

**CORPORATION OF THE MUNICIPALITY OF  
HASTINGS HIGHLANDS**

**CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

**CORPORATION OF THE MUNICIPALITY OF  
HASTINGS HIGHLANDS**

**CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

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# Hastings Highlands

Beautiful By Nature

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**Vic A. Bodnar**  
Mayor

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## CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

For The Year Ended December 31, 2019

### 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.

July 15, 2020

Mayor

CAO/Treasurer

## INDEPENDENT AUDITOR'S REPORT

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

**Baker Tilly KDN LLP**  
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### *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, 2019, 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, 2019, and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

### *Basis for Opinion*

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

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

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

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

Those charged with governance are responsible for overseeing the Municipality's financial reporting process.

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

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

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

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

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

***Baker Tilly KDN LLP***

Chartered Professional Accountants  
Licensed Public Accountants

Peterborough, Ontario  
July 20, 2020

# CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION At December 31, 2019

|  | 2019              | 2018              |
|--|-------------------|-------------------|
|  | \$                | \$                |
| <b>FINANCIAL ASSETS</b>                              |                   |                   |
| Cash   | 6,060,381         | 4,778,369         |
| Accounts receivable                                  | 198,807           | 171,407           |
| Taxes receivable                                     | 816,247           | 691,461           |
| <b>TOTAL FINANCIAL ASSETS</b>                        | <b>7,075,435</b>  | <b>5,641,237</b>  |
| <b>LIABILITIES</b>                                   |                   |                   |
| Accounts payable and accrued liabilities             | 904,053           | 830,225           |
| Deferred revenue - other (note 5)                    | 57,306            | 41,253            |
| Deferred revenue - obligatory reserve funds (note 4) | 399,410           | 138,914           |
| Long term debt (note 6)                              | 1,619,249         | 2,002,181         |
| Landfill closure and post-closure liability (note 7) | 1,558,500         | 1,088,500         |
| <b>TOTAL LIABILITIES</b>                             | <b>4,538,518</b>  | <b>4,101,073</b>  |
| <b>NET FINANCIAL ASSETS</b>                          | <b>2,536,917</b>  | <b>1,540,164</b>  |
| <b>NON-FINANCIAL ASSETS</b>                          |                   |                   |
| Tangible capital assets (note 9)                     | 19,334,431        | 19,914,898        |
| Prepaid expenses                                     | 32,514            | 32,514            |
| <b>TOTAL NON-FINANCIAL ASSETS</b>                    | <b>19,366,945</b> | <b>19,947,412</b> |
| <b>ACCUMULATED SURPLUS (note 12)</b>                 | <b>21,903,862</b> | <b>21,487,576</b> |

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

**CORPORATION OF THE MUNICIPALITY OF  
HASTINGS HIGHLANDS**



**CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS  
For the Year Ended December 31, 2019**

|  | Budget<br>2019<br>\$<br>(Unaudited) | Actual<br>2019<br>\$ | Actual<br>2018<br>\$ |
|--|-------------------------------------|----------------------|----------------------|
| <b>REVENUES</b>                                    |                                     |                      |                      |
| Property taxation                                  | 7,199,576                           | 7,272,776            | 6,912,388            |
| User charges                                       | 361,856                             | 597,422              | 453,699              |
| Government of Canada                               | -                                   | 2,520                | 19,100               |
| Province of Ontario                                | 1,970,680                           | 2,642,434            | 1,925,744            |
| Penalties and interest on taxes                    | 120,000                             | 116,870              | 129,273              |
| Investment income                                  | 60,000                              | 88,726               | 57,583               |
| Other grants                                       | -                                   | 2,484                | 1,000                |
| Federal gas tax earned                             | 324,000                             | 263,523              | 210,742              |
| Gain/(loss) on disposal of tangible capital assets | -                                   | 111,868              | -                    |
| <b>TOTAL REVENUES</b>                              | <b>10,036,112</b>                   | <b>11,098,623</b>    | <b>9,709,529</b>     |
| <b>EXPENSES</b>                                    |                                     |                      |                      |
| General government                                 | 1,378,393                           | 1,322,706            | 1,333,377            |
| Protection services                                | 2,115,596                           | 2,390,130            | 2,070,883            |
| Transportation services                            | 4,909,858                           | 4,924,361            | 4,772,205            |
| Environmental services                             | 936,379                             | 1,381,762            | 465,572              |
| Health services                                    | 15,000                              | 13,355               | 8,161                |
| Recreation and cultural services                   | 322,351                             | 332,996              | 340,025              |
| Planning and development                           | 175,257                             | 147,006              | 138,016              |
| Library services                                   | 167,121                             | 170,021              | 165,730              |
| <b>TOTAL EXPENSES</b>                              | <b>10,019,955</b>                   | <b>10,682,337</b>    | <b>9,293,969</b>     |
| <b>ANNUAL SURPLUS</b>                              | <b><u>16,157</u></b>                | <b>416,286</b>       | <b>415,560</b>       |
| <b>ACCUMULATED SURPLUS - beginning of year</b>     |                                     | <b>21,487,576</b>    | <b>21,072,016</b>    |
| <b>ACCUMULATED SURPLUS - end of year</b>           |                                     | <b>21,903,862</b>    | <b>21,487,576</b>    |

