

**TOWNSHIP OF HURON-KINLOSS  
CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**VODDEN, BENDER & SEEBACH LLP**  
**Chartered Professional Accountants**

## **INDEPENDENT AUDITOR'S REPORT**

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To the Members of Council, Inhabitants and Ratepayers  
of the Corporation of the Township of Huron-Kinloss

We have audited the accompanying consolidated financial statements of the Corporation of the Township of Huron-Kinloss, which comprise the consolidated statement of financial position as at December 31, 2017, and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

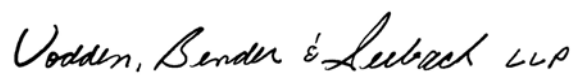
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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 control. 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, the consolidated financial statements present fairly, in all material respects, the financial position of the Corporation of the Township of Huron-Kinloss as at December 31, 2017 and its financial performance and cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Chartered Professional Accountants  
Licensed Public Accountants  
Clinton, Ontario  
July 16, 2018

**TOWNSHIP OF HURON-KINLOSS  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

<b>As at December 31</b>		<b>2017</b>	<b>2016</b>
<b>Financial assets</b>			
Cash and cash equivalents	Note 2	<b>8,199,871</b>	7,443,508
Taxes receivable		<b>1,047,798</b>	1,046,634
Accounts receivable		<b>2,215,426</b>	1,959,442
Long-term receivables	Note 3	<b>550,014</b>	430,916
Long-term investments	Note 4	<b>770,285</b>	770,285
		<b>12,783,394</b>	11,650,785
<b>Liabilities</b>			
Accounts payable and accrued liabilities		<b>1,390,147</b>	1,071,593
Deferred revenue	Schedule 2	<b>1,106,158</b>	881,833
Municipal debt	Note 6	<b>322,693</b>	383,191
Landfill closure and post closure liability	Note 7	<b>991,632</b>	754,947
Post-employment benefits liability	Note 8	<b>227,800</b>	229,849
		<b>4,038,430</b>	3,321,413
<b>Net financial assets</b>		<b>8,744,964</b>	8,329,372
<b>Non-financial assets</b>			
Tangible capital assets	Note 9	<b>55,526,815</b>	54,690,176
Prepaid expenses		<b>91,868</b>	42,636
Inventory for resale		<b>11,265</b>	9,033
<b>Accumulated surplus</b>	Note 10	<b>\$ 64,374,912</b>	\$ 63,071,217

The accompanying notes are an integral part of these financial statements

**TOWNSHIP OF HURON-KINLOSS  
CONSOLIDATED STATEMENT OF OPERATIONS**

<b>For the year ended December 31</b>	<b>2017 Budget</b>	<b>2017 Actual</b>	<b>2016 Actual</b>
<b>Revenue</b>			
Taxation for municipal purposes	7,316,538	<b>7,363,467</b>	7,121,993
User fees	4,878,498	<b>4,769,311</b>	4,616,582
Government transfers	Note 11 1,529,477	<b>1,798,043</b>	1,250,226
Other	Note 12 251,175	<b>121,436</b>	55,679
	13,975,688	<b>14,052,257</b>	13,044,480
<b>Expenditure</b>			
General government	1,155,706	<b>1,235,189</b>	1,384,206
Protection services	2,384,480	<b>2,590,779</b>	2,435,217
Roadways	2,091,587	<b>3,238,598</b>	3,041,996
Environmental services	2,067,943	<b>2,951,602</b>	2,723,939
Health services	55,640	<b>53,464</b>	47,837
Social and family services	-	-	4,355
Recreation and culture	1,257,215	<b>1,500,071</b>	1,542,964
Planning and development	396,789	<b>1,178,859</b>	295,461
	9,409,360	<b>12,748,562</b>	11,475,975
<b>Annual surplus</b>	4,566,328	<b>1,303,695</b>	1,568,505
<b>Accumulated surplus beginning of year</b>	\$ 63,071,217	<b>\$ 63,071,217</b>	\$ 61,502,712
<b>Accumulated surplus end of year</b>	\$ 67,637,545	<b>\$ 64,374,912</b>	\$ 63,071,217

The accompanying notes are an integral part of these financial statements

**TOWNSHIP OF HURON-KINLOSS**  
**CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS**

For the year ended December 31	2017 Actual	2016 Actual
Annual surplus	1,303,695	1,568,505
Amortization of tangible capital assets	2,261,266	2,146,075
Write-down of tangible capital assets	520,019	300,158
Acquisition of tangible capital assets	(3,617,924)	(2,523,257)
Proceeds from sale of tangible capital assets		
(Gain) loss on disposition of tangible capital assets		
Decrease (increase) in prepaid expenses and inventory for resale	(51,464)	(1,522)
Increase (decrease) in net financial assets	415,592	1,489,959
Net financial assets beginning of year	\$ 8,329,372	\$ 6,839,413
Net financial assets end of year	<u>\$ 8,744,964</u>	<u>\$ 8,329,372</u>

