

**CORPORATION OF THE
MUNICIPALITY OF CENTRE HASTINGS**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018

**CORPORATION OF THE
MUNICIPALITY OF CENTRE HASTINGS**

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CORPORATION OF THE MUNICIPALITY OF CENTRE HASTINGS

For The Year Ended December 31, 2018

MANAGEMENT REPORT

The accompanying consolidated financial statements of the Corporation of the Municipality of Centre Hastings 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 Centre Hastings. 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

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Date

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CAO

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Date

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

We have audited the consolidated financial statements of the Corporation of the Municipality of Centre Hastings and its local boards (the Municipality), which comprise the consolidated statement of financial position as at December 31, 2018, 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, 2018, 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.

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.

Other Matter

The financial statements of the Municipality as at and for the year ended December 31, 2017 were audited by Collins Barrow Kawarthas LLP, which became Baker Tilly KDN LLP effective January 10, 2019.

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 19, 2019

**CORPORATION OF THE MUNICIPALITY OF
CENTRE HASTINGS**



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At December 31, 2018**

	2018	2017
	\$	\$
FINANCIAL ASSETS		
Cash	3,692,782	3,271,074
Investments (note 4)	896,399	901,654
Accounts receivable	462,978	739,733
Taxes receivable	839,597	805,941
TOTAL FINANCIAL ASSETS	5,891,756	5,718,402
LIABILITIES		
Accounts payable and accrued liabilities	1,436,106	1,182,897
Deferred revenue - obligatory reserve funds (note 7)	217,108	246,765
Deferred revenue - other (note 8)	409,951	238,602
Long term debt (note 9)	935,821	1,061,792
Landfill closure and post-closure liability (note 6)	176,000	168,000
TOTAL LIABILITIES	3,174,986	2,898,056
NET FINANCIAL ASSETS	2,716,770	2,820,346
NON-FINANCIAL ASSETS		
Tangible capital assets (note 10)	24,928,727	24,736,379
ACCUMULATED SURPLUS (note 11)	27,645,497	27,556,725

The accompanying notes are an integral part of these financial statements

**CORPORATION OF THE MUNICIPALITY OF
CENTRE HASTINGS**



**CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
For the Year Ended December 31, 2018**

	Budget 2018 \$ (Unaudited)	Actual 2018 \$	Actual 2017 \$
REVENUES			
Property taxation	4,143,470	4,187,457	3,871,478
User charges	1,415,823	1,442,135	1,420,103
Government of Canada	28,000	29,580	69,913
Province of Ontario	2,440,408	2,008,883	2,355,979
Other municipalities	208,352	209,616	202,081
Penalties and interest	112,500	129,566	112,906
Investment income	57,000	87,104	58,919
Donations	32,949	54,714	82,978
Development charges earned	43,075	39,946	-
Parkland fees earned	-	37,547	-
Federal gas tax earned	-	326,096	457,828
TOTAL REVENUES	8,481,577	8,552,644	8,632,185
EXPENSES			
General government	770,437	806,750	839,598
Protection services	1,620,093	1,563,959	1,538,939
Transportation services	2,912,122	2,653,696	2,548,045
Environmental services	1,749,705	1,580,139	1,089,006
Health services	350,948	339,854	333,757
Recreation and cultural services	1,369,163	1,335,648	1,237,035
Planning and development	220,538	183,826	109,687
TOTAL EXPENSES	8,993,006	8,463,872	7,696,067
ANNUAL SURPLUS/(DEFICIT)	<u>(511,429)</u>	88,772	936,118
ACCUMULATED SURPLUS - beginning of year		27,556,725	26,620,607
ACCUMULATED SURPLUS - end of year		27,645,497	27,556,725

The accompanying notes are an integral part of these financial statements

**CORPORATION OF THE MUNICIPALITY OF
CENTRE HASTINGS**



**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the Year Ended December 31, 2018**

	Budget 2018 \$ (Unaudited)	Actual 2018 \$	Actual 2017 \$
ANNUAL SURPLUS/(DEFICIT)	(511,429)	88,772	936,118
Amortization of tangible capital assets	1,424,460	1,503,146	1,424,460
Purchase of tangible capital assets	(2,081,000)	(1,695,494)	(2,013,070)
Loss on disposal of tangible capital assets	-	-	17,328
Proceeds on sale of tangible capital assets	-	-	45,072
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	(1,167,969)	(103,576)	409,908
NET FINANCIAL ASSETS - beginning of year	2,820,346	2,820,346	2,410,438
NET FINANCIAL ASSETS - end of year	1,652,377	2,716,770	2,820,346

