

**CORPORATION OF THE COUNTY OF HASTINGS**

**CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

**CORPORATION OF THE COUNTY OF HASTINGS**

**CONSOLIDATED FINANCIAL STATEMENTS**

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**Finance Department**

Tel : 613-966-0331  
Fax: 613-966-6480



COUNTY ADMINISTRATION  
BUILDINGS  
235 PINNACLE ST.  
POSTAL BAG 4400  
BELLEVILLE -ONTARIO  
K8N 3A9

*"WORKING AND GROWING TOGETHER"*

*www.hastingscounty.com*

**CORPORATION OF THE COUNTY OF HASTINGS**

For The Year Ended December 31, 2019

**MANAGEMENT REPORT**

The accompanying consolidated financial statements of the Corporation of the County of 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 County 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 County's assets are appropriately accounted for and adequately safeguarded.

The County'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 County's financial statements for issuance to the members of Council, inhabitants and ratepayers of the Corporation of the County of 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 County. Baker Tilly KDN LLP has full and free access to Council.

Warden

Director of Finance/  
Treasurer

June 16, 2020

## **INDEPENDENT AUDITOR'S REPORT**

### **To the Members of Council, Inhabitants and Ratepayers of the Corporation of the County of Hastings**

#### *Opinion*

We have audited the consolidated financial statements of the Corporation of the County of Hastings and its local board (the County), which comprise the consolidated statement of financial position as at December 31, 2019, the consolidated statements of operations and accumulated surplus, change in net debt 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 County as at December 31, 2019, and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

#### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the County 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 County'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 County or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the County'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 County'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 County'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 County 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 County 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,  
October 20, 2020

**CORPORATION OF THE COUNTY OF HASTINGS**



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

	2019	2018
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash	14,674,370	17,916,234
Investments (note 4)	2,558,293	2,511,563
Trade and other receivables	8,183,453	6,697,168
Long term receivables (note 7)	2,262,430	2,294,513
<b>TOTAL FINANCIAL ASSETS</b>	<b>27,678,546</b>	<b>29,419,478</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	12,319,585	11,529,711
Deferred revenue - obligatory reserve funds (note 5)	270,787	262,914
Deferred revenue - other	318,700	591,470
Long term debt (note 6)	23,761,806	26,380,522
Employee future benefits payable (note 7)	9,953,141	8,903,247
<b>TOTAL LIABILITIES</b>	<b>46,624,019</b>	<b>47,667,864</b>
<b>NET DEBT</b>	<b>(18,945,473)</b>	<b>(18,248,386)</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 8)	99,552,434	94,598,838
Prepaid expenses	338,300	436,883
<b>TOTAL NON-FINANCIAL ASSETS</b>	<b>99,890,734</b>	<b>95,035,721</b>
<b>ACCUMULATED SURPLUS (note 10)</b>	<b>80,945,261</b>	<b>76,787,335</b>

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

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

	Budget 2019 \$ (Unaudited)	Actual 2019 \$	Actual 2018 \$
<b>REVENUES</b>			
Property taxation	14,770,443	14,872,203	14,357,350
User charges	15,328,541	16,015,989	15,924,179
Government of Canada	376,028	225,680	527,387
Province of Ontario	82,854,124	80,326,103	82,624,807
Other municipalities	25,407,839	25,200,952	24,230,797
Provincial Offences Act - fines (note 14)	1,850,000	1,547,163	2,056,939
Federal gas tax earned (note 5)	1,202,164	2,496,297	1,154,974
Investment income	242,000	385,581	391,666
Donations	-	30,000	-
Gain (loss) on disposal of tangible capital assets	-	164,005	138,521
<b>TOTAL REVENUES</b>	<b>142,031,139</b>	<b>141,263,973</b>	<b>141,406,620</b>
<b>EXPENSES</b>			
General government	4,185,850	4,677,047	4,418,345
Protection services	1,728,272	1,593,544	1,844,117
Transportation services	1,390,241	2,678,026	1,416,237
Health services	21,781,185	21,151,876	21,237,434
Social and family services	85,905,071	82,087,545	84,104,474
Social housing	22,536,687	23,531,524	23,372,474
Planning and development	1,553,060	1,386,485	1,301,291
<b>TOTAL EXPENSES</b>	<b>139,080,366</b>	<b>137,106,047</b>	<b>137,694,372</b>
<b>ANNUAL SURPLUS</b>	<b><u>2,950,773</u></b>	<b>4,157,926</b>	<b>3,712,248</b>
<b>ACCUMULATED SURPLUS - beginning of year</b>		<b>76,787,335</b>	<b>73,075,087</b>
<b>ACCUMULATED SURPLUS - end of year</b>		<b>80,945,261</b>	<b>76,787,335</b>

