

**CORPORATION OF THE
MUNICIPALITY OF CENTRE HASTINGS**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2015

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MUNICIPALITY OF CENTRE HASTINGS**

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TABLE OF CONTENTS

	Page Number
MANAGEMENT REPORT	
INDEPENDENT AUDITORS' REPORT	
CONSOLIDATED FINANCIAL STATEMENTS	
Statement of Financial Position	1
Statement of Operations and Accumulated Surplus	2
Statement of Change in Net Financial Assets	3
Statement of Cash Flows	4
Notes to the Financial Statements	5 - 16
Schedule of Tangible Capital Assets	17
Schedules of Segment Disclosure	18 - 19
TRUST FUNDS	
Independent Auditors' Report	20
Statement of Financial Position	21
Statement of Continuity	22
Notes to the Financial Statements	23
LOCAL BOARD	
Centre Hastings Public Library Board	24 - 32



CORPORATION OF THE MUNICIPALITY OF CENTRE HASTINGS

For The Year Ended December 31, 2015

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 auditors, 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 auditors' report.

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

Mayor

Date

CAO/Treasurer

Date

INDEPENDENT AUDITORS' REPORT**To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Municipality of Centre Hastings***Report on the Financial Statements*

We have audited the accompanying consolidated financial statements of the Corporation of the Municipality of Centre Hastings and its local boards, which comprise the consolidated statement of financial position as at December 31, 2015, the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation of the Municipality of Centre Hastings and its local boards as at December 31, 2015 and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Collins Barrow Kawarthas LLPChartered Professional Accountants
Licensed Public AccountantsPeterborough, Ontario
October 4, 2016

CORPORATION OF THE MUNICIPALITY OF CENTRE HASTINGS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2015

	2015 \$	Restated 2014 \$ (Note 2)
FINANCIAL ASSETS		
Cash	2,216,861	2,311,135
Investments (note 5)	904,908	901,666
Accounts receivable	713,277	643,598
Taxes receivable	719,844	683,023
TOTAL FINANCIAL ASSETS	4,554,890	4,539,422
LIABILITIES		
Accounts payable and accrued liabilities	859,341	911,459
Deferred revenue - obligatory reserve funds (note 10)	416,867	697,691
Deferred revenue - other (note 11)	23,524	40,036
Long term debt (note 12)	1,298,012	1,409,192
Landfill closure and post-closure liability (note 8)	630,000	615,000
TOTAL LIABILITIES	3,227,744	3,673,378
NET FINANCIAL ASSETS	1,327,146	866,044
NON-FINANCIAL ASSETS		
Tangible capital assets (note 13)	24,471,868	24,655,212
ACCUMULATED SURPLUS (note 14)	25,799,014	25,521,256

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, 2015

	Budget 2015 \$ (Unaudited)	Actual 2015 \$	Restated Actual 2014 \$ (Note 2)
REVENUES			
Property taxation	3,261,769	3,297,920	3,135,481
User charges	1,250,253	1,227,561	1,148,769
Government of Canada	49,850	54,676	6,814
Province of Ontario	2,324,918	2,440,703	2,699,793
Other municipalities	161,042	215,636	332,505
Penalties and interest	122,505	114,887	112,895
Investment income	52,000	50,526	54,405
Donations	20,333	26,453	12,017
Capital contributions	-	-	52,995
Development charges earned	-	14,000	100,000
Federal gas tax earned	650,903	560,652	346,784
Contributed capital assets	-	-	388,577
TOTAL REVENUES	7,893,573	8,003,014	8,391,035
EXPENSES			
General government	795,971	760,995	856,837
Protection services	1,305,716	1,243,687	1,244,721
Transportation services	2,986,431	3,068,105	2,402,371
Environmental services	1,313,053	1,135,168	1,589,169
Health services	362,989	326,203	372,549
Recreation and cultural services	1,141,281	1,103,680	1,072,776
Planning and development	78,585	87,418	77,653
TOTAL EXPENSES	7,984,026	7,725,256	7,616,076
ANNUAL SURPLUS/(DEFICIT)	(90,453)	277,758	774,959
ACCUMULATED SURPLUS - beginning of year	25,521,256	25,521,256	24,746,297
ACCUMULATED SURPLUS - end of year	25,430,803	25,799,014	25,521,256

