

**CORPORATION OF THE MUNICIPALITY OF
HASTINGS HIGHLANDS**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021

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HASTINGS HIGHLANDS**

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Hastings Highlands

Beautiful By Nature

33011 Highway 62
Maynooth, ON K0L 2S0

Tracy Hagar
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, 2021

MANAGEMENT REPORT

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

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

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

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

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

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

Mayor

CAO/Treasurer

July 20, 2022

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, 2021, 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, 2021, 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.

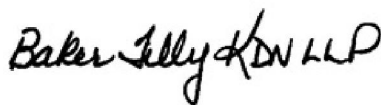
Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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
July 29, 2022

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2021

	2021	2020
	\$	\$
FINANCIAL ASSETS		
Cash	6,636,535	3,508,227
Accounts receivable	190,865	2,031,299
Taxes receivable	573,147	821,456
TOTAL FINANCIAL ASSETS	7,400,547	6,360,982
LIABILITIES		
Accounts payable and accrued liabilities	1,125,867	962,883
Deferred revenue - other (note 5)	216,390	197,112
Deferred revenue - obligatory reserve funds (note 4)	383,899	152,124
Long term debt (note 6)	866,358	1,223,750
Landfill closure and post-closure liability (note 7)	2,071,000	2,005,900
TOTAL LIABILITIES	4,663,514	4,541,769
NET FINANCIAL ASSETS	2,737,033	1,819,213
NON-FINANCIAL ASSETS		
Tangible capital assets (note 11)	22,090,667	22,372,607
Prepaid expenses	32,514	32,514
TOTAL NON-FINANCIAL ASSETS	22,123,181	22,405,121
ACCUMULATED SURPLUS (note 12)	24,860,214	24,224,334

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, 2021

	Budget 2021 \$ (Unaudited)	Actual 2021 \$	Actual 2020 \$
REVENUES			
Property taxation	7,582,558	7,646,001	7,478,039
User charges	468,150	611,375	562,911
Government of Canada	-	-	1,160,940
Province of Ontario	2,205,468	2,211,414	3,044,917
Penalties and interest on taxes	115,000	89,213	112,193
Investment income	60,000	18,504	39,044
Federal gas tax earned	325,000	282,061	506,463
Gain/(loss) on disposal of tangible capital assets	-	4,000	181,477
TOTAL REVENUES	10,756,176	10,862,568	13,085,984
EXPENSES			
General government	1,342,111	1,385,767	1,280,815
Protection services	2,269,643	2,255,868	2,246,974
Transportation services	5,234,569	4,984,300	5,287,015
Environmental services	982,594	962,360	1,323,778
Health services	10,000	8,120	13,186
Recreation and cultural services	328,101	288,897	283,284
Planning and development	224,735	183,143	170,340
Library services	174,462	158,233	160,120
TOTAL EXPENSES	10,566,215	10,226,688	10,765,512
ANNUAL SURPLUS	<u>189,961</u>	635,880	2,320,472
ACCUMULATED SURPLUS - beginning of year		24,224,334	21,903,862
ACCUMULATED SURPLUS - end of year		24,860,214	24,224,334

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, 2021

	Budget 2021 \$ (Unaudited)	Actual 2021 \$	Actual 2020 \$
ANNUAL SURPLUS	189,961	635,880	2,320,472
Amortization of tangible capital assets	1,804,755	1,786,757	1,804,755
Purchase of tangible capital assets	(2,188,103)	(1,504,817)	(4,854,431)
Gain on disposal of tangible capital assets	-	(4,000)	(181,477)
Proceeds on sale of tangible capital assets	-	4,000	192,977
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	(193,387)	917,820	(717,704)
NET FINANCIAL ASSETS - beginning of year	1,819,213	1,819,213	2,536,917
NET FINANCIAL ASSETS - end of year	1,625,826	2,737,033	1,819,213