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

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

	Budget 2019 \$ (Unaudited)	Actual 2019 \$	Actual 2018 \$
<b>ANNUAL SURPLUS</b>	2,950,773	4,157,926	3,712,248
Amortization of tangible capital assets	5,107,692	5,262,523	5,107,692
Purchase of tangible capital assets	(14,069,049)	(10,310,069)	(8,794,989)
Gain on disposal of tangible capital assets	-	(164,005)	(138,521)
Proceeds on sale of tangible capital assets	-	257,955	251,542
Change in prepaid expenses	-	98,583	(265,025)
<b>CHANGE IN NET DEBT</b>	(6,010,584)	(697,087)	(127,053)
<b>NET DEBT - beginning of year</b>	(18,248,386)	(18,248,386)	(18,121,333)
<b>NET DEBT - end of year</b>	(24,258,970)	(18,945,473)	(18,248,386)

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



**CONSOLIDATED STATEMENT OF CASH FLOWS**  
 For the Year Ended December 31, 2019

	2019	2018
	\$	\$
<b>CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Annual surplus	4,157,926	3,712,248
Items not involving cash		
Amortization of tangible capital assets	5,262,523	5,107,692
Gain on disposal of tangible capital assets	(164,005)	(138,521)
Change in employee future benefits payable	1,049,894	567,646
Change in non-cash assets and liabilities		
Trade and other receivables	(1,486,285)	500,446
Long term receivables	32,083	(51,168)
Prepaid expenses	98,583	(265,025)
Accounts payable and accrued liabilities	789,874	622,077
Deferred revenue - obligatory reserve funds	7,873	118,830
Deferred revenue - other	(272,770)	(546,431)
<b>Net change in cash from operating activities</b>	<b>9,475,696</b>	<b>9,627,794</b>
<b>CAPITAL ACTIVITIES</b>		
Purchase of tangible capital assets	(10,310,069)	(8,794,989)
Proceeds on disposal of tangible capital assets	257,955	251,542
<b>Net change in cash from capital activities</b>	<b>(10,052,114)</b>	<b>(8,543,447)</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of investments	(46,730)	(43,203)
<b>FINANCING ACTIVITIES</b>		
Long term debt issued	1,220,000	-
Debt principal repayments	(3,838,716)	(3,700,737)
<b>Net change in cash from financing activities</b>	<b>(2,618,716)</b>	<b>(3,700,737)</b>
<b>NET CHANGE IN CASH</b>	<b>(3,241,864)</b>	<b>(2,659,593)</b>
<b>CASH - beginning of year</b>	<b>17,916,234</b>	<b>20,575,827</b>
<b>CASH - end of year</b>	<b>14,674,370</b>	<b>17,916,234</b>

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

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

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The County of Hastings is an upper 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 County and which are owned and controlled by the County. These financial statements include:

- Hastings Local Housing Corporation

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

(b) 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

The County establishes the tax rates annually based on the amount required to be raised. These tax rates are used to levy amounts to the lower tier municipalities are based on their annual assessment. Adjustments to the lower tier levy amounts for additions to and reductions in assessment are reported in the financial statements when amounts can be reasonably determined.

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

Fines levied under the Provincial Offenses Act 1997 are recognized when the funds are received. (see note 14).

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

Investment income is recorded when earned.

Federal gas tax is recognized in the period in which the related expenditures are recorded.

**1. SIGNIFICANT ACCOUNTING POLICIES, continued**

(c) 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 County'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 County'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;
- The values of employee future benefits payable depend on certain actuarial and economic assumptions; and
- The amount recorded as allowance for doubtful accounts receivable is based on management's estimate of future payments on receivable account balances.

(d) 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.

(e) Non-financial Assets

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

(f) 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, over the expected useful life of the asset, as follows:

Land improvements	25-50 years straight-line
Buildings	50-100 years straight-line
Building components	10-50 years straight-line
Leasehold improvements	current lease term plus one renewal term
Machinery and equipment	2-50 years straight-line
Ambulances	percentage of use
Other vehicles	7 years straight-line
Computer hardware and software	4 years straight-line
Roads and bridges	15-50 years straight-line

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.

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

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**1. SIGNIFICANT ACCOUNTING POLICIES, continued**

## (g) Reserves and Reserve Funds

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

## (h) Trust Funds

Trust funds and their related operations administered by the County 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.

**2. SUBSEQUENT EVENT**

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the County'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 County's operations. The extent of the impact of this outbreak and related containment measures on the County's operations cannot be reliably estimated at this time.

**3. COMPARATIVE FIGURES**

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

**4. INVESTMENTS**

Investments are recorded at cost and are comprised of:

	2019	2018
	\$	\$
<b>RBC Dominion Securities</b>		
Cash	44,610	14,874
Bonds	-	28,474
	44,610	43,348
<b>WorldSource Financial Management Inc.</b>		
Short term bond Fund	2,513,683	2,468,215
	2,558,293	2,511,563

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

**5. 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 balance in the obligatory reserve funds of the County is summarized below:

	2019	2018
	\$	\$
Federal gas tax	270,787	262,914

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

	2019	2018
	\$	\$
Balance - beginning of year	262,914	144,084
Add amounts received:		
Federal gas tax	2,496,297	1,270,471
Interest	7,873	3,333
	2,504,170	1,273,804
Less transfer to operations:		
Federal gas tax earned	2,496,297	1,154,974
Balance - end of year	270,787	262,914

