

**CORPORATION OF THE MUNICIPALITY OF
CENTRE HASTINGS**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021

**CORPORATION OF THE MUNICIPALITY OF
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CORPORATION OF THE MUNICIPALITY OF CENTRE HASTINGS

For The Year Ended December 31, 2021

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

Director of Finance/Treasurer

July 20, 2022

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 board (the Municipality), which comprise the consolidated statement of financial position as at December 31, 2021, the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Municipality as at December 31, 2021, and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

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

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

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

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

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

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

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

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

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

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

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
August 3, 2022



CORPORATION OF THE MUNICIPALITY OF CENTRE HASTINGS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2021

	2021	2020
	\$	\$
FINANCIAL ASSETS		
Cash	4,935,829	3,540,884
Investments (note 4)	913,772	895,103
Accounts receivable	1,139,399	346,756
Taxes receivable	609,282	816,273
TOTAL FINANCIAL ASSETS	7,598,282	5,599,016
LIABILITIES		
Accounts payable and accrued liabilities	1,215,136	883,073
Deferred revenue - obligatory reserve funds (note 7)	849,355	482,688
Deferred revenue - other (note 8)	208,027	145,092
Long term debt (note 9)	476,833	666,507
Landfill closure and post-closure liability (note 6)	743,500	272,100
TOTAL LIABILITIES	3,492,851	2,449,460
NET FINANCIAL ASSETS	4,105,431	3,149,556
NON-FINANCIAL ASSETS		
Tangible capital assets (note 10)	27,018,268	26,792,848
Prepaid expenses	34,818	-
TOTAL NON-FINANCIAL ASSETS	27,053,086	26,792,848
ACCUMULATED SURPLUS (note 11)	31,158,517	29,942,404

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, 2021

	Budget 2021 \$ (Unaudited)	Actual 2021 \$	Actual 2020 \$
REVENUES			
Property taxation	5,117,036	5,310,376	4,870,985
User charges	1,471,675	1,615,654	1,518,632
Government of Canada	486,650	417,087	20,790
Province of Ontario	2,040,707	1,970,572	1,849,161
Other municipalities	221,386	227,704	226,236
Penalties and interest on taxes	126,000	121,576	124,604
Investment income	46,775	49,837	55,337
Donations	27,020	55,436	47,192
Other	189,035	110,104	11,179
Development charges earned	110,000	78,669	30,826
Parkland fees earned	15,000	11,317	-
Federal gas tax (Canada Community Building Fund) earned	322,000	346,464	288,227
TOTAL REVENUES	10,173,284	10,314,796	9,043,169
EXPENSES			
General government	1,035,692	865,573	961,447
Protection services	1,609,043	1,591,831	1,619,218
Transportation services	3,345,565	3,003,139	3,004,389
Environmental services	1,770,863	2,080,786	1,458,575
Health services	355,365	325,993	341,873
Recreation and cultural services	1,355,227	1,113,264	1,038,614
Planning and development	221,150	118,097	364,338
TOTAL EXPENSES	9,692,905	9,098,683	8,788,454
ANNUAL SURPLUS	<u>480,379</u>	1,216,113	254,715
ACCUMULATED SURPLUS - beginning of year		29,942,404	29,687,689
ACCUMULATED SURPLUS - end of year		31,158,517	29,942,404

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, 2021

	Budget 2021 \$ (Unaudited)	Actual 2021 \$	Actual 2020 \$
ANNUAL SURPLUS	480,379	1,216,113	254,715
Amortization of tangible capital assets	1,805,156	1,845,927	1,805,156
Purchase of tangible capital assets	(2,415,570)	(2,139,911)	(1,679,260)
(Gain) loss on disposal of tangible capital assets	-	(79,349)	16,499
Proceeds on sale of tangible capital assets	-	147,913	52,000
Change in prepaid expenses	-	(34,818)	-
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	(130,035)	955,875	449,110
NET FINANCIAL ASSETS - beginning of year	3,149,556	3,149,556	2,700,446
NET FINANCIAL ASSETS - end of year	3,019,521	4,105,431	3,149,556

