

CORPORATION OF THE COUNTY OF HASTINGS

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2009

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CORPORATION OF THE COUNTY OF HASTINGS

For The Year Ended December 31, 2009

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 generally accepted accounting principles. 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 external 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

Jo Anne Albert

Date

September 30, 2010

Chair of Finance
Committee

[Signature]

Date

September 30, 2010

AUDITORS' REPORT**TO THE MEMBERS OF COUNCIL
INHABITANTS AND RATEPAYERS OF THE
CORPORATION OF THE COUNTY OF HASTINGS**

We have audited the consolidated statement of financial position of Corporation of the County of Hastings as at December 31, 2009 and the consolidated statements of operations and accumulated surplus, change in net financial liabilities and cash flows for the year then ended. These financial statements are the responsibility of the County's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the County as at December 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Collins Barrow Kawarthas LLP

Chartered Accountants
Licensed Public Accountants

Peterborough, Ontario
February 25, 2010

CORPORATION OF THE COUNTY OF HASTINGS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2009

	2009 \$	Restated 2008 \$ (Note 2)
FINANCIAL ASSETS		
Cash and temporary investments (note 3)	18,255,533	21,180,731
Trade and other receivables	7,881,671	7,492,386
Long term receivables (note 7)	2,064,760	1,993,742
TOTAL FINANCIAL ASSETS	28,201,964	30,666,859
LIABILITIES		
Accounts payable and accrued liabilities	9,533,558	11,798,337
Deferred revenue - obligatory reserve funds (note 5)	375,100	125,100
Deferred revenue - other	842,558	952,227
Long term debt (note 6)	49,659,350	51,899,203
Employee benefits payable (note 7)	5,020,296	4,731,724
TOTAL LIABILITIES	65,430,862	69,506,591
NET FINANCIAL LIABILITIES	(37,228,898)	(38,839,732)
NON-FINANCIAL ASSETS		
Tangible capital assets (note 4)	92,540,898	94,749,218
Prepaid expenses	299,473	861,804
TOTAL NON-FINANCIAL ASSETS	92,840,371	95,611,022
ACCUMULATED SURPLUS (note 8)	55,611,473	56,771,290

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, 2009

	Budget 2009 \$	Actual 2009 \$	Restated Actual 2008 \$ (Note 2)
REVENUES			
Property taxation	11,765,144	11,803,284	10,914,754
User charges	13,471,233	13,766,773	13,856,219
Government of Canada	29,030	1,147,811	842,238
Province of Ontario	63,840,262	67,158,957	66,346,748
Other municipalities	30,489,131	30,426,724	29,849,673
Provincial Offences Act - fines	2,000,000	1,804,385	1,890,694
Investment income	474,500	167,552	566,738
Donations	-	-	15,000
TOTAL REVENUES	122,069,300	126,275,486	124,282,064
EXPENSES			
General government	2,941,028	3,154,926	3,158,625
Protection services	1,781,365	1,558,423	1,675,342
Transportation services	40,650	1,191,602	717,899
Health services	14,014,615	14,242,161	14,406,303
Social and family services	83,301,915	88,050,174	82,685,071
Social housing	15,891,500	17,855,020	17,799,274
Recreation and cultural services	-	-	12,250
Planning and development	1,769,331	1,382,997	1,678,871
TOTAL EXPENSES	119,740,404	127,435,303	122,133,635
ANNUAL SURPLUS/(DEFICIT)	2,328,896	(1,159,817)	2,148,429
ACCUMULATED SURPLUS - beginning of year	56,771,290	56,771,290	54,622,861
ACCUMULATED SURPLUS - end of year	59,100,186	55,611,473	56,771,290

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, 2009

	Budget 2009 \$	Actual 2009 \$	Actual 2008 \$ (Note 2)
ANNUAL SURPLUS/(DEFICIT)	2,328,896	(1,159,817)	2,148,429
Amortization of tangible capital assets	-	3,901,046	3,925,574
Acquisition of tangible capital assets	(1,423,400)	(1,696,475)	(958,807)
Loss/(gain) on disposal of tangible capital assets	-	(11,751)	4,196
Proceeds on sale of tangible capital assets	-	15,500	3,373
(Increase)/decrease in prepaid expenses	-	562,331	(530,045)
INCREASE IN NET FINANCIAL ASSETS	905,496	1,610,834	4,592,720
NET FINANCIAL LIABILITIES - beginning of year	(38,839,732)	(38,839,732)	(43,432,452)
NET FINANCIAL LIABILITIES - end of year	(37,934,236)	(37,228,898)	(38,839,732)

