

**CORPORATION OF THE COUNTY OF HASTINGS**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

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*"WORKING AND GROWING TOGETHER"*

*www.hastingscounty.com*

**CORPORATION OF THE COUNTY OF HASTINGS**

**For The Year Ended December 31, 2013**

**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 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 County. Collins Barrow Kawarthas LLP has full and free access to Council.

Warden

*Rick Phillips*

Date

*May 20/14*

Director of Finance/  
Treasurer

*Susan Howcroft*

Date

*May 20/14*

## INDEPENDENT AUDITORS' 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, 2013, the consolidated statements of operations and accumulated surplus, change in net financial 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.

#### *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 County of Hastings and its local board as at December 31, 2013 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  
Peterborough, Ontario  
June 23, 2014

# CORPORATION OF THE COUNTY OF HASTINGS

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2013

	2013	2012
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash	19,292,302	18,170,541
Investments (note 6)	2,307,320	2,261,901
Trade and other receivables	5,820,189	6,319,959
Long term receivables (note 11)	2,171,949	2,209,499
<b>TOTAL FINANCIAL ASSETS</b>	<b>29,591,760</b>	<b>28,961,900</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	8,726,358	9,294,350
Deferred revenue - obligatory reserve funds (note 7)	250,000	254,121
Deferred revenue - other	1,317,708	599,278
Long term debt (note 9)	39,204,826	42,102,120
Employee benefits payable (note 11)	6,712,605	6,414,472
<b>TOTAL LIABILITIES</b>	<b>56,211,497</b>	<b>58,664,341</b>
<b>NET FINANCIAL LIABILITIES</b>	<b>(26,619,737)</b>	<b>(29,702,441)</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 8)	90,473,097	92,584,576
Prepaid expenses	165,582	208,766
<b>TOTAL NON-FINANCIAL ASSETS</b>	<b>90,638,679</b>	<b>92,793,342</b>
<b>ACCUMULATED SURPLUS (note 12)</b>	<b>64,018,942</b>	<b>63,090,901</b>

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, 2013

	Budget 2013 \$ (Unaudited)	Actual 2013 \$	Actual 2012 \$
<b>REVENUES</b>			
Property taxation	12,794,523	12,725,054	12,567,730
User charges	14,236,267	14,419,229	15,093,926
Government of Canada	118,600	330,201	36,614
Province of Ontario	68,784,245	65,366,311	66,317,186
Other municipalities	21,983,776	21,809,300	21,796,863
Provincial Offences Act - fines	1,700,000	1,860,051	1,659,797
Federal gas tax earned	1,199,096	1,199,096	1,431,845
Investment income	206,000	324,142	307,115
Donations	-	64,161	129,020
Other	80,000	77,680	54,226
<b>TOTAL REVENUES</b>	<b>121,102,507</b>	<b>118,175,225</b>	<b>119,394,322</b>
<b>EXPENSES</b>			
General government	3,569,837	3,665,832	3,674,633
Protection services	1,570,101	1,602,608	1,521,084
Transportation services	1,353,280	1,328,541	1,499,781
Health services	16,910,837	17,006,850	16,156,113
Social and family services	78,201,264	74,341,105	75,577,703
Social housing	18,410,310	17,843,051	18,095,720
Planning and development	1,341,965	1,459,197	1,682,727
<b>TOTAL EXPENSES</b>	<b>121,357,594</b>	<b>117,247,184</b>	<b>118,207,761</b>
<b>ANNUAL SURPLUS/(DEFICIT)</b>	<b>(255,087)</b>	<b>928,041</b>	<b>1,186,561</b>
<b>ACCUMULATED SURPLUS - beginning of year</b>	<b>63,090,901</b>	<b>63,090,901</b>	<b>61,904,340</b>
<b>ACCUMULATED SURPLUS - end of year</b>	<b>62,835,814</b>	<b>64,018,942</b>	<b>63,090,901</b>