The accompanying notes are an integral part of these financial statements

**TOWNSHIP OF HURON-KINLOSS**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**

For the year ended December 31	2017	2016
<b>Operating activities</b>		
Annual surplus	1,303,695	1,568,505
Decrease (increase) in taxes receivable	(1,164)	(150,024)
Decrease (increase) in accounts receivable	(255,984)	(878,775)
Decrease (increase) in non-financial assets	(51,464)	(1,522)
Increase (decrease) in accounts payable	318,554	137,719
Increase (decrease) in deferred revenue	224,325	(46,961)
Increase (decrease) in landfill closure liability	236,685	19,038
Increase (decrease) in post-employment benefits liability	(2,049)	10,239
	<u>468,903</u>	<u>(910,286)</u>
Non-cash charges to operations		
Amortization	2,261,266	2,146,075
Loss (gain) on disposal of capital assets	474,207	269,689
Working capital from operations	<u>2,735,473</u>	<u>2,415,764</u>
	<u>4,508,071</u>	<u>3,073,983</u>
<b>Capital</b>		
Acquisition of tangible capital assets	(3,617,924)	(2,523,257)
Proceeds from sale of tangible capital assets	45,813	30,469
Net investment in tangible capital assets	<u>(3,572,111)</u>	<u>(2,492,788)</u>
<b>Investing activities</b>		
Issuance of loans receivable	(165,265)	(50,000)
Repayments of loans receivable	46,167	55,799
Cash provided by (used for) investing activities	<u>(119,098)</u>	<u>5,799</u>
<b>Financing activities</b>		
Loan proceeds	41,310	50,000
Payments on long-term debt	(101,808)	(150,027)
Cash provided by (used for) financing activities	<u>(60,498)</u>	<u>(100,027)</u>
<b>Increase (decrease) in cash position</b>	<b>756,364</b>	<b>486,967</b>
<b>Cash beginning of year</b>	<b>7,443,507</b>	<b>6,956,540</b>
<b>Cash end of year</b>	<b><u>\$ 8,199,871</u></b>	<b><u>\$ 7,443,507</u></b>

The accompanying notes are an integral part of these financial statements

**TOWNSHIP OF HURON-KINLOSS**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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**For the year ended December 31, 2017**

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**1. Accounting policies**

Management responsibility

The consolidated financial statements of the Corporation of the Township of Huron-Kinloss are the responsibility of and prepared by management in accordance with Canadian public sector accounting standards. The preparation of financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Significant accounting policies adopted by the township are as follows:

a) Reporting entity

The consolidated financial statements reflect the financial assets, liabilities, operating revenue and expenditures, reserves and reserve funds and changes in investment in tangible capital assets of the reporting entity. The reporting entity is comprised of all organizations, committees and boards which are owned and controlled by the township. In addition to general government tax-supported operations, they include any water systems operated by the township and the township's proportionate share of joint local boards.

These consolidated financial statements include the proportional share of the financial position and operating activities of the following joint local boards:

- Bruce Area Solid Waste Recycling - 12.43%
- Mid-Huron Landfill Site Board - 4.9%
- Saugeen Mobility and Regional Transit - 5.1 % (2016- 3.5%)
- Lucknow and District Fire Department Joint Board of Management - 50%
- Lucknow Community Health Centre Board - 50%
- Lucknow and District Joint Recreation Board - 50%

Inter-departmental and inter-organizational transactions and balances are eliminated.

The statements do not include trust funds that are administered for the benefit of external parties. The financial activity and position of the trust funds are reported separately.

b) Accrual basis of accounting

Sources of financing and expenditures are reported on the accrual basis of accounting. Revenues are recognized as they are earned and measurable. Expenditures 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.

c) Cash and cash equivalents

Cash and cash equivalents are represented by cash on hand, cash on deposit in chartered banks and short term investments.

d) Long-term investments

Investments are recorded at cost plus accrued interest less amounts written off to reflect a permanent decline in value.

e) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year, and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the change in net financial assets for the year.

- 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, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Category	Amortization Period	Capitalization Threshold
Land	Not applicable	\$ 0
Land improvements	20 years	5,000
Buildings	30 years	5,000
Vehicles and equipment	5 - 20 years	5,000
Transportation roads infrastructure		
Road base and earthwork	100 years	25,000
Road surfaces	8 - 20 years	25,000
Bridges and culverts	40 - 80 years	25,000
Sidewalks	40 years	5,000
Water and sewer underground networks	75 years	25,000
Water and sewer plants and facilities	20 - 90 years	25,000

Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized.

The township has a capitalization threshold of \$0 - \$25,000 dependent on the category, so that individual tangible capital assets of lesser value are expensed, unless they are pooled because, collectively, they have significant value, or for operational reasons. Examples of pooled assets are computer systems, equipment, furniture and fixtures.

- Contribution of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. Similarly, transfers of assets to third parties are recorded as an expense equal to the net book value of the asset as of the date of transfer.

- Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

- Inventories

Inventories held for consumption are recorded at the lower of average cost and net realizable value.

f) Pension and employee benefits

The township is an employer member of the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer, defined benefit pension plan. The township has adopted defined contribution plan accounting principals for this plan because insufficient information is available to apply defined benefit plan accounting principles. The township records as pension expense the current service cost, amortization of past service costs and interest costs related to the future employer contributions to the plan for past employee service.

g) Deferred revenue

Amounts received and required by legislation, regulation or agreement to be set aside for specific, restricted purposes are reported in the consolidated statement of financial position as deferred revenue until the obligation is discharged. These amounts will be recognized as revenues in the period in which related expenditure are incurred.



## h) Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements, the reported amounts of revenue and expenditures during the period and the accompanying notes. Due to the inherent uncertainty in making estimates, actual results could differ from those estimates.

## i) Reserves for future expenditures

Certain amounts, as approved by Council, are set aside in reserves and reserve funds for future operating and capital expenditures. Transfers to or from reserves are reflected as adjustments to the respective appropriated equity.