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

**6. LONG TERM DEBT**

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

	2019	2018
	\$	\$
Long term debt issued for the North Hastings Professional Building matures April 30, 2026. It is repayable in blended monthly instalments of \$4,565 with interest at the rate of 3.08% per annum.	314,837	359,178
Long term debt issued for Centennial Manor matures May 30, 2022. It is repayable in blended monthly instalments of \$55,817 with interest at the rate of 3.70% per annum.	1,547,527	2,148,023
Long term debt issued for Centennial Manor matures May 30, 2022. It is repayable in blended monthly instalments of \$19,588 with interest at the rate of 3.66% per annum.	560,746	771,087
Long term debt issued for Centennial Manor matures May 31, 2022. It is repayable in blended monthly instalments of \$3,297 with interest at the rate of 2.97% per annum.	92,148	128,328
Long term debt issued for Hastings Manor matures September 30, 2023. It is repayable in blended monthly instalments of \$51,568 with interest at the rate of 4.64% per annum.	2,126,127	2,633,450
Long term debt issued for Hastings Manor matures September 30, 2023. It is repayable in blended monthly instalments of \$52,353 with interest at the rate of 4.74% per annum.	2,154,514	2,667,370
Long term debt issued for Hastings Manor matures August 31, 2023. It is repayable in blended monthly instalments of \$65,835 with interest at the rate of 4.64% per annum.	2,714,362	3,362,046
Long term debt issued for Hastings Manor matures September 30, 2023. It is repayable in blended monthly instalments of \$20,652 with interest at the rate of 4.14% per annum.	859,434	1,066,997
Long term debt issued by the Hastings Local Housing Corporation to the Canada Mortgage and Housing Corporation (CMHC) matures March 1, 2023 and is secured by the land and building at 48A Brant Street, Deseronto, Ontario. It is repayable in blended monthly instalments of \$10,425 with interest at the rate of 2.39% per annum.	919,217	1,021,139
Long term debt issued by the Hastings Local Housing Corporation to CMHC matures March 1, 2023 and is secured by the land and building at 59 Russell Street, Belleville, Ontario. It is repayable in blended monthly instalments of \$31,747 with interest at the rate of 2.39% per annum.	2,825,551	3,135,233

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

6. LONG TERM DEBT, continued

	2019	2018
	\$	\$
Long term debt issued by the Hastings Local Housing Corporation to CMHC matures January 1, 2025 and renewable June 1, 2020 and is secured by the land and building at 424 Bleeker Avenue, Belleville, Ontario. It is repayable in blended monthly instalments of \$17,212 with interest at the rate of 1.39% per annum.	1,013,251	1,204,313
Long term debt issued by the Hastings Local Housing Corporation to the Scotiabank matures April 1, 2022 and is secured by the land and building at 24 Brown Street, Belleville, Ontario. It is repayable in blended monthly instalments of \$15,134 with interest at the rate of 2.04% per annum.	1,837,157	1,979,960
Long term debt issued by the Belleville Non-Profit Housing Corporation and assumed by the Hastings Local Housing Corporation to Scotiabank matures November 1, 2020 and is secured by the land and building at 46 Tracey Park Drive, Belleville, Ontario. It is repayable in blended monthly instalments of \$23,545 with interest at the rate of 3.401% per annum.	1,960,260	2,172,685
Debenture issued by the County of Hastings to OILC matures June 15, 2041. It is repayable in blended semi-annual instalments of \$118,109 with interest at the rate of 3.30% per annum.	3,616,675	3,730,713
Debenture issued by the County of Hastings to OILC matures July 15, 2024. It is repayable in blended semi-annual instalments of \$58,148 with interest at the rate of 2.05% per annum.	550,000	-
Debenture issued for Hastings Manor to OILC matures July 15, 2034. It is repayable in blended semi-annual instalments of \$26,958 with interest at the rate of 2.52% per annum.	670,000	-
	<u>23,761,806</u>	<u>26,380,522</u>

- (b) The long term debt in (a) issued in the name of the County or the Hastings Local Housing Corporation 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 \$870,589 (2018 - \$992,836).
- (d) Included in long term debt above are amounts required to finance new facilities at Hastings Manor and Centennial Manor amounting to \$7,854,437 (2018 - \$9,729,863) and \$2,220,421 (2018 - \$3,047,438) respectively. A portion of the net cost of this long term debt is recoverable from other municipalities and the Province of Ontario as follows:

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

**6. LONG TERM DEBT, continued**

- (i) The net cost of the debt related to Hastings Manor is sharable with the City of Belleville based on a proportionate share of residents days and with the City of Quinte West based on a proportionate share of weighted assessment.
  - (ii) The net cost of the debt related to Centennial Manor is sharable with the City of Belleville (Thurlow and Quinte annex) and the City of Quinte West based on a proportionate share of weighted assessment.
  - (iii) The Province of Ontario provides annual funding for both facilities at the rate of \$10.35 for each approved bed per day, for a period of twenty years from the completion of the projects. The annual contribution from the Province amounts to \$955,752 for Hastings Manor and \$415,548 for Centennial Manor.
- (e) The debentures payable by the County Housing Corporation at December 31, 2019 to the Canada Mortgage and Housing Corporation of \$3,093,692 (2018 - \$4,050,383) mature between January 1, 2020 and January 1, 2026 and are secured by land and buildings. These debentures were not assumed by or assigned to the Hastings Local Housing Corporation when the Social Housing devolution occurred on January 1, 2001 and are not recorded in these financial statements.
- (f) The long term debt reported in (a) of this note is repayable as follows based on the current repayment terms:

	Principal \$	Interest \$	Total \$
2020	6,689,467	726,614	7,416,081
2021	3,862,808	515,415	4,378,223
2022	4,872,260	347,589	5,219,849
2023	4,463,004	175,315	4,638,319
2024	341,752	119,460	461,212
	20,229,291	1,884,393	22,113,684
2025 to 2029	1,035,300	488,520	1,523,820
2030 and subsequent years	2,497,215	488,966	2,986,181
	<b>23,761,806</b>	<b>2,861,879</b>	<b>26,623,685</b>



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

**7. EMPLOYEE FUTURE BENEFITS PAYABLE**

Certain employee benefits payable are shareable with the City of Belleville and the City of Quinte West. The portion recoverable from the above municipal partners at December 31, 2019 which is included in the long term receivable amount of \$2,262,430, is \$1,735,856 (2018 - \$1,713,076).

Actuarial estimates of the future liabilities have been completed and form the basis for the estimated liabilities reported in these consolidated financial statements.

Employee future amounts payable includes the following:

	2019	2018
	\$	\$
Post employment benefits	2,429,431	2,344,899
Future payments for WSIB costs	4,617,671	3,752,298
<b>Unfunded employee future benefits</b>	<b>7,047,102</b>	<b>6,097,197</b>
Vacation pay	2,720,910	2,620,921
Accumulated sick leave benefit plan	143	143
Severance payouts	184,986	184,986
<b>Other amounts payable</b>	<b>2,906,039</b>	<b>2,806,050</b>
	<b>9,953,141</b>	<b>8,903,247</b>

The actuarial valuation for post-employment benefits as at December 31, 2019 was based on a number of assumptions about future events, such as inflation rates, interest rates, medical inflation rates, wage and salary increases and employee turnover and mortality. The assumptions used reflect management's best estimate. The main actuarial assumptions employed for the valuation are as follows:

Expected inflation rate	1.75%
Future health care cost rates - 2019	Escalate at 0%
Future health care cost rates - 2020	6.4167%
Future health care cost rates - 2021 - 2028	Decreasing 0.333% per year
Future health care cost rates - 2029 thereafter	3.75%
Future dental cost rates	3.75%
Future interest rate	4%

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

**7. EMPLOYEE FUTURE BENEFITS PAYABLE, continued**

The County sponsors benefit plans to pay costs of certain health and other insurance benefits for eligible employees after they retire.

The continuity of the liability for post-employment benefits is as follows:

	2019	2018
	\$	\$
Accrued benefit obligation at January 1	3,646,114	2,777,352
Unamortized actuarial losses	(1,301,215)	(595,353)
Liability at January 1	2,344,899	2,181,999
Current year benefit cost	137,893	125,042
Interest	142,135	124,313
Amortization of actuarial loss	127,884	68,331
Less: expected benefit payments	(323,380)	(154,786)
Liability at December 31	2,429,431	2,344,899

The actuarial valuation for future payments for WSIB costs as at December 31, 2019 was based on a number of assumptions about future events, such as inflation rates, interest rates, expected future WSIB payments per lost time injury, wage and salary increases and employee turnover and mortality. The assumptions used reflect management's best estimate. The main actuarial assumptions employed for the valuation are as follows:

Discount rate	3.75%
Loss of earnings benefits	84%
Expected inflation rate	2%
WSIB administration fee	32%
Loss time injury count	34
Mean term of future payments	9 years

The continuity of the liability for future payments for WSIB costs is as follows:

	2019	2018
	\$	\$
Accrued benefit obligation at January 1	5,823,754	3,483,262
Unamortized actuarial gains/(losses)	(2,071,458)	45,381
Liability at January 1	3,752,296	3,528,643
Current year benefit cost	1,058,463	500,395
Interest	224,794	139,426
Amortization of actuarial loss	299,069	79,441
Less: expected benefit payments	(716,951)	(495,607)
Liability at December 31	4,617,671	3,752,298

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

**8. TANGIBLE CAPITAL ASSETS**

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

	2019	2018
	\$	\$
General		
Land and land improvements	10,362,437	10,136,291
Buildings	69,687,168	71,845,913
Machinery and equipment	6,996,328	6,686,677
Vehicles	1,309,779	1,476,874
Infrastructure		
Roads and bridges	1,498,900	1,613,865
	89,854,612	91,759,620
<b>Assets under construction</b>	<b>9,697,822</b>	<b>2,839,218</b>
	<b>99,552,434</b>	<b>94,598,838</b>

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

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

Tangible capital assets allocated by segment are as follows:

	2019	2018
	\$	\$
General government	10,980,412	11,082,711
Transportation services	1,806,235	1,935,330
Health services	2,544,269	3,003,899
Social and family services	33,105,094	32,400,990
Social housing	51,051,576	46,111,060
Planning and development	64,848	64,848
	<b>99,552,434</b>	<b>94,598,838</b>

**9. CREDIT FACILITY AGREEMENT**

The County has a revolving credit facility agreement with its main financial institution. The amount available at any time is limited to \$5,000,000 via an operating loan. Any balance borrowed will accrue interest at the bank's prime lending rate less 0.75% per annum. At December 31, 2019 there was no balance outstanding (2018 - \$Nil).

