

CORPORATION OF THE COUNTY OF HASTINGS
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017

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"WORKING AND GROWING TOGETHER"

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CORPORATION OF THE COUNTY OF HASTINGS

For The Year Ended December 31, 2017

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 Collins Barrow Kawarthas LLP in accordance with Canadian generally accepted auditing standards on behalf of the County. Collins Barrow Kawarthas LLP has full and free access to Council.

Warden

Date

Director of Finance/
Treasurer

Date

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of the Corporation of the County of Hastings and its local board, which comprise the consolidated statement of financial position as at December 31, 2017, the consolidated statements of operations and accumulated surplus, change in net financial assets/(liabilities) 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.

Auditor's 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 auditor's 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 County of Hastings and its local board as at December 31, 2017 and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Collins Barrow Kawartha LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
June 28, 2018

CORPORATION OF THE COUNTY OF HASTINGS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2017

	2017	2016
	\$	\$
FINANCIAL ASSETS		
Cash	20,575,827	18,709,306
Investments (note 2)	2,468,360	2,433,273
Trade and other receivables	7,197,614	6,053,569
Long term receivables	2,243,345	2,179,547
TOTAL FINANCIAL ASSETS	32,485,146	29,375,695
LIABILITIES		
Accounts payable and accrued liabilities	10,907,634	9,731,928
Deferred revenue - obligatory reserve funds (note 3)	144,084	195,022
Deferred revenue - other	1,137,901	1,116,784
Long term debt (note 4)	30,081,259	33,651,957
Employee future benefits payable (note 5)	8,335,601	7,846,922
TOTAL LIABILITIES	50,606,479	52,542,613
NET FINANCIAL ASSETS/(LIABILITIES)	(18,121,333)	(23,166,918)
NON-FINANCIAL ASSETS		
Tangible capital assets (note 6)	91,024,562	92,116,708
Prepaid expenses	171,858	563,897
TOTAL NON-FINANCIAL ASSETS	91,196,420	92,680,605
ACCUMULATED SURPLUS (note 8)	73,075,087	69,513,687

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE COUNTY OF HASTINGS

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS For the Year Ended December 31, 2017

	Budget 2017 \$ (Unaudited)	Actual 2017 \$	Actual 2016 \$
REVENUES			
Property taxation	13,967,764	13,978,144	13,661,065
User charges	14,944,124	15,396,372	15,203,878
Government of Canada	177,831	229,870	254,702
Province of Ontario	82,958,306	77,464,120	74,828,066
Other municipalities	23,323,711	23,365,157	22,875,970
Provincial Offences Act - fines (note 12)	1,700,000	1,836,275	1,666,334
Federal gas tax earned	1,212,722	1,286,900	1,154,974
Investment income	149,409	265,032	197,406
Other	-	10,875	85,245
Gain on disposal of tangible capital assets	2,268,500	669,700	530,546
TOTAL REVENUES	140,702,367	134,502,445	130,458,186
EXPENSES			
General government	3,706,811	3,953,756	3,890,945
Protection services	1,605,339	1,727,952	1,580,308
Transportation services	1,311,816	1,330,719	1,231,284
Health services	19,376,349	19,805,028	19,048,929
Social and family services	81,509,116	80,211,362	78,736,608
Social housing	26,767,795	22,775,789	20,892,237
Planning and development	1,299,929	1,136,439	1,273,190
TOTAL EXPENSES	135,577,155	130,941,045	126,653,501
ANNUAL SURPLUS	<u>5,125,212</u>	3,561,400	3,804,685
ACCUMULATED SURPLUS - beginning of year		69,513,687	65,709,002
ACCUMULATED SURPLUS - end of year		73,075,087	69,513,687

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE COUNTY OF HASTINGS

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS/(LIABILITIES) For the Year Ended December 31, 2017