The accompanying notes are an integral part of these financial statements

**CORPORATION OF THE MUNICIPALITY OF
CENTRE HASTINGS**



**CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2018**

	2018	2017
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	88,772	936,118
Items not involving cash		
Amortization of tangible capital assets	1,503,146	1,424,460
Loss on disposal of tangible capital assets	-	17,328
Change in landfill closure and post-closure liability	8,000	3,000
Change in non-cash assets and liabilities		
Accounts receivable	276,755	(220,369)
Taxes receivable	(33,656)	(111,947)
Accounts payable and accrued liabilities	253,209	443,949
Deferred revenue - obligatory reserve funds	(29,657)	(123,414)
Deferred revenue - other	171,349	(213,472)
Net change in cash from operating activities	2,237,918	2,155,653
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(1,695,494)	(2,013,070)
Proceeds on disposal of tangible capital assets	-	45,072
Net change in cash from capital activities	(1,695,494)	(1,967,998)
INVESTING ACTIVITIES		
Purchase of investments	(73,097)	(130,500)
Proceeds on disposal of investments	78,352	136,548
Net change in cash from investing activities	5,255	6,048
FINANCING ACTIVITIES		
Debt principal repayments	(125,971)	(120,654)
NET CHANGE IN CASH	421,708	73,049
CASH - beginning of year	3,271,074	3,198,025
CASH - end of year	3,692,782	3,271,074

The accompanying notes are an integral part of these financial statements

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018**

The Municipality of Centre Hastings 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:

- Centre Hastings Public Library Board
- Centre Hastings Recreation Centre Board

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

(b) 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	40-60 years
Buildings improvements	20-30 years
Machinery and equipment	3-20 years
Vehicles	8-10 years
Roads and bridges	7-50 years
Water and sewer	40-50 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.

(c) 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.

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(d) 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, development charges and parkland fees are recognized in the period in which the related expenditures are recorded.

(e) 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.

(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 reserves 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 2018, requisitions were made by the County of Hastings and School Boards requiring the Municipality to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are as follows:

	School Boards \$	County \$
Property taxes and payments in lieu requisitioned and remitted	1,004,041	1,314,397

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 \$900,000 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 2018-04. At December 31, 2018 there was no balance outstanding (2017 - \$Nil).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018**

4. INVESTMENTS

Investments, recorded at cost, consist of the following:

	Market Value \$	Cost 2018 \$	Cost 2017 \$
BMO Nesbitt Burns			
Cash	16,406	16,406	20,885
Fixed income bonds with interest rates between 1.00% and 4.85%; maturing from 2019 to 2028	866,050	879,993	880,769
	882,456	896,399	901,654

5. 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 2018 Annual Report disclosed total actuarial liabilities of \$100,081 million in respect of benefits accrued for service with actuarial assets of \$95,890 million indicating an actuarial deficit of \$4,191 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 2018 were \$140,546 (2017 - \$133,997).

6. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

The liability for landfill closure and post-closure costs of \$176,000 (2017 - \$168,000) has been estimated using discounted future cash flows associated with closure and post-closure care activities for the one site the Municipality operates. 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. The Municipality has a landfill reserve of \$385,860 (2017 - \$385,860) and the remaining landfill closure and post-closure liability, if any, will 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 landfill. The Township's practice is to cover the landfill cells as they are utilized with material from other Township properties. The remaining capacity of the landfill site is estimated at 141,450 m³ (2017 - 142,800 m³) which is 44.3% (2017 - 44.8%) of the site's total capacity. The total discounted future cash flows for closure and post-closure cost is estimated at \$316,565 (2017 - \$304,388) as at December 31, 2018 using a discount rate of 4% and an inflation rate of 2%. The landfill is expected to reach its capacity in 2061.