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

10. ACCUMULATED SURPLUS

(a) Accumulated surplus consists of the following:

	2019	2018
	\$	\$
<b>Surplus/(Deficit)</b>		
Housing Corporation	141,955	141,955
Unfunded employee future benefits	(7,047,102)	(6,097,197)
	(6,905,147)	(5,955,242)
<b>Invested In Capital Assets</b>		
Tangible capital assets - net book value	99,552,434	94,598,838
Long term debt	(23,761,806)	(26,380,522)
Unfunded capital - Hastings Manor (b)	(191,421)	(239,534)
Unfunded capital - Hastings Manor (c)	(1,320,200)	(467,260)
Unfunded capital - Centennial Manor (c)	(291,453)	-
Unfunded capital - Social Housing (d)	(6,438,146)	(2,243,907)
Unfunded capital - EMS	-	(550,000)
	67,549,408	64,717,615
<b>Surplus</b>	60,644,261	58,762,373
<b>Reserves</b>		
Working funds	2,960,067	2,443,292
General purposes	4,432,771	3,706,173
County highways	593,652	508,578
Social services	1,167,796	1,067,796
Ambulance capital	572,969	167,792
Hastings and Centennial Manor	708,395	466,165
Doctor recruitment	630,902	575,602
Social housing	5,148,329	5,308,418
WSIB	2,680,913	2,602,261
Desktop computer replacement	367,044	454,586
Economic development	149,648	137,148
Official plan	225,880	210,880
EMS cross border services	652,634	376,271
Provincial Offences	10,000	-
<b>Total Reserves</b>	20,301,000	18,024,962
	80,945,261	76,787,335

(b) The 2013 Hastings Manor unfunded capital amount was financed through an interfund loan from general government at prime plus 1.25% and is repayable over a 10 years period until 2023 through an annual charge to Hastings Manor operations.

(c) \$405,000 of this amount will be financed with a debenture in February 2020 at 2.42% over 10 years. The remainder to be financed with debt later in 2020.

(d) This amount was financed with a \$7,255,000 debenture in February, 2020 at 2.59% over 20 years.

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

**11. BUDGET FIGURES**

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

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

	(Unaudited) Revenue \$	(Unaudited) Expenses \$
Council approved budget:		
Operating	130,195,413	144,825,856
Levy	14,540,443	-
Capital	14,159,049	14,069,049
Distribution of gas tax	1,202,164	1,202,164
<b>Total Council approved budget</b>	<b>160,097,069</b>	<b>160,097,069</b>
Less: Tangible capital assets capitalized	-	(14,069,049)
Add: Amortization of tangible capital assets	-	5,107,692
Less: Long term debt proceeds	(7,048,969)	-
Less: Principal repayment of long term debt	-	(3,841,616)
Less: Transfers to/from reserves	(6,219,219)	(3,415,988)
Less: Interdepartmental charges	(5,201,368)	(5,201,368)
Add: POA net payments to other Municipalities	403,626	403,626
<b>Adjusted budget per Consolidated Statement of Operations</b>	<b>142,031,139</b>	<b>139,080,366</b>

**12. PENSION AGREEMENTS**

Certain employees of the County are eligible members of the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan.

The Actuarial Opinion contained in the 2019 Annual Report disclosed total actuarial liabilities of \$107,687 million in respect of benefits accrued for service with actuarial assets of \$104,290 million indicating an actuarial deficit of \$3,397 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the County does not recognize any share of the OMERS pension surplus or deficit.

The County's required contributions to OMERS in 2019 were \$3,769,404 (2018 - \$3,477,864).

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

**13. EXPENSES BY OBJECT**

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

	Budget 2019 \$ (Unaudited)	Actual 2019 \$	Actual 2018 \$
Salaries and benefits	58,903,408	59,317,673	57,343,850
Interest charges	1,079,985	870,589	992,836
Materials	17,698,703	14,924,232	14,888,728
Contracted services	18,481,390	21,059,153	21,060,251
Rents and financial	1,716,503	1,760,669	1,959,926
External transfers	36,092,685	33,911,208	36,341,089
Amortization	5,107,692	5,262,523	5,107,692
	139,080,366	137,106,047	137,694,372

**14. PROVINCIAL OFFENCES OFFICES**

As a result of the provincial-municipal restructuring under Bill 108, streamlining of administration of Provincial Offences Act ("POA") 1997, the County has assumed responsibility and administration of the POA office and courts.