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

**CORPORATION OF THE MUNICIPALITY OF  
HASTINGS HIGHLANDS**



**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS  
For the Year Ended December 31, 2019**

|   | Budget<br>2019<br>\$<br>(Unaudited) | Actual<br>2019<br>\$ | Actual<br>2018<br>\$ |
|---|-------------------------------------|----------------------|----------------------|
| <b>ANNUAL SURPLUS</b>                           | 16,157                              | 416,286              | 415,560              |
| Amortization of tangible capital assets         | 1,595,782                           | 1,594,692            | 1,595,781            |
| Purchase of tangible capital assets             | (1,287,005)                         | (1,031,722)          | (1,358,708)          |
| Gain on disposal of tangible capital assets     | -                                   | (111,868)            | -                    |
| Proceeds on sale of tangible capital assets     | -                                   | 129,365              | -                    |
| <b>INCREASE IN NET FINANCIAL ASSETS</b>         | 324,934                             | 996,753              | 652,633              |
| <b>NET FINANCIAL ASSETS - beginning of year</b> | 1,540,164                           | 1,540,164            | 887,531              |
| <b>NET FINANCIAL ASSETS - end of year</b>       | 1,865,098                           | 2,536,917            | 1,540,164            |

*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, 2019**

|   | 2019             | 2018               |
|---|------------------|--------------------|
|   | \$               | \$                 |
| <b>CASH PROVIDED BY (USED IN)</b>                     |                  |                    |
| <b>OPERATING ACTIVITIES</b>                           |                  |                    |
| Annual surplus  | 416,286          | 415,560            |
| Items not involving cash                              |                  |                    |
| Amortization of tangible capital assets               | 1,594,692        | 1,595,781          |
| Gain on disposal of tangible capital assets           | (111,868)        | -                  |
| Change in landfill closure and post-closure liability | 470,000          | (341,500)          |
| Change in non-cash assets and liabilities             |                  |                    |
| Accounts receivable                                   | (27,400)         | 45,684             |
| Taxes receivable                                      | (124,786)        | 1,005,845          |
| Accounts payable and accrued liabilities              | 73,828           | (57,032)           |
| Deferred revenue - other                              | 16,053           | 41,253             |
| Deferred revenue - obligatory reserve funds           | 260,496          | 50,063             |
| <b>Net change in cash from operating activities</b>   | <b>2,567,301</b> | <b>2,755,654</b>   |
| <b>CAPITAL ACTIVITIES</b>                             |                  |                    |
| Purchase of tangible capital assets                   | (1,031,722)      | (1,358,708)        |
| Proceeds on disposal of tangible capital assets       | 129,365          | -                  |
| <b>Net change in cash from capital activities</b>     | <b>(902,357)</b> | <b>(1,358,708)</b> |
| <b>FINANCING ACTIVITIES</b>                           |                  |                    |
| Debt principal repayments                             | (382,932)        | (370,790)          |
| <b>NET CHANGE IN CASH</b>                             | <b>1,282,012</b> | <b>1,026,156</b>   |
| <b>CASH - beginning of year</b>                       | <b>4,778,369</b> | <b>3,752,213</b>   |
| <b>CASH - end of year</b>                             | <b>6,060,381</b> | <b>4,778,369</b>   |

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2019**

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The Municipality of Hastings Highlands is a lower tier municipality in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislation.

**1. SIGNIFICANT ACCOUNTING POLICIES**

These consolidated financial statements have been prepared in accordance with the standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook. Significant aspects of the accounting policies are as follows:

(a) Reporting Entity

These consolidated financial statements reflect the assets, liabilities, revenues and expenses and accumulated surplus of the reporting entity.

The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Municipality and which are owned and controlled by the Municipality. These consolidated financial statements include:

- Hastings Highlands Public Library Board
- Cemetery Board

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

(b) Trust Funds

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

(c) Tangible Capital Assets

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

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

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

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

**1. SIGNIFICANT ACCOUNTING POLICIES, continued**

(d) Non-financial Assets

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

(e) Recognition of Revenues and Expenses

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

Taxation

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

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

Government Funding

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

Other revenue

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

Investment income is recorded when earned.

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

(f) Reserves

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

**1. SIGNIFICANT ACCOUNTING POLICIES, continued**

(g) Deferred Revenue

Deferred revenue represents grants, user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

(h) Use of Estimates

Certain items recognized in the consolidated financial statements are subject to measurement uncertainty. The recognized amounts of such items are based on the Municipality's best information and judgment. By their nature, these estimates are subject to measurement uncertainty and the effect on the consolidated financial statements or changes in such estimates in future periods could be significant. The Municipality's significant estimates include:

- The amounts recorded for landfill closure and post-closure care depend on estimates of usage, remaining life and capacity. The provision for future closure and post-closure costs also depends on estimates of such costs; and
- The amounts recorded for amortization and opening costs of tangible capital assets are based on estimates of useful life, residual values and valuation rates.