7. 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:

	2018 \$	2017 \$
Parkland fees	8,999	37,546
Development charges	207,852	159,367
Federal gas tax	257	49,852
	217,108	246,765

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

	2018 \$	2017 \$
Balance - beginning of year	246,765	370,179
Add amounts received:		
Development charges	88,432	49,495
Parkland fees	9,000	12,100
Federal gas tax	276,243	272,111
Interest	257	708
	373,932	334,414
Less transfer to operations:		
Development charges earned	39,946	-
Parkland fees	37,547	-
Federal gas tax earned	326,096	457,828
	403,589	457,828
Balance - end of year	217,108	246,765

**CORPORATION OF THE MUNICIPALITY OF
CENTRE HASTINGS**



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018**

8. DEFERRED REVENUE - OTHER

Included in deferred revenue - other are the following amounts:

	2018	2017
	\$	\$
Ontario Community Infrastructure Fund (OCIF)	-	190,263
Connecting Link	347,552	-
Source Water Protection (SWP)	-	36,156
AMO Downtown Revitalization	41,869	-
Other	20,530	12,183
	409,951	238,602

The continuity of deferred revenue - other is as follows:

	2018	2017
	\$	\$
Balance - beginning of year	238,602	452,074
Add amounts received:		
Connecting Link	369,186	-
AMO Downtown Revitalization	41,869	-
Other	20,530	17,926
	431,585	17,926
Less transfer to operations:		
OCIF funds earned	190,263	159,655
Skate park donations earned	-	47,234
SWP funds earned	36,156	2,599
Connecting Link funds earned	21,634	-
Other	12,183	21,910
	260,236	231,398
Balance - end of year	409,951	238,602

9. LONG TERM DEBT

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

	2018 \$	2017 \$
Loan from Community Futures Development Corporation to assist in the construction of the medical centre. The loan is repayable, by the Municipality, in monthly principal and interest instalments of \$1,855, with interest at 2.85% per annum, due February 1, 2020. Secured by medical centre land.	106,868	125,808
Debenture from Ontario Infrastructure Projects Corporation, repayable in blended semi-annual instalments of \$74,571 with interest at 4.63% per annum, due May 20, 2025. Secured by the Tri-Area Medical Centre building.	828,953	935,984
	935,821	1,061,792

- (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 \$45,431 (2017 - \$50,748).
- (d) The long term debt reported in (a) of this note is repayable as follows:

	Principal \$	Interest \$	Total \$
2019	131,527	39,874	171,401
2020	204,676	34,068	238,744
2021	122,785	26,357	149,142
2022	128,536	20,606	149,142
2023	134,556	14,587	149,143
2024 and subsequent years	213,741	9,971	223,712
	935,821	145,463	1,081,284

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018**

10. TANGIBLE CAPITAL ASSETS

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

	2018	2017
	\$	\$
General		
Land and land improvements	1,223,461	1,276,304
Buildings and building improvements	6,037,888	6,047,900
Machinery and equipment	654,121	658,656
Vehicles	1,068,693	1,168,274
Infrastructure		
Roads and bridges	10,950,787	10,516,362
Water and sewer	3,266,421	3,342,766
	23,201,371	23,010,262
Assets under construction	1,727,356	1,726,117
	24,928,727	24,736,379

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

During the year there were no write-downs of assets (2017 - \$Nil) and no interest capitalized (2017 - \$Nil).

The allocation of tangible capital assets by segment is as follows:

	2018	2017
	\$	\$
General government	603,179	622,714
Protection services	669,609	731,289
Transportation services	13,480,337	13,083,201
Environmental services	3,630,251	3,688,046
Health services	3,266,079	3,196,883
Recreation and cultural services	3,132,073	3,267,047
Planning and development	147,199	147,199
	24,928,727	24,736,379

**CORPORATION OF THE MUNICIPALITY OF
CENTRE HASTINGS**



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018**

11. ACCUMULATED SURPLUS

(a) Accumulated surplus consists of the following:

	2018	2017
	\$	\$
Surplus/(Deficit)		
Municipality	-	121,205
Unfunded landfill closure and post-closure costs	(176,000)	(168,000)
Centre Hastings Public Library Board	24,480	21,889
	(151,520)	(24,906)
Invested In Capital Assets		
Tangible capital assets - net book value	24,928,727	24,736,379
Long term debt	(935,821)	(1,061,792)
Unfunded capital - see part (b) below	(1,194,066)	(1,176,656)
	22,798,840	22,497,931
Surplus	22,647,320	22,473,025
Reserves		
Working fund	863,812	516,169
General capital	687,175	711,175
Emergency measures	12,915	12,915
Fire capital	193,900	114,900
Roads capital	112,896	238,068
OMERS - past service	4,512	4,512
Recreation	168,809	173,862
Landfill	385,860	385,860
Arena	52,463	30,000
Whytock recreation	28,324	28,324
Septage	1,145,000	1,260,000
Waste disposal equipment	45,319	45,319
Nesbitt Burns	896,399	901,654
Hydro sale	11,251	11,251
Tax write-off	171,400	171,400
Cemeteries	25,393	25,393
Water and sewer	187,737	390,057
Medical centre	5,012	62,841
Total Reserves	4,998,177	5,083,700
	27,645,497	27,556,725