	Budget 2017 \$ (Unaudited)	Actual 2017 \$	Actual 2016 \$
ANNUAL SURPLUS	5,125,212	3,561,400	3,804,685
Amortization of tangible capital assets	4,482,697	4,812,155	4,482,697
Purchase of tangible capital assets	(10,012,625)	(4,341,038)	(6,554,496)
Gain on disposal of tangible capital assets	-	(669,700)	(530,546)
Proceeds on sale of tangible capital assets	-	1,290,729	901,042
Change in prepaid expenses	-	392,039	(400,651)
CHANGE IN NET FINANCIAL ASSETS/(LIABILITIES)	(404,716)	5,045,585	1,702,731
NET FINANCIAL ASSETS/(LIABILITIES) - beginning of year	(23,166,918)	(23,166,918)	(24,869,649)
NET FINANCIAL ASSETS/(LIABILITIES) - end of year	(23,571,634)	(18,121,333)	(23,166,918)

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE COUNTY OF HASTINGS

CONSOLIDATED STATEMENT OF CASH FLOWS For the Year Ended December 31, 2017

	2017	2016
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	3,561,400	3,804,685
Items not involving cash		
Amortization of tangible capital assets	4,812,155	4,482,697
Gain on disposal of tangible capital assets	(669,700)	(530,546)
Change in employee future amounts payable	488,679	364,324
Change in non-cash assets and liabilities		
Trade and other receivables	(1,144,045)	896,768
Long term receivables	(63,798)	(35,229)
Prepaid expenses	392,039	(400,651)
Accounts payable and accrued liabilities	1,175,706	1,191,810
Deferred revenue - obligatory reserve funds	(50,938)	59,242
Deferred revenue - other	21,117	483,175
Net change in cash from operating activities	8,522,615	10,316,275
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(4,341,038)	(6,554,496)
Proceeds on disposal of tangible capital assets	1,290,729	901,042
Net change in cash from capital activities	(3,050,309)	(5,653,454)
INVESTING ACTIVITIES		
Purchase of investments	(35,087)	(39,520)
FINANCING ACTIVITIES		
Long term debt issued	-	4,000,000
Debt principal repayments	(3,570,698)	(3,371,819)
Net change in cash from financing activities	(3,570,698)	628,181
NET CHANGE IN CASH	1,866,521	5,251,482
CASH - beginning of year	18,709,306	13,457,824
CASH - end of year	20,575,827	18,709,306

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE COUNTY OF HASTINGS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2017

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.

Property 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 Offences Act 1997 are recognized when the funds are received. (see note 12).

User fees 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.

CORPORATION OF THE COUNTY OF HASTINGS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2017

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 amounts 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.

CORPORATION OF THE COUNTY OF HASTINGS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2017

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. INVESTMENTS

Investments are recorded at cost and are comprised of:

	2017	2016
	\$	\$
RBC Dominion Securities		
Cash	13,138	11,402
Bonds	28,474	28,474
	41,612	39,876
Phillips, Hager & North Investment Funds Ltd.		
Short term bond fund	2,426,748	2,393,397
	2,468,360	2,433,273

CORPORATION OF THE COUNTY OF HASTINGS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2017

3. 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:

	2017	2016
	\$	\$
Federal gas tax	144,084	195,022

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

	2017	2016
	\$	\$
Balance - beginning of year	195,022	135,780
Add amounts received:		
Federal gas tax	1,234,192	1,212,722
Interest	1,770	1,494
	1,235,962	1,214,216
Less transfer to operations:		
Federal gas tax earned	1,286,900	1,154,974
Balance - end of year	144,084	195,022

CORPORATION OF THE COUNTY OF HASTINGS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2017