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

During 2019, 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<br>Boards<br>\$ | County<br>\$     |
|---|------------------------|------------------|
| <u>Amounts requisitioned and remitted</u> | <u>1,754,338</u>       | <u>2,769,616</u> |

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

**3. CREDIT FACILITY AGREEMENT**

The Municipality has a revolving credit facility agreement with its main financial institution. The amount available at any time is limited to \$1,000,000 via an operating line of credit. Any balance borrowed will accrue interest at the bank's prime lending rate. Council authorized the temporary borrowing limit by By-law 2019-005. At December 31, 2019 there was no balance outstanding (2018 - \$Nil).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2019**

**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:

|                 | 2019           | 2018           |
|-----------------|----------------|----------------|
|                 | \$             | \$             |
| Federal gas tax | 335,910        | 80,414         |
| Parkland        | 63,500         | 58,500         |
|                 | <b>399,410</b> | <b>138,914</b> |

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

|  | 2019           | 2018           |
|--|----------------|----------------|
|  | \$             | \$             |
| Balance - beginning of year                      | 138,914        | 88,851         |
| Add amounts received:                            |                |                |
| Federal gas tax received from County of Hastings | 258,938        | 120,686        |
| Federal gas tax received from AMO                | 258,938        | 132,755        |
| Parkland fees received                           | 5,000          | 7,000          |
| Interest   | 1,143          | 364            |
|  | <b>524,019</b> | <b>260,805</b> |
| Less transfer to operations:                     |                |                |
| Federal gas tax earned                           | 263,523        | 210,742        |
| Balance - end of year                            | <b>399,410</b> | <b>138,914</b> |

**5. DEFERRED REVENUE - OTHER**

Included in deferred revenue - other are the following amounts:

|                                     | 2019          | 2018          |
|-------------------------------------|---------------|---------------|
|                                     | \$            | \$            |
| AMO Mainstreet Revitalization Grant | 41,253        | 41,253        |
| Cannabis funding                    | 16,053        | -             |
|                                     | <b>57,306</b> | <b>41,253</b> |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2019**

**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:

|   | 2019<br>\$       | 2018<br>\$       |
|---|------------------|------------------|
| 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.    | 228,288          | 261,113          |
| 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.      | 361,328          | 532,932          |
| 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.      | 663,621          | 744,545          |
| Ontario Infrastructure and Lands Corporation due September 1, 2020, repayable in blended semi annual instalments of \$25,462 and bearing interest at 1.45% per annum. | 50,376           | 100,029          |
| 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.  | 315,636          | 363,562          |
|   | <b>1,619,249</b> | <b>2,002,181</b> |

(b) The long term debt in (a) issued in the name of the Municipality have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

(c) Interest paid during the year on long term debt amounted to \$66,510 (2018 - \$78,652).

(d) The long term debt is secured by a chattel mortgage on the assets acquired.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2019**

**6. LONG TERM DEBT, continued**

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

|                           | Principal<br>\$ | Interest<br>\$ | Total<br>\$ |
|---------------------------|-----------------|----------------|-------------|
| 2020                      | 395,498         | 53,944         | 449,442     |
| 2021                      | 357,393         | 41,125         | 398,518     |
| 2022                      | 179,958         | 30,038         | 209,996     |
| 2023                      | 186,515         | 23,481         | 209,996     |
| 2024                      | 193,317         | 16,679         | 209,996     |
|                           | 1,312,681       | 165,267        | 1,477,948   |
| 2025 and subsequent years | 306,568         | 12,753         | 319,321     |
|                           | 1,619,249       | 178,020        | 1,797,269   |

**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 \$1,558,500 (2018 - \$1,088,500). The closure costs include final cover, vegetation and additional monitoring wells. Post-closure costs include monitoring, maintenance of control systems and consulting fees for 25 years after the site is closed. A reserve of \$532,004 (2018 - \$517,004) has been provided for this liability with the remaining costs to be funded from taxation. There are no specific assets designated for settling this liability.

The reported liability is based upon estimates and assumptions with respect to events extending over the remaining life of the nine landfill sites. The remaining capacity of the nine operating sites is estimated at approximately 34.97% (2018 - 35.96%) of their total capacity. The total discounted future cash flows for closure and post-closure cost is estimated at \$2,669,339 as at December 31, 2019 (2018 - \$1,872,774). The liability is calculated based on the capacity of the sites used to the end of the current year. The landfill sites are expected to reach their capacities between 2033 and 2145. The Municipality received revised estimates from their consultant for the year ended December 31, 2019.

**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 2019 Annual Report disclosed total actuarial liabilities of \$107,687 million in respect of benefits accrued for service with actuarial assets of \$104,290 million indicating an actuarial deficit of \$3,397 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 2019 were \$170,518 (2018 - \$157,424).

**CORPORATION OF THE MUNICIPALITY OF  
HASTINGS HIGHLANDS**



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2019**

**9. TANGIBLE CAPITAL ASSETS**

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

|                                     | 2019       | 2018       |
|-------------------------------------|------------|------------|
|                                     | \$         | \$         |
| General                             |            |            |
| Land and land improvements          | 1,074,578  | 1,078,354  |
| Buildings and building improvements | 4,474,041  | 4,632,597  |
| Machinery and vehicles              | 2,097,473  | 2,043,120  |
| Furniture and office equipment      | 68,209     | 47,533     |
| Infrastructure                      |            |            |
| Roads and bridges                   | 11,598,437 | 12,113,294 |
|                                     | 19,312,738 | 19,914,898 |
| Assets under construction           | 21,693     | -          |
|                                     | 19,334,431 | 19,914,898 |

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

During the year there were no write-downs of assets (2018 - \$Nil) and no interest capitalized (2018 - \$Nil).

Tangible capital assets allocated by segment are as follows:

|                                  | 2019       | 2018       |
|----------------------------------|------------|------------|
|                                  | \$         | \$         |
| General government               | 3,458,473  | 3,544,077  |
| Protection services              | 743,178    | 790,502    |
| Transportation services          | 14,142,939 | 14,571,403 |
| Environmental services           | 152,075    | 162,995    |
| Recreation and cultural services | 837,766    | 845,921    |
|                                  | 19,334,431 | 19,914,898 |

**10. TRUST FUNDS**

Trust funds administered by the Municipality amounting to \$51,808 (2018 - \$57,373) 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.



