TOTAL NON-FINANCIAL ASSETS	22,463,539	22,123,181
ACCUMULATED SURPLUS (note 12)	26,765,581	24,860,214

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, 2022

	Budget 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$
REVENUES			
Property taxation	7,834,886	7,989,551	7,646,001
User charges	552,500	733,253	611,375
Government of Canada	41,250	222,500	-
Province of Ontario	2,548,576	2,587,688	2,211,414
Penalties and interest on taxes	115,000	94,089	89,213
Investment income	60,000	132,920	18,504
Parkland fees earned	-	47,500	-
Canada Community-Building Fund earned	335,000	298,065	282,061
Gain/(loss) on disposal of tangible capital assets	-	41,255	4,000
TOTAL REVENUES	11,487,212	12,146,821	10,862,568
EXPENSES			
General government	1,483,785	1,477,500	1,385,767
Protection services	2,296,176	2,083,044	2,255,868
Transportation services	5,467,369	5,497,492	4,984,300
Environmental services	1,046,969	252,782	962,360
Health services	5,000	4,167	8,120
Recreation and cultural services	389,871	471,056	288,897
Planning and development	263,135	265,086	183,143
Library services	192,096	190,327	158,233
TOTAL EXPENSES	11,144,401	10,241,454	10,226,688
ANNUAL SURPLUS	<u>342,811</u>	1,905,367	635,880
ACCUMULATED SURPLUS - beginning of year		24,860,214	24,224,334
ACCUMULATED SURPLUS - end of year		26,765,581	24,860,214

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, 2022

	Budget 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$
ANNUAL SURPLUS	342,811	1,905,367	635,880
Amortization of tangible capital assets	1,786,757	1,837,928	1,786,757
Purchase of tangible capital assets	(3,421,701)	(2,134,289)	(1,504,817)
Gain on disposal of tangible capital assets	-	(41,255)	(4,000)
Proceeds on sale of tangible capital assets	-	41,255	4,000
Change in prepaid expenses	-	(43,997)	-
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	(1,292,133)	1,565,009	917,820
NET FINANCIAL ASSETS - beginning of year	2,737,033	2,737,033	1,819,213
NET FINANCIAL ASSETS - end of year	1,444,900	4,302,042	2,737,033

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, 2022

	2022	2021
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	1,905,367	635,880
Items not involving cash		
Amortization of tangible capital assets	1,837,928	1,786,757
Gain on disposal of tangible capital assets	(41,255)	(4,000)
Change in landfill closure and post-closure liability	(628,800)	65,100
Change in non-cash assets and liabilities		
Accounts receivable	(131,582)	1,840,434
Taxes receivable	(70,911)	248,309
Prepaid expenses	(43,997)	-
Accounts payable and accrued liabilities	(255,284)	162,984
Deferred revenue - other	(140,818)	19,278
Deferred revenue - obligatory reserve funds	(81,324)	231,775
Net change in cash from operating activities	2,349,324	4,986,517
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(2,134,289)	(1,504,817)
Proceeds on disposal of tangible capital assets	41,255	4,000
Net change in cash from capital activities	(2,093,034)	(1,500,817)
FINANCING ACTIVITIES		
Debt principal repayments	(179,959)	(357,392)
NET CHANGE IN CASH	76,331	3,128,308
CASH - beginning of year	6,636,535	3,508,227
CASH - end of year	6,712,866	6,636,535

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, 2022

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.

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

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.

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

(f) Reserves

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

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2022

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 2022, requisitions were made by the County of Hastings and School Boards requiring the Municipality to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are as follows:

	School Boards \$	County \$
Amounts requisitioned and remitted	1,757,522	3,148,174

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 2022-002. At December 31, 2022 there was no balance outstanding (2021 - \$Nil).



CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

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:

	2022	2021
	\$	\$
Canada Community-Building Fund	255,642	299,399
Parkland	46,933	84,500
	302,575	383,899

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

	2022	2021
	\$	\$
Balance - beginning of year	383,899	152,124
Add amounts received:		
Canada Community-Building Fund received from County of Hastings	123,711	248,044
Canada Community-Building Fund received from AMO	129,334	253,667
Parkland fees received	9,500	11,000
Interest	1,696	1,125
	264,241	513,836
Less transfer to operations:		
Canada Community-Building Fund earned	298,065	282,061
Parkland fees earned	47,500	-
	345,565	282,061
Balance - end of year	302,575	383,899

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

5. DEFERRED REVENUE - OTHER

Included in deferred revenue - other are the following amounts:

	2022	2021
	\$	\$
Cannabis funding	21,053	21,053
Provincial safe restart funding	35,181	130,181
Ontario community infrastructure fund	19,338	65,156
	75,572	216,390

The continuity of deferred revenue - other is as follows:

	2022	2021
	\$	\$
Balance - beginning of year	216,390	197,112
Add amounts received:		
Provincial safe restart funding	-	66,955
Cannabis funding	-	5,000
Ontario community infrastructure fund	313,032	139,312
	313,032	211,267
Less transfer to operations:		
Provincial safe restart funding	95,000	117,833
Ontario community infrastructure fund	358,850	74,156
	453,850	191,989
Balance - end of year	75,572	216,390

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

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:

	2022	2021
	\$	\$
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.	121,235	158,409
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.	164,046	215,912
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.	401,118	492,037
	686,399	866,358

- (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 \$30,038 (2021 - \$41,125).
- (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
	\$	\$	\$
2023	186,515	23,481	209,996
2024	193,317	16,679	209,996
2025	200,375	9,621	209,996
2026	106,192	3,132	109,324
	686,399	52,913	739,312

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

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 \$1,442,200 (2021 - \$2,071,000). 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 \$582,004 (2021 - \$557,004) 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 43.08% (2021 - 34.97%) of their total capacity. The total discounted future cash flows for closure and post-closure cost is estimated at \$2,438,098 as at December 31, 2022 (2021 - \$4,942,000). The liability is calculated based on the capacity of the sites used to the end of the current year and using a discount factor of 2.85% and an inflation rate of 3%. 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, 2022.

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 2022 Annual Report disclosed total actuarial liabilities of \$130,306 million in respect of benefits accrued for service with actuarial assets of \$123,628 million indicating an actuarial deficit of \$6,678 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 2022 were \$203,519 (2021 - \$203,854).

9. TRUST FUNDS

Trust funds administered by the Municipality amounting to \$64,618 (2021 - \$59,308) 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.

10. CONTINGENT LIABILITIES

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

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

11. TANGIBLE CAPITAL ASSETS

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

	2022	2021
	\$	\$
General		
Land and land improvements	1,232,249	1,055,525
Buildings and building improvements	3,998,373	4,156,929
Machinery and vehicles	2,388,137	2,127,567
Furniture and office equipment	125,463	91,874
Infrastructure		
Roads and bridges	14,624,660	14,512,976
	22,368,882	21,944,871
Assets under construction	18,146	145,796
	22,387,028	22,090,667

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

During the year there were no write-downs of assets (2021 - \$Nil) and no interest capitalized (2021 - \$Nil).

Tangible capital assets allocated by segment are as follows:

	2022	2021
	\$	\$
General government	3,141,527	3,222,614
Protection services	567,718	611,826
Transportation services	17,565,550	17,179,247
Environmental services	119,317	130,237
Recreation and cultural services	992,916	946,743
	22,387,028	22,090,667

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

12. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2022	2021
	\$	\$
Surplus/(Deficit)		
Cemetery Board	5,188	5,188
Unfunded landfill closure and post-closure costs	(1,442,200)	(2,071,000)
	(1,437,012)	(2,065,812)
Invested In Capital Assets		
Tangible capital assets - net book value	22,387,028	22,090,667
Long term debt	(686,399)	(866,358)
Unfunded capital - parks	-	(134,566)
	21,700,629	21,089,743
Surplus	20,263,617	19,023,931
Reserves		
Working funds	2,216,829	1,499,041
Equipment replacement	477,368	779,198
Insurance	30,065	30,065
General administration	597,131	592,003
Fire	826,867	452,095
Health services	10,000	10,000
Recreation capital	32,500	32,500
Election	37,469	62,500
Economic development	42,929	37,679
Paving and construction	1,187,870	1,434,356
Waste disposal	979,642	854,642
Building department stabilization fund	20,924	-
Library Board projects	37,686	47,520
Library DVD pool	4,684	4,684
Total Reserves	6,501,964	5,836,283
	26,765,581	24,860,214