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, 2009

	2009 \$	Restated 2008 \$ (Note 2)
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Annual surplus/(deficit)	(1,159,817)	2,148,429
(Increase)/decrease in trade and other receivables	(389,285)	1,398,422
Increase in long term receivables	(71,018)	(68,295)
(Increase)/decrease in prepaid expenses	562,331	(530,045)
Increase/(decrease) in accounts payable and accrued liabilities	(2,264,779)	837,132
Increase in deferred revenue - obligatory reserve funds	250,000	125,100
Decrease in deferred revenue - other	(109,669)	(106,439)
Increase in employee benefits payable	288,572	282,960
Non-cash charges to operations		
Amortization of tangible capital assets	3,901,046	3,925,574
Loss/(gain) on disposal of tangible capital assets	(11,751)	4,196
Net increase in cash from operating transactions	995,630	8,017,034
CAPITAL		
Acquisition of tangible capital assets	(1,696,475)	(958,807)
Proceeds on disposal of tangible capital assets	15,500	3,373
Net decrease in cash from capital transactions	(1,680,975)	(955,434)
FINANCING		
Debt principal repayments	(2,239,853)	(2,125,149)
INCREASE/(DECREASE) IN CASH	(2,925,198)	4,936,451
CASH - beginning of year	21,180,731	16,244,280
CASH - end of year	18,255,533	21,180,731

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, 2009

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 Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. 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 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 over 275,000 km
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, 2009

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 government 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 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. Such amounts are not expected to change materially in the near term.

- The amounts recorded for amortization and opening costs of tangible capital assets are based on estimates of useful life, residual values and valuation rates. 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 values of employee future amounts payable depend on certain actuarial and economic assumptions (see note 7).
- 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 and temporary 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, 2009

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. RESTATEMENT FOR CHANGE IN ACCOUNTING POLICY

The County has restated its financial statements to comply with the provisions of Section 3150 of the Public Sector Accounting Board Handbook which requires municipalities and their local boards to record and amortize their tangible capital assets on their financial statements. Adjustments necessary to the 2008 financial information as a result of the Section are as follows:

Adjustment to 2008 Tangible Capital Assets

Assets previously expensed to December 31, 2008	\$ 119,638,998
Accumulated amortization to December 31, 2008, not previously recorded	<u>(24,889,780)</u>
Closing 2008 and opening 2009 net book value of tangible capital assets as restated	<u>\$ 94,749,218</u>

Adjustment to Opening 2008 Accumulated Surplus

Accumulated surplus/(deficit) as previously stated	
Current fund	\$ 141,955
Capital fund	(1,199,992)
Reserves and reserve funds	<u>14,438,781</u>
	13,380,744
Net book value of tangible capital assets at January 1, 2008	97,723,554
Long-term debt related to tangible capital assets	(54,024,352)
Unfunded liabilities	<u>(2,457,085)</u>
Opening 2008 accumulated surplus as restated	<u>\$ 54,622,861</u>

Adjustment to 2008 Annual Surplus

2008 annual surplus as previously stated	\$ 5,122,765
Add: Assets capitalized but previously expensed	958,807
Less: Amortization expense not previously recorded	(3,925,574)
Proceeds from sale of tangible capital assets	(3,373)
Loss on sale of tangible capital assets	<u>(4,196)</u>
2008 annual surplus as restated	<u>\$ 2,148,429</u>

CORPORATION OF THE COUNTY OF HASTINGS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2009

3. CASH AND TEMPORARY INVESTMENTS

Included in cash and temporary investments are the following investments recorded at cost:

	Market Value	2009	2008
	\$	\$	\$
RBC Dominion Securities			
Cash	49,788	49,788	74,689
Bonds	32,046	28,474	-
	81,834	78,262	74,689
Phillips, Hager & North			
Money Market Fund	-	-	1,388,506
Short term Bond Fund	2,042,235	2,041,329	618,602
	2,042,235	2,041,329	2,007,108
	2,124,069	2,119,591	2,081,797

4. TANGIBLE CAPITAL ASSETS

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

	2009	2008
	\$	\$
General.		
Land and land improvements	9,286,374	9,397,207
Buildings	77,708,721	79,996,969
Machinery and equipment	3,719,365	3,416,490
Vehicles	1,161,078	1,103,740
Infrastructure		
Roads and bridges	360,870	473,053
	92,236,408	94,387,459
Assets under construction	304,490	361,759
	92,540,898	94,749,218

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

During the year there were no write-downs of assets (2008 - \$Nil) and no interest capitalized (2008 - \$Nil).

CORPORATION OF THE COUNTY OF HASTINGS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2009

4. TANGIBLE CAPITAL ASSET, continued

Tangible capital assets allocated by segment are as follows:

	2009	2008
	\$	\$
General government	7,720,184	7,070,057
Transportation services	360,875	473,058
Health services	1,399,017	1,257,641
Social and family services	42,191,826	43,579,327
Social housing	40,774,642	42,256,990
Planning and development	94,354	112,145
	92,540,898	94,749,218

5. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS

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

	2009	2008
	\$	\$
Federal gas tax revenues	375,100	125,100

6. LONG TERM DEBT

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

	2009	2008
	\$	\$
Long term debt issued by the County of Hastings – North Hastings Professional Building matures April 30, 2026. It is repayable in blended monthly instalments of \$5,050 with interest at the rate of 5.24% per annum.	664,116	689,195
Long term debt issued by the County of Hastings - Centennial Manor matures May 30, 2022. It is repayable in blended monthly instalments of \$63,278 with interest at the rate of 6.42% per annum.	6,486,666	6,817,928

CORPORATION OF THE COUNTY OF HASTINGS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2009

6. LONG TERM DEBT, continued

Long term debt issued by the County of Hastings - Centennial Manor matures May 30, 2022. It is repayable in blended monthly instalments of \$21,934 with interest at the rate of 6.09% per annum.	2,289,142	2,408,957
Long term debt issued by the County of Hastings - Centennial Manor matures May 31, 2022. It is repayable in blended monthly instalments of \$3,524 with interest at the rate of 5.24% per annum.	385,388	406,867
Long term debt issued by the County of Hastings - Hastings Manor matures September 30, 2023. It is repayable in blended monthly instalments of \$52,004 with interest at the rate of 4.82% per annum.	6,264,891	6,578,720
Long term debt issued by the County of Hastings - Hastings Manor matures September 30, 2023. It is repayable in blended monthly instalments of \$52,747 with interest at the rate of 4.90% per annum.	6,323,218	6,637,924
Long term debt issued by the County of Hastings - Hastings Manor matures August 31, 2023. It is repayable in blended monthly instalments of \$66,819 with interest at the rate of 4.97% per annum.	7,946,651	8,345,596
Long term debt issued by the County of Hastings - Hastings Manor matures September 30, 2023. It is repayable in blended monthly instalments of \$21,614 with interest at the rate of 5.04% per annum.	2,569,016	2,695,431
Long term debt reissued by the Housing Corporation to the Canada Mortgage and Housing Corporation (CMHC) matures January 1, 2028 and renewable March 1, 2013 and is secured by the land and building at 48A Brant Street, Deseronto, Ontario. It is repayable in blended monthly instalments of \$11,753 with interest at the rate of 3.90% per annum.	1,832,198	1,901,147
Long term debt reissued by the Housing Corporation to CMHC matures February 1, 2028 and renewable March 1, 2013 and is secured by the land and building at 59 Russell Street, Belleville, Ontario. It is repayable in blended monthly instalments of \$35,811 with interest at the rate of 3.90% per annum.	5,601,488	5,810,183
Long term debt reissued by the Belleville Non-Profit Housing Corporation and assumed by the Housing Corporation to the 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.	2,615,127	2,735,267

CORPORATION OF THE COUNTY OF HASTINGS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2009

6. LONG TERM DEBT, continued

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

2,923,763 3,004,108

Long term debt reissued by the Belleville Non-Profit Housing Corporation and assumed by the Housing Corporation to the Ontario Municipal Employees Retirement System matures November 1, 2010 and is secured by the land and building at 46 Tracey Park Drive, Belleville, Ontario. It is repayable in blended monthly instalments of \$29,146 with interest at the rate of 6.357% per annum.