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, 2021

	2021	2020
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	1,216,113	254,715
Items not involving cash		
Amortization of tangible capital assets	1,845,927	1,805,156
Loss/(gain) on disposal of tangible capital assets	(79,349)	16,499
Change in landfill closure and post-closure liability	471,400	108,100
Change in non-cash assets and liabilities		
Accounts receivable	(792,643)	834,081
Taxes receivable	206,991	(70,141)
Prepaid expenses	(34,818)	-
Accounts payable and accrued liabilities	332,063	(756,353)
Deferred revenue - obligatory reserve funds	366,667	98,275
Deferred revenue - other	62,935	93,204
Net change in cash from operating activities	3,595,286	2,383,536
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(2,139,911)	(1,679,260)
Proceeds on disposal of tangible capital assets	147,913	52,000
Net change in cash from capital activities	(1,991,998)	(1,627,260)
INVESTING ACTIVITIES		
Purchase of investments	(116,640)	(225,187)
Proceeds on disposal of investments	97,971	216,808
Net change in cash from investing activities	(18,669)	(8,379)
FINANCING ACTIVITIES		
Debt principal repayments	(189,674)	(137,787)
NET CHANGE IN CASH	1,394,945	610,110
CASH - beginning of year	3,540,884	2,930,774
CASH - end of year	4,935,829	3,540,884

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE MUNICIPALITY OF CENTRE HASTINGS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

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

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

Land improvements	15-20 years
Buildings	40-60 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.

CORPORATION OF THE MUNICIPALITY OF CENTRE HASTINGS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

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.

CORPORATION OF THE MUNICIPALITY OF CENTRE HASTINGS

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

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(g) Deferred revenue

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

(h) Use of estimates

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

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

2. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF HASTINGS

During 2021, requisitions were made by the County of Hastings and School Boards requiring the Municipality to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are as follows:

	School Boards \$	County \$
Property taxes and payments in lieu requisitioned and remitted	1,018,555	1,536,202

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 2021-01. At December 31, 2021 there was no balance outstanding (2020 - \$Nil).



CORPORATION OF THE MUNICIPALITY OF CENTRE HASTINGS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

4. INVESTMENTS

Investments, recorded at cost, consist of the following:

	Market Value \$	Cost 2021 \$	Cost 2020 \$
BMO Nesbitt Burns			
Cash	17,977	17,977	13,043
Fixed income bonds with interest rates between 2.00% and 3.75%; maturing between 2022 to 2032	897,595	895,795	882,060
	915,572	913,772	895,103

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 2021 Annual Report disclosed total actuarial liabilities of \$120,796 million in respect of benefits accrued for service with actuarial assets of \$117,665 million indicating an actuarial deficit of \$3,131 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Municipality does not recognize any share of the OMERS pension surplus or deficit.

The Municipality's required contributions to OMERS in 2021 were \$141,563 (2020 - \$161,859).

6. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

The estimated liability for landfill closure and post-closure costs for the one site the Municipality operates is \$743,500 (2020 - \$272,100). 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 closure reserve of \$350,608 (2020 - \$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 remaining capacity of the landfill site is estimated at 133,218 m³ (2020 - 141,450 m³) which is 41.8% (2020 - 42.9%) of the site's total capacity. The total discounted future cash flows for closure and post-closure cost is estimated at \$1,276,652 (2020 - \$476,258) as at December 31, 2021 using a discount rate of 3% and an inflation rate of 3%. The landfill is expected to reach its capacity in 2062 based upon the average recent fill rate.