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

13. BUDGET FIGURES

The budget, approved by the Municipality, for 2022 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	10,978,666	10,978,666
Capital	3,403,701	3,403,701
Total Council approved budget	14,382,367	14,382,367
Less: Tangible capital assets capitalized	-	(3,421,701)
Add: Amortization of tangible capital assets	-	1,786,757
Less: Principal repayment of long term debt	-	(179,958)
Less: Transfers to/from reserves	(2,627,085)	(1,168,024)
Library budget	31,930	44,960
Internal transfers	(300,000)	(300,000)
Adjusted budget per Consolidated Statement of Operations	11,487,212	11,144,401

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 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$
Salaries and benefits	3,944,445	3,708,108	3,746,200
Interest charges	30,038	30,038	41,125
Materials	3,127,825	3,084,239	2,464,140
Contracted services	2,220,915	1,540,005	2,147,004
Rents and financial	19,075	25,790	20,601
External transfers	15,346	15,346	20,861
Amortization	1,786,757	1,837,928	1,786,757
	11,144,401	10,241,454	10,226,688

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

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.

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the Year Ended December 31, 2022

	General				Infrastructure	Assets Under Construction	Totals
	Land and Land Improvements	Buildings and Building Improvements	Machinery and Vehicles	Furniture and Office Equipment	Roads and Bridges		
	\$	\$	\$	\$	\$	\$	\$
COST							
Balance, beginning of year	1,088,658	6,484,630	9,005,878	270,169	44,191,334	145,796	61,186,465
Add: additions during the year	55,434	-	577,945	67,258	1,426,736	6,916	2,134,289
Less: disposals during the year	-	29,000	607,870	8,742	-	-	645,612
Internal transfers	134,566	-	-	-	-	(134,566)	-
Balance, end of year	1,278,658	6,455,630	8,975,953	328,685	45,618,070	18,146	62,675,142
ACCUMULATED AMORTIZATION							
Balance, beginning of year	33,133	2,327,701	6,878,311	178,295	29,678,358	-	39,095,798
Add: additions during the year	13,276	158,556	317,375	33,669	1,315,052	-	1,837,928
Less: disposals during the year	-	29,000	607,870	8,742	-	-	645,612
Balance, end of year	46,409	2,457,257	6,587,816	203,222	30,993,410	-	40,288,114
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	1,232,249	3,998,373	2,388,137	125,463	14,624,660	18,146	22,387,028

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE For the Year Ended December 31, 2022

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Recreation and Cultural Services \$	Planning and Development \$	Library Services \$	Consolidated \$
Revenues									
Property taxation	3,438,766	(327,828)	3,631,107	591,050	4,250	306,751	193,455	152,000	7,989,551
User charges	90,817	365,349	48,283	143,024	3,689	30,605	51,486	-	733,253
Government transfers - operating	101,000	1,946,696	-	201,862	-	17,281	42,000	-	2,308,839
Government transfers - capital	-	-	358,849	-	-	142,500	-	-	501,349
Penalties and interest on taxes	94,089	-	-	-	-	-	-	-	94,089
Investment income	132,920	-	-	-	-	-	-	-	132,920
Parkland fees earned	-	-	-	-	-	47,500	-	-	47,500
Canada Community-Building Fund earned	-	-	298,065	-	-	-	-	-	298,065
Gain/(loss) on disposal of tangible capital assets	41,255	-	-	-	-	-	-	-	41,255
Total revenues	3,898,847	1,984,217	4,336,304	935,936	7,939	544,637	286,941	152,000	12,146,821
Expenses									
Salaries and benefits	953,038	576,368	1,613,179	225,296	-	21,997	164,129	154,101	3,708,108
Interest charges	18,406	-	11,632	-	-	-	-	-	30,038
Materials	217,700	315,641	2,119,106	77,102	4,167	258,975	75,023	16,525	3,084,239
Contracted services	142,001	1,087,779	178,080	(60,535)	-	163,498	25,934	3,248	1,540,005
Rents and financial	25,715	-	-	-	-	-	-	75	25,790
External transfers	-	9,346	-	-	-	6,000	-	-	15,346
Amortization	120,640	93,910	1,575,495	10,919	-	20,586	-	16,378	1,837,928
Total expenses	1,477,500	2,083,044	5,497,492	252,782	4,167	471,056	265,086	190,327	10,241,454
Net surplus/(deficit)	2,421,347	(98,827)	(1,161,188)	683,154	3,772	73,581	21,855	(38,327)	1,905,367

