

**CORPORATION OF THE MUNICIPALITY OF
HASTINGS HIGHLANDS**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023

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HASTINGS HIGHLANDS**

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TABLE OF CONTENTS

| | Page Number |
|---|----------------|
| MANAGEMENT REPORT | |
| INDEPENDENT AUDITOR'S REPORT | |
| CONSOLIDATED FINANCIAL STATEMENTS | |
| Statement of Financial Position | 1 |
| Statement of Operations and Accumulated Surplus | 2 |
| Statement of Change in Net Financial Assets | 3 |
| Statement of Cash Flows | 4 |
| Notes to the Financial Statements | 5 - 18 |
| Schedule of Tangible Capital Assets | 19 |
| Schedules of Segment Disclosure | 20 - 21 |
| TRUST FUNDS | |
| Independent Auditor's Report | 22 |
| Statement of Financial Position | 24 |
| Statement of Continuity | 25 |
| Notes to the Financial Statements | 26 |
| LOCAL BOARD | |
| Hastings Highlands Public Library Board | 27 - 37 |



Hastings Highlands

Beautiful By Nature

Tony Fitzgerald
Mayor

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CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

For The Year Ended December 31, 2023

MANAGEMENT REPORT

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

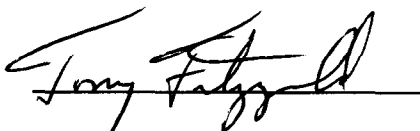
The consolidated financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards. Financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen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

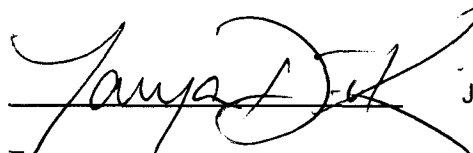
The Municipality maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Municipality's assets are appropriately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

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

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

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


Mayor


Treasurer

July 17, 2024

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

We have audited the consolidated financial statements of the Corporation of the Municipality of Hastings Highlands and its local boards (the Municipality), which comprise the consolidated statement of financial position as at December 31, 2023, 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, 2023, 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 31, 2024



CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2023

| | 2023 | 2022 |
|---|-------------------|-------------------|
| | \$ | \$ |
| FINANCIAL ASSETS | | |
| Cash | 6,514,749 | 6,712,866 |
| Accounts receivable | 270,877 | 322,447 |
| Taxes receivable | 745,231 | 644,058 |
| TOTAL FINANCIAL ASSETS | 7,530,857 | 7,679,371 |
| LIABILITIES | | |
| Accounts payable and accrued liabilities | 1,097,285 | 870,583 |
| Deferred revenue - other (note 3) | 92,232 | 75,572 |
| Deferred revenue - obligatory reserve funds (note 2) | 202,700 | 302,575 |
| Long term debt (note 5) | 499,884 | 686,399 |
| Asset retirement obligation (note 18) | 2,805,830 | - |
| Landfill closure and post-closure liability (note 16) | - | 1,442,200 |
| TOTAL LIABILITIES | 4,697,931 | 3,377,329 |
| NET FINANCIAL ASSETS | 2,832,926 | 4,302,042 |
| NON-FINANCIAL ASSETS | | |
| Tangible capital assets (note 8) | 25,718,318 | 22,387,028 |
| Prepaid expenses | 85,664 | 76,511 |
| TOTAL NON-FINANCIAL ASSETS | 25,803,982 | 22,463,539 |
| ACCUMULATED SURPLUS (note 10) | 28,636,908 | 26,765,581 |

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, 2023

| | Budget 2023 \$ (Unaudited) | Actual 2023 \$ | Actual 2022 \$ |
|---|-------------------------------------|----------------------|----------------------|
| REVENUES | | | |
| Property taxation | 8,292,007 | 8,404,551 | 7,989,551 |
| User charges | 590,950 | 596,453 | 733,253 |
| Government of Canada | 20,740 | 20,740 | 222,500 |
| Province of Ontario | 2,528,510 | 2,533,134 | 2,587,688 |
| Penalties and interest on taxes | 100,000 | 113,756 | 94,089 |
| Investment income | 120,000 | 332,852 | 132,920 |
| Parkland fees earned (note 2) | 30,000 | 20,860 | 47,500 |
| Canada Community-Building Fund earned (note 2) | 438,000 | 352,388 | 298,065 |
| Gain on disposal of tangible capital assets | - | 6,411 | 41,255 |
| TOTAL REVENUES | 12,120,207 | 12,381,145 | 12,146,821 |
| EXPENSES | | | |
| General government | 1,482,122 | 1,507,919 | 1,477,500 |
| Protection services | 2,318,790 | 2,244,233 | 2,083,044 |
| Transportation services | 5,669,324 | 5,502,971 | 5,497,492 |
| Environmental services | 1,199,159 | 1,632,974 | 881,582 |
| Health services | 30,000 | 29,692 | 4,167 |
| Recreation and cultural services | 372,252 | 441,078 | 471,056 |
| Planning and development | 316,195 | 290,622 | 265,086 |
| Library services | 211,745 | 207,429 | 190,327 |
| Landfill adjustment due to change in accounting standards | - | (1,347,100) | - |
| Change in landfill closure and post-closure liability | - | - | (628,800) |
| TOTAL EXPENSES | 11,599,587 | 10,509,818 | 10,241,454 |
| ANNUAL SURPLUS | <u>520,620</u> | 1,871,327 | 1,905,367 |
| ACCUMULATED SURPLUS - beginning of year | | 26,765,581 | 24,860,214 |
| ACCUMULATED SURPLUS - end of year | | 28,636,908 | 26,765,581 |