The accompanying notes are an integral part of these financial statements

# CORPORATION OF THE COUNTY OF HASTINGS

## CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL LIABILITIES

For the Year Ended December 31, 2013

	Budget 2013 \$ (Unaudited)	Actual 2013 \$	Actual 2012 \$
<b>ANNUAL SURPLUS/(DEFICIT)</b>	(255,087)	928,041	1,186,561
Amortization of tangible capital assets	4,417,227	4,316,249	4,417,226
Acquisition of tangible capital assets	-	(2,215,348)	(2,267,595)
Loss/(gain) on disposal of tangible capital assets	-	(9,765)	20,222
Proceeds on sale of tangible capital assets	-	20,343	13,595
Decrease in prepaid expenses	-	43,184	142,120
<b>DECREASE IN NET FINANCIAL LIABILITIES</b>	4,162,140	3,082,704	3,512,129
<b>NET FINANCIAL LIABILITIES - beginning of year</b>	(29,702,441)	(29,702,441)	(33,214,570)
<b>NET FINANCIAL LIABILITIES - end of year</b>	(25,540,301)	(26,619,737)	(29,702,441)

*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, 2013

	2013	2012
	\$	\$
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING</b>		
Annual surplus	928,041	1,186,561
(Increase)/decrease in trade and other receivables	499,770	(115,280)
(Increase)/decrease in long term receivables	37,550	(61,026)
Decrease in prepaid expenses	43,184	142,120
Increase/(decrease) in accounts payable and accrued liabilities	(567,992)	737,095
Decrease in deferred revenue - obligatory reserve funds	(4,121)	(236,870)
Increase in deferred revenue - other	718,430	70,263
Non-cash charges to operations		
Amortization of tangible capital assets	4,316,249	4,417,226
Loss/(gain) on disposal of tangible capital assets	(9,765)	20,222
Increase in employee benefits payable	298,133	520,887
<b>Net increase in cash from operating transactions</b>	<b>6,259,479</b>	<b>6,681,198</b>
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(2,215,348)	(2,267,595)
Proceeds on disposal of tangible capital assets	20,343	13,595
<b>Net decrease in cash from capital transactions</b>	<b>(2,195,005)</b>	<b>(2,254,000)</b>
<b>INVESTING</b>		
Increase in investments	(45,419)	(52,673)
<b>FINANCING</b>		
Debt principal repayments	(2,897,294)	(2,680,636)
<b>INCREASE IN CASH</b>	<b>1,121,761</b>	<b>1,693,889</b>
<b>CASH - beginning of year</b>	<b>18,170,541</b>	<b>16,476,652</b>
<b>CASH - end of year</b>	<b>19,292,302</b>	<b>18,170,541</b>

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, 2013

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

- County of Hastings Local Housing Corporation

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

#### (b) 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.

#### (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, 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, 2013

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### 1. SIGNIFICANT ACCOUNTING POLICIES, continued

(d) 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.

(e) 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.

(f) 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.

(g) 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.

(h) 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 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 (see note 11); and
- The amount recorded as allowance for doubtful accounts receivable is based on management's estimate of future payments on receivable account balances.

(i) Financial Instruments

The County's financial instruments consist of cash, investments, trade and other receivables, long term receivables, accounts payable and accrued liabilities and long term debt. Unless otherwise noted, it is management's opinion that the carrying value of the financial instruments approximates their fair values and that the County does not have any significant concentration of interest, currency or credit risk.

# CORPORATION OF THE COUNTY OF HASTINGS

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2013

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### 1. SIGNIFICANT ACCOUNTING POLICIES, continued

#### (j) 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.

### 2. TRUST FUNDS

Trust funds administered by the County amounting to \$167,114 (2012 - \$156,877) 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.

### 3. PENSION AGREEMENTS

The County 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 2013 were \$3,242,261 (2012 - \$2,897,383).

### 4. BUDGET FIGURES

The budget, approved by the County, for 2013 is reflected on the Consolidated Statement of Operations and Accumulated Surplus and the Consolidated Statement of Change in Net Financial Liabilities. 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.

### 5. 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 1,421 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."

# CORPORATION OF THE COUNTY OF HASTINGS

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2013

### 6. INVESTMENTS

Included in investments are the following restricted investments recorded at cost:

	2013	2012
	\$	\$
<b>RBC Dominion Securities</b>		
Cash	6,194	4,708
Bonds	28,474	28,474
	34,668	33,182
<b>Phillips, Hager &amp; North Investment Funds Ltd.</b>		
Short term bond fund	2,272,652	2,228,719
	2,307,320	2,261,901

### 7. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS

A requirement of the Chartered Professional Accountants Canada Public Sector Accounting Handbook, is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as legislation and external agreements restrict how these funds may be used and under certain circumstances these funds may possibly be refunded. The balance in the obligatory reserve funds of the County is summarized below:

	2013	2012
	\$	\$
Federal gas tax	250,000	254,121

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

	2013	2012
	\$	\$
Balance - beginning of year	254,121	490,991
Add amounts received:		
Federal gas tax	1,194,975	1,194,975
Less transfer to operations:		
Federal gas tax earned	1,199,096	1,431,845
Balance - end of year	250,000	254,121

# CORPORATION OF THE COUNTY OF HASTINGS

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2013

### 8. TANGIBLE CAPITAL ASSETS

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

	2013	2012
	\$	\$
General		
Land and land improvements	9,727,513	9,778,381
Buildings	73,144,791	75,894,796
Machinery and equipment	4,366,172	4,523,878
Vehicles	1,342,816	1,320,058
Infrastructure		
Roads and bridges	629,770	708,054
	89,211,062	92,225,167
Assets under construction	1,262,035	359,409
	90,473,097	92,584,576

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

During the year there were no write-downs of assets (2012 - \$Nil) and no interest capitalized (2012 - \$Nil).

Tangible capital assets allocated by segment are as follows:

	2013	2012
	\$	\$
General government	7,456,505	7,043,105
Transportation services	629,775	708,059
Health services	1,984,961	1,995,945
Social and family services	37,215,128	38,559,124
Social housing	43,121,880	44,213,495
Planning and development	64,848	64,848
	90,473,097	92,584,576

# CORPORATION OF THE COUNTY OF HASTINGS

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2013

### 9. LONG TERM DEBT

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

	2013	2012
	\$	\$
Long term debt issued by the County of Hastings – North Hastings Professional Building matures April 30, 2026 and renewable April 30, 2016. It is repayable in blended monthly instalments of \$5,050 with interest at the rate of 5.24% per annum.	549,599	580,511
Long term debt issued by the County of Hastings - 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.	4,839,184	5,320,294
Long term debt issued by the County of Hastings - 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.	1,714,848	1,881,239
Long term debt issued by the County of Hastings - Centennial Manor matures May 31, 2022 and renewable April 30, 2016. It is repayable in blended monthly instalments of \$3,524 with interest at the rate of 5.24% per annum.	287,308	313,783
Long term debt issued by the County of Hastings - 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.	4,845,770	5,233,043
Long term debt issued by the County of Hastings - 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.	4,898,574	5,281,269
Long term debt issued by the County of Hastings - Hastings Manor matures August 31, 2023 and renewable March 31, 2014. It is repayable in blended monthly instalments of \$66,819 with interest at the rate of 4.97% per annum.	6,132,697	6,619,762
Long term debt issued by the County of Hastings - Hastings Manor matures September 30, 2023 and renewable May 31, 2014. It is repayable in blended monthly instalments of \$21,614 with interest at the rate of 5.04% per annum.	1,994,696	2,149,282
Long term debt reissued by the County 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.	1,518,391	1,608,703

# CORPORATION OF THE COUNTY OF HASTINGS

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2013

### 9. LONG TERM DEBT, continued

Long term debt reissued by the County 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.

4,646,966      4,925,016

Long term debt reissued by the Belleville Non-Profit Housing Corporation and assumed by the County Housing Corporation to CMHC matures January 1, 2025 and renewable June 1, 2015 and is secured by the land and building at 424 Bleeker Avenue, Belleville, Ontario. It is repayable in blended monthly instalments of \$19,727 with interest at the rate of 4.39% per annum.

2,078,962      2,221,882

Long term debt reissued by the Belleville Non-Profit Housing Corporation and assumed by the County Housing Corporation to the Scotiabank matures April 1, 2017 and is secured by the land and building at 24 Brown Street, Belleville, Ontario. It is repayable in blended monthly instalments of \$17,717 with interest at the rate of 4.4985% per annum.

2,564,131      2,660,124

Long term debt reissued by the Belleville Non-Profit Housing Corporation and assumed by the County 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.