Revenues from the POA office consists of fines levied under Part I and III (including delay penalties) for POA charges filed at 253 Pinnacle Street in Belleville. Offenders may pay their fines at any court office in Ontario, at which time, their receipt is recorded in the Integrated Courts Operations Network system ("ICON") operated by the Province of Ontario. The County of Hastings recognizes fine revenue when the receipt of funds is recorded by ICON and matched to the offence notice, regardless of the location where payment is made.

Revenues and expenses related to these operations have been reported as follows:

	2019 \$	2018 \$
Fines	1,547,163	2,056,939
Other revenue	44,383	38,842
Operating costs	(1,183,081)	(1,256,222)
Amounts transferred to City of Belleville	(99,990)	(231,500)
Amounts transferred to City of Quinte West	(154,417)	(204,527)
Net County revenue	154,058	403,532

**15. CONTINGENT LIABILITIES**

The County, 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. SOCIAL HOUSING**

The County of Hastings Housing Corporation was incorporated under Part III of The Ontario Business Corporations Act in response to the Province’s overall initiative to devolve Social Housing to local municipalities. The Corporation currently provides 1,433 units of subsidized housing to its tenants and their families.

As the Service Manager, on behalf of the Cities of Belleville and Quinte West and the County of Hastings, the County is now the sole shareholder of the Corporation.

On January 1, 2001 the Ontario Housing Corporation transferred 1,115 units and certain head office assets to the Corporation. The properties transferred carried the following restriction:

“The properties cannot be transferred or mortgaged or otherwise encumbered, developed or redeveloped .... or disposed of by any person without prior consent of the Minister of Municipal Affairs and Housing.”

**17. COMMITMENTS**

(a) The County has entered into lease agreements and service contracts for various office accommodations and equipment. Future lease payments for the next five years are as follows:

2020	\$1,020,846
2021	733,760
2022	683,740
2023	593,566
2024	411,696

(b) The County of Hastings has developed a Doctor Recruitment Program. The Program provides education funding to medical students over a 4 to 6 year period. The students enter into an agreement for the funding in exchange for a minimum 5 year commitment to provide medical services within the County of Hastings.

Future payments for the program are as follows:

2020	\$189,500
2021	177,000
2022	177,000
2023	40,000

(c) The County has several outstanding commitments for construction and renovations of social housing units. The total outstanding commitments at December 31, 2019 are \$2,482,206 which will be funded through a combination of long term debt, taxation and reserve transfers.

(d) The County has commitments for EMS vehicle purchases and upgrades. The total outstanding commitments at December 31, 2019 are \$724,914

**18. SEGMENTED INFORMATION**

The County of Hastings is a municipal government organization that provides a range of services to its residents. County 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 is allocated based on each segment's net requirements. Internal transfers include rent charges which are allocated based on the segment's square footage usage of the County's buildings and computer replacement costs that are allocated based on the segment's proportionate share of the total number of devices. Allocated administration includes the following: 1) Governance costs that are allocated based on the segment's proportionate share of the total number of committees; 2) Corporate management wages and benefits that are allocated based on the estimated percentage of time each employee spends working for each segment and other costs that are allocated based on the average percentage of corporate management wages and benefits allocated to each department; 3) Human resources wages and benefits that are allocated based on the segment's proportionate share as determined by head count; and 4) Information technologies wages and benefits that are allocated based on the segment's proportionate share of the total number of devices.

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 County and its programs and services.

**Protection Services**

Protection services include emergency measures and provincial offences operations for the County of Hastings and the Cities of Belleville and Quinte West.

**Transportation Services**

The activities of the transportation function include construction and maintenance of the County's roads and bridges and transfer of federal gas tax funding to the lower tier municipalities.

**Health Services**

The health services function consists of Land Ambulance services for the Counties of Hastings, Prince Edward and the Cities of Belleville and Quinte West and contributions to the Doctor Recruitment Program, Health Care facilities and to the local Health Unit.

**Social and Family Services**

Social and family services consist of general assistance, homes for the aged and child care services to inhabitants of the County of Hastings and the Cities of Belleville and Quinte West.



**18. SEGMENTED INFORMATION, continued**

**Social Housing**

Social housing services provides affordable housing to qualified inhabitants of the County of Hastings and the Cities of Belleville and Quinte West.

**Planning and Development**

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

**19. TRUST FUNDS**

Trust funds administered by the County amounting to \$241,561 (2018 - \$228,759) 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 County for the benefit of others, they are not presented as part of the County's financial position or operations.