**CORPORATION OF THE MUNICIPALITY OF  
HASTINGS HIGHLANDS**



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2019**

**11. CONTINGENT LIABILITIES**

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

**12. ACCUMULATED SURPLUS**

Accumulated surplus consists of the following:

|  | 2019        | 2018        |
|--|-------------|-------------|
|  | \$          | \$          |
| <b>Surplus/(Deficit)</b>                         |             |             |
| Cemetery Board                                   | 5,188       | 5,188       |
| Unfunded landfill closure and post-closure costs | (1,558,500) | (1,088,500) |
|  | (1,553,312) | (1,083,312) |
| <b>Invested In Capital Assets</b>                |             |             |
| Tangible capital assets - net book value         | 19,334,431  | 19,914,898  |
| Long term debt                                   | (1,619,249) | (2,002,181) |
|  | 17,715,182  | 17,912,717  |
| <b>Surplus</b>                                   | 16,161,870  | 16,829,405  |
| <b>Reserves</b>                                  |             |             |
| Working funds                                    | 2,672,707   | 2,164,318   |
| Insurance  | 30,065      | 30,065      |
| General administration                           | 653,988     | 511,529     |
| Equipment replacement                            | 475,056     | 494,297     |
| Paving and construction                          | 550,001     | 224,775     |
| Election   | 32,500      | 17,500      |
| Waste disposal                                   | 704,642     | 689,642     |
| Recreation capital                               | 32,500      | 32,500      |
| Fire   | 458,856     | 342,559     |
| Economic development                             | 67,000      | 87,000      |
| Health   | 25,000      | 25,000      |
| Library Board projects                           | 34,993      | 33,803      |
| Library DVD pool                                 | 4,684       | 5,183       |
| <b>Total Reserves</b>                            | 5,741,992   | 4,658,171   |
|  | 21,903,862  | 21,487,576  |

**CORPORATION OF THE MUNICIPALITY OF  
HASTINGS HIGHLANDS**



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2019**

**13. BUDGET FIGURES**

The budget, approved by the Municipality, for 2019 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)<br>Revenue<br>\$ | (Unaudited)<br>Expenses<br>\$ |
|---|------------------------------|-------------------------------|
| Council approved budget:  |                              |                               |
| Operating   | 9,715,982                    | 9,715,982                     |
| Capital   | 1,588,005                    | 1,588,005                     |
| <b>Total Council approved budget</b>                            | <b>11,303,987</b>            | <b>11,303,987</b>             |
| Less: Tangible capital assets capitalized                       | -                            | (1,287,005)                   |
| Add: Amortization of tangible capital assets                    | -                            | 1,595,782                     |
| Less: Principal repayment of long term debt                     | -                            | (382,934)                     |
| Less: Transfers to/from reserves                                | (1,304,000)                  | (1,246,000)                   |
| Library Board budget items                                      | 36,125                       | 36,125                        |
| <b>Adjusted budget per Consolidated Statement of Operations</b> | <b>10,036,112</b>            | <b>10,019,955</b>             |

**14. EXPENSES BY OBJECT**

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

|                       | Budget<br>2019<br>\$<br>(Unaudited) | Actual<br>2019<br>\$ | Actual<br>2018<br>\$ |
|-----------------------|-------------------------------------|----------------------|----------------------|
| Salaries and benefits | 3,514,821                           | 3,525,839            | 3,180,399            |
| Interest charges      | 66,510                              | 66,510               | 78,652               |
| Materials             | 2,643,641                           | 2,856,826            | 2,508,630            |
| Contracted services   | 2,153,126                           | 2,595,353            | 1,682,813            |
| Rents and financial   | 19,075                              | 17,873               | 21,085               |
| External transfers    | 27,000                              | 25,244               | 226,609              |
| Amortization          | 1,595,782                           | 1,594,692            | 1,595,781            |
|                       | <b>10,019,955</b>                   | <b>10,682,337</b>    | <b>9,293,969</b>     |

**15. SEGMENTED INFORMATION**

The Municipality of Hastings Highlands is a municipal government organization that provides a range of services to its residents. Municipality services are reported by function and their activities are separately disclosed in the segmented information.

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Certain allocation methodologies are employed in the preparation of segmented financial information. Taxation, payments-in-lieu of taxes and certain unconditional government transfers are apportioned based on each segment's net requirements.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1. For additional information see the Consolidated Schedule of Segment Disclosure.

**General Government**

General government consists of the activities of Council and general financial and administrative management of the Municipality and its programs and services.

**Protection Services**

Protection services include police, fire and protective inspection and control.

**Transportation Services**

The activities of the transportation function include construction and maintenance of the Municipality's roads and bridges, winter control and street lighting.

**Environmental Services**

The environmental function is responsible for providing waste disposal and recycling services to ratepayers.

**Health Services**

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

**Recreation Services**

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

**Planning and Development**

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

**Library Services**

The library services function provides informational needs to residents within the Municipality.

**16. SUBSEQUENT EVENTS**

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social impact.

At the time of approval of these consolidated financial statements, the Municipality has experienced the following indicators of financial implications and undertaken the following activities in relation to the COVID-19 pandemic:

- Additional costs for enhanced facility cleaning and acquisition of personal protective equipment
- Temporarily closed most facilities for walk-in access
- Property tax due dates have been deferred
- Reduced revenues from user charges.