CORPORATION OF THE MUNICIPALITY OF CENTRE HASTINGS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

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:

	2021	2020
	\$	\$
Parkland fees	62,681	48,499
Development charges	356,405	247,309
Federal gas tax (Canada Community Building Fund)	430,269	186,880
	849,355	482,688

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

	2021	2020
	\$	\$
Balance - beginning of year	482,688	384,413
Add amounts received:		
Development charges	185,759	109,784
Parkland fees	25,500	15,500
Federal gas tax (Canada Community Building Fund)	589,853	289,650
Interest	2,005	2,394
	803,117	417,328
Less transfer to operations:		
Development charges earned	78,669	30,826
Parkland fees earned	11,317	-
Federal gas tax (Canada Community Building Fund) earned	346,464	288,227
	436,450	319,053
Balance - end of year	849,355	482,688

CORPORATION OF THE MUNICIPALITY OF CENTRE HASTINGS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

8. DEFERRED REVENUE - OTHER

Included in deferred revenue - other are the following amounts:

	2021	2020
	\$	\$
Ontario Cannabis Legalization Implementation Fund	20,000	15,000
Safe Restart	87,349	126,177
Cenotaph Accessibility Ramp Grant	100,000	-
Other	678	3,915
	208,027	145,092

The continuity of deferred revenue - other is as follows:

	2021	2020
	\$	\$
Balance - beginning of year	145,092	51,888
Add amounts received:		
Ontario Cannabis Legalization Implementation Fund	5,000	-
Safe Restart	12,096	172,400
Cenotaph Accessibility Ramp Grant	100,000	-
Other	678	4,750
	117,774	177,150
Less transfer to operations:		
Safe Restart	50,924	46,223
AMO Downtown Revitalization	-	30,357
Other	3,915	7,366
	54,839	83,946
Balance - end of year	208,027	145,092

CORPORATION OF THE MUNICIPALITY OF CENTRE HASTINGS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

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:

	2021	2020
	\$	\$
Loan from Community Futures Development Corporation to assist in the construction of the Tri Area Medical Centre. The loan is repayable, by the Municipality, in monthly principal and interest instalments of \$1,895, with interest at 3.95% per annum. The balance of the loan was paid off in February 2021.	-	66,889
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.	476,833	599,618
	<u>476,833</u>	<u>666,507</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 \$26,988 (2020 - \$33,979).
- (d) The long term debt reported in (a) of this note is repayable as follows:

	Principal	Interest	Total
	\$	\$	\$
2022	128,536	20,606	149,142
2023	134,556	14,586	149,142
2024	140,858	8,284	149,142
2025	72,883	1,688	74,571
	<u>476,833</u>	<u>45,164</u>	<u>521,997</u>

CORPORATION OF THE MUNICIPALITY OF CENTRE HASTINGS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

10. TANGIBLE CAPITAL ASSETS

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

	2021	2020
	\$	\$
General		
Land and land improvements	1,184,997	1,226,152
Buildings and building improvements	6,459,469	6,614,394
Machinery and equipment	1,093,585	1,033,508
Vehicles	869,250	1,034,426
Infrastructure		
Roads and bridges	11,764,362	12,164,133
Water and sewer	4,795,240	4,673,913
	26,166,903	26,746,526
Assets under construction	851,365	46,322
	27,018,268	26,792,848

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

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

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

	2021	2020
	\$	\$
General government	613,880	614,680
Protection services	679,047	771,669
Transportation services	13,245,915	12,934,171
Environmental services	6,062,686	6,022,893
Health services	3,086,450	3,166,333
Recreation and cultural services	3,157,069	3,027,525
Planning and development	173,221	255,577
	27,018,268	26,792,848

CORPORATION OF THE MUNICIPALITY OF CENTRE HASTINGS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

11. ACCUMULATED SURPLUS

(a) Accumulated surplus consists of the following:

	2021	2020
	\$	\$
Surplus/(Deficit)		
Unfunded landfill closure and post-closure costs	(743,500)	(272,100)
Centre Hastings Public Library Board	50,052	39,379
	(693,448)	(232,721)
Invested In Capital Assets		
Tangible capital assets - net book value	27,018,268	26,792,848
Long term debt	(476,833)	(666,507)
Unfunded capital - see part (b) below	(2,106,216)	(2,124,292)
	24,435,219	24,002,049
Surplus	23,741,771	23,769,328
Reserves		
Working fund	1,421,788	1,283,072
General capital	787,469	684,014
Emergency measures	34,974	28,548
Fire capital	328,478	234,162
Roads capital	865,318	424,787
OMERS - past service	4,512	4,512
Recreation	50,533	105,413
Landfill	362,239	395,299
Arena	185,771	60,878
Whytock recreation	290,151	219,658
Septage	1,145,000	1,145,000
Waste disposal equipment	45,319	45,319
Nesbitt Burns	913,772	895,103
Hydro sale	49,251	49,251
Tax write-off	171,400	138,515
Cemeteries	41,137	31,873
Water and sewer	645,115	383,047
Tri Area Medical Centre	59,519	34,625
Election	15,000	10,000
Total Reserves	7,416,746	6,173,076
	31,158,517	29,942,404