4. LONG TERM DEBT

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

	2017	2016
	\$	\$
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.	402,175	443,770
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.	2,726,739	3,283,377
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.	973,881	1,169,397
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.	163,509	197,661
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.	3,117,814	3,580,258
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.	3,156,528	3,623,086
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.	3,980,419	4,572,028
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.	1,266,157	1,457,253
Long term debt issued by the Hastings Local Housing Corporation to the Canada Mortgage and Housing Corporation (CMHC) matures January 1, 2028, renewable March 1, 2018 and is secured by the land and building at 48A Brant Street, Deseronto, Ontario. It is repayable in blended monthly instalments of \$10,050 with interest at the rate of 3.24% per annum.	1,121,636	1,223,243
Long term debt issued by the Hastings Local Housing Corporation to CMHC matures February 1, 2028, renewable March 1, 2018 and is secured by the land and building at 59 Russell Street, Belleville, Ontario. It is repayable in blended monthly instalments of \$30,597 with interest at the rate of 3.24% per annum.	3,440,700	3,749,620

CORPORATION OF THE COUNTY OF HASTINGS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2017

4. LONG TERM DEBT, continued

	2016 \$	2015 \$
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.	1,392,746	1,578,592
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.	2,119,811	2,249,146
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.	2,378,065	2,576,635
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.	3,841,079	3,947,891
	30,081,259	33,651,957

- (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 \$1,112,335 (2016 - \$1,220,952).
- (d) Included in long term debt above are amounts required to finance new facilities at Hastings Manor and Centennial Manor amounting to \$11,520,918 (2016 - \$13,232,626) and \$3,864,129 (2016 - \$4,650,435) respectively. A portion of the net cost of this long term debt is recoverable from other municipalities and the Province of Ontario as follows:
- (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.

CORPORATION OF THE COUNTY OF HASTINGS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2017

4. LONG TERM DEBT, continued

- (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, 2017 to the Canada Mortgage and Housing Corporation of \$5,004,405 (2016 - \$5,897,641) mature between January 1, 2018 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 \$
2018	7,857,108	914,278	8,771,386
2019	3,427,084	763,916	4,191,000
2020	6,125,085	614,993	6,740,078
2021	3,285,119	416,829	3,701,948
2022	4,281,047	262,553	4,543,600
	24,975,443	2,972,569	27,948,012
2023 and subsequent years	5,105,816	1,160,611	6,266,427
	30,081,259	4,133,180	34,214,439

CORPORATION OF THE COUNTY OF HASTINGS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2017

5. 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, 2017 which is included in the long term receivable amount of \$2,243,345, is \$1,639,797 (2016 - \$1,555,174).

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:

	2017	2016
	\$	\$
Post employment benefits	2,181,999	2,033,811
Future payments for WSIB costs	3,528,643	3,308,447
<u>Unfunded employee future benefits</u>	<u>5,710,642</u>	<u>5,342,258</u>
Vacation pay	2,439,830	2,319,535
Accumulated sick leave benefit plan	143	143
Severance payouts	184,986	184,986
<u>Other amounts payable</u>	<u>2,624,959</u>	<u>2,504,664</u>
	<u>8,335,601</u>	<u>7,846,922</u>

The actuarial valuation for post-employment benefits as at December 31, 2016 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	2%
Future health care cost rates - 2016	5.00%
Future health care cost rates - 2017-2019	reducing by .33/year to 4%
Future health care cost rates - 2020 thereafter	4%
Future dental cost rates	4%
Future interest rate	4.25%

CORPORATION OF THE COUNTY OF HASTINGS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2017

5. 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:

	2017	2016
	\$	\$
Accrued benefit obligation at January 1	2,697,494	2,635,912
Unamortized actuarial losses	(663,683)	(732,015)
Liability at January 1	2,033,811	1,903,897
Current year benefit cost	117,312	110,059
Interest	120,473	117,361
Amortization of actuarial loss	68,331	68,331
Less: expected benefit payments	(157,928)	(165,837)
Liability at December 31	2,181,999	2,033,811

The actuarial valuation for future payments for WSIB costs as at December 31, 2016 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	4%
Loss of earnings benefits	66%
Expected inflation rate	2%
WSIB administration fee	38%
Loss time injury count	24
Mean term of future payments	9 years