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, 2015

	Budget 2015 \$ (Unaudited)	Actual 2015 \$	Restated Actual 2014 \$ (Note 2)
ANNUAL SURPLUS/(DEFICIT)	(90,453)	277,758	774,959
Amortization of tangible capital assets	1,472,845	1,530,631	1,490,517
Purchase of tangible capital assets	(1,717,427)	(1,624,390)	(1,885,668)
Loss on disposal of tangible capital assets	-	256,923	40,350
Proceeds on sale of tangible capital assets	-	20,180	30,431
Contributed capital assets	-	-	(388,577)
Decrease in other long term assets	-	-	76,146
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	(335,035)	461,102	138,158
NET FINANCIAL ASSETS - beginning of year	866,044	866,044	727,886
NET FINANCIAL ASSETS - end of year	531,009	1,327,146	866,044

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, 2015

	2015 \$	Restated 2014 \$ (Note 2)
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Annual surplus/(deficit)	277,758	774,959
(Increase)/decrease in accounts receivable	(69,679)	374,641
(Increase)/decrease in taxes receivable	(36,821)	130
Decrease in other long term assets	-	76,146
Increase/(decrease) in accounts payable and accrued liabilities	(52,118)	217,883
Decrease in deferred revenue - obligatory reserve funds	(280,824)	(153,863)
Decrease in deferred revenue - other	(16,512)	(735,972)
Non-cash charges to operations		
Amortization of tangible capital assets	1,530,631	1,490,517
Loss on disposal of tangible capital assets	256,923	40,350
Contributed capital assets	-	(388,577)
Increase in landfill closure and post-closure liability	15,000	260,000
Net increase in cash from operating transactions	1,624,358	1,956,214
CAPITAL		
Purchase of tangible capital assets	(1,624,390)	(1,885,668)
Proceeds on disposal of tangible capital assets	20,180	30,431
Net decrease in cash from capital transactions	(1,604,210)	(1,855,237)
INVESTING		
(Increase)/decrease in investments	(3,242)	1,734
FINANCING		
Debt principal repayments	(111,180)	(109,124)
DECREASE IN CASH	(94,274)	(6,413)
CASH - beginning of year	2,311,135	2,317,548
CASH - end of year	2,216,861	2,311,135

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, 2015

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 financial statements include:

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

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

(b) Tangible Capital Assets

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

Land improvements	15-20 years
Buildings	40-60 years
Buildings improvements	20-30 years
Machinery and equipment	3-20 years
Vehicles	8-10 years
Roadways	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, 2015

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.

(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.

(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) 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.

(i) 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.

CORPORATION OF THE MUNICIPALITY OF CENTRE HASTINGS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2015

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(j) 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 Municipality'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 Municipality's significant estimates include:

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

2. PRIOR PERIOD ADJUSTMENT

The Municipality has restated its financial statements to account for capital assets and amortization expense that were not previously recorded in error. Adjustments necessary to the 2014 financial information as a result are as follows

Adjustment to Opening 2014 Tangible Capital Assets

Net book value of assets previously recorded to January 1, 2014	\$ 23,472,956
Assets not previously capitalized	624,614
Accumulated amortization previously not recorded	<u>(155,305)</u>
Opening 2014 net book value of tangible capital assets as restated	<u>\$ 23,942,265</u>

Adjustment to Opening 2014 Accumulated Surplus

Accumulated surplus as previously stated	
Invested in capital assets	\$ 19,942,305
Surplus/(deficit)	(306,159)
Reserves	<u>4,640,842</u>
	24,276,988
Assets not previously capitalized	624,614
Accumulated amortization previously not recorded	<u>(155,305)</u>
Opening 2014 accumulated surplus as restated	<u>\$ 24,746,297</u>