**CORPORATION OF THE COUNTY OF HASTINGS**



**CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS**  
**For the Year Ended December 31, 2019**

	General				Infrastructure	Assets Under Construction	Totals
	Land and Land Improvements	Buildings	Machinery and Equipment	Vehicles	Roads and Bridges		
	\$	\$	\$	\$	\$	\$	\$
<b>COST</b>							
Balance, beginning of year	11,877,665	118,846,069	13,617,319	3,141,012	3,735,218	2,839,218	154,056,501
Add: additions during the year	383,880	775,761	1,183,268	625,921	-	7,341,239	10,310,069
Less: disposals during the year	92,675	91,693	-	738,975	-	-	923,343
Internal transfers	-	468,454	14,181	-	-	(482,635)	-
<b>Balance, end of year</b>	<b>12,168,870</b>	<b>119,998,591</b>	<b>14,814,768</b>	<b>3,027,958</b>	<b>3,735,218</b>	<b>9,697,822</b>	<b>163,443,227</b>
<b>ACCUMULATED AMORTIZATION</b>							
Balance, beginning of year	1,741,374	47,000,156	6,930,642	1,664,138	2,121,353	-	59,457,663
Add: additions during the year	115,125	3,384,289	887,798	760,346	114,965	-	5,262,523
Less: disposals during the year	50,066	73,022	-	706,305	-	-	829,393
<b>Balance, end of year</b>	<b>1,806,433</b>	<b>50,311,423</b>	<b>7,818,440</b>	<b>1,718,179</b>	<b>2,236,318</b>	<b>-</b>	<b>63,890,793</b>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>10,362,437</b>	<b>69,687,168</b>	<b>6,996,328</b>	<b>1,309,779</b>	<b>1,498,900</b>	<b>9,697,822</b>	<b>99,552,434</b>

# CORPORATION OF THE COUNTY OF HASTINGS



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

	General Government \$	Protection Services \$	Transportation Services \$	Health Services \$	Social and Family Services \$	Social Housing \$	Planning and Development \$	Consolidated \$
<b>Revenues</b>								
Property taxation	3,533,103	(274,247)	56,900	3,777,708	2,964,828	3,456,851	1,357,060	14,872,203
User charges	261,438	11,888	99,516	112,752	9,065,779	6,332,713	131,903	16,015,989
Government transfers - operating	866,842	-	-	8,743,375	63,889,105	6,733,931	-	80,233,253
Government transfers - capital	-	-	-	-	-	318,530	-	318,530
Other municipalities	122,781	134,546	-	8,809,100	8,030,401	8,104,124	-	25,200,952
Provincial Offences Act - fines	-	1,547,163	-	-	-	-	-	1,547,163
Federal gas tax earned	-	-	2,496,297	-	-	-	-	2,496,297
Investment income	224,200	14,276	-	-	100,375	46,730	-	385,581
Donations	30,000	-	-	-	-	-	-	30,000
Gain (loss) on disposal of tangible capital assets	-	-	-	11,213	-	152,792	-	164,005
<b>Total revenues</b>	<b>5,038,364</b>	<b>1,433,626</b>	<b>2,652,713</b>	<b>21,454,148</b>	<b>84,050,488</b>	<b>25,145,671</b>	<b>1,488,963</b>	<b>141,263,973</b>
<b>Expenses</b>								
Salaries and benefits	6,401,963	593,211	-	15,305,083	32,515,390	3,597,093	904,933	59,317,673
Interest charges	132,621	-	-	5,638	515,336	216,994	-	870,589
Materials	1,571,058	47,321	16,767	2,340,678	4,466,995	6,225,007	256,406	14,924,232
Contracted services	1,236,671	379,524	35,867	616,132	15,812,324	2,972,015	6,620	21,059,153
Rents and financial	115,940	31,174	-	321,684	228,424	1,057,402	6,045	1,760,669
External transfers	137,000	254,407	2,496,297	999,246	23,722,858	6,279,013	22,387	33,911,208
Amortization	674,678	-	129,095	1,021,783	1,452,227	1,984,740	-	5,262,523
Internal transfers	(1,636,539)	138,679	-	-	766,904	730,956	-	-
Allocated administration	(3,956,345)	149,228	-	541,632	2,607,087	468,304	190,094	-
<b>Total expenses</b>	<b>4,677,047</b>	<b>1,593,544</b>	<b>2,678,026</b>	<b>21,151,876</b>	<b>82,087,545</b>	<b>23,531,524</b>	<b>1,386,485</b>	<b>137,106,047</b>
<b>Net surplus/(deficit)</b>	<b>361,317</b>	<b>(159,918)</b>	<b>(25,313)</b>	<b>302,272</b>	<b>1,962,943</b>	<b>1,614,147</b>	<b>102,478</b>	<b>4,157,926</b>