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

	2017	2016
	\$	\$
Accrued benefit obligation at January 1	3,342,507	3,169,720
Unamortized actuarial losses	(34,060)	(113,501)
Liability at January 1	3,308,447	3,056,219
Current year benefit cost	483,992	468,209
Increase due to plan amendment	-	39,232
Interest	133,839	128,460
Amortization of actuarial loss	79,441	79,441
Less: expected benefit payments	(477,076)	(463,114)
Liability at December 31	3,528,643	3,308,447

CORPORATION OF THE COUNTY OF HASTINGS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2017

6. TANGIBLE CAPITAL ASSETS

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

	2017	2016
	\$	\$
General		
Land and land improvements	9,733,452	10,024,442
Buildings	71,049,574	72,641,179
Machinery and equipment	5,789,223	6,154,440
Vehicles	1,482,035	1,109,137
Infrastructure		
Roads and bridges	1,730,913	1,850,045
	89,785,197	91,779,243
Assets under construction	1,239,365	337,465
	91,024,562	92,116,708

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

During the year there were no write-downs of assets (2016 - \$Nil) and no interest capitalized (2016 - \$Nil).

Tangible capital assets allocated by segment are as follows:

	2017	2016
	\$	\$
General government	11,312,536	11,586,815
Transportation services	2,066,507	2,199,769
Health services	2,271,443	2,073,710
Social and family services	33,333,673	34,028,046
Social housing	41,975,555	42,163,520
Planning and development	64,848	64,848
	91,024,562	92,116,708

7. 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, 2017 there was no balance outstanding (2016 - \$Nil).

CORPORATION OF THE COUNTY OF HASTINGS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2017

8. ACCUMULATED SURPLUS

(a) Accumulated surplus consists of the following:

	2017	2016
	\$	\$
Surplus/(Deficit)		
Housing Corporation	141,955	141,955
Unfunded employee future benefits	(5,710,642)	(5,342,258)
	(5,568,687)	(5,200,303)
Invested In Capital Assets		
Tangible capital assets - net book value	91,024,562	92,116,708
Long term debt	(30,081,259)	(33,651,957)
Unfunded capital - Hastings Manor (b)	(286,464)	(332,243)
Unfunded capital - Hastings Manor (c)	(421,773)	-
	60,235,066	58,132,508
Surplus	54,666,379	52,932,205
Reserves		
Working funds	2,443,292	2,303,949
General purposes	3,510,841	2,818,779
County highways	546,476	500,847
Social services	1,084,872	859,872
Ambulance capital	461,140	560,629
Hastings and Centennial Manor	422,217	568,610
Doctor recruitment	524,302	524,302
Social housing	6,172,456	5,080,656
WSIB	2,553,586	2,776,491
Desktop computer replacement	317,632	248,120
Economic development	151,548	132,148
Official plan	134,075	120,808
EMS cross border services	86,271	86,271
Total Reserves	18,408,708	16,581,482
	73,075,087	69,513,687

(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) The 2017 Hastings Manor unfunded capital amount of \$421,773 is to be financed with debt in 2018.

CORPORATION OF THE COUNTY OF HASTINGS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2017

9. BUDGET FIGURES

The budget, approved by the County, for 2017 is reflected on the Consolidated Statement of Operations and Accumulated Surplus and the Consolidated Statement of Change in Net Financial Assets/(Liabilities). 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	121,456,450	135,229,214
Levy	13,772,764	-
Capital	10,012,625	10,012,625
Distribution of gas tax	1,154,975	1,154,975
Total Council approved budget	146,396,814	146,396,814
Less: Tangible capital assets capitalized	-	(10,012,625)
Add: Amortization of tangible capital assets	-	4,482,697
Less: Long term debt proceeds	(1,535,000)	-
Less: Principal repayment of long term debt	-	(3,587,513)
Less: Transfers to/from reserves	(7,543,483)	(5,040,475)
Less: Change in unfunded capital	-	(45,779)
Less: Interdepartmental charges	(4,883,557)	(4,883,557)
Add: POA net payments to other Municipalities	314,992	314,992
Flow through revenue and expenses	4,084,101	4,084,101
Scattered units proceeds and transfers	3,868,500	3,868,500
Adjusted budget per Consolidated Statement of Operations	140,702,367	135,577,155