The Municipality plans to mitigate any additional operating costs with committed Provincial government funding, costs savings in other budget items and tight controls over the operating expenses.

At this time these factors present uncertainty over future cash flows, may cause significant changes to the assets or liabilities and may have a significant impact on future operations.

**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, 2019

|  | General                    |                                     |                        |                                | Infrastructure    | Assets Under Construction | Totals     |
|--|----------------------------|-------------------------------------|------------------------|--------------------------------|-------------------|---------------------------|------------|
|  | Land and Land Improvements | Buildings and Building Improvements | Machinery and Vehicles | Furniture and Office Equipment | Roads and Bridges |                           |            |
|  | \$                         | \$                                  | \$                     | \$                             | \$                | \$                        | \$         |
| <b>COST</b>                                      |                            |                                     |                        |                                |                   |                           |            |
| Balance, beginning of year                       | 1,100,158                  | 6,505,105                           | 7,973,547              | 183,144                        | 39,270,726        | -                         | 55,032,680 |
| Add: additions during the year                   | -                          | -                                   | 397,134                | 56,879                         | 556,016           | 21,693                    | 1,031,722  |
| Less: disposals during the year                  | -                          | -                                   | -                      | 6,270                          | 1,179,990         | -                         | 1,186,260  |
| Balance, end of year                             | 1,100,158                  | 6,505,105                           | 8,370,681              | 233,753                        | 38,646,752        | 21,693                    | 54,878,142 |
| <b>ACCUMULATED AMORTIZATION</b>                  |                            |                                     |                        |                                |                   |                           |            |
| Balance, beginning of year                       | 21,804                     | 1,872,508                           | 5,930,427              | 135,611                        | 27,157,432        | -                         | 35,117,782 |
| Add: additions during the year                   | 3,776                      | 158,556                             | 342,781                | 36,203                         | 1,053,376         | -                         | 1,594,692  |
| Less: disposals during the year                  | -                          | -                                   | -                      | 6,270                          | 1,162,493         | -                         | 1,168,763  |
| Balance, end of year                             | 25,580                     | 2,031,064                           | 6,273,208              | 165,544                        | 27,048,315        | -                         | 35,543,711 |
| <b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b> | 1,074,578                  | 4,474,041                           | 2,097,473              | 68,209                         | 11,598,437        | 21,693                    | 19,334,431 |

# CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS



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

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

# CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS



## CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE For the Year Ended December 31, 2018

|                                  | General<br>Government<br>\$ | Protection<br>Services<br>\$ | Transportation<br>Services<br>\$ | Other<br>Environmental<br>Services<br>\$ | Health<br>Services<br>\$ | Recreation<br>and Cultural<br>Services<br>\$ | Planning and<br>Development<br>\$ | Library<br>Services<br>\$ | Consolidated<br>\$ |
|----------------------------------|-----------------------------|------------------------------|----------------------------------|--|--------------------------|--|-----------------------------------|---------------------------|--------------------|
| <b>Revenues</b>                  |                             |                              |                                  |  |                          |  |                                   |                           |                    |
| Property taxation                | 1,099,587                   | 2,012,510                    | 2,608,911                        | 622,760                                  | 10,000                   | 326,350                                      | 102,270                           | 130,000                   | 6,912,388          |
| User charges                     | 53,832                      | 183,214                      | 24,188                           | 129,068                                  | -                        | 16,102                                       | 23,400                            | 23,895                    | 453,699            |
| Government transfers - operating | 24,555                      | 1,733,244                    | -                                | 68,041                                   | -                        | -  | -                                 | 20,323                    | 1,846,163          |
| Government transfers - capital   | -                           | -                            | 82,623                           | -  | -                        | 16,058                                       | -                                 | -                         | 98,681             |
| Penalties and interest on taxes  | 129,273                     | -                            | -                                | -  | -                        | -  | -                                 | -                         | 129,273            |
| Investment income                | 57,583                      | -                            | -                                | -  | -                        | -  | -                                 | -                         | 57,583             |
| Other grants                     | -                           | -                            | -                                | -  | -                        | -  | -                                 | 1,000                     | 1,000              |
| Federal gas tax earned           | -                           | -                            | 210,742                          | -  | -                        | -  | -                                 | -                         | 210,742            |
| <b>Total revenues</b>            | <b>1,364,830</b>            | <b>3,928,968</b>             | <b>2,926,464</b>                 | <b>819,869</b>                           | <b>10,000</b>            | <b>358,510</b>                               | <b>125,670</b>                    | <b>175,218</b>            | <b>9,709,529</b>   |
| <b>Expenses</b>                  |                             |                              |                                  |  |                          |  |                                   |                           |                    |
| Salaries and benefits            | 832,837                     | 334,798                      | 1,539,295                        | 208,497                                  | -                        | 26,514                                       | 105,543                           | 132,915                   | 3,180,399          |
| Interest charges                 | 31,482                      | 1,983                        | 45,187                           | -  | -                        | -  | -                                 | -                         | 78,652             |
| Materials                        | 187,886                     | 286,555                      | 1,672,818                        | 64,439                                   | 3,161                    | 242,727                                      | 30,900                            | 20,144                    | 2,508,630          |
| Contracted services              | 146,620                     | 1,145,224                    | 151,980                          | 181,717                                  | -                        | 53,699                                       | 1,573                             | 2,000                     | 1,682,813          |
| Rents and financial              | 21,010                      | -                            | -                                | -  | -                        | -  | -                                 | 75                        | 21,085             |
| External transfers               | -                           | 215,609                      | -                                | -  | 5,000                    | 6,000  | -                                 | -                         | 226,609            |
| Amortization                     | 113,542                     | 86,714                       | 1,362,925                        | 10,919                                   | -                        | 11,085                                       | -                                 | 10,596                    | 1,595,781          |
| <b>Total expenses</b>            | <b>1,333,377</b>            | <b>2,070,883</b>             | <b>4,772,205</b>                 | <b>465,572</b>                           | <b>8,161</b>             | <b>340,025</b>                               | <b>138,016</b>                    | <b>165,730</b>            | <b>9,293,969</b>   |
| <b>Net surplus/(deficit)</b>     | <b>31,453</b>               | <b>1,858,085</b>             | <b>(1,845,741)</b>               | <b>354,297</b>                           | <b>1,839</b>             | <b>18,485</b>                                | <b>(12,346)</b>                   | <b>9,488</b>              | <b>415,560</b>     |