3,133,700      3,307,212

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39,204,826      42,102,120

- (b) The long term debt in (a) issued in the name of the County or the County 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 \$1,653,443 (2012 - \$2,008,644).
- (d) Included in long term debt above are amounts required to finance new facilities at Hastings Manor and Centennial Manor amounting to \$17,871,737 (2012- 19,283,356) and \$6,841,340 (2012 - \$7,515,316) 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, 2013

### 9. LONG TERM DEBT, continued

- (iii) The Province of Ontario provides 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 and \$415,548 for Hastings Manor and Centennial Manor respectively.
- (e) The debentures payable by the County Housing Corporation at December 31, 2013 to the Canada Mortgage and Housing Corporation of \$8,305,641 (2012 - \$9,044,549) matures between January 1, 2014 and January 1, 2026 and are secured by land and buildings. These debentures were not assumed by or assigned to the County 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, for debt renewed subsequent to year-end, repayable amounts are based on the refinanced terms:

	Principal \$	Interest \$	Total \$
2014	3,037,714	1,499,136	4,536,850
2015	3,161,567	1,374,061	4,535,628
2016	3,292,136	1,243,491	4,535,627
2017	5,562,925	1,042,363	6,605,288
2018	3,450,476	872,548	4,323,024
2019 to 2023	16,599,361	1,980,271	18,579,632
2024 and subsequent years	4,100,647	83,183	4,183,830
	<b>39,204,826</b>	<b>8,095,053</b>	<b>47,299,879</b>

### 10. EXPENSES BY OBJECT

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

	Budget 2013 \$ (Unaudited)	Actual 2013 \$	Actual 2012 \$
Salaries and benefits	48,409,212	49,234,078	47,359,957
Interest charges	1,804,475	1,653,443	2,008,644
Materials	14,494,383	14,183,668	14,121,499
Contracted services	10,891,070	11,036,068	10,658,038
Rents and financial	2,404,050	2,311,205	2,389,137
External transfers	38,937,177	34,522,238	37,233,038
Amortization	4,417,227	4,316,249	4,417,226
Loss (gain) on disposal of tangible capital assets	-	(9,765)	20,222
	<b>121,357,594</b>	<b>117,247,184</b>	<b>118,207,761</b>



# CORPORATION OF THE COUNTY OF HASTINGS

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2013

### 11. EMPLOYEE FUTURE AMOUNTS 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, 2013 which is included in the long term receivable amount of \$2,171,949, is \$1,482,971 (2012 - \$1,495,454).

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:

	2013	2012
	\$	\$
Vacation pay entitlement	2,285,889	2,303,357
Post employment benefits	1,615,442	1,489,873
Future payments for WSIB costs	2,626,145	2,415,790
Accumulated sick leave benefit plan entitlement	143	143
Severance payouts	184,986	205,309
	<u>6,712,605</u>	<u>6,414,472</u>

The actuarial valuation as at December 31, 2012 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 - 2014	5.67%
Future health care cost rates - 2014-2019	reducing by .33/year to 4%
Future health care cost rates - 2020 thereafter	4%
Future dental cost rates	4%
Future interest rate	4.25%

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

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

	2013	2012
	\$	\$
Accrued benefit obligation at January 1	1,489,873	1,394,182
Current year benefit cost	93,489	81,042
Interest on post-employment benefit liability	90,047	81,053
Amortization of actuarial loss	49,511	19,092
Less: benefit payments	<u>(107,478)</u>	<u>(85,496)</u>
Accrued benefit obligation at December 31	<u>1,615,442</u>	<u>1,489,873</u>

# CORPORATION OF THE COUNTY OF HASTINGS

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2013

### 12. ACCUMULATED SURPLUS

(a) Accumulated surplus consists of the following:

	2013	2012
	\$	\$
<b>Surplus/(Deficit)</b>		
Housing Corporation	141,955	141,955
Unfunded employee future benefits	(4,241,587)	(3,905,664)
	(4,099,632)	(3,763,709)
<b>Invested In Capital Assets</b>		
Tangible capital assets - net book value	90,473,097	92,584,576
Long term debt	(39,204,826)	(42,102,120)
Unfunded capital (b)	(462,950)	(1,059,001)
	50,805,321	49,423,455
<b>Surplus</b>	46,705,689	45,659,746
<b>Reserves</b>		
Working funds	2,303,949	2,303,949
General purposes	2,180,855	1,855,629
County highways	566,590	791,761
Administration building renovation	1,033,579	1,025,244
Social services	769,342	376,183
Ambulance capital	415,086	536,662
Hastings and Centennial Manor	580,650	1,262,069
Doctor recruitment	239,476	239,476
Social housing	4,200,635	3,796,783
WSIB	2,255,258	2,385,211
Desktop computer replacement	206,430	325,202
Economic development	79,663	65,763
Official plan	50,000	110,902
Planning	4,129	4,129
EMS cross border services	40,503	40,503
<b>Total Reserves</b>	14,926,145	15,119,466
<b>Reserve Funds</b>		
Social housing	2,387,108	2,311,689
	64,018,942	63,090,901

(b) The unfunded capital amount has been financed through an intercompany loan from general government at prime plus 1.25% and will be repaid over the next 10 years through an annual charge to Hastings Manor operations.