**CORPORATION OF THE MUNICIPALITY OF
CENTRE HASTINGS**



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018**

11. ACCUMULATED SURPLUS, continued

(b) Unfunded capital consists of the following:

	2018	2017
	\$	\$
Waterworks and sanitary sewer	-	(55,669)
Medical Centre	(414,467)	(372,351)
Land sales	-	(27,531)
Fire department truck chassis	(90,988)	-
Playground and recreation areas	(32,000)	(77,000)
Splash pad	(162,100)	(166,100)
Community arts building	(154,200)	(158,200)
Moira Hall	-	(9,985)
Roads	(246,420)	(309,820)
Well	(93,891)	-
	(1,194,066)	(1,176,656)

12. EXPENSES BY OBJECT

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

	Budget 2018 \$ (Unaudited)	Actual 2018 \$	Actual 2017 \$
Salaries and benefits	2,811,441	2,770,081	2,483,947
Interest charges	45,431	45,431	50,748
Materials	2,868,584	2,600,134	2,173,520
Contracted services	1,731,803	1,454,932	1,454,213
Rents and financial	54,100	29,965	35,507
External transfers	57,187	60,183	56,344
Amortization	1,424,460	1,503,146	1,424,460
Loss (gain) on disposal of tangible capital assets	-	-	17,328
	8,993,006	8,463,872	7,696,067

13. TRUST FUNDS

Trust funds administered by the Municipality amounting to \$152,952 (2017 - \$151,402) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations and Accumulated Surplus. As such balances are held in trust by the Municipality for the benefit of others, they are not presented as part of the Municipality's financial position or operations.

14. BUDGET FIGURES

The budget, approved by the Municipality, for 2018 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.

15. 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.

16. COMPARATIVE FIGURES

Certain comparative figures were restated, where required, to conform with the current year presentation.

17. CHANGES IN ACCOUNTING POLICIES

The Municipality has implemented the following PSA sections which are now effective under the PSA Handbook: 3320 Contingent Assets, 3380 Contractual Rights, 2200 Related Party Disclosures and 3420 Inter-Entity Transactions.

Under Section 3320, a contingent asset is a potential asset that exists at the financial statement date but requires confirmation or disproof at a future date that is not in the control of the public-sector entity. If the contingent asset is deemed to be likely to exist, then this should be disclosed in the notes to the financial statements. Disclosure should include the nature, extent (except in those cases where extent cannot be measured or disclosure would have an adverse effect on the outcome), the reason for any non-disclosure of extent, and when an estimate of the amount has been made, the basis for that estimate. This section has been applied prospectively. The adoption of this standard did not have an impact on the Municipality's consolidated financial statements.

Under Section 3380, a contractual right arises out of a contract or agreement where it will result in the Municipality having both an asset and future revenue. The contract or agreement must be between two or more parties and be enforceable under contract law. Contractual rights are assets and revenues that will occur in the future due to an enforceable agreement in effect at the financial statement date. If a contractual right exists, it should be disclosed in the notes or schedules to the statements and include descriptions about nature, extent and timing. This section has been applied prospectively. The adoption of this standard did not have an impact on the Municipality's consolidated financial statements.

Section 3240 establishes the standards and requirements on how to account for and Section 2200 establishes the standards and requirements on how to report transactions between public sector entities that comprise the government's reporting entity. These sections have been applied retroactively with restatement of prior periods. The adoption of these standards did not have an impact on the Municipality's consolidated financial statements.

18. SEGMENTED INFORMATION

The Municipality of Centre Hastings 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, conservation authority 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.

Water and Sewer

This function is responsible for providing water and sewer services to the Municipality.

Other Environmental Services

This function is responsible for providing waste collection, waste disposal and recycling services to ratepayers.

Health Services

The health services function consists of cemeteries, ambulance base and external transfers to the local medical centre.