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, 2021

	2021	2020
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	635,880	2,320,472
Items not involving cash		
Amortization of tangible capital assets	1,786,757	1,804,755
Gain on disposal of tangible capital assets	(4,000)	(181,477)
Change in landfill closure and post-closure liability	65,100	447,400
Change in non-cash assets and liabilities		
Accounts receivable	1,840,434	(1,832,492)
Taxes receivable	248,309	(5,209)
Accounts payable and accrued liabilities	162,984	58,830
Deferred revenue - other	19,278	139,806
Deferred revenue - obligatory reserve funds	231,775	(247,286)
Net change in cash from operating activities	4,986,517	2,504,799
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(1,504,817)	(4,854,431)
Proceeds on disposal of tangible capital assets	4,000	192,977
Net change in cash from capital activities	(1,500,817)	(4,661,454)
FINANCING ACTIVITIES		
Debt principal repayments	(357,392)	(395,499)
NET CHANGE IN CASH	3,128,308	(2,552,154)
CASH - beginning of year	3,508,227	6,060,381
CASH - end of year	6,636,535	3,508,227

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, 2021

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, 2021

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(d) Non-financial Assets

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

(e) Recognition of Revenues and Expenses

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

Taxation

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

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

Government Funding

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

Other revenue

User charges are recognized as revenue in the year the goods and services are provided, with the exception of building permits that are recognized when the permits are issued.

Investment income is recorded when earned.

Federal gas tax and parkland fees are recognized in the period in which the related expenditures are recorded.

(f) Reserves

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

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2021

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 2021, 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	1,690,547	2,980,661

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 2021-002. At December 31, 2021 there was no balance outstanding (2020 - \$Nil).



CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

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:

	2021	2020
	\$	\$
Federal gas tax	299,399	78,624
Parkland	84,500	73,500
	383,899	152,124

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

	2021	2020
	\$	\$
Balance - beginning of year	152,124	399,410
Add amounts received:		
Federal gas tax received from County of Hastings	248,044	123,711
Federal gas tax received from AMO	253,667	123,711
Parkland fees received	11,000	10,000
Interest	1,125	1,755
	513,836	259,177
Less transfer to operations:		
Federal gas tax earned	282,061	506,463
Balance - end of year	383,899	152,124

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

5. DEFERRED REVENUE - OTHER

Included in deferred revenue - other are the following amounts:

	2021	2020
	\$	\$
Cannabis funding	21,053	16,053
Provincial safe restart funding	130,181	181,059
Ontario community infrastructure fund	65,156	-
	216,390	197,112

The continuity of deferred revenue - other is as follows:

	2021	2020
	\$	\$
Balance - beginning of year	197,112	57,306
Add amounts received:		
Provincial safe restart funding	66,955	236,600
Cannabis funding	5,000	-
Ontario community infrastructure fund	139,312	-
	211,267	236,600
Less transfer to operations:		
Provincial safe restart funding	117,833	55,541
AMO Mainstreet Revitalization Grant	-	41,253
Ontario community infrastructure fund	74,156	-
	191,989	96,794
Balance - end of year	216,390	197,112

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

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:

	2021	2020
	\$	\$
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.	158,409	194,072
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.	215,912	266,430
Ontario Infrastructure Projects Corporation due July 15, 2021, repayable in blended semi annual instalments of \$94,261 and bearing interest at 3.45% per annum.	-	183,754
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.	492,037	579,494
	866,358	1,223,750

- (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 \$41,125 (2020 - \$53,945).

- (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
	\$	\$	\$
2022	179,958	30,038	209,996
2023	186,515	23,481	209,996
2024	193,317	16,679	209,996
2025	200,375	9,621	209,996
2026	106,193	3,132	109,325
	866,358	82,951	949,309

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

7. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

The estimated liability for landfill closure and post-closure costs for the nine sites operated by the Municipality is \$2,071,000 (2020 - \$2,005,900). 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 (2020 - \$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% (2020 - 34.97%) of their total capacity. The total discounted future cash flows for closure and post-closure cost is estimated at \$4,942,000 as at December 31, 2021 (2020 - \$3,444,098). 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, 2021.

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 2021 Annual Report disclosed total actuarial liabilities of \$120,796 million in respect of benefits accrued for service with actuarial assets of \$117,665 million indicating an actuarial deficit of \$3,131 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 2021 were \$203,854 (2020 - \$190,545).