CORPORATION OF THE MUNICIPALITY OF CENTRE HASTINGS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

11. ACCUMULATED SURPLUS, continued

(b) Unfunded capital consists of the following:

	2021	2020
	\$	\$
Whytock Park bridge	(142,814)	-
Tri Area Medical Centre	(349,242)	(364,467)
Weed harvesting	(49,000)	-
Fire department truck chassis	(50,988)	(70,988)
Splash pad	(104,200)	(129,200)
Community arts building	(112,100)	(137,100)
Roads	(95,833)	(125,833)
Marmora Street Well	(1,202,039)	(1,296,704)
	(2,106,216)	(2,124,292)

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 2021 \$ (Unaudited)	Actual 2021 \$	Actual 2020 \$
Salaries and benefits	3,139,703	2,804,531	2,863,039
Interest charges	28,650	26,988	33,979
Materials	3,213,686	2,580,294	2,433,117
Contracted services	1,401,855	1,816,656	1,535,749
Rents and financial	37,100	40,595	33,729
External transfers	66,755	63,041	67,186
Amortization	1,805,156	1,845,927	1,805,156
Loss (gain) on disposal of tangible capital assets	-	(79,349)	16,499
	9,692,905	9,098,683	8,788,454

13. TRUST FUNDS

Trust funds administered by the Municipality amounting to \$157,343 (2020 - \$155,621) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations and Accumulated Surplus. As such balances are held in trust by the Municipality for the benefit of others, they are not presented as part of the Municipality's financial position or operations.

CORPORATION OF THE MUNICIPALITY OF CENTRE HASTINGS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

14. BUDGET FIGURES

The budget, approved by the Municipality, for 2021 is reflected on the Consolidated Statement of Operations and Accumulated Surplus and the Consolidated Statement of Change in Net Financial Assets. The budget established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSA reporting requirements. Budget figures are not subject to audit.

15. 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.

16. 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, ambulance base 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 urban area in the Municipality.

CORPORATION OF THE MUNICIPALITY OF CENTRE HASTINGS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

16. SEGMENTED INFORMATION, continued

Other Environmental Services

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

Health Services

The health services function consists of cemeteries 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.

17. UNCERTAINTY CAUSED BY COVID-19

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

18. COMPARATIVE FIGURES

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

CORPORATION OF THE MUNICIPALITY OF CENTRE HASTINGS

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the Year Ended December 31, 2021

	General				Infrastructure		Assets Under Construction \$	Totals \$
	Land and Land Improvements \$	Buildings and Building Improvements \$	Machinery and Equipment \$	Vehicles \$	Roads and Bridges \$	Water and Sewer \$		
COST								
Balance, beginning of year	1,851,228	9,274,381	2,240,094	2,491,179	45,545,312	6,306,771	46,322	67,755,287
Add: additions during the year	11,319	30,471	228,338	-	836,439	228,301	805,043	2,139,911
Less: disposals during the year	11,662	-	65,699	-	799,862	7,548	-	884,771
Internal transfers	13,286	-	(13,286)	-	-	-	-	-
Balance, end of year	1,864,171	9,304,852	2,389,447	2,491,179	45,581,889	6,527,524	851,365	69,010,427
ACCUMULATED AMORTIZATION								
Balance, beginning of year	625,076	2,659,987	1,206,586	1,456,753	33,381,179	1,632,858	-	40,962,439
Add: additions during the year	54,098	185,396	154,975	165,176	1,179,758	106,524	-	1,845,927
Less: disposals during the year	-	-	65,699	-	743,410	7,098	-	816,207
Balance, end of year	679,174	2,845,383	1,295,862	1,621,929	33,817,527	1,732,284	-	41,992,159
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	1,184,997	6,459,469	1,093,585	869,250	11,764,362	4,795,240	851,365	27,018,268