Recreation and Cultural Services

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

Planning and Development

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

CORPORATION OF THE MUNICIPALITY OF CENTRE HASTINGS



CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS For the Year Ended December 31, 2018

	General				Infrastructure		Assets Under Construction \$	Totals \$
	Land and Land Improvements \$	Buildings and Building Improvements \$	Machinery and Equipment \$	Vehicles \$	Roads and Bridges \$	Water and Sewer \$		
COST								
Balance, beginning of year	1,742,851	8,190,191	1,632,732	2,246,108	42,297,904	4,734,346	1,726,117	62,570,249
Add: additions during the year	-	155,339	92,714	49,883	733,459	-	664,099	1,695,494
Less: disposals during the year	-	-	14,076	-	365,964	-	-	380,040
Internal transfers	-	-	-	-	662,860	-	(662,860)	-
Balance, end of year	1,742,851	8,345,530	1,711,370	2,295,991	43,328,259	4,734,346	1,727,356	63,885,703
ACCUMULATED AMORTIZATION								
Balance, beginning of year	466,547	2,142,291	974,076	1,077,834	31,781,542	1,391,580	-	37,833,870
Add: additions during the year	52,843	165,351	97,249	149,464	961,894	76,345	-	1,503,146
Less: disposals during the year	-	-	14,076	-	365,964	-	-	380,040
Balance, end of year	519,390	2,307,642	1,057,249	1,227,298	32,377,472	1,467,925	-	38,956,976
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	1,223,461	6,037,888	654,121	1,068,693	10,950,787	3,266,421	1,727,356	24,928,727

CORPORATION OF THE MUNICIPALITY OF CENTRE HASTINGS



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

	General Government \$	Protection Services \$	Transportation Services \$	Water and Sewer \$	Other Environmental Services \$	Health Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues									
Property taxation	762,137	71,338	1,832,503	-	234,791	166,073	913,156	207,459	4,187,457
User charges	85,870	122,062	2,960	761,723	63,424	165,403	214,884	25,809	1,442,135
Government transfers - operating	23,000	1,527,566	-	75,000	-	2,333	18,684	-	1,646,583
Government transfers - capital	-	-	163,782	226,418	-	-	1,680	-	391,880
Other municipalities	-	-	-	-	25,484	63,691	120,441	-	209,616
Penalties and interest	129,566	-	-	-	-	-	-	-	129,566
Investment income	87,104	-	-	-	-	-	-	-	87,104
Donations	-	-	-	-	-	-	15,487	39,227	54,714
Development charges earned	-	-	39,946	-	-	-	-	-	39,946
Parkland fees earned	-	-	-	-	-	-	37,547	-	37,547
Federal gas tax earned	-	-	326,096	-	-	-	-	-	326,096
Total revenues	1,087,677	1,720,966	2,365,287	1,063,141	323,699	397,500	1,321,879	272,495	8,552,644
Expenses									
Salaries and benefits	555,224	363,064	692,995	198,215	204,317	26,514	604,823	124,929	2,770,081
Interest charges	-	-	-	-	-	45,431	-	-	45,431
Materials	218,706	171,768	760,186	541,588	96,284	188,850	565,125	57,627	2,600,134
Contracted services	-	888,361	127,482	218,573	213,484	-	5,762	1,270	1,454,932
Rents and financial	8,234	-	21,731	-	-	-	-	-	29,965
External transfers	5,050	54,133	-	-	-	1,000	-	-	60,183
Amortization	19,536	86,633	1,051,302	85,403	22,275	78,059	159,938	-	1,503,146
Total expenses	806,750	1,563,959	2,653,696	1,043,779	536,360	339,854	1,335,648	183,826	8,463,872
Net surplus/(deficit)	280,927	157,007	(288,409)	19,362	(212,661)	57,646	(13,769)	88,669	88,772

CORPORATION OF THE MUNICIPALITY OF CENTRE HASTINGS



CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE For the Year Ended December 31, 2017