3,757,686 3,867,880

49,659,350 51,899,203

- (b) The long term debt in (a) issued in the name of the County or the 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 \$2,571,506 (2008 - \$2,689,997).
- (d) Included in long term debt above are amounts required to finance new facilities at Hastings Manor and Centennial Manor amounting to \$23,103,776 (2008 - \$24,257,671) and \$9,161,196 (2008 - \$9,633,752) 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.
 - (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 Housing Corporation at December 31, 2009 to the Canada Mortgage and Housing Corporation of \$10,995,965 (2008 - \$11,564,576) matures between January 1, 2010 and January 1, 2026 and are secured by land and buildings. These debentures were not assumed by or assigned to the Corporation when the Social Housing devolution occurred on January 1, 2001 and are not recorded in these financial statements.

CORPORATION OF THE COUNTY OF HASTINGS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2009

6. LONG TERM DEBT, continued

(f) The long term debt reported in (a) of this note is repayable as follows:

	Principal \$	Interest \$	Total \$
2010	2,357,645	2,455,848	4,813,493
2011	2,480,720	2,332,773	4,813,493
2012	2,609,256	2,204,238	4,813,494
2013	2,748,362	2,065,130	4,813,492
2014	2,890,781	1,922,711	4,813,492
	13,086,764	10,980,700	24,067,464
2015 to 2019	16,899,115	7,168,351	24,067,466
2020 and subsequent years	19,673,471	2,903,023	22,576,494
	49,659,350	21,052,074	70,711,424

7. EMPLOYEE FUTURE AMOUNTS PAYABLE

Employee future amounts payable includes the following:

	2009 \$	2008 \$
Vacation pay entitlement	1,972,393	1,918,971
Post employment benefits	1,215,737	999,347
Future payments for WSIB costs	1,626,714	1,607,954
Accumulated sick leave benefit plan entitlement	143	143
Severance payouts	205,309	205,309
	5,020,296	4,731,724

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, 2009 which is included in the long term receivable amount of \$2,064,760, is \$1,283,436 (2008 - \$1,240,898).

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

CORPORATION OF THE COUNTY OF HASTINGS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2009

7. EMPLOYEE FUTURE AMOUNTS PAYABLE, continued

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:

	2009	2008
	\$	\$
Accrued benefit obligation at January 1	999,347	979,703
Current year benefit cost	48,215	45,486
Increase due to plan amendment	192,568	-
Interest on post-employment benefit liability	64,517	57,642
Less: benefit payments	(88,910)	(83,484)
Accrued benefit obligation at December 31	1,215,737	999,347

The actuarial valuation as at December 31, 2009 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 - 2011	6.67%
Future health care cost rates - 2012-2019	reducing by .33/year to 4%
Future health care cost rates - 2020 thereafter	4%
Future dental cost rates	4%
Future interest rate	5%

Effective January 1, 1996 the Corporation of the County of Hastings became a Schedule II employer under the Workplace Safety and Insurance Act and follows a policy of self insurance for all its employees. The County also maintains an insurance policy, which protects the employer against single claims in excess of \$500,000.

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

	2009	2008
	\$	\$
Accrued benefit obligation at January 1	1,607,954	1,477,382
Current year benefit cost	324,547	374,716
Interest	94,213	89,864
Less: benefit payments	(400,000)	(334,008)
Accrued benefit obligation at December 31	1,626,714	1,607,954

CORPORATION OF THE COUNTY OF HASTINGS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2009

8. ACCUMULATED SURPLUS

Accumulated surplus consists of individual fund surplus/(deficit) and reserves and reserve funds as follows:

	2009	2008
	\$	\$
Surplus/(Deficit)		
Housing Corporation	141,955	141,955
Unfunded employee future benefits	(2,842,451)	(2,607,301)
	(2,700,496)	(2,465,346)
Invested In Capital Assets		
Tangible capital assets - net book value	92,540,898	94,749,218
Long term debt	(49,659,350)	(51,899,203)
Unfunded capital	(1,153,476)	(1,184,992)
	41,728,072	41,665,023
Surplus	39,027,576	39,199,677
Reserves		
Working funds	2,245,768	2,305,768
General purposes	553,270	704,929
Recreation trail acquisition	35,000	35,000
County highways	412,998	375,257
Administration building renovation	315,618	368,529
Social services	243,925	507,275
Ambulance vehicles and equipment	973,313	1,074,912
Hastings and Centennial Manor	1,173,189	1,171,265
Doctor recruitment	-	34,864
Social housing	3,978,837	4,071,543
WSIB	2,240,083	2,010,323
Desktop computer replacement	319,143	454,596
Economic development	52,677	62,447
Official plan	65,357	50,000
Investing in Ontario	1,835,935	2,238,987
Planning	16,429	21,358
EMS cross border services	2,764	2,764
Total Reserves	14,464,306	15,489,817
Reserve Funds		
Social housing	2,119,591	2,081,796
	55,611,473	56,771,290

CORPORATION OF THE COUNTY OF HASTINGS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2009

9. 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 1 and 111 (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:

	2009	2008
	\$	\$
Gross revenues	1,834,725	1,948,162
Operating costs	(1,095,309)	(989,448)
Amounts transferred to City of Belleville	(205,677)	(310,193)
Amounts transferred to City of Quinte West	(140,321)	(261,175)
Net County revenue	393,418	387,346

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 2009	Actual 2009	Actual 2008
	\$	\$	\$
Salaries and benefits	43,716,140	43,332,249	42,820,264
Interest charges	3,160,600	2,571,506	2,689,997
Materials	14,566,057	15,184,206	14,849,992
Contracted services	7,345,375	9,265,335	8,817,486
Rents and financial	2,325,600	2,317,450	2,362,431
External transfers	48,626,632	50,863,511	46,667,891
Amortization	-	3,901,046	3,925,574
	119,740,404	127,435,303	122,133,635

CORPORATION OF THE COUNTY OF HASTINGS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2009

11. 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 2009 were \$2,071,366 (2008 - \$2,030,751).

12. TRUST FUNDS

Trust funds administered by the County amounting to \$236,355 (2008 - \$268,218) 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 financial position or operations.

13. BUDGET FIGURES

The budget, approved by the County, for 2009 is reflected on the Statement of Operations and Accumulated Surplus and the 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 PSAB reporting requirements. Budget figures are not subject to audit.

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, 2009 there was a balance outstanding of \$Nil.

15. 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:

2010	\$630,156
2011	543,818
2012	393,663
2013	111,000
2014	111,000

(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. Payments made to December 31, 2009 are \$400,000.

CORPORATION OF THE COUNTY OF HASTINGS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2009

15. COMMITMENTS, continued

- (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:

2010	\$258,336
2011	175,000
2012	125,000
2013	100,000

- (d) The County has agreed to assist the Kingston General Hospital with their redevelopment program. The total commitment is for \$654,400 payable equally over a ten year period commencing in the year 2008. Payments made to December 31, 2009 are \$130,880.

16. SEGMENTED INFORMATION

The County of Hastings is a municipal government institution that provides a range of services to its citizens. 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 Segmented 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.

CORPORATION OF THE COUNTY OF HASTINGS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2009

16. SEGMENTED INFORMATION, continued

Health Services

The health services function consists of external transfers to Doctor recruitment program and Health Care facilities for the County of Hastings and Land Ambulance services for the Counties of Hastings, Prince Edward and the Cities of Belleville and Quinte West, and the County's contribution to the Health Unit.

Social and Family Services

The social and family services consist of General Assistant to inhabitants, homes for the aged and child care services for the County of Hastings including the Cities of Belleville and Quinte West.

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

Recreation and Cultural Services

The recreation and cultural services function consists of activities for the County's trail system.

Planning and Development

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

17. 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 1,392 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."