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, 2023

| | Budget 2023 \$ (Unaudited) | Actual 2023 \$ | Actual 2022 \$ |
|---|-------------------------------------|----------------------|----------------------|
| ANNUAL SURPLUS | 520,620 | 1,871,327 | 1,905,367 |
| Amortization of tangible capital assets | 1,837,928 | 2,394,651 | 1,837,928 |
| Purchase of tangible capital assets | (3,511,348) | (3,214,655) | (2,134,289) |
| Gain on disposal of tangible capital assets | - | (6,411) | (41,255) |
| Proceeds on sale of tangible capital assets | - | 51,547 | 41,255 |
| Change in prepaid expenses | - | (9,153) | (43,997) |
| INCREASE/(DECREASE) IN NET FINANCIAL ASSETS | (1,152,800) | 1,087,306 | 1,565,009 |
| NET FINANCIAL ASSETS - beginning of year | 4,302,042 | 4,302,042 | 2,737,033 |
| ADJUSTMENT ON ADOPTION OF THE ASSET RETIREMENT OBLIGATION STANDARD (note 16) | - | (2,556,422) | - |
| NET FINANCIAL ASSETS - beginning of year, as restated | 4,302,042 | 1,745,620 | 2,737,033 |
| NET FINANCIAL ASSETS - end of year | 3,149,242 | 2,832,926 | 4,302,042 |

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, 2023

| | 2023 | 2022 |
|---|--------------------|--------------------|
| | \$ | \$ |
| CASH PROVIDED BY (USED IN) | | |
| OPERATING ACTIVITIES | | |
| Annual surplus | 1,871,327 | 1,905,367 |
| Items not involving cash | | |
| Amortization of tangible capital assets | 2,394,651 | 1,837,928 |
| Gain on disposal of tangible capital assets | (6,411) | (41,255) |
| Accretion expense | 154,308 | - |
| Change in landfill closure and post-closure liability | (1,442,200) | (628,800) |
| Asset retirement obligation expense | 95,100 | - |
| Change in non-cash assets and liabilities | | |
| Accounts receivable | 51,570 | (131,582) |
| Taxes receivable | (101,173) | (70,911) |
| Prepaid expenses | (9,153) | (43,997) |
| Accounts payable and accrued liabilities | 226,702 | (255,284) |
| Deferred revenue - other | 16,660 | (140,818) |
| Deferred revenue - obligatory reserve funds | (99,875) | (81,324) |
| Net change in cash from operating activities | 3,151,506 | 2,349,324 |
| CAPITAL ACTIVITIES | | |
| Purchase of tangible capital assets | (3,214,655) | (2,134,289) |
| Proceeds on disposal of tangible capital assets | 51,547 | 41,255 |
| Net change in cash from capital activities | (3,163,108) | (2,093,034) |
| FINANCING ACTIVITIES | | |
| Debt principal repayments | (186,515) | (179,959) |
| NET CHANGE IN CASH | (198,117) | 76,331 |
| CASH - beginning of year | 6,712,866 | 6,636,535 |
| CASH - end of year | 6,514,749 | 6,712,866 |

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

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
- Hastings Highlands Cemetery Board

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

(b) Trust Funds

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

(c) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Initial costs for tangible capital assets that were acquired or developed prior to 2009 were obtained using historical cost information or using current fair market values discounted by a relevant inflation factor to the point of acquisition. The cost, less residual value, if any, of tangible capital assets is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

| | |
|--------------------------------|---------------|
| Land improvements | 15 - 20 years |
| Land improvements - landfill | 1 - 110 years |
| Buildings | 40 - 50 years |
| Buildings - ARO | 10 - 20 years |
| Building improvements | 20 - 30 years |
| Machinery | 10 - 15 years |
| Vehicles | 8 - 10 years |
| Furniture and office equipment | 3 - 20 years |
| Roads and bridges | 15 - 40 years |

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

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

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(d) Non-financial Assets

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

(e) Recognition of Revenues and Expenses

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

Taxation

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

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

Government Funding

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

Other revenue

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

Investment income is recorded when earned.

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

(f) Reserves

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

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2023

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) Asset Retirement Obligation

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

The liability for closure of operational sites and post-closure care relating to landfill sites has been recognized based on estimated future expenses. An additional liability for the removal of asbestos in several of the buildings owned by the Municipality has also been recognized based on estimated future expenses on closure of the site and post-closure care.

The liability is discounted using a present value calculation, and adjusted yearly for accretion expense and any amounts paid. The recognition of a liability resulted in an accompanying increase to the respective tangible capital assets. The increase to the tangible capital assets is being amortized in accordance with the depreciation accounting policies outlined in (c).

(i) 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 amortization of tangible capital assets are based on estimates of useful life and residual values.

In addition, the Municipality's implementation of PS3280 Asset Retirement Obligations has resulted in the requirement for management to make estimates regarding the useful lives of affected tangible capital assets in conjunction with estimates of expected asset retirement costs, as well as the timing and duration of these retirement costs.

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(j) Financial Instruments

Financial instruments are classified as either fair value or amortized cost. The following chart shows the measurement method for each type of financial instrument.

| Financial Instrument | Measurement Method |
|--|--------------------|
| Cash | Amortized Cost |
| Accounts receivable | Amortized Cost |
| Taxes receivable | Amortized Cost |
| Accounts payable and accrued liabilities | Amortized Cost |
| Long term debt | Amortized Cost |

Fair value category: The Municipality manages and reports performance for groups of financial assets on a fair-value basis. Investments traded in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Consolidated Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Consolidated Statement of Operations and Accumulated Surplus and related balances reversed from the Consolidated Statement of Remeasurement Gains and Losses.

Amortized cost category: Amounts are measured at the initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest rate method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial instrument asset or financial instrument liability.

The following hierarchy provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

- Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 - Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

As there are no unrealized gains or losses on financial instruments to report, the Consolidated Statement of Remeasurement Gains and Losses has not been presented in these financial statements.



CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

2. 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:

| | 2023 | 2022 |
|--------------------------------|---------|---------|
| | \$ | \$ |
| Canada Community-Building Fund | 171,375 | 255,642 |
| Parkland | 31,325 | 46,933 |
| | 202,700 | 302,575 |

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

| | 2023 | 2022 |
|---|---------|---------|
| | \$ | \$ |
| Balance - beginning of year | 302,575 | 383,899 |
| Add amounts received: | | |
| Canada Community-Building Fund received from the County of Hastings | 132,542 | 123,711 |
| Canada Community-Building Fund received from AMO | 134,958 | 129,334 |
| Parkland fees received | 5,252 | 9,500 |
| Interest | 621 | 1,696 |
| | 273,373 | 264,241 |
| Less transfer to operations: | | |
| Canada Community-Building Fund earned | 352,388 | 298,065 |
| Parkland fees earned | 20,860 | 47,500 |
| | 373,248 | 345,565 |
| Balance - end of year | 202,700 | 302,575 |

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

3. DEFERRED REVENUE - OTHER

Included in deferred revenue - other are the following amounts:

| | 2023 | 2022 |
|---------------------------------------|---------------|---------------|
| | \$ | \$ |
| Seniors grant - lawn bowling | 5,467 | - |
| Cannabis funding | 6,053 | 21,053 |
| Ontario community infrastructure fund | 80,712 | 19,338 |
| Provincial safe restart funding | - | 35,181 |
| | 92,232 | 75,572 |

The continuity of deferred revenue - other is as follows:

| | 2023 | 2022 |
|---------------------------------------|----------------|----------------|
| | \$ | \$ |
| Balance - beginning of year | 75,572 | 216,390 |
| Seniors grant - lawn bowling | 20,000 | - |
| Ontario community infrastructure fund | 265,975 | 313,032 |
| | 285,975 | 313,032 |
| Less transfer to operations: | | |
| Provincial safe restart funding | 35,181 | 95,000 |
| Cannabis funding | 15,000 | - |
| Ontario community infrastructure fund | 204,601 | 358,850 |
| Seniors grant - lawn bowling | 14,533 | - |
| | 269,315 | 453,850 |
| Balance - end of year | 92,232 | 75,572 |

4. 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 2023 Annual Report disclosed total actuarial liabilities of \$136,185 million in respect of benefits accrued for service with actuarial assets of \$131,983 million indicating an actuarial deficit of \$4,202 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 2023 were \$246,344 (2022 - \$203,519).

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

5. LONG TERM DEBT

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

| | 2023 | 2022 |
|--|----------------|----------------|
| | \$ | \$ |
| 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. | 82,487 | 121,235 |
| 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. | 110,797 | 164,046 |
| 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. | 306,600 | 401,118 |
| | <u>499,884</u> | <u>686,399</u> |

- (b) The long term debt in (a) issued in the name of the Municipality have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.
- (c) Interest paid during the year on long term debt amounted to \$23,481 (2022 - \$30,038).
- (d) The long term debt is secured by a chattel mortgage on the assets acquired.
- (e) The long term debt reported in (a) of this note is repayable as follows:

| | Principal | Interest | Total |
|------|----------------|---------------|----------------|
| | \$ | \$ | \$ |
| 2024 | 193,317 | 16,679 | 209,996 |
| 2025 | 200,375 | 9,621 | 209,996 |
| 2026 | 106,192 | 3,132 | 109,324 |
| | <u>499,884</u> | <u>29,432</u> | <u>529,316</u> |

6. TRUST FUNDS

Trust funds administered by the Municipality amounting to \$70,505 (2022 - \$64,618) 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.

7. CONTINGENT LIABILITIES

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

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

8. TANGIBLE CAPITAL ASSETS

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

| | 2023 | 2022 |
|-------------------------------------|------------|------------|
| | \$ | \$ |
| General | | |
| Land and land improvements | 3,338,647 | 1,232,249 |
| Buildings and building improvements | 3,972,130 | 3,998,373 |
| Machinery and vehicles | 2,901,686 | 2,388,137 |
| Furniture and office equipment | 111,122 | 125,463 |
| Infrastructure | | |
| Roads and bridges | 14,767,317 | 14,624,660 |
| | 25,090,902 | 22,368,882 |
| Assets under construction | 627,416 | 18,146 |
| | 25,718,318 | 22,387,028 |

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

During the year there were no write-downs of assets (2022 - \$Nil) and no interest capitalized (2022 - \$Nil).

Tangible capital assets allocated by segment are as follows:

| | 2023 | 2022 |
|----------------------------------|------------|------------|
| | \$ | \$ |
| General government | 3,049,247 | 3,141,527 |
| Protection services | 774,534 | 567,718 |
| Transportation services | 18,752,413 | 17,565,550 |
| Environmental services | 1,982,553 | 119,317 |
| Recreation and cultural services | 1,159,571 | 992,916 |
| | 25,718,318 | 22,387,028 |

9. 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 2023-002. At December 31, 2023 there was no balance outstanding (2022 - \$Nil).