	General Government \$	Protection Services \$	Transportation Services \$	Water and Sewer \$	Other Environmental Services \$	Health Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues									
Property taxation	187,371	129,011	1,863,999	-	325,871	246,849	1,049,889	68,488	3,871,478
User charges	57,290	76,122	1,200	730,746	129,324	147,846	247,362	30,213	1,420,103
Government transfers - operating	13,800	1,506,755	-	-	-	-	65,747	-	1,586,302
Government transfers - capital	-	-	670,773	164,296	-	-	4,521	-	839,590
Other municipalities	-	-	-	-	21,425	63,691	116,965	-	202,081
Penalties and interest	109,494	-	-	3,412	-	-	-	-	112,906
Investment income	58,919	-	-	-	-	-	-	-	58,919
Donations	-	-	-	-	-	-	71,761	11,217	82,978
Federal gas tax earned	-	-	457,828	-	-	-	-	-	457,828
Total revenues	426,874	1,711,888	2,993,800	898,454	476,620	458,386	1,556,245	109,918	8,632,185
Expenses									
Salaries and benefits	584,823	261,090	668,500	138,420	184,708	3,926	585,981	56,499	2,483,947
Interest charges	-	-	-	-	-	50,748	-	-	50,748
Materials	221,213	219,399	778,260	159,698	100,093	183,808	457,861	53,188	2,173,520
Contracted services	2,534	919,064	95,957	196,400	206,998	-	33,260	-	1,454,213
Rents and financial	7,961	-	24,637	-	-	-	2,909	-	35,507
External transfers	-	53,961	-	-	-	2,800	(417)	-	56,344
Amortization	23,067	85,425	983,591	81,975	20,714	72,247	157,441	-	1,424,460
Loss on disposal of tangible capital assets	-	-	(2,900)	-	-	20,228	-	-	17,328
Total expenses	839,598	1,538,939	2,548,045	576,493	512,513	333,757	1,237,035	109,687	7,696,067
Net surplus/(deficit)	(412,724)	172,949	445,755	321,961	(35,893)	124,629	319,210	231	936,118

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

We have audited the financial statements of the Trust Funds of the Corporation of the Municipality of Centre Hastings (the Trust Funds), which comprise the statement of financial position as at December 31, 2018, 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, 2018, and the continuity of the Trust Funds for the year then ended in accordance with Canadian Public Sector Accounting Standards.

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.

Other Matter

The financial statements of the Trust Funds as at and for the year ended December 31, 2017 were audited by Collins Barrow Kawarthas LLP, which became Baker Tilly KDN LLP effective January 10, 2019.

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 19, 2019

**CORPORATION OF THE MUNICIPALITY OF
CENTRE HASTINGS**



**TRUST FUNDS
STATEMENT OF FINANCIAL POSITION
At December 31, 2018**

	Perpetual Care \$	Monument \$	2018 Total \$	2017 Total \$
FINANCIAL ASSETS				
Cash	190	2	192	192
Investments (note 2)	151,594	7,296	158,890	156,490
	151,784	7,298	159,082	156,682
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Due to Municipality	5,185	945	6,130	5,280
FUND BALANCE	146,599	6,353	152,952	151,402
	151,784	7,298	159,082	156,682

The accompanying notes are an integral part of these financial statements

**CORPORATION OF THE MUNICIPALITY OF
CENTRE HASTINGS**



**TRUST FUNDS
STATEMENT OF CONTINUITY
For the Year Ended December 31, 2018**

	Perpetual Care \$	Monument \$	2018 Total \$	2017 Total \$
BALANCES - beginning of year	145,049	6,353	151,402	150,892
RECEIPTS				
Investment income	3,907	235	4,142	3,568
Transfer from Municipality	1,550	-	1,550	510
	5,457	235	5,692	4,078
EXPENSES				
Transfer to Municipality	3,496	177	3,673	3,118
Administration fees	411	58	469	450
	3,907	235	4,142	3,568
BALANCES - end of year	146,599	6,353	152,952	151,402

The accompanying notes are an integral part of these financial statements

**TRUST FUNDS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2018**

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. INVESTMENTS

Investments in mutual funds, recorded at cost, consist of the following:

	Market Value \$	2018 Cost \$	2017 Cost \$
Perpetual care fund	151,023	151,594	149,481
Monument fund	7,123	7,296	7,009
	158,146	158,890	156,490

3. CEMETERY PERPETUAL CARE

The Perpetual Care Fund administered by the Municipality is funded by the sale of cemetery plots. These funds are invested and earnings derived there from are used to perform perpetual care maintenance to the Municipality's cemeteries. The operations and investments of the Fund are undertaken by the Municipality in accordance with the regulations of the Cemeteries Act.