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, 2009

	General			Infrastructure		Totals \$
	Land and Land Improvements \$	Buildings \$	Machinery and Equipment \$	Vehicles \$	Roads and Bridges \$	
COST						
Balance, beginning of year	10,186,953	98,355,422	5,619,819	2,501,713	2,613,332	361,759
Add: additions during the year	-	143,565	754,634	515,410	-	282,866
Less: disposals during the year	-	-	413,328	308,752	-	-
Internal transfers	-	340,135	-	-	-	(340,135)
Balance, end of year	10,186,953	98,839,122	5,961,125	2,708,371	2,613,332	304,490
ACCUMULATED AMORTIZATION						
Balance, beginning of year	789,746	18,358,453	2,203,329	1,397,973	2,140,279	-
Add: additions during the year	110,833	2,771,948	451,759	454,323	112,183	-
Less: disposals during the year	-	-	413,328	305,003	-	-
Balance, end of year	900,579	21,130,401	2,241,760	1,547,293	2,252,462	-
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	9,286,374	77,708,721	3,719,365	1,161,078	360,870	304,490
						92,540,898

CORPORATION OF THE COUNTY OF HASTINGS

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2009

	General Government \$	Protection Services \$	Transportation Services \$	Health Services \$	Social and Family Services \$	Social Housing \$	Planning and Development \$	Consolidated \$
Revenues								
Property taxation	(1,836,189)	(400,735)	40,650	2,837,176	3,119,253	7,039,200	1,003,929	11,803,284
User charges	575,729	25,375	49,946	23,382	7,431,870	5,572,745	87,726	13,766,773
Government transfers - operating	3,897,800	-	1,001,636	5,588,337	53,267,897	4,242,139	128,388	68,126,197
Government transfers - capital	168,502	-	12,069	-	-	-	-	180,571
Other municipalities	38,780	91,384	-	5,951,891	24,344,669	-	-	30,426,724
Provincial Offences Act - fines	-	1,804,385	-	-	-	-	-	1,804,385
Investment income	68,029	6,821	-	-	54,601	38,101	-	167,552
Total revenues	2,912,651	1,527,230	1,104,301	14,400,786	88,218,290	16,892,185	1,220,043	126,275,486
Expenses								
Salaries and benefits	3,573,293	493,640	2,749	10,198,499	25,955,899	2,469,442	638,727	43,332,249
Interest charges	35,517	-	-	-	1,756,595	779,394	-	2,571,506
Materials	1,204,729	111,589	33,152	2,011,768	4,910,340	6,370,086	542,542	15,184,206
Contracted services	954,968	447,374	41,882	60,509	7,455,374	266,656	38,572	9,265,335
Rents and financial	74,235	23,838	-	283,722	328,339	1,548,616	58,700	2,317,450
External transfers	-	345,998	1,001,636	872,813	44,057,235	4,585,829	-	50,863,511
Amortization	309,524	-	112,183	491,750	1,487,024	1,482,773	17,792	3,901,046
Internal transfers	(2,997,340)	135,984	-	323,100	2,099,368	352,224	86,664	-
Total expenses	3,154,926	1,558,423	1,191,602	14,242,161	88,050,174	17,855,020	1,382,997	127,435,303
Net surplus/(deficit)	(242,275)	(31,193)	(87,301)	158,625	168,116	(962,835)	(162,954)	(1,159,817)