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

10. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

| | 2023 | 2022 |
|--|-------------|-------------|
| | \$ | \$ |
| Surplus/(Deficit) | | |
| Cemetery Board | 5,188 | 5,188 |
| Unfunded landfill closure and post-closure costs | - | (1,442,200) |
| | 5,188 | (1,437,012) |
| Invested In Capital Assets | | |
| Tangible capital assets - net book value | 25,718,318 | 22,387,028 |
| Asset retirement obligations | (2,805,830) | - |
| Long term debt | (499,884) | (686,399) |
| Unfunded capital - bridges | (609,270) | - |
| | 21,803,334 | 21,700,629 |
| Surplus | 21,808,522 | 20,263,617 |
| Reserves | | |
| Working funds | 2,587,145 | 2,216,829 |
| Equipment replacement | 481,000 | 477,368 |
| Insurance | 30,065 | 30,065 |
| General administration | 607,294 | 597,131 |
| Fire | 676,610 | 826,867 |
| Health services | 10,000 | 10,000 |
| Recreation capital | 32,500 | 32,500 |
| Election | 52,469 | 37,469 |
| Economic development | 46,494 | 42,929 |
| Paving and construction | 1,275,486 | 1,187,870 |
| Waste disposal | 994,642 | 979,642 |
| Building department stabilization fund | - | 20,924 |
| Library Board projects | 34,681 | 37,686 |
| Library DVD pool | - | 4,684 |
| Total Reserves | 6,828,386 | 6,501,964 |
| | 28,636,908 | 26,765,581 |

11. 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

12. BUDGET FIGURES

The budget, approved by the Municipality, for 2023 is reflected on the Consolidated Statement of Operations and Accumulated Surplus and the Consolidated Statement of Change in Net Financial Assets. The budget established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSA reporting requirements. Budget figures are not subject to audit.

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

| | (Unaudited) Revenue \$ | (Unaudited) Expenses \$ |
|---|------------------------------|-------------------------------|
| Council approved budget: | | |
| Operating | 11,583,258 | 11,583,258 |
| Capital | 3,494,348 | 3,494,348 |
| Total Council approved budget | 15,077,606 | 15,077,606 |
| Less: Tangible capital assets capitalized | - | (3,511,348) |
| Add: Amortization of tangible capital assets | - | 1,837,928 |
| Less: Principal repayment of long term debt | - | (186,515) |
| Less: Transfers to/from reserves | (2,707,765) | (1,368,450) |
| Library budget | 50,366 | 50,366 |
| Internal transfers | (300,000) | (300,000) |
| Adjusted budget per Consolidated Statement of Operations | 12,120,207 | 11,599,587 |

13. EXPENSES BY OBJECT

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

| | Budget 2023 \$ (Unaudited) | Actual 2023 \$ | Actual 2022 \$ |
|-----------------------|-------------------------------------|----------------------|----------------------|
| Salaries and benefits | 4,179,586 | 3,973,533 | 3,708,108 |
| Interest charges | 23,482 | 23,482 | 30,038 |
| Materials | 3,175,515 | 2,945,265 | 3,084,239 |
| Contracted services | 2,354,504 | 982,894 | 1,540,005 |
| Rents and financial | 19,075 | 180,146 | 25,790 |
| External transfers | 9,497 | 9,847 | 15,346 |
| Amortization | 1,837,928 | 2,394,651 | 1,837,928 |
| | 11,599,587 | 10,509,818 | 10,241,454 |

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

14. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF HASTINGS

During 2023, requisitions were made by the County of Hastings and School Boards requiring the Municipality to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are as follows:

| | School Boards \$ | County \$ |
|------------------------------------|------------------------|--------------|
| Amounts requisitioned and remitted | 1,751,550 | 3,307,979 |

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

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.

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

15. SEGMENTED INFORMATION, continued

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. CHANGES IN ACCOUNTING POLICIES

The Municipality has implemented the following sections which are now effective under the PSA Handbook: PS 1201 Financial Statement Presentation, PS 2601 Foreign Currency Translation, PS 3041 Portfolio Investments, PS 3450 Financial Instruments and PS 3280 Asset Retirement Obligations were adopted prospectively on January 1, 2023.

PS 1201 Financial Statement Presentation replaces PS 1200 Financial Statement Presentation. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the Consolidated Statement of Remeasurement Gains and Losses separate from the Consolidated Statement of Operations. Requirements in PS 2601 Foreign Currency Translation, PS 3450 Financial Instruments, and PS 3041 Portfolio Investments, which are required to be adopted at the same time, can give rise to the presentation of gains and losses as remeasurement gains and losses.

PS 2601 Foreign Currency Translation replaces PS 2600 Foreign Currency Translation. The standard provides comprehensive requirements for the recognition, measurement, presentation and disclosure of foreign currency transactions. The adoption of this standard did not have an impact on the Municipality's consolidated financial statements.

PS 3041 Portfolio Investments replaces PS 3040 Portfolio Investments. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 Financial Instruments. The adoption of this standard did not have an impact on the Municipality's consolidated financial statements.

PS 3450 Financial Instruments establishes accounting and reporting requirements for all types of financial instruments including derivatives. Financial instruments are included on the Consolidated Statement of Financial Position and are measured either at fair value or cost or amortized cost based on the characteristics of the instrument and the Municipality's accounting policy choices (see Note 1. Significant Accounting Policies). The new standard provides comprehensive requirements for the recognition, measurement, presentation and disclosure of financial instruments. The adoption of this standard did not have an impact on the Municipality's consolidated financial statements.

PS 3280 Asset Retirement Obligations addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in retired buildings by public sector entities. The new accounting standard has resulted in a withdrawal of the existing Section PS 3270 – Solid Waste Landfill Closure and Post-Closure Liability.

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

16. CHANGES IN ACCOUNTING POLICIES, continued

In accordance with the provisions of this new standard, the Municipality reflected the following adjustments at January 1, 2023:

Landfill Obligation

- A decrease of \$1,442,200 to landfill closure and post-closure liability to remove the liability recognized to date under the old standard. An increase of \$2,438,500 to opening asset retirement obligation liability and an increase of \$2,343,400 to the land improvement (landfill) tangible capital asset account for operating landfill sites and an expense of \$95,100 for closed sites.

Asbestos Obligation

- An increase of \$6,917 to the buildings tangible capital asset account, representing the remediation costs at January 1, 2023 and an asset retirement obligation in the same amount.

Other Obligation

- An increase of \$66,410 to the land improvements tangible capital asset account, representing the remediation costs for gravel pits at January 1, 2023 and an asset retirement obligation in the same amount.
- An increase of \$139,695 to the buildings tangible capital asset account, representing the remediation costs for underground tanks at January 1, 2023 and an asset retirement obligation in the same amount.

17. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in the Municipality assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

The Municipality is exposed to the following risks in respect of certain of the financial instruments held:

(a) Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss.

In the opinion of management, the Municipality is not exposed to any significant currency, liquidity, market or interest rate risks.

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

18. ASSET RETIREMENT OBLIGATION

The Municipality's asset retirement obligation consists of the following:

(a) Landfill obligation

The Municipality owns and operates nine landfill sites. The liability for the remaining closure costs of operational sites as well as the post-closure costs for all sites has been recognized under PS 3280 – Asset Retirement Obligations. The costs have been estimated based upon the presently known obligations that will exist at the estimated year of closure of the sites and for 25 years after the closure date using a discount rate of 4.5% and an inflation rate of 3%. For the two closed sites, there are between 18 and 19 years of remaining monitoring costs; however, the 25 year estimate could be extended based on the results of the monitoring. For the seven operational sites, the sites are projected to close between 2024 and 2130.

(b) Asbestos obligation

The Municipality owns and operates two buildings that are known to have asbestos, which represents a health hazard upon demolition of the building and there is a legal obligation to remove it. Following the adoption of PS 3280 – Asset Retirement Obligations, the Municipality recognized an obligation relating to the removal and post-removal care of the asbestos in these buildings as estimated at January 1, 2023. The buildings had an estimated useful life of 40 years when they were purchased, of which 20 years remain. Post-closure care is estimated to extend for up to a year past the closure of the building, while demolition and construction continues. Estimated costs have been discounted to the present value using a discount rate of 3.90% per annum.

(c) Other

The Municipality owns and operates underground tanks and gravel pits. The liability for the closure of these sites and the costs to return the property to its original state has been recognized under PS 3280 – Asset Retirement Obligations. The costs were based on presently known obligations that will exist at the estimated year of retirement of these tangible capital assets. These costs have been discounted to the present value using a discount rate of 3.90% per annum.

Changes to the asset retirement obligation in the year are as follows:

| Asset Retirement Obligation | Landfill closure and post-closure \$ | Asbestos removal \$ | Other \$ | Total \$ |
|-----------------------------------|---|---------------------------|-------------|-------------|
| Opening balance - January 1, 2023 | 2,438,500 | 6,917 | 206,105 | 2,651,522 |
| Accretion expense | 146,000 | 270 | 8,038 | 154,308 |
| Closing balance | 2,584,500 | 7,187 | 214,143 | 2,805,830 |

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the Year Ended December 31, 2023

| | General | | | | Infrastructure | Assets Under Construction | Totals |
|--|----------------------------|-------------------------------------|------------------------|--------------------------------|-------------------|---------------------------|-------------------|
| | Land and Land Improvements | Buildings and Building Improvements | Machinery and Vehicles | Furniture and Office Equipment | Roads and Bridges | | |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| COST | | | | | | | |
| Balance, beginning of year | 1,278,658 | 6,455,630 | 8,975,953 | 328,685 | 45,618,070 | 18,146 | 62,675,142 |
| Add: additions during the year | 192,031 | - | 902,435 | 16,763 | 1,494,156 | 609,270 | 3,214,655 |
| Less: disposals during the year | - | - | 1,315,203 | 7,563 | - | - | 1,322,766 |
| Asset retirement obligation | 2,409,810 | 146,612 | - | - | - | - | 2,556,422 |
| Balance, end of year | 3,880,499 | 6,602,242 | 8,563,185 | 337,885 | 47,112,226 | 627,416 | 67,123,453 |
| ACCUMULATED AMORTIZATION | | | | | | | |
| Balance, beginning of year | 46,409 | 2,457,257 | 6,587,816 | 203,222 | 30,993,410 | - | 40,288,114 |
| Add: additions during the year | 495,443 | 172,855 | 343,750 | 31,104 | 1,351,499 | - | 2,394,651 |
| Less: disposals during the year | - | - | 1,270,067 | 7,563 | - | - | 1,277,630 |
| Balance, end of year | 541,852 | 2,630,112 | 5,661,499 | 226,763 | 32,344,909 | - | 41,405,135 |
| NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS | 3,338,647 | 3,972,130 | 2,901,686 | 111,122 | 14,767,317 | 627,416 | 25,718,318 |