# CORPORATION OF THE COUNTY OF HASTINGS

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2013

### 13. 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.

Revenue and expenditures related to these operations have been reported as follows:

	2013	2012
	\$	\$
Gross revenues	1,907,631	1,703,602
Operating costs	(1,030,336)	(980,395)
Amounts transferred to City of Belleville	(209,793)	(188,462)
Amounts transferred to City of Quinte West	(240,526)	(238,684)
Net County revenue	426,976	296,061

### 14. 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 .75% per annum. At December 31, 2013 there was a balance outstanding of \$Nil.

### 15. CONTINGENT LIABILITIES

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

### 16. COMMITMENTS

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

2014	\$800,117
2015	468,434
2016	355,339
2017	278,440
2018	276,786

# CORPORATION OF THE COUNTY OF HASTINGS

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2013

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### 16. COMMITMENTS, continued

- (b) The County has agreed to assist the Tri County Hospital Foundation with their Imagine Campaign for the Quinte Health Care Corporation. The total commitment is for \$1,100,000 payable equally over an eleven year period commencing in the year 2006. The remaining commitment at December 31, 2013 is \$300,000.
- (c) 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:

2014	\$50,000
2015	50,000
2016	25,000
2017	25,000
2018	25,000

- (d) The County has agreed to assist the Kingston General Hospital with their redevelopment program. The total commitment is for \$654,000 payable equally over a ten year period commencing in the year 2008. The remaining commitment at December 31, 2013 is \$216,600.
- (e) 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, 2013 is \$300,000.
- (f) The County entered into a renovation agreements for work at the North Hasting Professional Services Building prior to December 31, 2013. The total costs for the project are expected to be \$50,285. No costs have been incurred to December 31, 2013.

### 17. 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, 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 County and its programs and services.

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# CORPORATION OF THE COUNTY OF HASTINGS

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2013

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### 17. SEGMENTED INFORMATION, continued

#### **Protection Services**

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

#### **Transportation Services**

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

#### **Health Services**

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

#### **Social and Family Services**

The social and family services consist of general assistance to inhabitants, homes for the aged and child care services for the County.

#### **Social Housing**

The 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.

### 18. COMPARATIVE FIGURES

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

# CORPORATION OF THE COUNTY OF HASTINGS

## CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS For the Year Ended December 31, 2013

	General			Infrastructure Roads and Bridges \$	Assets Under Construction \$	Totals \$
	Land and Land Improvements \$	Buildings \$	Machinery and Equipment \$			
<b>COST</b>						
Balance, beginning of year	10,975,826	105,510,984	8,327,432	2,788,344	359,409	131,091,340
Add: additions during the year	67,849	111,399	421,765	-	950,469	2,215,348
Less: disposals during the year	-	-	-	-	-	386,197
Internal transfers	-	47,843	-	-	(47,843)	-
Balance, end of year	11,043,675	105,670,226	8,749,197	2,788,344	1,262,035	132,920,491
<b>ACCUMULATED AMORTIZATION</b>						
Balance, beginning of year	1,197,445	29,616,188	3,803,554	2,080,290	-	38,506,764
Add: additions during the year	118,717	2,909,247	579,471	78,284	-	4,316,249
Less: disposals during the year	-	-	-	-	-	375,619
Balance, end of year	1,316,162	32,525,435	4,383,025	2,158,574	-	42,447,394
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	9,727,513	73,144,791	4,366,172	629,770	1,262,035	90,473,097