4. CEMETERY MONUMENT FUND

The Monument Fund administered by the Municipality is funded by the sale of markers and monuments. These funds are invested and earnings derived there from are used to perform maintenance to the markers and monuments in 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 CENTRE HASTINGS**

CENTRE HASTINGS PUBLIC LIBRARY BOARD

FINANCIAL STATEMENTS

DECEMBER 31, 2018

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

We have audited the financial statements of the Centre Hastings Public Library Board of the Corporation of the Municipality of Centre Hastings (the Board), which comprise the statement of financial position as at December 31, 2018, 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, 2018, 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 donations and fundraising, 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 donations and fundraising 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.

Other Matter

The financial statements of the Board as at and for the year ended December 31, 2017 were audited by Collins Barrow Kawarthas LLP, which became Baker Tilly KDN LLP effective January 10, 2019.

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.

ASSURANCE • TAX • ADVISORY

Baker Tilly KDN LLP is a member of Baker Tilly Canada Cooperative, which is a member of the global network of Baker Tilly International Limited. All members of Baker Tilly Canada Cooperative and Baker Tilly International Limited are separate and independent legal entities.

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 19, 2019

**CORPORATION OF THE MUNICIPALITY OF
CENTRE HASTINGS**



**CENTRE HASTINGS PUBLIC LIBRARY BOARD
STATEMENT OF FINANCIAL POSITION
At December 31, 2018**

	2018	2017
	\$	\$
FINANCIAL ASSETS		
Cash	39,786	24,073
Accounts receivable	2,653	2,129
Due from Municipality	135	135
TOTAL FINANCIAL ASSETS	42,574	26,337
LIABILITIES		
Accounts payable	3,094	4,448
Deferred revenue (note 5)	15,000	-
TOTAL LIABILITIES	18,094	4,448
NET FINANCIAL ASSETS	24,480	21,889
NON-FINANCIAL ASSETS		
Tangible capital assets (note 2)	43,154	40,582
ACCUMULATED SURPLUS (note 3)	67,634	62,471

The accompanying notes are an integral part of these financial statements

**CORPORATION OF THE MUNICIPALITY OF
CENTRE HASTINGS**



**CENTRE HASTINGS PUBLIC LIBRARY BOARD
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
For the Year Ended December 31, 2018**

	Budget 2018 \$ (Unaudited)	Actual 2018 \$	Actual 2017 \$
REVENUES			
Municipality of Centre Hastings contribution			
Levy	75,632	75,632	72,344
Allocated repairs and maintenance (note 8)	-	37,799	9,952
Township of Madoc contribution	32,414	32,414	31,005
Government of Canada	-	1,680	1,368
Province of Ontario	31,762	24,670	28,859
User fees	1,778	2,428	2,028
Donations and fundraising	-	2,133	9,614
TOTAL REVENUES	141,586	176,756	155,170
EXPENSES			
Salaries and benefits	85,971	93,824	82,722
Supplies and services	33,025	24,430	35,310
Periodicals	1,190	1,166	1,008
Repairs and maintenance	5,700	2,036	3,010
Amortization	12,219	12,338	12,219
Allocated repairs and maintenance (note 8)	-	37,799	9,952
TOTAL EXPENSES	138,105	171,593	144,221
ANNUAL SURPLUS	<u>3,481</u>	5,163	10,949
ACCUMULATED SURPLUS - beginning of year		62,471	51,522
ACCUMULATED SURPLUS - end of year		67,634	62,471

The accompanying notes are an integral part of these financial statements

**CORPORATION OF THE MUNICIPALITY OF
CENTRE HASTINGS**



**CENTRE HASTINGS PUBLIC LIBRARY BOARD
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the Year Ended December 31, 2018**

	Budget 2018 \$ (Unaudited)	Actual 2018 \$	Actual 2017 \$
ANNUAL SURPLUS	3,481	5,163	10,949
Amortization of tangible capital assets	12,219	12,338	12,219
Acquisition of tangible capital assets	(15,700)	(14,910)	(18,188)
INCREASE IN NET FINANCIAL ASSETS	-	2,591	4,980
NET FINANCIAL ASSETS - beginning of year	21,889	21,889	16,909
NET FINANCIAL ASSETS - end of year	21,889	24,480	21,889

The accompanying notes are an integral part of these financial statements

**CORPORATION OF THE MUNICIPALITY OF
CENTRE HASTINGS**



**CENTRE HASTINGS PUBLIC LIBRARY BOARD
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2018**

	2018	2017
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	5,163	10,949
Items not involving cash		
Amortization of tangible capital assets	12,338	12,219
Change in non-cash assets and liabilities		
Accounts receivable	(524)	(640)
Accounts payable	(1,354)	(1,242)
Deferred revenue	15,000	-
Net change in cash from operating activities	30,623	21,286
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(14,910)	(18,188)
NET CHANGE IN CASH	15,713	3,098
CASH - beginning of year	24,073	20,975
CASH - end of year	39,786	24,073

The accompanying notes are an integral part of these financial statements

**CENTRE HASTINGS PUBLIC LIBRARY BOARD
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2018**

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.