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2023

| | General Government \$ | Protection Services \$ | Transportation Services \$ | Environmental Services \$ | Health Services \$ | Recreation and Cultural Services \$ | Planning and Development \$ | Library Services \$ | Consolidated \$ |
|---|-----------------------------|------------------------------|----------------------------------|---------------------------------|--------------------------|--|-----------------------------------|---------------------------|--------------------|
| Revenues | | | | | | | | | |
| Property taxation | 4,407,928 | (76,201) | 2,598,830 | 696,910 | 26,500 | 321,639 | 266,945 | 162,000 | 8,404,551 |
| User charges | 91,384 | 230,289 | 59,201 | 134,668 | 2,178 | 11,213 | 48,215 | 19,305 | 596,453 |
| Government transfers - operating | 70,921 | 1,841,553 | - | 254,985 | - | 164,533 | - | 17,281 | 2,349,273 |
| Government transfers - capital | - | - | 204,601 | - | - | - | - | - | 204,601 |
| Penalties and interest on taxes | 113,756 | - | - | - | - | - | - | - | 113,756 |
| Investment income | 332,852 | - | - | - | - | - | - | - | 332,852 |
| Parkland fees earned | - | - | - | - | - | 20,860 | - | - | 20,860 |
| Canada Community-Building Fund earned | - | - | 352,388 | - | - | - | - | - | 352,388 |
| Gain/(loss) on disposal of tangible capital assets | 6,411 | - | - | - | - | - | - | - | 6,411 |
| Total revenues | 5,023,252 | 1,995,641 | 3,215,020 | 1,086,563 | 28,678 | 518,245 | 315,160 | 198,586 | 12,381,145 |
| Expenses | | | | | | | | | |
| Salaries and benefits | 997,896 | 643,955 | 1,717,817 | 246,945 | - | 27,514 | 172,695 | 166,711 | 3,973,533 |
| Interest charges | 14,807 | - | 8,675 | - | - | - | - | - | 23,482 |
| Materials | 167,734 | 346,641 | 1,911,246 | 71,067 | 29,692 | 329,838 | 68,623 | 20,424 | 2,945,265 |
| Contracted services | 181,438 | 1,116,629 | 240,538 | (658,303) | - | 50,988 | 49,304 | 2,300 | 982,894 |
| Rents and financial | 26,815 | 1,013 | 5,129 | 146,000 | - | 1,114 | - | 75 | 180,146 |
| External transfers | - | 9,847 | - | - | - | - | - | - | 9,847 |
| Amortization | 119,229 | 126,148 | 1,619,566 | 480,165 | - | 31,624 | - | 17,919 | 2,394,651 |
| Total expenses | 1,507,919 | 2,244,233 | 5,502,971 | 285,874 | 29,692 | 441,078 | 290,622 | 207,429 | 10,509,818 |
| Net surplus/(deficit) | 3,515,333 | (248,592) | (2,287,951) | 800,689 | (1,014) | 77,167 | 24,538 | (8,843) | 1,871,327 |

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2022

| | General Government \$ | Protection Services \$ | Transportation Services \$ | Environmental Services \$ | Health Services \$ | Recreation and Cultural Services \$ | Planning and Development \$ | Library Services \$ | Consolidated \$ |
|---|-----------------------------|------------------------------|----------------------------------|---------------------------------|--------------------------|--|-----------------------------------|---------------------------|--------------------|
| Revenues | | | | | | | | | |
| Property taxation | 3,438,766 | (327,828) | 3,631,107 | 591,050 | 4,250 | 306,751 | 193,455 | 152,000 | 7,989,551 |
| User charges | 90,817 | 365,349 | 48,283 | 143,024 | 3,689 | 30,605 | 51,486 | - | 733,253 |
| Government transfers - operating | 196,000 | 1,851,696 | - | 201,862 | - | 17,281 | 42,000 | - | 2,308,839 |
| Government transfers - capital | - | - | 358,849 | - | - | 142,500 | - | - | 501,349 |
| Penalties and interest on taxes | 94,089 | - | - | - | - | - | - | - | 94,089 |
| Investment income | 132,920 | - | - | - | - | - | - | - | 132,920 |
| Parkland fees earned | - | - | - | - | - | 47,500 | - | - | 47,500 |
| Canada Community-Building Fund earned | - | - | 298,065 | - | - | - | - | - | 298,065 |
| Gain/(loss) on disposal of tangible capital assets | 41,255 | - | - | - | - | - | - | - | 41,255 |
| Total revenues | 3,993,847 | 1,889,217 | 4,336,304 | 935,936 | 7,939 | 544,637 | 286,941 | 152,000 | 12,146,821 |
| Expenses | | | | | | | | | |
| Salaries and benefits | 953,038 | 576,368 | 1,613,179 | 225,296 | - | 21,997 | 164,129 | 154,101 | 3,708,108 |
| Interest charges | 18,406 | - | 11,632 | - | - | - | - | - | 30,038 |
| Materials | 217,700 | 315,641 | 2,119,106 | 77,102 | 4,167 | 258,975 | 75,023 | 16,525 | 3,084,239 |
| Contracted services | 142,001 | 1,087,779 | 178,080 | (60,535) | - | 163,498 | 25,934 | 3,248 | 1,540,005 |
| Rents and financial | 25,715 | - | - | - | - | - | - | 75 | 25,790 |
| External transfers | - | 9,346 | - | - | - | 6,000 | - | - | 15,346 |
| Amortization | 120,640 | 93,910 | 1,575,495 | 10,919 | - | 20,586 | - | 16,378 | 1,837,928 |
| Total expenses | 1,477,500 | 2,083,044 | 5,497,492 | 252,782 | 4,167 | 471,056 | 265,086 | 190,327 | 10,241,454 |
| Net surplus/(deficit) | 2,516,347 | (193,827) | (1,161,188) | 683,154 | 3,772 | 73,581 | 21,855 | (38,327) | 1,905,367 |

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of the Trust Funds of the Corporation of the Municipality of Hastings Highlands (the Trust Funds), which comprise the statement of financial position as at December 31, 2023, 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, 2023, 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 31, 2024

**CORPORATION OF THE MUNICIPALITY OF HASTINGS
HIGHLANDS**

**TRUST FUNDS
STATEMENT OF FINANCIAL POSITION
At December 31, 2023**

| | Papineau Cemetery Care and Maintenance \$ | Zion Cemetery Care and Maintenance \$ | Emmanuel Cemetery Care and Maintenance \$ | Grace Cemetery Care and Maintenance \$ | Purdy Cemetery Care and Maintenance \$ | 2023 Total \$ | 2022 Total \$ |
|-------------------------|---|---|---|--|--|---------------------|---------------------|
| FINANCIAL ASSETS | | | | | | | |
| Cash | 14,778 | 4,159 | 25,765 | 25,023 | 200 | 69,925 | 61,668 |
| Accounts receivable | 580 | - | - | - | - | 580 | 2,950 |
| | 15,358 | 4,159 | 25,765 | 25,023 | 200 | 70,505 | 64,618 |
| FUND BALANCES | | | | | | | |
| Capital | 14,753 | 4,159 | 25,765 | 25,023 | 200 | 69,900 | 64,013 |
| Income | 605 | - | - | - | - | 605 | 605 |
| | 15,358 | 4,159 | 25,765 | 25,023 | 200 | 70,505 | 64,618 |