Adjustment to 2014 Annual Surplus

2014 annual surplus as previously stated	\$ 787,065
Less: Amortization expense not previously recorded	<u>(12,106)</u>
2014 annual surplus as restated	<u>\$ 774,959</u>

CORPORATION OF THE MUNICIPALITY OF CENTRE HASTINGS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2015

3. CHANGE IN ACCOUNTING POLICY

The Municipality has implemented PSA section 3260 Liability for Contaminated Sites. Section 3260 requires governments to record a liability in their financial statements if they have a contaminated site that meets the requirements set out in the standard. The standard defines contamination as the introduction into air, soil, water, or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The standard generally applies to sites that are not in productive use. Sites that are in productive use are only considered contaminated if there was an unexpected event that resulted in contamination. This change has been applied retroactively without restatement of prior periods. The adoption of this standard did not have an impact on the Municipality's financial statements.

4. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF HASTINGS

During 2015, requisitions were made by the County of Hastings and School Boards requiring the Municipality to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are as follows:

	School Boards \$	County \$
Amounts requisitioned and remitted	979,023	1,148,521

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

5. INVESTMENTS

Investments, recorded at cost, consist of the following:

	Market Value \$	2015 \$	2014 \$
BMO Nesbitt Burns			
Cash	34,282	34,282	34,431
Fixed income bonds with interest rates between 2.25% and 4.45%; maturing from January 2017 to June 2025	903,902	870,626	867,235
	938,184	904,908	901,666

6. 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 2015-02. At December 31, 2015 there was no balance outstanding (2014 - \$Nil).

CORPORATION OF THE MUNICIPALITY OF CENTRE HASTINGS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2015

7. PENSION AGREEMENTS

The Municipality makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of all permanent, full-time members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

Contributions required on account of current service in 2015 were \$120,077 (2014 - \$122,680).

8. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

The liability for landfill closure and post-closure costs of \$630,000 (2014 - \$615,000) has been estimated using discounted future cash flows associated with closure and post-closure care activities for the one site the Municipality operates. The closure costs include final cover, vegetation and additional monitoring wells. Post-closure costs include monitoring, maintenance of control systems and consulting fees for 25 years after the site is closed. The Municipality has a landfill reserve of \$297,860 (2014 - \$258,620) and the remaining landfill closure and post-closure liability 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 total discounted future cash flows for closure and post-closure cost is estimated at \$928,381 as at December 31, 2015 (2014 - \$917,177) using an inflation rate of 2% and a discount rate of 4%. The landfill is expected to reach its capacity in 2061.

9. EXPENSES BY OBJECT

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

	Budget 2015 \$ (Unaudited)	Actual 2015 \$	Restated Actual 2014 \$ (Note 2)
Salaries and benefits	2,378,381	2,307,103	2,261,612
Interest charges	61,244	59,844	60,018
Materials	2,631,103	2,188,389	2,181,457
Contracted services	1,387,799	1,303,451	1,504,150
Rents and financial	37,213	48,120	39,226
External transfers	37,341	30,795	38,747
Amortization	1,472,845	1,530,631	1,490,517
Loss (gain) on disposal of tangible capital assets	(21,900)	256,923	40,349
	<u>7,984,026</u>	<u>7,725,256</u>	<u>7,616,076</u>

CORPORATION OF THE MUNICIPALITY OF CENTRE HASTINGS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2015

10. 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:

	2015	2014
	\$	\$
Parkland fees	42,982	39,982
Development charges	79,185	70,320
Federal gas tax	294,700	587,389
	416,867	697,691

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

	2015	2014
	\$	\$
Balance - beginning of year	697,691	851,554
Add amounts received:		
Development charges	22,800	28,500
Parkland fees	3,000	1,500
Federal gas tax	263,089	255,746
Interest	4,939	7,175
	293,828	292,921
Less transfer to operations:		
Development charges earned	14,000	100,000
Federal gas tax earned	560,652	346,784
	574,652	446,784
Balance - end of year	416,867	697,691

CORPORATION OF THE MUNICIPALITY OF CENTRE HASTINGS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2015

11. DEFERRED REVENUE - OTHER

Included in deferred revenue - other are the following amounts:

	2015	2014
	\$	\$
Municipal Infrastructure Investment Initiative (MIII)	-	15,925
Source Water Protection (SWP)	19,879	24,111
Other deferred revenue	3,645	-
	23,524	40,036

The continuity of deferred revenue - other is as follows:

	2015	2014
	\$	\$
Balance - beginning of year	40,036	776,008
Add amounts received:		
MIII funding received	-	393,445
SWP funding received	-	30,138
Other deferred revenue	3,645	-
	3,645	423,583
Less transfer to operations:		
MIII funds earned	15,925	1,153,528
SWP funds earned	4,232	6,027
	20,157	1,159,555
Balance - end of year	23,524	40,036

CORPORATION OF THE MUNICIPALITY OF CENTRE HASTINGS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2015

12. LONG TERM DEBT

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

	2015	2014
	\$	\$
Loan from Community Futures Development Corporation to assist in the construction of the medical centre. The loan is repayable, by the Municipality, in monthly principal and interest instalments of \$1,855, with interest at 2.85% per annum, due February 1, 2020.	162,118	180,000
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 and secured by the Tri-Area Medical Centre building.	1,135,894	1,229,192
	<u>1,298,012</u>	<u>1,409,192</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 \$59,844 (2014 - \$60,018).
- (d) The long term debt reported in (a) of this note is repayable as follows:

	Principal	Interest	Total
	\$	\$	\$
2016	115,566	55,836	171,402
2017	120,654	50,748	171,402
2018	125,971	45,431	171,402
2019	131,527	39,875	171,402
2020	137,334	34,068	171,402
2021 and subsequent years	666,960	74,668	741,628
	<u>1,298,012</u>	<u>300,626</u>	<u>1,598,638</u>

CORPORATION OF THE MUNICIPALITY OF CENTRE HASTINGS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2015

13. TANGIBLE CAPITAL ASSETS

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

	2015	Restated 2014 (Note 2)
	\$	\$
General		
Land and land improvements	1,252,113	1,307,666
Buildings	5,783,336	5,972,362
Machinery and equipment	757,240	869,096
Vehicles	1,107,033	1,184,800
Infrastructure		
Roads and bridges	11,004,703	10,501,001
Water and sewer	3,445,503	3,170,678
	23,349,928	23,005,603
Assets under construction	1,121,940	1,649,609
	24,471,868	24,655,212

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

During the year there were no write-downs of assets (2014 - \$Nil) and no interest capitalized (2014 - \$Nil).

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

	2015	Restated 2014 (Note 2)
	\$	\$
General government	668,850	691,916
Protection services	586,135	605,516
Transportation services	13,105,505	13,229,867
Environmental services	3,781,951	3,529,299
Health services	2,946,752	3,038,544
Recreation and cultural services	3,234,728	3,400,318
Planning and development	147,947	159,752
	24,471,868	24,655,212

CORPORATION OF THE MUNICIPALITY OF CENTRE HASTINGS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2015

14. ACCUMULATED SURPLUS

(a) Accumulated surplus consists of the following:

	2015	Restated 2014 (Note 2)
	\$	\$
Surplus/(Deficit)		
Municipality	169,560	11,833
Unfunded landfill closure and post-closure costs	(630,000)	(615,000)
Centre Hastings Public Library Board	16,736	15,866
	<u>(443,704)</u>	<u>(587,301)</u>
Invested In Capital Assets		
Tangible capital assets - net book value	24,471,868	24,655,212
Long term debt	(1,298,012)	(1,409,192)
Unfunded capital - see part (b) below	(1,624,456)	(1,803,556)
	<u>21,549,400</u>	<u>21,442,464</u>
Surplus	<u>21,105,696</u>	<u>20,855,163</u>
Reserves		
Working fund	492,971	524,971
General capital	734,373	724,373
Emergency measures	3,286	-
Fire capital	175,727	132,597
Roads capital	219,347	422,451
OMERS - past service	4,512	4,512
Recreation	85,914	68,000
Landfill	297,860	258,620
Arena	30,000	30,000
Whytock recreation	29,824	17,941
Septage	1,260,000	1,260,000
Waste disposal equipment	20,047	-
Nesbitt Burns	904,908	903,952
Hydro sale	7,251	7,164
Tax write-off	171,400	171,400
Cemeteries	22,167	12,167
Water and sewer	189,690	92,904
Medical centre	44,041	35,041
Total Reserves	<u>4,693,318</u>	<u>4,666,093</u>
	<u>25,799,014</u>	<u>25,521,256</u>