## j) Landfill site closure and post-closure liability

The estimated costs to close and maintain landfill sites are based on estimated future expenses in current dollars, discounted, adjusted for estimated inflation, and are charged to expense as the landfill site's capacity is used.

## k) Amounts to be recovered in future years

Future years recoveries represent the requirement of the township to raise funds in subsequent periods to finance unfunded liabilities. A portion of the amounts to be recovered in future years will be recovered from deferred revenues earned.

## l) Revenue recognition

## - Tax levies

Taxation is based on assessment rolls issued by the Municipal Property Assessment Corporation and tax rates established by council, are recognized as revenue when the tax billings are issued.

## - Government transfers

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria are met, and reasonable estimates can be made

## - User fees and service charges

Revenues are recognized when the services are performed or goods are delivered and there is a reasonable assurance of collection

## - Investment income

Revenue earned on operating surplus funds and reserves and reserve funds are recorded as revenue in the period earned.

## m) Financial instruments

Financial instruments consist of cash and cash equivalents, investments, taxes receivable, accounts receivable, long-term receivables, accounts payable and accrued liabilities and municipal debt. The township classifies all of its financial instruments as measured at amortized cost. Financial assets measured at cost are recognized initially at fair value plus any directly attributable transaction costs. The carrying amount is subsequently written down to net realizable value when an impairment loss is known and there is no reasonable prospect of recovery.

## n) County of Bruce and school board transactions

The township collects taxation revenue on behalf of the County of Bruce and the school boards. Such levies, other revenues, expenses, assets and liabilities with respect to the operations of these entities are not reflected in these financial statements.

**2. Cash**

	<b>2017</b>	<b>2016</b>
Unrestricted	6,501,620	6,024,155
Restricted	1,106,158	881,832
Cash held by others	<u>592,093</u>	<u>537,520</u>
	<b>\$ <u>8,199,871</u></b>	<b>\$ <u>7,443,508</u></b>

**3. Long-term receivables**

The balance of the long-term receivables reported on the consolidated statement of financial position consists of the following:

	<b>2017</b>	<b>2016</b>
Property owners for capital costs, 4-5% interest, due 2018 through 2026	319,200	181,516
Tile drain loans receivable 6% - 8%, principal and interest payments, due 2018 through 2027	<u>230,814</u>	<u>249,400</u>
	<b>\$ <u>550,014</u></b>	<b>\$ <u>430,916</u></b>

Principal payments due in the next five years are as follows:

2018	76,200
2019	75,700
2020	72,700
2021	76,400
2022	70,800
Thereafter	<u>178,214</u>
	<b>\$ <u>550,014</u></b>

**4. Long-term investments**

	<b>2017</b>	<b>2016</b>
Note receivable, Westario Power Inc.	370,285	370,285
Common shares, Westario Power Holdings Inc.	<u>400,000</u>	<u>400,000</u>
	<b>\$ <u>770,285</u></b>	<b>\$ <u>770,285</u></b>

The note from Westario Power Inc. is receivable on demand, but, since it is not the intention to demand payment within the next fiscal year, it is shown as long-term.

The township owns 3.18% of the outstanding common shares of Westario Power Holdings Inc., a private company incorporated under the laws of the Province of Ontario. The shares have no fixed maturity dates and are generally not exposed to interest rate risk. The fair value of these shares is not practicable to determine in the absence of published market quotations.

**5. Temporary borrowings**

The township has an authorized line of credit at Royal Bank. The outstanding amount as of December 31, 2017 was \$ Nil (2016- \$ Nil). The facility is secured by general borrowing by-laws.

**6. Municipal debt**

The balance of the long-term liabilities reported on the consolidated statement of financial position consists of the following:

	2017	2016
Ontario Infrastructure Projects Corporation (OIPC) loan payable, 4.64% interest, \$55,179 semi-annual blended payments, due March 2017	-	53,928
Trust fund loans, 4-5% interest, maturing in 2018 through 2026	91,879	79,863
Tile drain loans payable to Ministry of Finance, responsibility for payment of principal and interest charges have been assumed by individuals, 6% - 8%, due 2018 through 2027	<u>230,814</u>	<u>249,400</u>
	<u>\$ 322,693</u>	<u>\$ 383,191</u>

Principal payments due on debt in the next five years are as follows:

2018	50,800
2019	49,200
2020	45,000
2021	47,500
2022	40,600
Thereafter	<u>89,593</u>
	<u>\$ 322,693</u>

**7. Landfill closure and post closure liability**

A liability for the costs of solid waste landfill closure and post closure care requirements accrues as the capacity of sites is used. Care requirements include final covering, landscaping, removal of ground water and leachates and ongoing monitoring and maintenance.

The estimated liability is the present value of the total estimated costs and is based on a discount rate of 0.5%. The recorded liability is \$991,632 (2016: \$754,947). The liability is recorded based on the capacity of the landfill used to date.

The Huron site, for which the reported liability is \$368,120, has an estimated remaining capacity of 102,152 cubic metres and a remaining life of 16 years. The Kinloss site, for which the reported liability is \$63,290, has an estimated remaining capacity of 137,000 cubic metres and has a remaining life of 34 years. Post closure care of the sites is expected to continue for 20 years.

The reported liability is based on estimates and assumptions with respect to events extending over a long-term period using the best information available to management. Future events may result in significant changes to the estimated total expenditures, capacity and liability. Any changes in these estimates would be recognized in the year the change is identified.