# CORPORATION OF THE COUNTY OF HASTINGS

## CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2013

	General Government \$	Protection Services \$	Transportation Services \$	Health Services \$	Social and Family Services \$	Social Housing \$	Planning and Development \$	Consolidated \$
<b>Revenues</b>								
Property taxation	2,365,600	(269,175)	50,900	3,192,224	3,753,826	2,514,489	1,117,190	12,725,054
User charges	549,875	17,515	43,817	53,615	7,862,448	5,786,136	105,823	14,419,229
Government transfers - operating	536,800	-	-	6,708,803	54,543,614	3,853,579	15,028	65,657,824
Government transfers - capital	-	-	-	-	2,398	36,290	-	38,688
Other municipalities	68,987	110,984	-	6,924,504	8,926,002	5,778,823	-	21,809,300
Provincial Offices Act - fines	-	1,860,051	-	-	-	-	-	1,860,051
Federal gas tax earned	-	-	1,199,096	-	-	-	-	1,199,096
Investment income	163,141	12,542	-	-	102,193	46,266	-	324,142
Donations	-	-	-	-	64,161	-	-	64,161
Other	-	-	-	-	77,680	-	-	77,680
<b>Total revenues</b>	<b>3,684,403</b>	<b>1,731,917</b>	<b>1,293,813</b>	<b>16,879,146</b>	<b>75,332,322</b>	<b>18,015,583</b>	<b>1,238,041</b>	<b>118,175,225</b>
<b>Expenses</b>								
Salaries and benefits	4,173,042	552,438	1,658	12,259,279	28,551,073	2,838,664	857,924	49,234,078
Interest charges	29,683	-	-	-	1,178,455	445,305	-	1,653,443
Materials	1,125,338	50,056	8,361	2,159,842	5,031,156	5,626,227	182,688	14,183,668
Contracted services	1,064,491	382,360	41,142	294,392	8,319,198	657,841	276,644	11,036,068
Rents and financial	109,980	26,327	-	279,146	333,665	1,503,102	58,985	2,311,205
External transfers	128,200	450,319	1,199,096	990,761	27,128,543	4,625,319	-	34,522,238
Amortization	259,874	-	78,284	680,876	1,560,063	1,737,152	-	4,316,249
Loss (gain) on disposal of tangible capital assets	-	-	-	(6,898)	-	(2,867)	-	(9,765)
Internal transfers	(456,484)	45,432	-	-	423,052	-	(12,000)	-
Allocated administration	(2,768,292)	95,676	-	349,452	1,815,900	412,308	94,956	-
<b>Total expenses</b>	<b>3,665,832</b>	<b>1,602,608</b>	<b>1,328,541</b>	<b>17,006,850</b>	<b>74,341,105</b>	<b>17,843,051</b>	<b>1,459,197</b>	<b>117,247,184</b>
<b>Net surplus/(deficit)</b>	<b>18,571</b>	<b>129,309</b>	<b>(34,728)</b>	<b>(127,704)</b>	<b>991,217</b>	<b>172,532</b>	<b>(221,156)</b>	<b>928,041</b>