9. TRUST FUNDS

Trust funds administered by the Municipality amounting to \$59,308 (2020 - \$57,158) 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, 2021

11. TANGIBLE CAPITAL ASSETS

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

	2021	2020
	\$	\$
General		
Land and land improvements	1,055,525	1,059,301
Buildings and building improvements	4,156,929	4,315,485
Machinery and vehicles	2,127,567	1,860,988
Furniture and office equipment	91,874	66,045
Infrastructure		
Roads and bridges	14,512,976	15,059,558
	21,944,871	22,361,377
Assets under construction	145,796	11,230
	22,090,667	22,372,607

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

During the year there were no write-downs of assets (2020 - \$Nil) and no interest capitalized (2020 - \$Nil).

Tangible capital assets allocated by segment are as follows:

	2021	2020
	\$	\$
General government	3,222,614	3,344,038
Protection services	611,826	681,356
Transportation services	17,179,247	17,381,955
Environmental services	130,237	141,156
Recreation and cultural services	946,743	824,102
	22,090,667	22,372,607

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

12. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2021	2020
	\$	\$
Surplus/(Deficit)		
Cemetery Board	5,188	5,188
Unfunded landfill closure and post-closure costs	(2,071,000)	(2,005,900)
	(2,065,812)	(2,000,712)
Invested In Capital Assets		
Tangible capital assets - net book value	22,090,667	22,372,607
Long term debt	(866,358)	(1,223,750)
Unfunded capital - parks	(134,566)	-
	21,089,743	21,148,857
Surplus	19,023,931	19,148,145
Reserves		
Working funds	1,499,041	987,287
Equipment replacement	779,198	574,470
Insurance	30,065	30,065
General administration	592,003	569,273
Fire	452,095	451,496
Health services	10,000	15,000
Recreation capital	32,500	32,500
Election	62,500	47,500
Economic development	37,679	38,929
Paving and construction	1,434,356	1,286,528
Waste disposal	854,642	729,642
Committed capital	-	274,142
Library Board projects	47,520	34,673
Library DVD pool	4,684	4,684
Total Reserves	5,836,283	5,076,189
	24,860,214	24,224,334

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

13. BUDGET FIGURES

The budget, approved by the Municipality, for 2021 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	10,399,423	10,399,423
Capital	2,174,103	2,174,103
Total Council approved budget	12,573,526	12,573,526
Less: Tangible capital assets capitalized	-	(2,188,103)
Add: Amortization of tangible capital assets	-	1,804,755
Less: Principal repayment of long term debt	-	(357,393)
Less: Transfers to/from reserves	(1,545,930)	(1,000,000)
Library budget	28,580	33,430
Internal transfers	(300,000)	(300,000)
Adjusted budget per Consolidated Statement of Operations	10,756,176	10,566,215

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 2021 \$ (Unaudited)	Actual 2021 \$	Actual 2020 \$
Salaries and benefits	3,752,725	3,746,200	3,680,849
Interest charges	41,125	41,125	53,945
Materials	2,794,725	2,464,140	2,590,582
Contracted services	2,134,949	2,147,004	2,590,312
Rents and financial	17,075	20,601	19,652
External transfers	20,861	20,861	25,417
Amortization	1,804,755	1,786,757	1,804,755
	10,566,215	10,226,688	10,765,512

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

16. UNCERTAINTY CAUSED BY COVID-19

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

17. COMPARATIVE FIGURES

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

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the Year Ended December 31, 2021

	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	8,444,110	257,872	43,402,945	11,230	59,689,445
Add: additions during the year	-	-	569,565	12,297	788,389	134,566	1,504,817
Less: disposals during the year	-	-	7,797	-	-	-	7,797
Balance, end of year	1,088,658	6,484,630	9,005,878	270,169	44,191,334	145,796	61,186,465
ACCUMULATED AMORTIZATION							
Balance, beginning of year	29,357	2,169,145	6,583,122	191,827	28,343,387	-	37,316,838
Add: additions during the year	3,776	158,556	302,986	(13,532)	1,334,971	-	1,786,757
Less: disposals during the year	-	-	7,797	-	-	-	7,797
Balance, end of year	33,133	2,327,701	6,878,311	178,295	29,678,358	-	39,095,798
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	1,055,525	4,156,929	2,127,567	91,874	14,512,976	145,796	22,090,667