10. 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 2017 Annual Report disclosed total actuarial liabilities of \$94,431 million in respect of benefits accrued for service with actuarial assets of \$89,028 million indicating an actuarial deficit of \$5,403 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 2017 were \$3,442,831 (2016 - \$3,401,134).

CORPORATION OF THE COUNTY OF HASTINGS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2017

11. EXPENSES BY OBJECT

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

	Budget 2017 \$ (Unaudited)	Actual 2017 \$	Actual 2016 \$
Salaries and benefits	54,057,832	55,350,968	53,101,355
Interest charges	1,122,258	1,112,335	1,220,952
Materials	18,232,108	14,280,661	14,953,880
Contracted services	14,639,821	16,686,126	13,973,398
Rents and financial	2,039,109	2,037,950	2,048,490
External transfers	41,003,330	36,660,850	36,872,729
Amortization	4,482,697	4,812,155	4,482,697
	135,577,155	130,941,045	126,653,501

12. 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:

	2017 \$	2016 \$
Fines	1,836,275	1,666,334
Other revenue	35,616	29,020
Operating costs	(1,140,324)	(1,116,219)
Amounts transferred to City of Belleville	(269,189)	(174,365)
Amounts transferred to City of Quinte West	(176,405)	(160,205)
Net County revenue	285,973	244,565

CORPORATION OF THE COUNTY OF HASTINGS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2017

13. 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 1,429 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."

14. 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.

15. 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:

2018	\$1,110,378
2019	1,092,328
2020	1,024,982
2021	729,756
2022	679,736

- (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:

2018	\$150,000
2019	125,000
2020	125,000
2021	100,000
2022	100,000

- (c) The County has agreed to assist the North Hastings Hospital Fund Development Committee. The total commitment is for \$150,000 payable equally over a three year period commencing in 2017. The remaining commitment at December 31, 2017 is \$100,000.

CORPORATION OF THE COUNTY OF HASTINGS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2017

15. COMMITMENTS, continued

- (d) The County has agreed to assist Loyalist College with their campaign in support of the new Sustainable Skills, Technology and Life Sciences Centre. The total commitment is for \$350,000 payable equally over a seven year period commencing in 2013. The remaining commitment at December 31, 2017 is \$100,000.
- (e) The County has several outstanding commitments for construction and renovations of social housing units. The total outstanding commitments at December 31, 2017 are \$3,006,192 which will be funded through taxation and reserve transfers. In addition, the County has an outstanding commitment related to flow through funding to external agencies for the construction of affordable housing units in the amount of \$2,424,330 which will be funded through Provincial grants.

16. 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.

CORPORATION OF THE COUNTY OF HASTINGS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2017

16. SEGMENTED INFORMATION, continued

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.

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.

17. TRUST FUNDS

Trust funds administered by the County amounting to \$208,715 (2016 - \$178,167) 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, 2017

	General			Infrastructure		Totals
	Land and Land Improvements	Buildings	Machinery and Equipment	Vehicles	Roads and Bridges	
	\$	\$	\$	\$	\$	\$
COST						
Balance, beginning of year	11,615,514	113,552,017	11,711,974	2,795,245	3,735,218	337,465
Add: additions during the year	64,512	1,797,227	329,225	1,084,123	-	1,065,951
Less: disposals during the year	293,082	627,035	-	952,187	-	-
Internal transfers	-	164,051	-	-	-	(164,051)
Balance, end of year	11,386,944	114,886,260	12,041,199	2,927,181	3,735,218	1,239,365
ACCUMULATED AMORTIZATION						
Balance, beginning of year	1,591,072	40,910,838	5,557,534	1,686,108	1,885,173	-
Add: additions during the year	100,399	3,208,958	694,442	689,224	119,132	-
Less: disposals during the year	37,979	283,110	-	930,186	-	-
Balance, end of year	1,653,492	43,836,686	6,251,976	1,445,146	2,004,305	-
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	9,733,452	71,049,574	5,789,223	1,482,035	1,730,913	1,239,365
						91,024,562