CORPORATION OF THE COUNTY OF HASTINGS

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2008

	General Government \$	Protection Services \$	Transportation Services \$	Health Services \$	Social and Family Services \$	Social Housing \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues									
Property taxation	(2,791,325)	(366,752)	(17,771)	2,753,408	3,258,567	6,760,909	12,250	1,305,468	10,914,754
User charges	435,725	25,229	41,301	341,048	7,226,229	5,675,953	-	110,734	13,856,219
Government transfers - operating	5,045,211	-	500,718	5,568,338	48,220,386	5,140,020	-	140,936	64,615,609
Government transfers - capital	131,498	-	2,394,248	-	47,631	-	-	-	2,573,377
Other municipalities	67,106	96,275	-	5,693,109	23,993,183	-	-	-	29,849,673
Provincial Offences Act - fines	-	1,890,694	-	-	-	-	-	-	1,890,694
Investment income	214,975	29,896	-	-	255,234	66,633	-	-	566,738
Donations	-	-	-	-	15,000	-	-	-	15,000
Total revenues	3,103,190	1,675,342	2,918,496	14,355,903	83,016,230	17,643,515	12,250	1,557,138	124,282,064
Expenses									
Salaries and benefits	3,571,133	462,314	4,705	9,863,380	25,742,686	2,510,933	-	665,113	42,820,264
Interest charges	36,795	-	-	-	1,839,149	814,053	-	-	2,689,997
Materials	1,315,613	98,978	67,580	1,897,354	4,589,763	6,095,013	12,250	773,441	14,849,992
Contracted services	889,585	365,051	32,743	333,188	6,852,744	268,126	-	76,049	8,817,486
Rents and financial	80,908	25,579	-	294,168	330,671	1,572,565	-	58,540	2,362,431
External transfers	-	571,368	500,688	1,157,208	39,736,304	4,702,323	-	-	46,667,891
Amortization	296,223	-	112,183	539,625	1,475,690	1,484,061	-	17,792	3,925,574
Internal transfers	(3,031,632)	152,052	-	321,380	2,118,064	352,200	-	87,936	-
Total expenses	3,158,625	1,675,342	717,899	14,406,303	82,685,071	17,799,274	12,250	1,678,871	122,133,635
Net surplus/(deficit)	(55,435)	-	2,200,597	(50,400)	331,159	(155,759)	-	(121,733)	2,148,429



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AUDITORS' REPORT

TO THE MEMBERS OF COUNCIL INHABITANTS AND RATEPAYERS OF THE CORPORATION OF THE COUNTY OF HASTINGS

We have audited the statement of financial position of the Trust Funds of the Corporation of the County of Hastings as at December 31, 2009 and the statement of continuity of the Trust Funds for the year then ended. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

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.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the Trust Funds receipts referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Trust Funds of the County as at December 31, 2009 and the continuity of the Trust Funds for the year then ended in accordance with Canadian generally accepted accounting principles.

Collins Barrow Kawarthas LLP

Chartered Accountants
Licensed Public Accountants

Peterborough, Ontario
February 25, 2010

CORPORATION OF THE COUNTY OF HASTINGS

TRUST FUNDS STATEMENT OF FINANCIAL POSITION At December 31, 2009

	Benevolent Trust \$	Centennial Manor \$	Hastings Manor \$	2009 Total \$	2008 Total \$
FINANCIAL ASSETS					
Cash	260	80,454	124,528	205,242	218,414
Investment (note 2)	45,000	-	-	45,000	40,000
Accrued Interest	414	-	-	414	1,093
Due from County	-	-	3,080	3,080	8,711
	45,674	80,454	127,608	253,736	268,218
LIABILITIES AND TRUST FUND BALANCES					
CURRENT LIABILITIES					
Due to County	-	17,381	-	17,381	-
FUND BALANCES					
Capital	45,674	63,073	127,608	236,355	268,218
	45,674	80,454	127,608	253,736	268,218

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, 2009

	Benevolent Trust \$	Centennial Manor \$	Hastings Manor \$	2009 Total \$	2008 Total \$
BALANCE - beginning of year	45,072	95,748	127,398	268,218	316,284
RECEIPTS					
Interest earned	602	584	845	2,031	7,684
Received from residents	-	67,724	143,473	211,197	234,144
Donations	-	6,842	395	7,237	11,455
	602	75,150	144,713	220,465	253,283
EXPENSES					
Personal needs	-	79,389	142,298	221,687	199,078
Refunds to residents	-	46	131	177	12,219
Donations	-	28,390	2,074	30,464	90,052
	-	107,825	144,503	252,328	301,349
BALANCE - end of year	45,674	63,073	127,608	236,355	268,218

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, 2009

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local governments and their boards as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

(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, investment and due from/(to) the County of Hastings. It is management's opinion that the fair value of these financial instruments are not materially different from their carrying value due to their short term nature. 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. INVESTMENT

This investment is stated at cost which approximates market value and consists of a term deposit which earns interest at the rate of 1.1% (2008 - 3.25%) and matures on March 2, 2010.