CORPORATION OF THE MUNICIPALITY OF CENTRE HASTINGS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2015

14. ACCUMULATED SURPLUS, continued

(b) Unfunded capital consists of the following:

	2015	2014
	\$	\$
Waterworks and sanitary sewer	(233,284)	(281,084)
Medical Centre	(383,036)	(413,036)
Land sales	(27,531)	(27,531)
Playground and recreation areas	(101,350)	(125,350)
Splash pad	(210,650)	(225,650)
Community arts building	(198,000)	(213,000)
Moira Hall	(33,985)	(45,985)
Roads construction	(436,620)	(471,920)
	(1,624,456)	(1,803,556)

15. TRUST FUNDS

Trust funds administered by the Municipality amounting to \$150,173 (2014 - \$149,573) 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.

16. BUDGET FIGURES

The budget, approved by the Municipality, for 2015 is reflected on the Consolidated Statement of Operations and Accumulated Surplus and the Consolidated 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 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.

17. CONTINGENT LIABILITIES

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

18. COMPARATIVE FIGURES

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

CORPORATION OF THE MUNICIPALITY OF CENTRE HASTINGS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2015

19. SEGMENTED INFORMATION

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

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

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

General Government

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

Protection Services

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

Transportation Services

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

Water and Sewer

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

Other Environmental Services

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

Health Services

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

Recreation and Cultural Services

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

Planning and Development

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

CORPORATION OF THE MUNICIPALITY OF CENTRE HASTINGS

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS (Balance, beginning of year restated see note 2)
For the Year Ended December 31, 2015

	General				Infrastructure		Assets Under Construction	Totals
	Land and Land Improvements	Buildings	Machinery and Equipment	Vehicles	Roads and Bridges	Water and Sewer		
	\$	\$	\$	\$	\$	\$	\$	\$
COST								
Balance, beginning of year	1,628,126	7,700,908	1,770,141	1,947,943	40,967,930	4,405,001	1,649,609	60,069,658
Add: additions during the year	10,770	-	29,271	36,021	331,956	387,378	828,994	1,624,390
Less: disposals during the year	19,701	74,584	239,443	89,007	1,342,080	107,163	-	1,871,978
Internal transfers	-	-	-	-	1,356,663	-	(1,356,663)	-
Balance, end of year	1,619,195	7,626,324	1,559,969	1,894,957	41,314,469	4,685,216	1,121,940	59,822,070
ACCUMULATED AMORTIZATION								
Balance, beginning of year	320,460	1,728,546	901,045	763,143	30,466,929	1,234,323	-	35,414,446
Add: additions during the year	46,622	141,164	128,104	113,789	1,030,238	70,714	-	1,530,631
Less: disposals during the year	-	26,722	226,420	89,008	1,187,401	65,324	-	1,594,875
Balance, end of year	367,082	1,842,988	802,729	787,924	30,309,766	1,239,713	-	35,350,202
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS								
	1,252,113	5,783,336	757,240	1,107,033	11,004,703	3,445,503	1,121,940	24,471,868