The accompanying notes are an integral part of these financial statements

**CORPORATION OF THE MUNICIPALITY OF
HASTINGS HIGHLANDS**



**TRUST FUNDS
STATEMENT OF CONTINUITY
For the Year Ended December 31, 2023**

| | Papineau Cemetery Care and Maintenance \$ | Zion Cemetery Care and Maintenance \$ | Emmanuel Cemetery Care and Maintenance \$ | Grace Cemetery Care and Maintenance \$ | Purdy Cemetery Care and Maintenance \$ | 2023 Total \$ | 2022 Total \$ |
|-------------------------------------|---|---|---|--|--|---------------------|---------------------|
| BALANCES - beginning of year | 14,106 | 2,999 | 22,490 | 25,023 | - | 64,618 | 59,308 |
| RECEIPTS | | | | | | | |
| Perpetual care | 1,252 | 1,160 | 3,275 | - | 200 | 5,887 | 5,310 |
| Interest earned | 382 | 107 | 665 | 646 | 5 | 1,805 | 702 |
| | 1,634 | 1,267 | 3,940 | 646 | 205 | 7,692 | 6,012 |
| EXPENSES | | | | | | | |
| Transfer to Municipality | 382 | 107 | 665 | 646 | 5 | 1,805 | 702 |
| BALANCES - end of year | 15,358 | 4,159 | 25,765 | 25,023 | 200 | 70,505 | 64,618 |

The accompanying notes are an integral part of these financial statements



CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

TRUST FUNDS NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2023

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) Financial Instruments

The Trust Funds financial instruments consist of cash and due from Municipality. It is management's opinion that the fair value of the financial instruments are not materially different from their carrying value unless otherwise noted. The Trust Funds do not have any significant concentration of credit, currency or interest rate risk.

(c) Use of Estimates

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

2. CARE AND MAINTENANCE FUNDS

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

**CORPORATION OF THE MUNICIPALITY OF
HASTINGS HIGHLANDS**

HASTINGS HIGHLANDS PUBLIC LIBRARY BOARD

FINANCIAL STATEMENTS

DECEMBER 31, 2023

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

We have audited the financial statements of the Hastings Highlands Public Library Board of the Corporation of the Municipality of Hastings Highlands (the Board), which comprise the statement of financial position as at December 31, 2023, 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, 2023, and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Qualified Opinion

In common with many Public Library Boards, the Board derives revenue from fees, fundraising and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Board. Therefore, we were not able to determine whether any adjustments might be necessary to fees, fundraising and donations revenue, annual surplus/(deficit), and cash flows from operations for the years ended December 31, 2023 and 2022, and assets and accumulated surplus as at December 31, 2023 and 2022. Our opinion on the financial statements for the year ended December 31, 2022 was modified accordingly because of the possible effects of this scope limitation.

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 31, 2024

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

HASTINGS HIGHLANDS PUBLIC LIBRARY BOARD STATEMENT OF FINANCIAL POSITION At December 31, 2023

| | 2023 | 2022 |
|---|---------|---------|
| | \$ | \$ |
| FINANCIAL ASSETS | | |
| Cash | 148,193 | 125,270 |
| LIABILITIES | | |
| Due to Municipality of Hastings Highlands | 110,907 | 80,255 |
| Accounts payable | 2,605 | 2,645 |
| TOTAL LIABILITIES | 113,512 | 82,900 |
| NET FINANCIAL ASSETS | 34,681 | 42,370 |
| NON-FINANCIAL ASSETS | | |
| Tangible capital assets (note 2) | 53,196 | 54,350 |
| ACCUMULATED SURPLUS (note 3) | 87,877 | 96,720 |

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, 2023

| | Budget 2023 \$ (Unaudited) | Actual 2023 \$ | Actual 2022 \$ |
|--|-------------------------------------|----------------------|----------------------|
| REVENUES | | | |
| Municipal contribution | 162,000 | 162,000 | 152,000 |
| Province of Ontario | 18,780 | 17,281 | 17,281 |
| Fees, fundraising and donations | 15,350 | 19,305 | 22,538 |
| TOTAL REVENUES | 196,130 | 198,586 | 191,819 |
| EXPENSES | | | |
| Salaries and benefits | 172,491 | 166,710 | 154,101 |
| Supplies and postage | 2,600 | 2,759 | 2,597 |
| Materials | 9,450 | 8,646 | 7,481 |
| Programs | 2,000 | 2,768 | 1,869 |
| Advertising | 400 | 525 | 290 |
| Office administration | 2,375 | 3,757 | 2,541 |
| Professional development | 1,100 | 1,216 | 705 |
| Contracted services | 3,300 | 2,300 | 3,248 |
| Memberships | 150 | 75 | 128 |
| IT maintenance | 1,500 | 754 | 989 |
| Amortization | 16,379 | 17,919 | 16,379 |
| TOTAL EXPENSES | 211,745 | 207,429 | 190,328 |
| ANNUAL SURPLUS/(DEFICIT) | <u>(15,615)</u> | (8,843) | 1,491 |
| ACCUMULATED SURPLUS - beginning of year | | 96,720 | 95,229 |
| ACCUMULATED SURPLUS - end of year | | 87,877 | 96,720 |

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, 2023

| | Budget 2023 \$ (Unaudited) | Actual 2023 \$ | Actual 2022 \$ |
|---|-------------------------------------|----------------------|----------------------|
| ANNUAL SURPLUS/(DEFICIT) | (15,615) | (8,843) | 1,491 |
| Amortization of tangible capital assets | 16,379 | 17,919 | 16,379 |
| Acquisition of tangible capital assets | (17,000) | (16,765) | (27,704) |
| DECREASE IN NET FINANCIAL ASSETS | (16,236) | (7,689) | (9,834) |
| NET FINANCIAL ASSETS - beginning of year | 42,370 | 42,370 | 52,204 |
| NET FINANCIAL ASSETS - end of year | 26,134 | 34,681 | 42,370 |