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE For the Year Ended December 31, 2021

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Recreation and Cultural Services \$	Planning and Development \$	Library Services \$	Consolidated \$
Revenues									
Property taxation	203,813	763,060	5,451,788	703,240	10,000	314,865	199,235	-	7,646,001
User charges	77,662	291,904	55,542	131,991	250	3,037	39,029	11,960	611,375
Government transfers - operating	117,835	1,880,921	-	121,221	-	-	-	17,281	2,137,258
Government transfers - capital	-	-	74,156	-	-	-	-	-	74,156
Penalties and interest on taxes	89,213	-	-	-	-	-	-	-	89,213
Investment income	18,504	-	-	-	-	-	-	-	18,504
Canada Community-Building Fund earned	-	-	282,061	-	-	-	-	-	282,061
Gain/(loss) on disposal of tangible capital assets	4,000	-	-	-	-	-	-	-	4,000
Total revenues	511,027	2,935,885	5,863,547	956,452	10,250	317,902	238,264	29,241	10,862,568
Expenses									
Salaries and benefits	907,002	643,729	1,678,299	228,046	-	18,307	143,143	127,674	3,746,200
Interest charges	21,867	-	19,258	-	-	-	-	-	41,125
Materials	135,709	406,476	1,577,932	87,029	3,120	214,419	26,628	12,827	2,464,140
Contracted services	179,314	1,106,872	167,549	636,366	-	39,085	13,372	4,446	2,147,004
Rents and financial	20,451	-	-	-	-	-	-	150	20,601
External transfers	-	9,861	-	-	5,000	6,000	-	-	20,861
Amortization	121,424	88,930	1,541,262	10,919	-	11,086	-	13,136	1,786,757
Total expenses	1,385,767	2,255,868	4,984,300	962,360	8,120	288,897	183,143	158,233	10,226,688
Net surplus/(deficit)	(874,740)	680,017	879,247	(5,908)	2,130	29,005	55,121	(128,992)	635,880

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of the Trust Funds of the Corporation of the Municipality of Hastings Highlands (the Trust Funds), which comprise the statement of financial position as at December 31, 2022, 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, 2022, 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
September 22, 2023

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

TRUST FUNDS STATEMENT OF FINANCIAL POSITION At December 31, 2022

	Papineau Cemetery Care and Maintenance \$	Zion Cemetery Care and Maintenance \$	Emmanuel Cemetery Care and Maintenance \$	Grace Cemetery Care and Maintenance \$	2022 Total \$	2021 Total \$
FINANCIAL ASSETS						
Cash	13,906	2,999	19,940	24,823	61,668	58,058
Accounts receivable	200	-	2,550	200	2,950	1,250
	14,106	2,999	22,490	25,023	64,618	59,308
FUND BALANCES						
Capital	13,501	2,999	22,490	25,023	64,013	58,703
Income	605	-	-	-	605	605
	14,106	2,999	22,490	25,023	64,618	59,308

TRUST FUNDS STATEMENT OF CONTINUITY For the Year Ended December 31, 2022

	Papineau Cemetery Care and Maintenance \$	Zion Cemetery Care and Maintenance \$	Emmanuel Cemetery Care and Maintenance \$	Grace Cemetery Care and Maintenance \$	2022 Total \$	2021 Total \$
BALANCES - beginning of year	13,036	2,999	19,940	23,333	59,308	57,158
RECEIPTS						
Perpetual care	1,070	-	2,550	1,690	5,310	2,150
Interest earned	153	33	244	272	702	-
	1,223	33	2,794	1,962	6,012	2,150
EXPENSES						
Transfer to Municipality	153	33	244	272	702	-
BALANCES - end of year	14,106	2,999	22,490	25,023	64,618	59,308

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, 2022

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

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

**CORPORATION OF THE MUNICIPALITY OF
HASTINGS HIGHLANDS**

HASTINGS HIGHLANDS PUBLIC LIBRARY BOARD

FINANCIAL STATEMENTS

DECEMBER 31, 2022

INDEPENDENT AUDITOR'S REPORT**To the Members of the Hastings Highlands Public Library Board, the Members of Council, Inhabitants and Ratepayers of the Corporation of the Municipality of Hastings Highlands***Qualified Opinion*