## INDEPENDENT AUDITOR'S REPORT

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

**Baker Tilly KDN LLP**  
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### *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, 2019, 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, 2019, 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  
July 20, 2020

**CORPORATION OF THE MUNICIPALITY OF  
HASTINGS HIGHLANDS**



**TRUST FUNDS  
STATEMENT OF FINANCIAL POSITION  
At December 31, 2019**

|                         | Train Trust<br>\$ | Papineau<br>Cemetery<br>Perpetual<br>Care<br>\$ | Zion<br>Cemetery<br>Perpetual<br>Care<br>\$ | Emmanuel<br>Cemetery<br>Perpetual<br>Care<br>\$ | Grace<br>Cemetery<br>Perpetual<br>Care<br>\$ | 2019<br>Total<br>\$ | 2018<br>Total<br>\$ |
|-------------------------|-------------------|---|---|---|--|---------------------|---------------------|
| <b>FINANCIAL ASSETS</b> |                   |   |   |   |  |                     |                     |
| Cash                    | -                 | 10,936  | 2,999                                       | 17,240  | 20,633                                       | 51,808              | 57,373              |
| <b>FUND BALANCES</b>    |                   |   |   |   |  |                     |                     |
| Capital                 | -                 | 10,331  | 2,999                                       | 17,240  | 20,633                                       | 51,203              | 56,768              |
| Income                  | -                 | 605   | -   | -   | -  | 605                 | 605                 |
|                         | -                 | 10,936  | 2,999                                       | 17,240  | 20,633                                       | 51,808              | 57,373              |

**CORPORATION OF THE MUNICIPALITY OF  
HASTINGS HIGHLANDS**



**TRUST FUNDS  
STATEMENT OF CONTINUITY  
For the Year Ended December 31, 2019**

|                                     | Train Trust<br>\$ | Papineau<br>Cemetery<br>Perpetual<br>Care<br>\$ | Zion<br>Cemetery<br>Perpetual<br>Care<br>\$ | Emmanuel<br>Cemetery<br>Perpetual<br>Care<br>\$ | Grace<br>Cemetery<br>Perpetual<br>Care<br>\$ | 2019<br>Total<br>\$ | 2018<br>Total<br>\$ |
|-------------------------------------|-------------------|---|---|---|--|---------------------|---------------------|
| <b>BALANCES - beginning of year</b> | 12,026            | 9,175   | 2,999                                       | 14,740  | 18,433                                       | 57,373              | 53,773              |
| <b>RECEIPTS</b>                     |                   |   |   |   |  |                     |                     |
| Perpetual care                      | -                 | 1,761   | -   | 2,500   | 2,200  | 6,461               | 3,600               |
| Interest earned                     | 28                | 139   | 44  | 247   | 286  | 744                 | 603                 |
|                                     | 28                | 1,900   | 44  | 2,747   | 2,486  | 7,205               | 4,203               |
| <b>EXPENSES</b>                     |                   |   |   |   |  |                     |                     |
| Transfer to Municipality            | 28                | 139   | 44  | 247   | 286  | 744                 | 603                 |
| Transfer to community group         | 12,026            | -   | -   | -   | -  | 12,026              | -                   |
|                                     | 12,054            | 139   | 44  | 247   | 286  | 12,770              | 603                 |
| <b>BALANCES - end of year</b>       | -                 | 10,936  | 2,999                                       | 17,240  | 20,633                                       | 51,808              | 57,373              |

**TRUST FUNDS  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2019**

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**1. SIGNIFICANT ACCOUNTING POLICIES**

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

(a) Basis of Accounting

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

(b) Use of Estimates

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

**2. CEMETERY PERPETUAL CARE**

The Perpetual Care 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 Cemeteries Act.