CORPORATION OF THE MUNICIPALITY OF CENTRE HASTINGS

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2015

	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	448,822	-	1,826,261	-	163,226	233,213	554,924	71,474	3,297,920
User charges	53,203	80,154	2,149	686,892	56,482	136,773	195,138	16,770	1,227,561
Government transfers - operating	254,986	1,168,699	84,961	-	-	-	24,191	(826)	1,532,011
Government transfers - capital	-	-	896,135	19,233	-	48,000	-	-	963,368
Other municipalities	-	-	-	-	20,758	62,954	131,924	-	215,636
Penalties and interest	114,887	-	-	-	-	-	-	-	114,887
Investment income	50,526	-	-	-	-	-	-	-	50,526
Donations	21,985	-	-	-	-	-	4,468	-	26,453
Development charges earned	-	-	14,000	-	-	-	-	-	14,000
Federal gas tax earned	-	-	509,249	-	-	51,403	-	-	560,652
Total revenues	944,409	1,248,853	3,332,755	706,125	240,466	532,343	910,645	87,418	8,003,014
Expenses									
Salaries and benefits	540,518	294,947	545,654	196,146	170,359	2,943	536,536	20,000	2,307,103
Interest charges	-	-	-	-	-	59,844	-	-	59,844
Materials	184,798	182,783	991,724	126,589	82,997	178,201	387,589	53,708	2,188,389
Contracted services	-	672,333	162,595	224,664	199,613	-	30,536	13,710	1,303,451
Rents and financial	12,562	-	31,011	74	-	-	4,473	-	48,120
External transfers	50	38,221	-	-	-	1,320	(8,796)	-	30,795
Amortization	23,067	55,403	1,122,037	73,226	19,661	83,895	153,342	-	1,530,631
Loss on disposal of tangible capital assets	-	-	215,084	41,839	-	-	-	-	256,923
Total expenses	760,995	1,243,687	3,068,105	662,538	472,630	326,203	1,103,680	87,418	7,725,256
Net surplus/(deficit)	183,414	5,166	264,650	43,587	(232,164)	206,140	(193,035)	-	277,758

CORPORATION OF THE MUNICIPALITY OF CENTRE HASTINGS

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE (Restated see note 2)
For the Year Ended December 31, 2014

	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	777,280	-	1,618,431	-	45,791	-	693,979	-	3,135,481
User charges	43,481	81,366	302	667,451	42,497	121,929	185,998	5,745	1,148,769
Government transfers - operating	22,728	1,137,603	-	-	153,600	-	38,608	71,908	1,424,447
Government transfers - capital	-	-	1,153,529	128,631	-	-	-	-	1,282,160
Other municipalities	-	-	-	-	197,876	66,612	68,017	-	332,505
Penalties and interest	112,895	-	-	-	-	-	-	-	112,895
Investment income	54,405	-	-	-	-	-	-	-	54,405
Donations	1,320	-	-	-	-	-	10,697	-	12,017
Capital contributions	-	-	-	-	-	52,995	-	-	52,995
Development charges earned	-	-	100,000	-	-	-	-	-	100,000
Federal gas tax earned	-	-	129,709	-	40,000	177,075	-	-	346,784
Contributed capital assets	-	-	-	331,287	-	57,290	-	-	388,577
Total revenues	1,012,109	1,218,969	3,001,971	1,127,369	479,764	475,901	997,299	77,653	8,391,035
Expenses									
Salaries and benefits	616,683	301,846	462,977	200,550	163,602	2,966	492,370	20,618	2,261,612
Interest charges	-	-	-	-	-	60,018	-	-	60,018
Materials	205,646	214,420	736,007	247,209	94,332	225,670	401,138	57,035	2,181,457
Contracted services	-	590,360	100,864	386,382	399,969	-	26,575	-	1,504,150
Rents and financial	11,241	-	23,185	-	-	-	4,800	-	39,226
External transfers	200	38,547	-	-	-	-	-	-	38,747
Amortization	23,067	59,199	1,079,338	77,464	19,661	83,895	147,893	-	1,490,517
Loss on disposal of tangible capital assets	-	40,349	-	-	-	-	-	-	40,349
Total expenses	856,837	1,244,721	2,402,371	911,605	677,564	372,549	1,072,776	77,653	7,616,076
Net surplus/(deficit)	155,272	(25,752)	599,600	215,764	(197,800)	103,352	(75,477)	-	774,959

INDEPENDENT AUDITORS' REPORT**To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Municipality of Centre Hastings***Report on the Financial Statements*

We have audited the accompanying financial statements of the Trust Funds of the Corporation of the Municipality of Centre Hastings, which comprise the statement of financial position as at December 31, 2015, the statement of continuity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Trust Funds of the Corporation of the Municipality of Centre Hastings as at December 31, 2015 and the continuity of the Trust Funds for the year then ended in accordance with Canadian Public Sector Accounting Standards.