# CORPORATION OF THE COUNTY OF HASTINGS

## CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE For the Year Ended December 31, 2012

	General Government \$	Protection Services \$	Transportation Services \$	Health Services \$	Social and Family Services \$	Social Housing \$	Planning and Development \$	Consolidated \$
<b>Revenues</b>								
Property taxation	2,245,586	(364,827)	53,600	3,030,576	4,279,640	2,439,605	883,550	12,567,730
User charges	648,649	23,111	50,564	167,754	7,709,080	5,871,281	623,487	15,093,926
Government transfers - operating	255,100	-	-	6,447,476	54,452,083	3,986,600	128,223	65,269,482
Government transfers - capital	-	-	-	-	137,545	946,773	-	1,084,318
Other municipalities	203,823	100,468	-	6,400,155	9,615,042	5,463,875	13,500	21,796,863
Provincial Offences Act - fines	-	1,659,797	-	-	-	-	-	1,659,797
Federal gas tax earned	-	-	1,370,625	-	-	-	61,220	1,431,845
Investment income	126,375	10,547	-	-	116,469	53,724	-	307,115
Donations	-	-	-	-	129,020	-	-	129,020
Other	-	-	-	-	54,226	-	-	54,226
<b>Total revenues</b>	<b>3,479,533</b>	<b>1,429,096</b>	<b>1,474,789</b>	<b>16,045,961</b>	<b>76,493,105</b>	<b>18,761,858</b>	<b>1,709,980</b>	<b>119,394,322</b>
<b>Expenses</b>								
Salaries and benefits	4,242,905	508,147	5,062	11,455,357	27,485,114	2,839,174	824,198	47,359,957
Interest charges	31,258	-	-	-	1,385,135	592,251	-	2,008,644
Materials	1,062,644	53,122	8,117	2,031,212	4,600,819	5,659,028	706,557	14,121,499
Contracted services	1,023,652	357,184	37,693	299,290	8,213,223	713,510	13,486	10,658,038
Rents and financial	78,827	30,225	-	280,394	328,334	1,613,247	58,110	2,389,137
External transfers	88,700	427,146	1,370,625	976,154	29,790,514	4,579,899	-	37,233,038
Amortization	321,508	-	78,284	760,547	1,557,889	1,698,998	-	4,417,226
Loss (gain) on disposal of tangible capital assets	-	-	-	6,527	12,854	841	-	20,222
Internal transfers	(448,629)	45,432	-	-	415,197	-	(12,000)	-
Allocated administration	(2,726,232)	99,828	-	346,632	1,788,624	398,772	92,376	-
<b>Total expenses</b>	<b>3,674,633</b>	<b>1,521,084</b>	<b>1,499,781</b>	<b>16,156,113</b>	<b>75,577,703</b>	<b>18,095,720</b>	<b>1,682,727</b>	<b>118,207,761</b>
<b>Net surplus/(deficit)</b>	<b>(195,100)</b>	<b>(91,988)</b>	<b>(24,992)</b>	<b>(110,152)</b>	<b>915,402</b>	<b>666,138</b>	<b>27,253</b>	<b>1,186,561</b>





Collins Barrow

Chartered Accountants

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## INDEPENDENT AUDITORS' REPORT

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

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### *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, 2013, 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.

Except as noted in the following paragraph, 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, revenue is derived from residents the completeness of which are not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Trust Funds and we were not able to determine whether any adjustments might be necessary to resident receipts, excess of receipts over expenses, 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 County as at December 31, 2013 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  
Peterborough, Ontario  
June 23, 2014

# CORPORATION OF THE COUNTY OF HASTINGS

## TRUST FUNDS STATEMENT OF FINANCIAL POSITION At December 31, 2013

	Benevolent Trust \$	Centennial Manor \$	Hastings Manor \$	2013 Total \$	2012 Total \$
<b>FINANCIAL ASSETS</b>					
Cash	7,497	70,826	47,572	125,895	107,695
Investment (note 2)	40,000	-	-	40,000	45,000
Accrued Interest	294	-	-	294	493
Due from Hastings Manor	-	-	-	-	2,268
Due from Centennial Manor	-	1,245	-	1,245	1,421
	47,791	72,071	47,572	167,434	156,877
<b>LIABILITIES AND FUND BALANCE</b>					
<b>CURRENT LIABILITIES</b>					
Due to Hastings Manor	-	-	320	320	-
<b>FUND BALANCE</b>	47,791	72,071	47,252	167,114	156,877
	47,791	72,071	47,572	167,434	156,877

*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, 2013

	Benevolent Trust \$	Centennial Manor \$	Hastings Manor \$	2013 Total \$	2012 Total \$
<b>BALANCE - beginning of year</b>	47,141	60,170	49,566	156,877	158,086
<b>RECEIPTS</b>					
Interest earned	650	-	-	650	554
Received from residents	-	57,704	124,930	182,634	175,520
Donations	-	9,021	721	9,742	16,804
	650	66,725	125,651	193,026	192,878
<b>EXPENSES</b>					
Personal needs	-	54,824	125,294	180,118	193,031
Refunds to residents	-	-	-	-	35
Donations	-	-	2,671	2,671	1,021
	-	54,824	127,965	182,789	194,087
<b>BALANCE - end of year</b>	47,791	72,071	47,252	167,114	156,877

*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, 2013

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### 1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Accounting

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

(b) Financial Instruments

The Trust Funds financial instruments consist of cash, investments, accrued interest and due from (to) Hastings and Centennial Manors. It is management's opinion that the fair value of the financial instruments are not materially different from their carrying value unless otherwise noted. The Trust Funds do not have any significant concentration of credit, currency or interest rate risk.

(c) 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. INVESTMENTS

This investment is stated at cost which approximates market value and consists of a term deposit which earns interest at the rate of 1.6% (2012 - 1.55%) and matures on October 15, 2014.