We have audited the financial statements of the Hastings Highlands Public Library Board of the Corporation of the Municipality of Hastings Highlands (the Board), which comprise the statement of financial position as at December 31, 2022, 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, 2022, 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
September 22, 2023

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

HASTINGS HIGHLANDS PUBLIC LIBRARY BOARD STATEMENT OF FINANCIAL POSITION At December 31, 2022

	2022	2021
	\$	\$
FINANCIAL ASSETS		
Cash	125,270	101,892
LIABILITIES		
Due to Municipality of Hastings Highlands (note 5)	80,255	46,843
Accounts payable	2,645	2,845
TOTAL LIABILITIES	82,900	49,688
NET FINANCIAL ASSETS	42,370	52,204
NON-FINANCIAL ASSETS		
Tangible capital assets (note 2)	54,350	43,025
ACCUMULATED SURPLUS (note 3)	96,720	95,229

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, 2022

	Budget 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$
REVENUES			
Municipal contribution (note 5)	152,000	152,000	141,000
Province of Ontario	18,780	17,281	17,281
Fees, fundraising and donations	13,150	22,538	11,960
TOTAL REVENUES	183,930	191,819	170,241
EXPENSES			
Salaries and benefits	157,035	154,101	127,674
Supplies and postage	3,100	2,597	2,724
Materials	7,550	7,481	3,886
Programs	2,450	1,869	1,063
Advertising	400	290	509
Office administration	2,375	2,541	2,402
Professional development	1,100	705	780
Contracted services	3,300	3,248	4,446
Memberships	150	128	50
IT maintenance	1,500	989	892
Amortization	13,136	16,379	13,136
Equipment	-	-	671
TOTAL EXPENSES	192,096	190,328	158,233
ANNUAL SURPLUS/(DEFICIT)	<u>(8,166)</u>	1,491	12,008
ACCUMULATED SURPLUS - beginning of year		95,229	83,221
ACCUMULATED SURPLUS - end of year		96,720	95,229

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, 2022

	Budget 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$
ANNUAL SURPLUS/(DEFICIT)	(8,166)	1,491	12,008
Amortization of tangible capital assets	13,136	16,379	13,136
Acquisition of tangible capital assets	(18,000)	(27,704)	(12,297)
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	(13,030)	(9,834)	12,847
NET FINANCIAL ASSETS - beginning of year	52,204	52,204	39,357
NET FINANCIAL ASSETS - end of year	39,174	42,370	52,204

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, 2022

	2022	2021
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	1,491	12,008
Items not involving cash		
Amortization of tangible capital assets	16,379	13,136
Change in non-cash assets and liabilities		
Due to Municipality of Hastings Highlands	33,412	4,434
Accounts payable	(200)	-
Net change in cash from operating activities	51,082	29,578
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(27,704)	(12,297)
NET CHANGE IN CASH	23,378	17,281
CASH - beginning of year	101,892	84,611
CASH - end of year	125,270	101,892

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

HASTINGS HIGHLANDS PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2022

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. 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:

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, 2022

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 \$	2022 Totals \$	2021 Totals \$
COST				
Balance, beginning of year	82,003	60,055	142,058	137,558
Add: additions during the year	15,933	11,771	27,704	12,297
Less: disposals during the year	8,741	-	8,741	7,797
Balance, end of year	89,195	71,826	161,021	142,058
ACCUMULATED AMORTIZATION				
Balance, beginning of year	42,183	56,850	99,033	93,694
Add: additions during the year	12,742	3,637	16,379	13,136
Less: disposals during the year	8,741	-	8,741	7,797
Balance, end of year	46,184	60,487	106,671	99,033
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	43,011	11,339	54,350	43,025

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

**HASTINGS HIGHLANDS PUBLIC LIBRARY BOARD
 NOTES TO THE FINANCIAL STATEMENTS
 For the Year Ended December 31, 2022**

3. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2022	2021
	\$	\$
Invested In Capital Assets		
Tangible capital assets - net book value	54,350	43,025
Surplus	54,350	43,025
Reserves		
Projects	37,686	47,520
DVD pool	4,684	4,684
Total Reserves	42,370	52,204
	96,720	95,229

4. BUDGET FIGURES

The operating budget, approved by the Board, for 2022 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.

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.