The future liability is expected to be funded through budget allocations and reserves.

The township's proportionate liability for the Mid-Huron landfill site is \$560,222. The Mid-Huron Landfill Site Board has set aside a reserve funds for perpetual care of which the townships proportionate share is \$298,673.

**8. Post employment benefits liability**

Under the sick leave benefit plan, unused sick leave can accumulate and employees may become entitled to a cash payment when they leave the township's employment. The liability for these accumulated days, to the extent that they have vested and could be taken in cash by an employee on termination, amounted to \$227,800 as at the year end (2016: \$229,849).

**9. Tangible capital assets**

Schedule 3 provides information on the tangible capital assets of the township by major class and by business segment, as well as for accumulated amortization of the assets controlled.

## i) Contributed tangible capital assets

The township records all tangible capital assets contributed by external parties at fair value.

## ii) Tangible capital assets recognized at nominal value

Certain assets have been assigned a nominal value of \$1 because of the difficulty of determining a tenable valuation.

**10. Schedule of accumulated surplus**

The accumulated surplus consists of individual fund surplus/(deficit) amounts and reserve and reserve funds as follows:

	<b>2017</b>	<b>2016</b>
Invested in tangible capital assets		
Net tangible capital assets	55,526,815	54,690,176
Unexpended capital financing (Unfunded capital assets)	(1,011,843)	-
Capital assets financed by long-term debt	<u>-</u>	<u>(53,927)</u>
	54,514,972	54,636,249
Unfunded		
Solid waste landfill closure and post closure liability	(991,632)	(754,947)
Post-employment benefits liability	(227,800)	(229,849)
Other surplus	<u>402,909</u>	<u>401,954</u>
	53,698,449	54,053,407
Reserves	<u>10,676,463</u>	<u>9,017,810</u>
Accumulated surplus	<u>\$ 64,374,912</u>	<u>\$ 63,071,217</u>

For additional information, see the Consolidated Schedule of Continuity of Reserves, Reserve Funds and Obligatory Deferred Revenue.

**11. Government transfers**

	<b>2017</b>	<b>2016</b>
<b>Operating</b>		
Province of Ontario		
Ontario Municipal Partnership Fund	869,700	779,100
Conditional - Other	<u>133,928</u>	<u>112,394</u>
	1,003,628	891,494
Government of Canada		
Conditional - Other	-	-
<b>Capital</b>		
Province of Ontario		
Conditional - Water, sewer and other	483,428	33,716
Government of Canada		
Conditional - Water, sewer and other	310,987	325,016
Other Municipalities		
Conditional - Water, sewer and other	<u>-</u>	<u>-</u>
<b>Total government transfers</b>	<u>\$ 1,798,043</u>	<u>\$ 1,250,226</u>

**12. Other revenue**

	<b>2017</b>	<b>2016</b>
Penalties and interest on taxation	133,590	133,696
Investment income	117,804	116,582
Nuclear Waste Management	379,249	75,090
Gain (loss) on disposal of capital assets	<u>(474,207)</u>	<u>(269,689)</u>
	<b>\$ 121,436</b>	<b>\$ 55,679</b>

**13. Operations of school boards and county**

Taxation levied for school board and county purposes are not reflected in the financial statements. The amounts transferred were:

	<b>2017</b>	<b>2016</b>
County of Bruce	\$ 4,830,478	\$ 4,644,456
School Boards	2,534,858	2,634,899

**14. Trust funds**

Trust funds administered by the township amounting to \$108,412 (2016: \$106,062) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of financial activities.

	<b>2017</b>	<b>2016</b>
Cemetery Care and Maintenance	\$ 106,412	\$ 104,062
MacKenzie Scholarship Trust Fund	2,000	2,000

**15. Pension agreements**

The township makes contributions to a multi-employer pension plan on behalf of 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. The amount contributed for the year was \$170,897 (2016 \$171,568) for current services and is included as an expenditure on the consolidated statement of financial activities.

The contributions to OMERS are expensed when contributions are due. Any pension surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the township does not recognize any share of the OMERS pension surplus or deficit.

**16. Contractual obligation**

The township has contracted with Veolia Water Canada Inc for the operation of certain water and sewage systems until December 2021 at an annual fee for 2017 of \$511,600 plus annual increases equal to the CPI up to a maximum of 2%.

The township has contracted with Bruce Area Solid Waste Recycling for garbage collection until March 2020 at an annual fee of \$133,820.

**17. Contingent liability**

In the ordinary course of business, various claims and lawsuits are brought against the township. Because settlement amounts, if any, cannot be determined or because claims are expected to be within the township's insurance coverage, no provision has been made for the contingency in the financial statements.

The township is liable for long-term liabilities with respect to loans for which the responsibility for payment of principal and interest has been assumed by others. Payments on municipal debt for water system capital costs and tile drainage loans are recoverable by payments on loans receivable from property owners. However the township has prime responsibility to meet the debt payments.

**18. Financial instrument risk management**

**Credit risk**

The township is exposed to credit risk through its cash, trade and other receivables, loans receivable, and long-term investments. There is the possibility of non-collection of its trade and other receivables. The majority of the township's receivables are from ratepayers and government entities. For trade and other receivables, the township measures impairment based on how long the amounts have been outstanding. For amounts outstanding considered doubtful or uncollectible, an impairment allowance is setup.