CORPORATION OF THE MUNICIPALITY OF CENTRE HASTINGS

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2021

	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	(535,815)	1,449,480	2,535,935	-	458,850	202,541	1,032,110	167,275	5,310,376
User charges	63,137	179,792	25,190	859,730	84,249	167,928	178,720	56,908	1,615,654
Government transfers - operating	1,412,699	54,846	273,453	-	-	308	178,359	-	1,919,665
Government transfers - capital	-	-	418,994	-	-	-	49,000	-	467,994
Other municipalities	-	34,190	-	-	32,258	31,585	129,671	-	227,704
Penalties and interest on taxes	121,576	-	-	-	-	-	-	-	121,576
Investment income	47,664	-	-	-	-	2,173	-	-	49,837
Donations	35,791	11,687	-	-	-	2,536	5,422	-	55,436
Other	17,287	-	92,765	-	-	-	-	52	110,104
Developer contributions earned	-	-	38,669	40,000	-	-	-	-	78,669
Parkland fees earned	-	-	-	-	-	-	11,317	-	11,317
Federal gas tax earned	-	-	62,000	284,464	-	-	-	-	346,464
Total revenues	1,162,339	1,729,995	3,447,006	1,184,194	575,357	407,071	1,584,599	224,235	10,314,796
Expenses									
Salaries and benefits	668,239	352,432	661,809	245,515	210,857	27,702	560,284	77,693	2,804,531
Interest charges	-	-	-	-	-	26,988	-	-	26,988
Materials	251,362	254,369	963,108	384,503	147,241	188,429	363,135	28,147	2,580,294
Contracted services	475	818,652	70,646	195,010	721,717	-	10,156	-	1,816,656
Rents and financial	6,304	-	34,291	-	-	-	-	-	40,595
External transfers	1,240	60,781	-	-	-	1,020	-	-	63,041
Amortization	21,297	105,597	1,273,285	153,668	22,275	81,854	187,951	-	1,845,927
Loss (gain) on disposal of tangible capital assets	(83,344)	-	-	-	-	-	(8,262)	12,257	(79,349)
Total expenses	865,573	1,591,831	3,003,139	978,696	1,102,090	325,993	1,113,264	118,097	9,098,683
Net surplus/(deficit)	296,766	138,164	443,867	205,498	(526,733)	81,078	471,335	106,138	1,216,113

CORPORATION OF THE MUNICIPALITY OF CENTRE HASTINGS

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2020

	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	(750,569)	1,480,209	2,351,226	-	516,625	213,230	862,939	197,325	4,870,985
User charges	70,547	191,088	6,196	831,080	86,320	161,346	146,523	25,532	1,518,632
Government transfers - operating	1,509,808	23,382	60,000	-	-	17,500	35,270	30,357	1,676,317
Government transfers - capital	-	-	193,634	-	-	-	-	-	193,634
Other municipalities	-	30,331	-	-	31,331	37,760	126,814	-	226,236
Penalties and interest on taxes	124,604	-	-	-	-	-	-	-	124,604
Investment income	50,555	-	-	-	-	4,782	-	-	55,337
Donations	20,026	22,039	-	-	-	3,000	2,127	-	47,192
Other	-	-	8,685	-	-	78	-	2,416	11,179
Developer contributions earned	-	-	-	-	-	-	-	30,826	30,826
Federal gas tax earned	-	-	288,227	-	-	-	-	-	288,227
Total revenues	1,024,971	1,747,049	2,907,968	831,080	634,276	437,696	1,173,673	286,456	9,043,169
Expenses									
Salaries and benefits	688,479	367,615	688,208	198,262	210,459	24,854	545,764	139,398	2,863,039
Interest charges	-	-	-	-	-	33,979	-	-	33,979
Materials	240,842	235,155	980,412	184,297	117,198	197,605	307,492	170,116	2,433,117
Contracted services	-	850,151	70,789	230,940	345,281	-	7,924	30,664	1,535,749
Rents and financial	6,379	-	27,350	-	-	-	-	-	33,729
External transfers	6,500	57,105	-	-	-	3,581	-	-	67,186
Amortization	19,247	116,853	1,237,630	149,863	22,275	81,854	177,434	-	1,805,156
Loss (gain) on disposal of tangible capital assets	-	(7,661)	-	-	-	-	-	24,160	16,499
Total expenses	961,447	1,619,218	3,004,389	763,362	695,213	341,873	1,038,614	364,338	8,788,454
Net surplus/(deficit)	63,524	127,831	(96,421)	67,718	(60,937)	95,823	135,059	(77,882)	254,715