**CORPORATION OF THE MUNICIPALITY OF  
HASTINGS HIGHLANDS**

**HASTINGS HIGHLANDS PUBLIC LIBRARY BOARD**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

**INDEPENDENT AUDITOR'S REPORT****To the Members of the Hastings Highlands Public Library Board, the Members of Council, Inhabitants and Ratepayers of the Corporation of the Municipality of Hastings Highlands****T: (705) 742-3418**  
**F: (705) 742-9775****[www.bakertilly.ca](http://www.bakertilly.ca)***Qualified Opinion*

We have audited the financial statements of the Hastings Highlands Public Library Board of the Corporation of the Municipality of Hastings Highlands (the Board), which comprise the statement of financial position as at December 31, 2019, 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, 2019, 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, 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 20, 2020

**CORPORATION OF THE MUNICIPALITY OF  
HASTINGS HIGHLANDS**



**HASTINGS HIGHLANDS PUBLIC LIBRARY BOARD  
STATEMENT OF FINANCIAL POSITION  
At December 31, 2019**

|  | 2019   | 2018   |
|--|--------|--------|
|  | \$     | \$     |
| <b>FINANCIAL ASSETS</b>                            |        |        |
| Cash   | 67,087 | 49,069 |
| <b>LIABILITIES</b>                                 |        |        |
| Due to Municipality of Hastings Highlands (note 5) | 24,565 | 8,083  |
| Accounts payable                                   | 2,845  | 2,000  |
| <b>TOTAL LIABILITIES</b>                           | 27,410 | 10,083 |
| <b>NET FINANCIAL ASSETS</b>                        | 39,677 | 38,986 |
| <b>NON-FINANCIAL ASSETS</b>                        |        |        |
| Tangible capital assets (note 2)                   | 34,943 | 32,012 |
| <b>ACCUMULATED SURPLUS (note 3)</b>                | 74,620 | 70,998 |

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



**CORPORATION OF THE MUNICIPALITY OF  
HASTINGS HIGHLANDS**



**HASTINGS HIGHLANDS PUBLIC LIBRARY BOARD  
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS  
For the Year Ended December 31, 2019**

|  | Budget<br>2019<br>\$<br>(Unaudited) | Actual<br>2019<br>\$ | Actual<br>2018<br>\$ |
|--|-------------------------------------|----------------------|----------------------|
| <b>REVENUES</b>                                |                                     |                      |                      |
| Municipal contribution (note 5)                | 135,500                             | 135,500              | 130,000              |
| Province of Ontario                            | 22,875                              | 18,849               | 17,281               |
| Fees, fundraising and donations                | 13,150                              | 16,810               | 23,895               |
| Other grants                                   | -                                   | 2,484                | 1,000                |
| Government of Canada                           | -                                   | -                    | 3,042                |
| <b>TOTAL REVENUES</b>                          | <b>171,525</b>                      | <b>173,643</b>       | <b>175,218</b>       |
| <b>EXPENSES</b>                                |                                     |                      |                      |
| Salaries and benefits                          | 127,350                             | 131,566              | 132,915              |
| Supplies and postage                           | 3,100                               | 3,186                | 2,142                |
| Materials                                      | 7,200                               | 8,101                | 4,975                |
| Programs                                       | 3,800                               | 3,716                | 4,432                |
| Advertising                                    | 700                                 | 484                  | 1,100                |
| Office administration                          | 2,575                               | 2,560                | 2,048                |
| Professional development                       | 2,250                               | 1,984                | 1,588                |
| Contracted services                            | 2,500                               | 2,535                | 2,000                |
| Memberships                                    | 150                                 | 206                  | 256                  |
| IT maintenance                                 | 3,000                               | 2,032                | 2,783                |
| Amortization                                   | 10,596                              | 12,041               | 10,596               |
| Equipment                                      | 3,900                               | 1,610                | 895                  |
| <b>TOTAL EXPENSES</b>                          | <b>167,121</b>                      | <b>170,021</b>       | <b>165,730</b>       |
| <b>ANNUAL SURPLUS</b>                          | <b><u>4,404</u></b>                 | <b>3,622</b>         | <b>9,488</b>         |
| <b>ACCUMULATED SURPLUS - beginning of year</b> |                                     | <b>70,998</b>        | <b>61,510</b>        |
| <b>ACCUMULATED SURPLUS - end of year</b>       |                                     | <b>74,620</b>        | <b>70,998</b>        |

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

**CORPORATION OF THE MUNICIPALITY OF  
HASTINGS HIGHLANDS**



**HASTINGS HIGHLANDS PUBLIC LIBRARY BOARD  
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS  
For the Year Ended December 31, 2019**

|   | Budget<br>2019<br>\$<br>(Unaudited) | Actual<br>2019<br>\$ | Actual<br>2018<br>\$ |
|---|-------------------------------------|----------------------|----------------------|
| <b>ANNUAL SURPLUS</b>                           | 4,404                               | 3,622                | 9,488                |
| Amortization of tangible capital assets         | 10,596                              | 12,041               | 10,596               |
| Acquisition of tangible capital assets          | (15,000)                            | (14,972)             | (14,552)             |
| <b>INCREASE IN NET FINANCIAL ASSETS</b>         | -                                   | 691                  | 5,532                |
| <b>NET FINANCIAL ASSETS - beginning of year</b> | 38,986                              | 38,986               | 33,454               |
| <b>NET FINANCIAL ASSETS - end of year</b>       | 38,986                              | 39,677               | 38,986               |

*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, 2019**

|   | 2019          | 2018             |
|---|---------------|------------------|
|   | \$            | \$               |
| <b>CASH PROVIDED BY (USED IN)</b>                   |               |                  |
| <b>OPERATING ACTIVITIES</b>                         |               |                  |
| Annual surplus                                      | 3,622         | 9,488            |
| Items not involving cash                            |               |                  |
| Amortization of tangible capital assets             | 12,041        | 10,596           |
| Change in non-cash assets and liabilities           |               |                  |
| Accounts receivable                                 | -             | 200              |
| Due to Municipality of Hastings Highlands           | 16,482        | (128,336)        |
| Accounts payable                                    | 845           | (1,857)          |
| <b>Net change in cash from operating activities</b> | <b>32,990</b> | <b>(109,909)</b> |
| <b>CAPITAL ACTIVITIES</b>                           |               |                  |
| Acquisition of tangible capital assets              | (14,972)      | (14,552)         |
| <b>NET CHANGE IN CASH</b>                           | <b>18,018</b> | <b>(124,461)</b> |
| <b>CASH - beginning of year</b>                     | <b>49,069</b> | <b>173,530</b>   |
| <b>CASH - end of year</b>                           | <b>67,087</b> | <b>49,069</b>    |