**Liquidity risk**

Liquidity risk is the risk that the township will not be able to meet its financial obligations as they fall due. The township has a planning and a budgeting process in place to help determine the funds required to support the township's normal operating requirements on an ongoing basis. The township ensures that there are sufficient funds to meet its short-term requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents. To achieve this aim, it seeks to maintain an available line of credit balance as approved by the appropriate borrowing bylaw to meet, at a minimum, expected requirements.

**Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates or interest rates will affect the township's income or the value of its holdings of financial instruments. The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing return on investments.

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The township is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the variable rate of temporary borrowings and long-term liabilities and the value of fixed rate long-term liabilities.

There has been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure risks.

**19. Budget amounts**

Under Canadian public sector accounting standards, budget amounts are to be reported on the consolidated statement of change in net financial assets and operations for comparative purposes. The 2016 budget amounts for the Corporation of the Township of Huron-Kinloss approved by Council are unaudited and have been restated to conform to the basis of presentation of the revenues and expenditures on the consolidated statement of operations. As a result, the budget figures presented in the statements of operations and changes in net financial assets represent the budget approved by council with the following adjustments:

Approved budget annual surplus (deficit)	-
Add: Acquisition of tangible capital assets	8,199,200
Net transfers to reserves	(3,686,799)
Debt principal repayments	<u>53,927</u>
Budgeted surplus reported on statement of operations	<u>\$ 4,566,328</u>

Budget amounts were not available for certain boards consolidated by the township.

**20. Comparative figures**

Certain of the comparative figures have been reclassified to confirm with the financial statement presentation adopted for the current year.

**21. Segmented information**

The township is a diversified municipal government institution that provides a wide range of services to its citizens. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of segments and the activities they encompass are as follows:

**General government**

General government is comprised of township council, administrative and clerk departments.

**Protection services**

Protection services department is comprised of police services, fire protection and protective inspection. The police services work to ensure the safety and protection of the citizens and their property. The fire department is responsible to provide fire suppression service, fire prevention programs and education. Protective inspection provides services related to the enforcement of building and construction codes.

**Transportation services**

Transportation services department is responsible for the delivery of public works services related to maintenance of roadway systems, winter control and street lighting.

**Environmental services**

Environmental services department consists of water, wastewater and solid waste disposal utilities. The department provides drinking water, collecting and treating wastewater, and providing collection disposal and waste minimization programs and facilities.

**Health services**

Health services department is responsible for maintaining the township's cemeteries and medical centre.

**Social and family services**

Social and family services department provides for child care services.

**Recreation and cultural services**

Recreation and cultural services department is responsible for the delivery and upkeep of all recreation programs and facilities including parks and library.

**Planning and development**

Planning and development services department provides planning, economic development and maintenance of the township's drains.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. In measuring and reporting segment revenue from transactions with other segments, inter-segment transfers are measured on the basis of the actual cost of services provided. Taxation and grants attributable to a number of segments have been allocated to those segments based on the budgeted net operating revenue for the year.

**22. Government partnerships**

The following summarizes the financial position and results of operations of the government partnerships. The Township of Huron-Kinloss's pro-rata share of these amounts has been reported in these financial statements using the proportionate consolidation method.

	Mid-Huron Landfill Site Board	Saugeen Mobility and Regional Transit	Bruce Area Solid Waste Recycling Association
Financial assets	6,271,532	228,488	2,893,033
Financial liabilities	<u>11,534,254</u>	<u>269,011</u>	<u>169,417</u>
Net financial asset (debt)	(5,262,722)	(40,523)	2,723,616
Non-financial assets	<u>228,891</u>	<u>546,876</u>	<u>1,585,072</u>
Accumulated surplus	<u>(5,033,831)</u>	<u>506,353</u>	<u>4,308,688</u>
Revenues	1,081,889	1,758,577	3,047,317
Expenses	<u>1,013,685</u>	<u>1,652,660</u>	<u>2,883,564</u>
Annual surplus (deficit)	\$ <u>68,204</u>	\$ <u>105,917</u>	\$ <u>163,753</u>

Mid-Huron Landfill Site Board is a partnership between the Town of Goderich, Township of Huron-Kinloss, Municipality of Central Huron, Municipality of Bluewater, Municipality of Huron East, Township of Ashfield-Colborne- Wawanosh and the Township of Huron-Kinloss to provide garbage services.

Saugeen Mobility and Regional Transit (SMART) is a partnership between the Town of Hanover, The Town of Saugeen Shores, Municipality of Brockton, Municipality of West Grey, Municipality of Arran-Elderslie, Township of Southgate, Municipality of Kincardine and the Township of Huron-Kinloss to provide transportation services to the physically disabled. During the year, the township made payments to SMART of \$31,458 (2016: \$20,168) for transportation services.

Bruce Area Solid Waste Recycling Association (BASWRA) is a partnership between the Municipality of South Bruce Peninsula, the Municipality of Arran-Elderslie, the Town of Saugeen Shores, the Municipality of Kincardine, the Township of Huron-Kinloss and others to provide garbage, recycling and cardboard collection services. During the year, the township made payments to BASWRA of \$106,189 (2016: \$103,060) for garbage, recycling and cardboard collection services.