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	62,813	763,060	5,451,788	703,240	10,000	314,865	199,235	141,000	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
Federal gas tax earned	-	-	282,061	-	-	-	-	-	282,061
Gain/(loss) on disposal of tangible capital assets	4,000	-	-	-	-	-	-	-	4,000
Total revenues	370,027	2,935,885	5,863,547	956,452	10,250	317,902	238,264	170,241	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)	(1,015,740)	680,017	879,247	(5,908)	2,130	29,005	55,121	12,008	635,880

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

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

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

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, 2021, 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, 2021, 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.

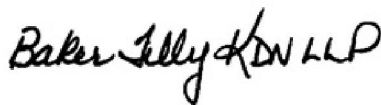
Auditor's Responsibilities for the Audit of the Financial Statements

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.



Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
July 29, 2022

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

TRUST FUNDS STATEMENT OF FINANCIAL POSITION At December 31, 2021

	Papineau Cemetery Care and Maintenance \$	Zion Cemetery Care and Maintenance \$	Emmanuel Cemetery Care and Maintenance \$	Grace Cemetery Care and Maintenance \$	2021 Total \$	2020 Total \$
FINANCIAL ASSETS						
Cash	13,036	2,999	18,690	23,333	58,058	56,158
Accounts receivable	-	-	1,250	-	1,250	1,000
	<u>13,036</u>	<u>2,999</u>	<u>19,940</u>	<u>23,333</u>	<u>59,308</u>	<u>57,158</u>
FUND BALANCES						
Capital	12,431	2,999	19,940	23,333	58,703	56,553
Income	605	-	-	-	605	605
	<u>13,036</u>	<u>2,999</u>	<u>19,940</u>	<u>23,333</u>	<u>59,308</u>	<u>57,158</u>

TRUST FUNDS STATEMENT OF CONTINUITY For the Year Ended December 31, 2021

	Papineau Cemetery Care and Maintenance \$	Zion Cemetery Care and Maintenance \$	Emmanuel Cemetery Care and Maintenance \$	Grace Cemetery Care and Maintenance \$	2021 Total \$	2020 Total \$
BALANCES - beginning of year	12,736	2,999	18,240	23,183	57,158	51,808
RECEIPTS						
Perpetual care	300	-	1,700	150	2,150	5,350
Interest earned	-	-	-	-	-	251
	<u>300</u>	<u>-</u>	<u>1,700</u>	<u>150</u>	<u>2,150</u>	<u>5,601</u>
EXPENSES						
Transfer to Municipality	-	-	-	-	-	251
BALANCES - end of year	<u>13,036</u>	<u>2,999</u>	<u>19,940</u>	<u>23,333</u>	<u>59,308</u>	<u>57,158</u>

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, 2021

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook.

(a) Basis of Accounting

Revenue and expenses are reported on the accrual basis of accounting which recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(b) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period and are based on the Municipality's best information and judgment. Actual results could differ from these estimates.

2. CARE AND MAINTENANCE FUNDS

The Care and Maintenance Funds administered by the Municipality are funded by the sale of cemetery plots. These funds are invested and earnings derived there from are used to perform perpetual care maintenance to the Municipality's cemeteries. The operations and investments of the Fund are undertaken by the Municipality in accordance with the regulations of the Funeral, Burial and Cremation Services Act.