# CORPORATION OF THE COUNTY OF HASTINGS



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

	General Government \$	Protection Services \$	Transportation Services \$	Health Services \$	Social and Family Services \$	Social Housing \$	Planning and Development \$	Consolidated \$
<b>Revenues</b>								
Property taxation	3,433,911	(253,357)	56,900	3,403,885	3,165,192	3,306,133	1,244,686	14,357,350
User charges	246,638	4,517	50,526	130,732	8,894,522	6,485,111	112,133	15,924,179
Government transfers - operating	156,755	-	-	8,690,451	66,631,990	6,986,296	30,000	82,495,492
Government transfers - capital	-	-	-	-	-	656,702	-	656,702
Other municipalities	177,028	134,273	-	8,799,942	7,357,350	7,762,204	-	24,230,797
Provincial Offences Act - fines	-	2,056,939	-	-	-	-	-	2,056,939
Federal gas tax earned	-	-	1,154,974	-	-	-	-	1,154,974
Investment income	177,865	13,214	-	-	158,284	42,303	-	391,666
Gain (loss) on disposal of tangible capital assets	-	-	-	39,208	(38,513)	137,826	-	138,521
<b>Total revenues</b>	<b>4,192,197</b>	<b>1,955,586</b>	<b>1,262,400</b>	<b>21,064,218</b>	<b>86,168,825</b>	<b>25,376,575</b>	<b>1,386,819</b>	<b>141,406,620</b>
<b>Expenses</b>								
Salaries and benefits	5,502,763	606,967	-	15,089,009	31,521,545	3,788,997	834,569	57,343,850
Interest charges	137,636	-	-	-	621,590	233,610	-	992,836
Materials	1,483,022	52,662	91,222	2,431,957	4,580,482	6,045,740	203,643	14,888,728
Contracted services	1,219,305	436,558	38,864	908,549	16,025,087	2,428,406	3,482	21,060,251
Rents and financial	74,737	32,521	-	322,143	277,514	1,245,623	7,388	1,959,926
External transfers	195,624	436,027	1,154,974	957,826	26,429,934	7,104,410	62,294	36,341,089
Amortization	650,050	-	131,177	1,043,631	1,426,944	1,855,890	-	5,107,692
Internal transfers	(944,668)	141,835	-	-	671,368	131,465	-	-
Allocated administration	(3,900,124)	137,547	-	484,319	2,550,010	538,333	189,915	-
<b>Total expenses</b>	<b>4,418,345</b>	<b>1,844,117</b>	<b>1,416,237</b>	<b>21,237,434</b>	<b>84,104,474</b>	<b>23,372,474</b>	<b>1,301,291</b>	<b>137,694,372</b>
<b>Net surplus/(deficit)</b>	<b>(226,148)</b>	<b>111,469</b>	<b>(153,837)</b>	<b>(173,216)</b>	<b>2,064,351</b>	<b>2,004,101</b>	<b>85,528</b>	<b>3,712,248</b>

## **INDEPENDENT AUDITOR'S REPORT**

### **To the Members of Council, Inhabitants and Ratepayers of the Corporation of the County of Hastings**

#### *Qualified Opinion*

We have audited the financial statements of the Trust Funds of the Corporation of the County of Hastings (the Trust Funds), which comprise the statement of financial position as at December 31, 2019, the statement of continuity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, 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 Trust Funds as at December 31, 2019, and the continuity of the Trust Funds for the year then ended in accordance with Canadian Public Sector Accounting Standards.

#### *Basis for Qualified Opinion*

In common with many municipal trust funds, the completeness of the revenue derived from residents is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Trust Funds and we were not able to determine whether any adjustments might be necessary to resident receipts, assets and fund balances at the end of the year.

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 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 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,  
October 20, 2020

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

	Benevolent Trust \$	Centennial Manor \$	Hastings Manor \$	2019 Total \$	2018 Total \$
<b>FINANCIAL ASSETS</b>					
Cash	447	110,715	85,258	196,420	182,947
Investment (note 3)	41,722	-	-	41,722	40,928
Accrued interest	879	-	-	879	699
Due from Hastings Manor	-	-	1,095	1,095	1,295
Due from Centennial Manor	-	1,445	-	1,445	2,890
	43,048	112,160	86,353	241,561	228,759
<b>FUND BALANCES</b>	43,048	112,160	86,353	241,561	228,759

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

	Benevolent Trust \$	Centennial Manor \$	Hastings Manor \$	2019 Total \$	2018 Total \$
<b>BALANCES - beginning of year</b>	42,100	110,765	75,894	228,759	208,715
<b>RECEIPTS</b>					
Interest earned	975	-	-	975	673
Received from residents	-	52,399	122,220	174,619	171,894
Donations	-	13,613	11,703	25,316	18,683
	975	66,012	133,923	200,910	191,250
<b>EXPENSES</b>					
Personal needs	-	59,529	120,221	179,750	168,377
Refunds to residents	-	88	-	88	35
Donations	-	5,000	3,243	8,243	2,767
Other	27	-	-	27	27
	27	64,617	123,464	188,108	171,206
<b>BALANCES - end of year</b>	43,048	112,160	86,353	241,561	228,759

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

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

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**1. SIGNIFICANT ACCOUNTING POLICIES**

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

(a) Basis of Accounting

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

(b) Use of Estimates

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

**2. PURPOSE OF TRUSTS**

Benevolent Trust - On November 25, 1987, the Corporation of the County of Hastings (through Hastings Centennial Manor) was bequeathed with funds from the estate of Robert Clark. Interest on the funds are to be used to purchase items for the enjoyment of the residents, not covered by the Home's normal operating budget.

Centennial Manor and Hastings Manor - These funds are for these Homes for the Aged, Long Term Care residents and represent their personal funds that are to be used exclusively for the residents' personal items.

**3. INVESTMENT**

This investment is stated at cost which approximates market value and consists of a term deposit which earns interest at the rate of 2.45% (2018 - 1.65%) and matures on April 22, 2020.