**TOWNSHIP OF HURON-KINLOSS**

**CONSOLIDATED SCHEDULE OF CONTINUITY OF RESERVES AND RESERVE FUNDS**

For the Year Ended December 31, 2017

Schedule 1

	Balance, beginning of year	Revenues and contributions				Transfers			Balance, end of year
		Interest	From Operations	Other	Total	To Operations	To Capital Acquisitions	Total	
<b>Reserves</b>									
for general government	804,491		41,719		41,719	257,722		257,722	<b>588,488</b>
for protection services	90,069		31,356		31,356	1,085		1,085	<b>120,340</b>
for transportation services	623,770		154,740		154,740			-	<b>778,510</b>
for water and sewer	4,097,921	23,544	822,167	19,727	865,438		636,559	636,559	<b>4,326,800</b>
for landfill sites and recycling	401,464		55,451		55,451			-	<b>456,915</b>
for health services	1,496				-	1,496		1,496	-
for social and family services	-				-			-	-
for recreation and cultural services	213,814		93,144		93,144	59,338	31,164	90,502	<b>216,456</b>
for planning and development	33,862		3,600		3,600	23,161	8,455	31,616	<b>5,846</b>
for capital projects	639,094		1,353,261		1,353,261	28,973	183,053	212,026	<b>1,780,329</b>
	<b>6,905,981</b>	<b>23,544</b>	<b>2,555,438</b>	<b>19,727</b>	<b>2,598,709</b>	<b>371,775</b>	<b>859,231</b>	<b>1,231,006</b>	<b>8,273,684</b>
<b>Reserve funds</b>									
for environmental services	1,819,051	32,497	290,444		322,941	37,887		37,887	<b>2,104,105</b>
MidHuron landfill	292,779		5,895		5,895			-	<b>298,674</b>
	<b>2,111,830</b>	<b>32,497</b>	<b>296,339</b>	<b>-</b>	<b>328,836</b>	<b>37,887</b>	<b>-</b>	<b>37,887</b>	<b>2,402,779</b>
	<b>9,017,811</b>	<b>56,041</b>	<b>2,851,777</b>	<b>19,727</b>	<b>2,927,545</b>	<b>409,662</b>	<b>859,231</b>	<b>1,268,893</b>	<b>10,676,463</b>

**CONSOLIDATED SCHEDULE OF DEFERRED REVENUE**

For the Year Ended December 31, 2017

Schedule 2

	Balance, beginning of year	Revenues and contributions				Transfers			Balance, end of year
		Interest	From Operations	Other	Total	To Operations	To Capital Acquisitions	Total	
<b>Federal Gas Tax Funds</b>	803,764	8,815		210,092	218,907			-	<b>1,022,671</b>
<b>Parklands and Development</b>	78,069	2,699		33,726	36,425	31,007		31,007	<b>83,487</b>
	<b>881,833</b>	<b>11,514</b>	<b>-</b>	<b>243,818</b>	<b>255,332</b>	<b>31,007</b>	<b>-</b>	<b>31,007</b>	<b>1,106,158</b>

**Township of Huron-Kinloss**  
**Consolidated Schedule of Tangible Capital Assets**  
**For the Year Ended December 31, 2017**

Schedule 3A

	General				Infrastructure					Total Net Book Value 2017	Total Net Book Value 2016
	Land and land improvements	Buildings	Machinery & Equipment	Vehicles	Roads, Sidewalks Street lights	Bridges and Culverts	Storm Sewers	Water and sewer Plants and Facilities	Underground Networks		
<b>Cost</b>											
Balance, beginning of year	1,954,785	5,861,341	2,200,669	5,851,866	23,651,702	6,524,173	6,318,630	7,724,685	31,102,374	<b>91,190,225</b>	90,705,005
Additions during the year	63,374	168,164	196,740	258,509	1,025,599	-	-	-	1,905,538	<b>3,617,924</b>	2,523,257
Disposals and adjustments	-	-	(171,845)	(163,861)	(569,753)	-	-	-	(531,378)	<b>(1,436,837)</b>	(2,038,037)
Balance, end of year	<u>2,018,159</u>	<u>6,029,505</u>	<u>2,225,564</u>	<u>5,946,514</u>	<u>24,107,548</u>	<u>6,524,173</u>	<u>6,318,630</u>	<u>7,724,685</u>	<u>32,476,534</u>	<b><u>93,371,312</u></b>	<u>91,190,225</u>
<b>Accumulated amortization</b>											
Balance, beginning of year	365,089	2,697,498	1,379,530	2,883,426	11,263,477	3,376,092	1,364,949	4,699,729	8,470,259	<b>36,500,049</b>	36,091,853
Amortization during the year	47,241	177,729	132,773	328,989	824,027	111,837	85,294	160,717	392,659	<b>2,261,266</b>	2,146,075
Adjustments and accumulated amortization on disposals	-	-	(171,768)	(154,102)	(342,641)	-	-	-	(248,307)	<b>(916,818)</b>	(1,737,879)
Balance, end of year	<u>412,330</u>	<u>2,875,227</u>	<u>1,340,535</u>	<u>3,058,313</u>	<u>11,744,863</u>	<u>3,487,929</u>	<u>1,450,243</u>	<u>4,860,446</u>	<u>8,614,611</u>	<b><u>37,844,497</u></b>	<u>36,500,049</u>
<b>Net Book Value</b>	<u>1,605,829</u>	<u>3,154,278</u>	<u>885,029</u>	<u>2,888,201</u>	<u>12,362,685</u>	<u>3,036,244</u>	<u>4,868,387</u>	<u>2,864,239</u>	<u>23,861,923</u>	<b><u>\$ 55,526,815</u></b>	<u>\$ 54,690,176</u>