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

**1. SIGNIFICANT ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with the standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook. Significant aspects of the accounting policies adopted by the Board are as follows:

(a) Recognition of Revenue and Expenses

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

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

Fees, fundraising and donations revenue is recognized when the amounts are received.

(b) Use of Estimates

Certain items recognized in the financial statements are subject to measurement uncertainty. The recognized amounts of such items are based on the Board's best information and judgment. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant. The Board's significant estimates include:

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

(c) Tangible Capital Assets

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

|                         |         |
|-------------------------|---------|
| Books                   | 7 years |
| Furniture and equipment | 5 years |

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

Tangible capital assets are not amortized until they are put into service.

(d) Non-Financial Assets

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

**HASTINGS HIGHLANDS PUBLIC LIBRARY BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2019**

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**1. SIGNIFICANT ACCOUNTING POLICIES, continued**

(e) Reserves

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

(f) Inter-Entity Transactions

The Hastings Highlands Public Library Board is a Board of the Municipality of Hastings Highlands and is consolidated with the Municipality's financial statements.

Allocated costs and recovery of costs are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Unallocated costs are measured at the carrying amount, which is the amount recorded in the records of the Municipality.

**2. TANGIBLE CAPITAL ASSETS**

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

|  | Books<br>\$   | Furniture<br>and<br>Equipment<br>\$ | 2019<br>Totals<br>\$ | 2018<br>Totals<br>\$ |
|--|---------------|-------------------------------------|----------------------|----------------------|
| <b>COST</b>                                      |               |                                     |                      |                      |
| Balance, beginning of year                       | 63,402        | 53,654                              | 117,056              | 110,191              |
| Add: additions during the year                   | 13,911        | 1,061                               | 14,972               | 14,552               |
| Less: disposals during the year                  | 6,270         | -                                   | 6,270                | 7,687                |
| <b>Balance, end of year</b>                      | <b>71,043</b> | <b>54,715</b>                       | <b>125,758</b>       | <b>117,056</b>       |
| <b>ACCUMULATED AMORTIZATION</b>                  |               |                                     |                      |                      |
| Balance, beginning of year                       | 34,467        | 50,577                              | 85,044               | 82,135               |
| Add: additions during the year                   | 10,149        | 1,892                               | 12,041               | 10,596               |
| Less: disposals during the year                  | 6,270         | -                                   | 6,270                | 7,687                |
| <b>Balance, end of year</b>                      | <b>38,346</b> | <b>52,469</b>                       | <b>90,815</b>        | <b>85,044</b>        |
| <b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b> | <b>32,697</b> | <b>2,246</b>                        | <b>34,943</b>        | <b>32,012</b>        |

**CORPORATION OF THE MUNICIPALITY OF  
HASTINGS HIGHLANDS**



**HASTINGS HIGHLANDS PUBLIC LIBRARY BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2019**

**3. ACCUMULATED SURPLUS**

Accumulated surplus consists of the following:

|  | 2019   | 2018   |
|--|--------|--------|
|  | \$     | \$     |
| <b>Invested In Capital Assets</b>        |        |        |
| Tangible capital assets - net book value | 34,943 | 32,012 |
| <b>Surplus</b>                           | 34,943 | 32,012 |
| <b>Reserves</b>                          |        |        |
| Projects                                 | 34,993 | 33,803 |
| DVD pool                                 | 4,684  | 5,183  |
| <b>Total Reserves</b>                    | 39,677 | 38,986 |
|  | 74,620 | 70,998 |

**4. BUDGET FIGURES**

The operating budget, approved by the Board, for 2019 is reflected on the Statement of Operations and Accumulated Surplus and the Statement of Change in Net Financial Assets. The budgets established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual expenditure amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSA reporting requirements. Budget figures are not subject to audit.

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

|  | (Unaudited)<br>2019<br>Revenue<br>\$ | (Unaudited)<br>2019<br>Expenses<br>\$ |
|--|--------------------------------------|---------------------------------------|
| Board approved budget                        | 171,525                              | 171,525                               |
| Less: Tangible capital assets capitalized    | -                                    | (15,000)                              |
| Add: Amortization of tangible capital assets | -                                    | 10,596                                |
|  | 171,525                              | 167,121                               |

**5. INTER-ENTITY TRANSACTIONS**

During the year, the Board entered into transactions with the Municipality of Hastings Highlands.

As part of the budgeting process, the Municipality approves a contribution to the Board which is identified on the Statement of Operations and Accumulated Surplus.

In addition, the following services are provided to the Board by the Municipality at no cost:

- Accounting and administrative services
- Rental of buildings
- Buildings and grounds maintenance
- Other occupancy costs

All balances with the Municipality of Hastings Highlands have been identified on the Statement of Financial Position. Due from (to) balances are unsecured, without interest and have no terms of repayment.

**6. SUBSEQUENT EVENT**

On March 11, 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.