CORPORATION OF THE COUNTY OF HASTINGS

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

	General Government \$	Protection Services \$	Transportation Services \$	Health Services \$	Social and Family Services \$	Social Housing \$	Planning and Development \$	Consolidated \$
Revenues								
Property taxation	1,721,683	(232,548)	75,673	3,869,328	4,072,009	3,266,070	1,205,929	13,978,144
User charges	199,946	3,503	45,629	187,091	8,648,565	6,198,207	113,431	15,396,372
Government transfers - operating	123,500	-	-	7,912,583	62,642,157	5,251,924	260	75,930,424
Government transfers - capital	50,565	-	-	-	-	1,713,001	-	1,763,566
Other municipalities	199,623	128,286	-	8,045,764	7,831,234	7,160,250	-	23,365,157
Provincial Offences Act - fines	-	1,836,275	-	-	-	-	-	1,836,275
Federal gas tax earned	131,926	-	1,154,974	-	-	-	-	1,286,900
Investment income	108,679	9,304	-	-	107,686	39,363	-	265,032
Other	-	-	-	-	10,875	-	-	10,875
Gain on disposal of tangible capital assets	-	-	-	10,179	-	659,521	-	669,700
Total revenues	2,535,922	1,744,820	1,276,276	20,024,945	83,312,526	24,288,336	1,319,620	134,502,445
Expenses								
Salaries and benefits	5,078,615	563,358	-	14,410,163	31,043,426	3,512,226	743,180	55,350,968
Interest charges	142,592	-	-	-	731,321	238,422	-	1,112,335
Materials	1,353,833	48,956	17,463	2,257,815	3,983,467	6,482,370	136,757	14,280,661
Contracted services	1,192,993	368,803	32,291	198,386	11,885,754	2,987,220	20,679	16,686,126
Rents and financial	95,387	30,256	-	282,923	287,965	1,334,031	7,388	2,037,950
External transfers	129,197	445,594	1,154,974	1,329,859	27,769,792	5,786,171	45,263	36,660,850
Amortization	640,541	-	125,991	859,365	1,402,979	1,783,279	-	4,812,155
Internal transfers	(932,646)	141,835	-	-	659,346	131,465	-	-
Allocated administration	(3,746,756)	129,150	-	466,517	2,447,312	520,605	183,172	-
Total expenses	3,953,756	1,727,952	1,330,719	19,805,028	80,211,362	22,775,789	1,136,439	130,941,045
Net surplus/(deficit)	(1,417,834)	16,868	(54,443)	219,917	3,101,164	1,512,547	183,181	3,561,400