**Township of Huron-Kinloss**

**Segmented Information**

Schedule 4

For the Year Ended December 31, 2017

	General Government	Police Protection	Fire Protection	Inspections and controls	Other Protection	Roads and Sreet lights	Water and sewer	Waste Disposal	Health and social	Recreation and Culture	Zoning and Development	Total 2017	Total 2016
<b>Revenue</b>													
Taxation	7,363,467											<b>7,363,467</b>	7,121,993
User fees	121,557		15,898	127,817	244,109	126,034	2,471,729	681,454	22,832	560,738	397,143	<b>4,769,311</b>	4,616,582
Government transfers	912,965					22,684	15,850	66,517		312,449	467,578	<b>1,798,043</b>	1,250,226
Other	121,436											<b>121,436</b>	55,679
	<u>8,519,425</u>	<u>-</u>	<u>15,898</u>	<u>127,817</u>	<u>244,109</u>	<u>148,718</u>	<u>2,487,579</u>	<u>747,971</u>	<u>22,832</u>	<u>873,187</u>	<u>864,721</u>	<b><u>14,052,257</u></b>	<u>13,044,480</u>
<b>Operating expenditure</b>													
Wages, salaries and benefits	792,866	-	280,049	116,365	7,656	803,513	39,186	310,494	13,415	623,474	150,747	<b>3,137,765</b>	3,073,919
Contract services	142,033	1,273,336	58,757	63,383	451,699	739,416	862,608	193,704	8,603	120,948	896,822	<b>4,811,309</b>	3,772,152
Materials	265,238	11,476	127,065	27,985	18,315	436,670	423,926	521,965	26,098	549,110	130,374	<b>2,538,222</b>	2,483,829
Amortization	35,053	-	149,296	-	5,396	1,258,998	563,211	36,509	5,349	206,539	915	<b>2,261,266</b>	2,146,075
	<u>1,235,190</u>	<u>1,284,812</u>	<u>615,167</u>	<u>207,733</u>	<u>483,066</u>	<u>3,238,597</u>	<u>1,888,931</u>	<u>1,062,672</u>	<u>53,465</u>	<u>1,500,071</u>	<u>1,178,858</u>	<b><u>12,748,562</u></b>	<u>11,475,975</u>
<b>Net revenue (expense)</b>	<u>7,284,235</u>	<u>(1,284,812)</u>	<u>(599,269)</u>	<u>(79,916)</u>	<u>(238,957)</u>	<u>(3,089,879)</u>	<u>598,648</u>	<u>(314,701)</u>	<u>(30,633)</u>	<u>(626,884)</u>	<u>(314,137)</u>	<b><u>1,303,695</u></b>	<u>1,568,505</u>

Vodden, Bender & Seebach LLP  
Chartered Professional Accountants

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vbs@vbbsca.ca

## **INDEPENDENT AUDITOR'S REPORT**

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To the Members of Council, Inhabitants and Ratepayers  
of the Corporation of the Township of Huron-Kinloss

We have audited the accompanying financial statements of the Township of Huron-Kinloss Trust Funds, which comprise the balance sheet as at December 31, 2017 and 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 control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control 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 control. 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 consolidated 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, the financial statements present fairly, in all material respects, the financial position of the Township of Huron-Kinloss Trust Funds as at December 31, 2017 and the continuity of its funds for the year then ended in accordance with Canadian public sector accounting standards.

*Vodden, Bender & Seebach LLP*

Chartered Professional Accountants  
Licensed Public Accountants  
Clinton, Ontario  
June 15, 2018

**TOWNSHIP OF HURON-KINLOSS  
TRUST FUNDS**

**STATEMENT OF CONTINUITY**

For the Year Ended December 31	Total		Cemetery Perpetual Care		MacKenzie Scholarship Trust Fund	
	2017	2016	2017	2016	2017	2016
<b>Balance beginning of year</b>	<b>106,062</b>	103,112	<b>104,062</b>	101,112	<b>2,000</b>	2,000
<b>Receipts</b>						
Perpetual care	<b>2,350</b>	2,950	<b>2,350</b>	2,950	-	-
Interest earned	<b>4,352</b>	3,775	<b>4,252</b>	3,675	<b>100</b>	100
	<b>6,702</b>	6,725	<b>6,602</b>	6,625	<b>100</b>	100
<b>Expenditure</b>						
Transfers to cemetery	<b>4,252</b>	3,675	<b>4,252</b>	3,675		
Scholarship	<b>100</b>	100	-	-	<b>100</b>	100
	<b>4,352</b>	3,775	<b>4,252</b>	3,675	<b>100</b>	100
<b>Balance end of year</b>	<b>\$ 108,412</b>	106,062	<b>\$ 106,412</b>	104,062	<b>\$ 2,000</b>	2,000

**BALANCE SHEET**

As at December 31	Total		Cemetery Perpetual Care		MacKenzie Scholarship Trust Fund	
	2017	2016	2017	2016	2017	2016
<b>Assets</b>						
Cash	<b>17,482</b>	27,874	<b>17,482</b>	27,874	-	-
Investments, cost	<b>91,878</b>	79,863	<b>91,878</b>	79,863	-	-
Due from municipality	<b>3,304</b>	2,000	<b>1,304</b>	-	<b>2,000</b>	2,000
<b>Liabilities</b>						
Due to cemetery	<b>(4,252)</b>	(3,675)	<b>(4,252)</b>	(3,675)	-	-
<b>Net assets</b>	<b>108,412</b>	106,062	<b>106,412</b>	104,062	<b>2,000</b>	2,000
<b>Trust fund balances</b>	<b>\$ 108,412</b>	106,062	<b>\$ 106,412</b>	104,062	<b>\$ 2,000</b>	2,000