**CORPORATION OF THE MUNICIPALITY OF
HASTINGS HIGHLANDS**

HASTINGS HIGHLANDS PUBLIC LIBRARY BOARD

FINANCIAL STATEMENTS

DECEMBER 31, 2021

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, 2021, 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, 2021, 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
July 29, 2022

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

HASTINGS HIGHLANDS PUBLIC LIBRARY BOARD STATEMENT OF FINANCIAL POSITION At December 31, 2021

	2021	2020
	\$	\$
FINANCIAL ASSETS		
Cash	101,892	84,611
LIABILITIES		
Due to Municipality of Hastings Highlands (note 5)	46,843	42,409
Accounts payable	2,845	2,845
TOTAL LIABILITIES	49,688	45,254
NET FINANCIAL ASSETS	52,204	39,357
NON-FINANCIAL ASSETS		
Tangible capital assets (note 2)	43,025	43,864
ACCUMULATED SURPLUS (note 3)	95,229	83,221

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, 2021

	Budget 2021 \$ (Unaudited)	Actual 2021 \$	Actual 2020 \$
REVENUES			
Municipal contribution (note 5)	141,000	141,000	141,000
Province of Ontario	17,280	17,281	17,281
Fees, fundraising and donations	11,300	11,960	10,440
TOTAL REVENUES	169,580	170,241	168,721
EXPENSES			
Salaries and benefits	135,105	127,674	119,546
Supplies and postage	3,100	2,724	4,279
Materials	8,050	3,886	10,746
Programs	2,450	1,063	65
Advertising	400	509	224
Office administration	2,275	2,402	2,191
Professional development	1,100	780	1,211
Contracted services	4,300	4,446	4,986
Memberships	150	50	140
IT maintenance	1,500	892	1,315
Amortization	14,032	13,136	14,032
Equipment	2,000	671	1,385
TOTAL EXPENSES	174,462	158,233	160,120
ANNUAL SURPLUS/(DEFICIT)	<u>(4,882)</u>	12,008	8,601
ACCUMULATED SURPLUS - beginning of year		83,221	74,620
ACCUMULATED SURPLUS - end of year		95,229	83,221

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, 2021

	Budget 2021 \$ (Unaudited)	Actual 2021 \$	Actual 2020 \$
ANNUAL SURPLUS/(DEFICIT)	(4,882)	12,008	8,601
Amortization of tangible capital assets	14,032	13,136	14,032
Acquisition of tangible capital assets	(14,000)	(12,297)	(22,953)
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	(4,850)	12,847	(320)
NET FINANCIAL ASSETS - beginning of year	39,357	39,357	39,677
NET FINANCIAL ASSETS - end of year	34,507	52,204	39,357

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, 2021

	2021	2020
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	12,008	8,601
Items not involving cash		
Amortization of tangible capital assets	13,136	14,032
Change in non-cash assets and liabilities		
Due to Municipality of Hastings Highlands	4,434	17,844
Net change in cash from operating activities	29,578	40,477
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(12,297)	(22,953)
NET CHANGE IN CASH	17,281	17,524
CASH - beginning of year	84,611	67,087
CASH - end of year	101,892	84,611

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, 2021

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, 2021

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 \$	2021 Totals \$	2020 Totals \$
COST				
Balance, beginning of year	77,503	60,055	137,558	125,758
Add: additions during the year	12,297	-	12,297	22,953
Less: disposals during the year	7,797	-	7,797	11,153
Balance, end of year	82,003	60,055	142,058	137,558
ACCUMULATED AMORTIZATION				
Balance, beginning of year	38,265	55,429	93,694	90,815
Add: additions during the year	11,715	1,421	13,136	14,032
Less: disposals during the year	7,797	-	7,797	11,153
Balance, end of year	42,183	56,850	99,033	93,694
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	39,820	3,205	43,025	43,864

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

HASTINGS HIGHLANDS PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2021

3. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2021	2020
	\$	\$
Invested In Capital Assets		
Tangible capital assets - net book value	43,025	43,864
Surplus	43,025	43,864
Reserves		
Projects	47,520	34,673
DVD pool	4,684	4,684
Total Reserves	52,204	39,357
	95,229	83,221

4. BUDGET FIGURES

The operating budget, approved by the Board, for 2021 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.

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

HASTINGS HIGHLANDS PUBLIC LIBRARY BOARD

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

6. UNCERTAINTY CAUSED BY COVID-19

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