CORPORATION OF THE COUNTY OF HASTINGS

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2016

	General Government \$	Protection Services \$	Transportation Services \$	Health Services \$	Social and Family Services \$	Social Housing \$	Planning and Development \$	Consolidated \$
Revenues								
Property taxation	3,062,469	(234,185)	56,600	3,405,538	3,069,644	3,064,879	1,236,120	13,661,065
User charges	390,619	5,735	46,500	92,875	8,597,516	5,996,170	74,463	15,203,878
Government transfers - operating	145,200	-	-	7,750,362	60,838,120	4,660,474	320	73,394,476
Government transfers - capital	-	-	900,400	-	-	787,892	-	1,688,292
Other municipalities	169,845	109,060	-	7,762,066	7,644,667	7,190,332	-	22,875,970
Provincial Offences Act - fines	-	1,666,334	-	-	-	-	-	1,666,334
Federal gas tax earned	-	-	1,154,974	-	-	-	-	1,154,974
Investment income	70,656	7,961	-	-	78,008	40,781	-	197,406
Other	-	-	-	-	85,245	-	-	85,245
Gain on disposal of tangible capital assets	-	-	-	10,883	-	519,663	-	530,546
Total revenues	3,838,789	1,554,905	2,158,474	19,021,724	80,313,200	22,260,191	1,310,903	130,458,186
Expenses								
Salaries and benefits	4,795,410	568,732	-	13,788,721	29,631,129	3,487,454	829,909	53,101,355
Interest charges	83,782	-	-	-	838,342	298,828	-	1,220,952
Materials	1,535,487	37,248	(55,222)	2,114,134	3,978,161	7,177,933	166,139	14,953,880
Contracted services	1,249,856	348,795	32,291	315,204	11,067,713	932,392	27,147	13,973,398
Rents and financial	87,435	27,574	-	282,062	302,052	1,326,132	23,235	2,048,490
External transfers	111,780	334,570	1,154,974	1,334,468	28,537,628	5,294,309	105,000	36,872,729
Amortization	422,828	-	99,241	756,396	1,405,986	1,798,246	-	4,482,697
Internal transfers	(929,319)	141,834	-	-	711,842	87,643	(12,000)	-
Allocated administration	(3,466,314)	121,555	-	457,944	2,263,755	489,300	133,760	-
Total expenses	3,890,945	1,580,308	1,231,284	19,048,929	78,736,608	20,892,237	1,273,190	126,653,501
Net surplus/(deficit)	(52,156)	(25,403)	927,190	(27,205)	1,576,592	1,367,954	37,713	3,804,685

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Trust Funds of the Corporation of the County of Hastings, which comprise the statement of financial position as at December 31, 2017, 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.

Auditor's 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 auditor's 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

In common with many municipal trust funds, amounts are received through donations and receipts from residents, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these amounts 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 donations, resident receipts, assets and fund balances at the end of the year.

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 Trust Funds of the Corporation of the County of Hastings as at December 31, 2017 and the continuity of the Trust Funds for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Collins Barrow Kawartha LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
June 28, 2018

CORPORATION OF THE COUNTY OF HASTINGS

TRUST FUNDS STATEMENT OF FINANCIAL POSITION At December 31, 2017

	Benevolent Trust \$	Centennial Manor \$	Hastings Manor \$	2017 Total \$	2016 Total \$
FINANCIAL ASSETS					
Cash	500	85,194	73,226	158,920	135,763
Investment (note 3)	40,928	-	-	40,928	40,342
Accrued interest	26	-	-	26	104
Due from Hastings Manor	-	-	251	251	1,958
Due from Centennial Manor	-	8,590	-	8,590	-
	41,454	93,784	73,477	208,715	178,167
FUND BALANCES					
	41,454	93,784	73,477	208,715	178,167

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE COUNTY OF HASTINGS

TRUST FUNDS STATEMENT OF CONTINUITY For the Year Ended December 31, 2017

	Benevolent Trust \$	Centennial Manor \$	Hastings Manor \$	2017 Total \$	2016 Total \$
BALANCES - beginning of year	40,972	78,767	58,428	178,167	169,612
RECEIPTS					
Interest earned	509	-	-	509	374
Received from residents	-	50,898	107,954	158,852	159,776
Donations	-	20,421	14,576	34,997	29,638
	509	71,319	122,530	194,358	189,788
EXPENSES					
Personal needs	-	56,302	100,401	156,703	179,191
Refunds to residents	-	-	-	-	1,066
Donations	-	-	7,080	7,080	949
Other	27	-	-	27	27
	27	56,302	107,481	163,810	181,233
BALANCES - end of year	41,454	93,784	73,477	208,715	178,167

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE COUNTY OF HASTINGS

TRUST FUNDS NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2017

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 1.65% (2016 - 1.24%) and matures on February 16, 2019.