*Collins Barrow Kawarthas LLP*Chartered Professional Accountants
Licensed Public AccountantsPeterborough, Ontario
October 4, 2016

CORPORATION OF THE MUNICIPALITY OF CENTRE HASTINGS

TRUST FUNDS
STATEMENT OF FINANCIAL POSITION
 At December 31, 2015

	Perpetual Care \$	Monument \$	2015 Total \$	2014 Total \$
FINANCIAL ASSETS				
Cash	168	2	170	169
Investments (note 2)	146,972	6,498	153,470	152,380
	<u>147,140</u>	<u>6,500</u>	<u>153,640</u>	<u>152,549</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Due to Municipality	2,871	596	3,467	2,976
FUND BALANCE	<u>144,269</u>	<u>5,904</u>	<u>150,173</u>	<u>149,573</u>
	<u>147,140</u>	<u>6,500</u>	<u>153,640</u>	<u>152,549</u>

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE MUNICIPALITY OF CENTRE HASTINGS

TRUST FUNDS STATEMENT OF CONTINUITY For the Year Ended December 31, 2015

	Perpetual Care \$	Monument \$	2015 Total \$	2014 Total \$
BALANCES - beginning of year	143,869	5,704	149,573	149,117
RECEIPTS				
Investment income	3,449	196	3,645	3,780
Transfer from Municipality	400	200	600	450
	3,849	396	4,245	4,230
EXPENSES				
Transfer to Municipality	3,049	143	3,192	3,344
Administration fees	400	53	453	430
	3,449	196	3,645	3,774
BALANCES - end of year	144,269	5,904	150,173	149,573

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, 2015

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 \$	2015 Cost \$	2014 Cost \$
Perpetual care fund	149,615	146,972	146,138
Monument fund	6,556	6,498	6,242
	156,171	153,470	152,380

3. CEMETERY PERPETUAL CARE

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

4. CEMETERY MONUMENT FUND

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

**CORPORATION OF THE
MUNICIPALITY OF CENTRE HASTINGS**

CENTRE HASTINGS PUBLIC LIBRARY BOARD

FINANCIAL STATEMENTS

DECEMBER 31, 2015

INDEPENDENT AUDITORS' 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**

Report on the Financial Statements

We have audited the accompanying financial statements of the Centre Hastings Public Library Board of the Corporation of the Municipality of Centre Hastings, which comprise the statement of financial position as at December 31, 2015, the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

The Board derives revenue from user fees, donations and fundraising, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Board and we were not able to determine whether any adjustments might be necessary to user fees, donations and fundraising revenues, assets and accumulated surplus.

Qualified Opinion

Except as noted in the above paragraph, in our opinion, these financial statements present fairly, in all material respects, the financial position of the Centre Hastings Public Library Board as at December 31, 2015 and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Collins Barrow Kawarthas LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
October 4, 2016

CORPORATION OF THE MUNICIPALITY OF CENTRE HASTINGS

CENTRE HASTINGS PUBLIC LIBRARY BOARD STATEMENT OF FINANCIAL POSITION At December 31, 2015

	2015	2014
	\$	\$
FINANCIAL ASSETS		
Cash and investments (note 2)	19,915	15,392
Accounts receivable	1,405	2,462
Due from Municipality	135	135
TOTAL FINANCIAL ASSETS	21,455	17,989
LIABILITIES		
Accounts payable	4,719	2,123
NET FINANCIAL ASSETS	16,736	15,866
NON-FINANCIAL ASSETS		
Tangible capital assets (note 3)	31,651	28,189
ACCUMULATED SURPLUS (note 4)	48,387	44,055