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, 2021, the statement of continuity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust Funds as at December 31, 2021, and the continuity of the Trust Funds for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

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

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

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

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

Those charged with governance are responsible for overseeing the Trust Funds' financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
August 3, 2022

CORPORATION OF THE MUNICIPALITY OF CENTRE HASTINGS

TRUST FUNDS STATEMENT OF FINANCIAL POSITION At December 31, 2021

	Perpetual Care \$	Monument \$	2021 Total \$	2020 Total \$
FINANCIAL ASSETS				
Cash	191	1	192	192
Investments (note 2)	155,647	7,633	163,280	161,558
	155,838	7,634	163,472	161,750
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Due to Municipality	5,185	944	6,129	6,129
FUND BALANCE	150,653	6,690	157,343	155,621
	155,838	7,634	163,472	161,750

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

	Perpetual Care \$	Monument \$	2021 Total \$	2020 Total \$
BALANCES - beginning of year	149,116	6,505	155,621	154,673
RECEIPTS				
Investment income	3,123	290	3,413	4,050
Transfer from Municipality	920	100	1,020	940
	4,043	390	4,433	4,990
EXPENSES				
Transfer to Municipality	2,031	142	2,173	3,533
Administration fees	475	63	538	509
	2,506	205	2,711	4,042
BALANCES - end of year	150,653	6,690	157,343	155,621

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE MUNICIPALITY OF CENTRE HASTINGS

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

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Accounting

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

(b) Use of Estimates

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

2. INVESTMENTS

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

	Market Value \$	2021 Cost \$	2020 Cost \$
Perpetual care fund	158,633	155,647	154,110
Monument fund	7,944	7,633	7,448
	166,577	163,280	161,558

3. CARE AND MAINTENANCE FUNDS

The Perpetual Care and Maintenance Funds administered by the Municipality are funded by the sale of cemetery plots, monuments, markers and niches. These funds are invested and earnings derived there from are used to perform care and maintenance for the Municipality's cemeteries. The operations and investments of the Fund are undertaken by the Municipality in accordance with the regulations of the Funeral, Burial and Cremation Services Act, 2002.

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 Funeral, Burial and Cremation Services Act, 2002.

**CORPORATION OF THE MUNICIPALITY OF
CENTRE HASTINGS**

CENTRE HASTINGS PUBLIC LIBRARY BOARD

FINANCIAL STATEMENTS

DECEMBER 31, 2021

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, 2021, the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2021, and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Qualified Opinion

In common with many Public Library Boards, the Board derives revenue from 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/(deficit), assets and accumulated surplus.

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
August 3, 2022

CORPORATION OF THE MUNICIPALITY OF CENTRE HASTINGS

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

	2021	2020
	\$	\$
FINANCIAL ASSETS		
Cash	50,475	34,879
Prepaid expenses	746	-
Accounts receivable	2,022	8,671
Due from Municipality (note 6)	135	135
TOTAL FINANCIAL ASSETS	53,378	43,685
LIABILITIES		
Accounts payable	3,326	4,306
NET FINANCIAL ASSETS	50,052	39,379
NON-FINANCIAL ASSETS		
Tangible capital assets (note 2)	54,027	57,420
ACCUMULATED SURPLUS (note 3)	104,079	96,799