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, 2023

| | 2023 | 2022 |
|---|----------------|----------------|
| | \$ | \$ |
| CASH PROVIDED BY (USED IN) | | |
| OPERATING ACTIVITIES | | |
| Annual surplus/(deficit) | (8,843) | 1,491 |
| Items not involving cash | | |
| Amortization of tangible capital assets | 17,919 | 16,379 |
| Change in non-cash assets and liabilities | | |
| Due to Municipality of Hastings Highlands | 30,652 | 33,412 |
| Accounts payable | (40) | (200) |
| Net change in cash from operating activities | 39,688 | 51,082 |
| CAPITAL ACTIVITIES | | |
| Acquisition of tangible capital assets | (16,765) | (27,704) |
| NET CHANGE IN CASH | 22,923 | 23,378 |
| CASH - beginning of year | 125,270 | 101,892 |
| CASH - end of year | 148,193 | 125,270 |

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

HASTINGS HIGHLANDS PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Recognition of Revenue and Expenses

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

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

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

(b) Use of Estimates

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

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

(c) Financial Instruments

The Board's financial instruments consist of cash, accounts payable and due to Municipality. Unless otherwise noted, it is management's opinion that the carrying value of the financial instruments approximates their fair values and that the Board does not have any significant concentration of credit, currency or interest rate risk.

As there are no unrealized gains or losses on financial instruments to report, the Statement of Remeasurement Gains and Losses has not been presented in these financial statements.

(d) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Initial costs for tangible capital assets that were acquired or developed prior to 2009 were obtained using historical cost information or using current fair market values discounted by a relevant inflation factor to the point of acquisition. The cost, less residual value, if any, of tangible capital assets is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

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

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

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

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

HASTINGS HIGHLANDS PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(e) 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.

(f) 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.

(g) Inter-Entity Transactions

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

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

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

2. TANGIBLE CAPITAL ASSETS

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

| | Books \$ | Furniture and Equipment \$ | 2023 Totals \$ | 2022 Totals \$ |
|--|---------------|-------------------------------------|----------------------|----------------------|
| COST | | | | |
| Balance, beginning of year | 89,195 | 71,826 | 161,021 | 142,058 |
| Add: additions during the year | 15,581 | 1,184 | 16,765 | 27,704 |
| Less: disposals during the year | 7,563 | - | 7,563 | 8,741 |
| Balance, end of year | 97,213 | 73,010 | 170,223 | 161,021 |
| ACCUMULATED AMORTIZATION | | | | |
| Balance, beginning of year | 46,184 | 60,487 | 106,671 | 99,033 |
| Add: additions during the year | 13,888 | 4,031 | 17,919 | 16,379 |
| Less: disposals during the year | 7,563 | - | 7,563 | 8,741 |
| Balance, end of year | 52,509 | 64,518 | 117,027 | 106,671 |
| NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS | 44,704 | 8,492 | 53,196 | 54,350 |

CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

**HASTINGS HIGHLANDS PUBLIC LIBRARY BOARD
 NOTES TO THE FINANCIAL STATEMENTS
 For the Year Ended December 31, 2023**

3. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

| | 2023 | 2022 |
|--|---------------|---------------|
| | \$ | \$ |
| Invested In Capital Assets | | |
| Tangible capital assets - net book value | 53,196 | 54,350 |
| Surplus | 53,196 | 54,350 |
| Reserves | | |
| Projects | 34,681 | 37,686 |
| DVD pool | - | 4,684 |
| Total Reserves | 34,681 | 42,370 |
| | 87,877 | 96,720 |

4. 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.

5. BUDGET FIGURES

The operating budget, approved by the Board, for 2023 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.



CORPORATION OF THE MUNICIPALITY OF HASTINGS HIGHLANDS

HASTINGS HIGHLANDS PUBLIC LIBRARY BOARD

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

6. CHANGE IN ACCOUNTING POLICY

The Board has implemented the following sections which are now effective under the PSA Handbook: PS 1201 Financial Statement Presentation, PS 2601 Foreign Currency Translation, PS 3041 Portfolio Investments, PS 3450 Financial Instruments and PS 3280 Asset Retirement Obligations were adopted prospectively on January 1, 2023.

PS 1201 Financial Statement Presentation replaces PS 1200 Financial Statement Presentation. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the Statement of Remeasurement Gains and Losses separate from the Statement of Operations. Requirements in PS 2601 Foreign Currency Translation, PS 3450 Financial Instruments, and PS 3041 Portfolio Investments, which are required to be adopted at the same time, can give rise to the presentation of gains and losses as remeasurement gains and losses.

PS 2601 Foreign Currency Translation replaces PS 2600 Foreign Currency Translation. The standard provides comprehensive requirements for the recognition, measurement, presentation and disclosure of foreign currency transactions. The adoption of this standard did not have an impact on the Board's financial statements.

PS 3041 Portfolio Investments replaces PS 3040 Portfolio Investments. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 Financial Instruments. The adoption of this standard did not have an impact on the Board's financial statements.

PS 3450 Financial Instruments establishes accounting and reporting requirements for all types of financial instruments including derivatives. Financial instruments are included on the statement of financial position and are measured either at fair value or cost or amortized cost based on the characteristics of the instrument and the Board's accounting policy choices (see Note 1. Significant Accounting Policies). The new standard provides comprehensive requirements for the recognition, measurement, presentation and disclosure of financial instruments. The adoption of this standard did not have an impact on the Board's financial statements.

PS 3280 Asset Retirement Obligations addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in retired buildings by public sector entities. The adoption of this standard did not have an impact on the Board's financial statements.