User fees are recognized as revenue in the year the goods and services are provided.

Donations and fundraising revenue is recognized when the amounts are received.

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.

(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

(d) Deferred Revenue

Deferred revenue represents grants which have been received but for which the related expenditures have not yet occurred. These amounts will be recognized as revenues in the fiscal year the expenditures are incurred.

(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.

**CENTRE HASTINGS PUBLIC LIBRARY BOARD
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2018**

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(f) Inter-Entity Transactions

The Centre Hastings Public Library Board is a Board of the Municipality of Centre Hastings 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 \$	2018 Totals \$	2017 Totals \$
COST				
Balance, beginning of year	78,276	21,602	99,878	97,638
Add: additions during the year	14,910	-	14,910	18,188
Less: disposals during the year	14,076	-	14,076	15,948
Balance, end of year	79,110	21,602	100,712	99,878
ACCUMULATED AMORTIZATION				
Balance, beginning of year	40,537	18,759	59,296	63,025
Add: additions during the year	11,301	1,037	12,338	12,219
Less: disposals during the year	14,076	-	14,076	15,948
Balance, end of year	37,762	19,796	57,558	59,296
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	41,348	1,806	43,154	40,582

**CENTRE HASTINGS PUBLIC LIBRARY BOARD
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2018**

3. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2018	2017
	\$	\$
Surplus		
Operations	24,480	21,889
Invested In Capital Assets		
Tangible capital assets - net book value	43,154	40,582
	67,634	62,471

4. BUDGET FIGURES

The operating budget, approved by the Board, for 2018 is reflected on the Statement of Operations and Accumulated Surplus and the Statement of Change in Net Financial Assets. The budgets established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual expenditure amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSA reporting requirements. Budget figures are not subject to audit.

5. DEFERRED REVENUE

Deferred revenue consists of a Parrot Foundation grant to purchase specific equipment that did not occur by December 31, 2018.

6. COMPARATIVE FIGURES

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

**CENTRE HASTINGS PUBLIC LIBRARY BOARD
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2018**

7. CHANGES IN ACCOUNTING POLICIES

The Board has implemented the following PSA sections which are now effective under the PSA Handbook: 3320 Contingent Assets, 3380 Contractual Rights, 2200 Related Party Disclosures and 3420 Inter-Entity Transactions.

Under Section 3320, a contingent asset is a potential asset that exists at the financial statement date but requires confirmation or disproof at a future date that is not in the control of the public-sector entity. If the contingent asset is deemed to be likely to exist, then this should be disclosed in the notes to the financial statements. Disclosure should include the nature, extent (except in those cases where extent cannot be measured or disclosure would have an adverse effect on the outcome), the reason for any non-disclosure of extent, and when an estimate of the amount has been made, the basis for that estimate. This section has been applied prospectively. The adoption of this standard did not have an impact on the Board's financial statements.

Under Section 3380, a contractual right arises out of a contract or agreement where it will result in the Board having both an asset and future revenue. The contract or agreement must be between two or more parties and be enforceable under contract law. Contractual rights are assets and revenues that will occur in the future due to an enforceable agreement in effect at the financial statement date. If a contractual right exists, it should be disclosed in the notes or schedules to the statements and include descriptions about nature, extent and timing. This section has been applied prospectively. The adoption of this standard did not have an impact on the Board's financial statements.

Section 3240 establishes the standards and requirements on how to account for and Section 2200 establishes the standards and requirements on how to report transactions between public sector entities that comprise the government's reporting entity. These sections have been applied retroactively with restatement of prior periods. The adoption of these standards resulted in additional disclosure in note 8.

8. INTER-ENTITY TRANSACTIONS

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

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.

Details of the related party expense transactions are as follows:

	2018	2017
	\$	\$
Allocated costs:		
Repairs and maintenance	37,799	9,952

In addition, the Municipality provides rental of buildings to the Board at no cost.

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