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, 2015

	Budget 2015 \$ (Unaudited)	Actual 2015 \$	Actual 2014 \$
REVENUES			
Municipality of Centre Hastings contribution	68,160	68,660	66,798
Township of Madoc contribution	28,354	28,354	27,557
Government of Canada	-	1,320	1,155
Province of Ontario	15,575	30,607	12,571
User fees	1,740	2,705	2,426
Donations and fundraising	-	2,392	10,013
Interest income	-	76	130
TOTAL REVENUES	113,829	134,114	120,650
EXPENSES			
Salaries and benefits	76,306	77,040	82,032
Supplies and services	33,390	33,710	19,838
Transfer to Township of Stirling-Rawdon	-	2,500	2,500
Periodicals	7,733	1,272	903
Repairs and maintenance	4,400	2,624	3,001
Amortization	12,677	12,586	12,677
Other	-	50	4,802
TOTAL EXPENSES	134,506	129,782	125,753
ANNUAL SURPLUS/(DEFICIT)	(20,677)	4,332	(5,103)
ACCUMULATED SURPLUS - beginning of year	44,055	44,055	49,158
ACCUMULATED SURPLUS - end of year	23,378	48,387	44,055

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, 2015

	Budget 2015 \$ (Unaudited)	Actual 2015 \$	Actual 2014 \$
ANNUAL SURPLUS/(DEFICIT)	(20,677)	4,332	(5,103)
Amortization of tangible capital assets	12,677	12,586	12,677
Acquisition of tangible capital assets	(6,600)	(16,048)	(7,871)
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	(14,600)	870	(297)
NET FINANCIAL ASSETS - beginning of year	15,866	15,866	16,163
NET FINANCIAL ASSETS - end of year	1,266	16,736	15,866

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, 2015

	2015	2014
	\$	\$
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Annual surplus/(deficit)	4,332	(5,103)
Decrease in accounts receivable	1,057	205
Increase in accounts payable	2,596	193
Non-cash charges to operations		
Amortization of tangible capital assets	12,586	12,677
Net increase in cash from operating transactions	20,571	7,972
CAPITAL		
Acquisition of tangible capital assets	(16,048)	(7,871)
INCREASE IN CASH	4,523	101
CASH AND INVESTMENTS - beginning of year	15,392	15,291
CASH AND INVESTMENTS - end of year	19,915	15,392

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, 2015

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.

(b) Use of Estimates

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

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

(c) Tangible Capital Assets

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

Books	7 years
Furniture and equipment	5 years

(d) 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.

(e) 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.

CORPORATION OF THE MUNICIPALITY OF CENTRE HASTINGS

CENTRE HASTINGS PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2015

2. CASH AND INVESTMENTS

Included in cash and investments are investments recorded at cost, which consist of the following:

	Market	2015 Cost	2014 Cost
	\$	\$	\$
TD Guaranteed Investment Certificate, 1.35% interest rate, matures October 1, 2016	5,744	5,649	5,649

3. TANGIBLE CAPITAL ASSETS

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

	Books	Furniture and Equipment	2015 Totals	2014 Totals
	\$	\$	\$	\$
COST				
Balance, beginning of year	62,682	18,590	81,272	82,003
Add: additions during the year	16,048	-	16,048	7,871
Less: disposals during the year	7,411	-	7,411	8,602
Balance, end of year	71,319	18,590	89,909	81,272
ACCUMULATED AMORTIZATION				
Balance, beginning of year	38,194	14,889	53,083	49,008
Add: additions during the year	10,188	2,398	12,586	12,677
Less: disposals during the year	7,411	-	7,411	8,602
Balance, end of year	40,971	17,287	58,258	53,083
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	30,348	1,303	31,651	28,189

CORPORATION OF THE MUNICIPALITY OF CENTRE HASTINGS

CENTRE HASTINGS PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2015

4. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2015	2014
	\$	\$
Surplus/(Deficit)		
Operations	16,736	15,866
Invested In Capital Assets		
Tangible capital assets - net book value	31,651	28,189
	48,387	44,055

5. BUDGET FIGURES

The operating budget, approved by the Board, for 2015 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.