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, 2021

	Budget 2021 \$ (Unaudited)	Actual 2021 \$	Actual 2020 \$
REVENUES			
Municipality of Centre Hastings contribution			
Levy	93,395	93,395	87,493
Allocated repairs and maintenance (note 6)	-	6,682	10,296
Township of Madoc contribution	40,026	40,026	37,497
Government of Canada	-	2,566	3,360
Province of Ontario	11,462	11,462	11,282
Other grants	6,585	28	2,628
User fees	-	1,335	1,350
Donations and fundraising	500	2,189	564
Large print pool fees	12,200	13,600	13,650
TOTAL REVENUES	164,168	171,283	168,120
EXPENSES			
Salaries and benefits	118,648	114,909	112,962
Supplies and services	23,080	18,038	17,141
Periodicals	6,520	2,198	174
Repairs and maintenance	3,470	2,836	2,551
Amortization	17,876	19,340	17,876
Allocated repairs and maintenance (note 6)	-	6,682	10,296
TOTAL EXPENSES	169,594	164,003	161,000
ANNUAL SURPLUS/(DEFICIT)	<u>(5,426)</u>	7,280	7,120
ACCUMULATED SURPLUS - beginning of year		96,799	89,679
ACCUMULATED SURPLUS - end of year		104,079	96,799

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, 2021

	Budget 2021 \$ (Unaudited)	Actual 2021 \$	Actual 2020 \$
ANNUAL SURPLUS/(DEFICIT)	(5,426)	7,280	7,120
Amortization of tangible capital assets	17,876	19,340	17,876
Acquisition of tangible capital assets	(16,650)	(15,947)	(17,026)
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	(4,200)	10,673	7,970
NET FINANCIAL ASSETS - beginning of year	39,379	39,379	31,409
NET FINANCIAL ASSETS - end of year	35,179	50,052	39,379

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, 2021

	2021	2020
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	7,280	7,120
Items not involving cash		
Amortization of tangible capital assets	19,340	17,876
Change in non-cash assets and liabilities		
Prepaid expenses	(746)	-
Accounts receivable	6,649	(3,861)
Accounts payable	(980)	785
Net change in cash from operating activities	31,543	21,920
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(15,947)	(17,026)
NET CHANGE IN CASH	15,596	4,894
CASH - beginning of year	34,879	29,985
CASH - end of year	50,475	34,879

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE MUNICIPALITY OF CENTRE HASTINGS

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

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Recognition of revenue and expenses

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

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 of tangible capital assets are based on estimates of useful life and residual values.

(c) Tangible capital assets

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

Books	7 years
Furniture and equipment	5 years

(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.

CORPORATION OF THE MUNICIPALITY OF CENTRE HASTINGS

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

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) 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 \$	2021 Totals \$	2020 Totals \$
COST				
Balance, beginning of year	100,000	36,542	136,542	125,257
Add: additions during the year	15,947	-	15,947	17,026
Less: disposals during the year	-	-	-	5,741
Balance, end of year	115,947	36,542	152,489	136,542
ACCUMULATED AMORTIZATION				
Balance, beginning of year	55,735	23,387	79,122	66,987
Add: additions during the year	15,750	3,590	19,340	17,876
Less: disposals during the year	-	-	-	5,741
Balance, end of year	71,485	26,977	98,462	79,122
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	44,462	9,565	54,027	57,420

CORPORATION OF THE MUNICIPALITY OF CENTRE HASTINGS

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

3. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2021	2020
	\$	\$
Surplus		
Operations	50,052	39,379
Invested In Capital Assets		
Tangible capital assets - net book value	54,027	57,420
	<u>104,079</u>	<u>96,799</u>

4. BUDGET FIGURES

The operating budget, approved by the Board, for 2021 is reflected on the Statement of Operations and Accumulated Surplus and the Statement of Change in Net Financial Assets. The budgets established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual expenditure amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSA reporting requirements. Budget figures are not subject to audit.

5. 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.

6. 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 inter-entity expense transactions are as follows:

	2021	2020
	\$	\$
Allocated costs:		
Repairs and maintenance	6,682	10,296

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.

CORPORATION OF THE MUNICIPALITY OF CENTRE HASTINGS

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

7. UNCERTAINTY CAUSED BY COVID-19

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