**TOWNSHIP OF HURON-KINLOSS  
TRUST FUNDS  
NOTES TO FINANCIAL STATEMENTS**

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**For the Year Ended December 31, 2017**

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**1. Accounting Policies**

Significant aspects of accounting policies adopted by the township are as follows:

a) Management responsibility

The financial statements of the Trust Funds are the representations of management. They have been prepared in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada as prescribed by the Ministry of Municipal Affairs and Housing for municipalities and their related entities.

b) Basis of consolidation

These trust funds have not been consolidated with the financial statements of the Township of Huron-Kinloss.

c) Basis of accounting

Capital receipts and income are reported on the cash basis of accounting. Expenditures are reported on the cash basis of accounting with the exception of administration expenses which are reported on the accrual basis of accounting, which recognizes expenditures as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

d) Investments

Investments are recorded at cost less amounts written off to reflect a permanent decline in value and have a market value approximately equal to cost.

e) Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that 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 revenues and expenditures during the period. Actual results could differ from those estimates.

## **INDEPENDENT AUDITOR'S REPORT**

---

To the Members of the Lucknow and District Fire Department Joint Board of Management,  
Members of Council, Inhabitants and Ratepayers of the participating municipalities

We have audited the accompanying statement of operations of the Lucknow and District Fire Department Joint Board of Management for the year ended December 31, 2017.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of this financial statement in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of this financial statement being free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on this statement 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 statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control 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 control. 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, the financial statement presents fairly, in all material respects, the results of operations of the Lucknow and District Fire Department Joint Board of Management for the year ended December 31, 2017 in accordance with Canadian public sector accounting standards.

*Vodden, Bender & Seebach LLP*

Chartered Professional Accountants

Licensed Public Accountants

Clinton, Ontario

June 19, 2018

**LUCKNOW AND DISTRICT FIRE DEPARTMENT JOINT BOARD OF MANAGEMENT  
STATEMENT OF OPERATIONS**

<b>For the year ended December 31</b>	<b>2017 Budget</b>	<b>2017 Actual</b>	<b>2016 Actual</b>
<b>Revenue</b>			
Contributions from participating municipalities			
Township of Ashfield-Colborne-Wawanosh	117,995	<b>112,911</b>	95,284
Township of Huron-Kinloss	117,995	<b>112,911</b>	95,284
Fire calls	-	<b>22,400</b>	19,900
County of Bruce Modified First Response grant	5,000	<b>5,000</b>	5,000
Other revenue	-	<b>7,500</b>	35
Transfer from reserve	-	-	-
	<u>240,990</u>	<u><b>260,722</b></u>	<u>215,502</u>
<b>Expenditure</b>			
Salaries	133,000	<b>143,688</b>	126,937
Vehicle operation	6,550	<b>10,329</b>	8,541
Equipment	40,000	<b>39,239</b>	18,838
Hydrant repairs	3,000	<b>3,410</b>	3,355
Building maintenance	6,000	<b>4,153</b>	8,139
Dispatch service	7,500	<b>13,947</b>	7,291
Training	13,300	<b>16,525</b>	10,366
Telephone	2,500	<b>2,160</b>	2,200
Utilities	11,450	<b>11,627</b>	11,027
Insurance	6,800	<b>6,837</b>	6,504
Licences, fees, administration	10,890	<b>8,807</b>	12,304
	<u>240,990</u>	<u><b>260,722</b></u>	<u>215,502</u>
<b>Annual surplus</b>	<u>\$ 0</u>	<u><b>\$ 0</b></u>	<u>\$ 0</u>



# LUCKNOW AND DISTRICT FIRE DEPARTMENT JOINT BOARD OF MANAGEMENT

## NOTES TO FINANCIAL STATEMENTS

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For the year ended December 31, 2017

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### 1. Accounting policies

The statement of operations of the Lucknow and District Fire Department Joint Board of Management is the representation of management prepared in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

Significant aspects of accounting policies adopted by the board are as follows:

a) Basis of accounting

i) Accrual basis of accounting

Sources of financing and expenditures are reported on the accrual basis of accounting. Revenues are recognized as they are earned and measurable. Expenditures 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.

ii) The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts reported in the financial statements and accompanying notes. Due to the inherent uncertainty in making estimates, actual results could differ from those estimates.

### 2. Participating municipalities

Participating municipalities are the Township of Ashfield-Colborne-Wawanosh and the Township of Huron-Kinloss. The board conducts its operations using tangible capital assets owned by the participating municipalities.

### 3. Related party transactions

Board administration cost of \$2,500 (2016: \$2,500) was paid to the Township of Ashfield-Colborne-Wawanosh.

## INDEPENDENT AUDITOR'S REPORT

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To the Members of the Lucknow Community Health Centre Board,  
Members of Council, Inhabitants and Ratepayers of the participating municipalities

We have audited the accompanying statement of operations of the Lucknow Community Health Centre Board for the year ended December 31, 2017.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of this financial statement in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of this financial statement being free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on this statement 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 statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control 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 control. 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, the financial statement presents fairly, in all material respects, the results of operations of the Lucknow Community Health Centre Board for the year ended December 31, 2017 in accordance with Canadian public sector accounting standards.

*Vodden, Bender & Seebach LLP*

Chartered Professional Accountants  
Licensed Public Accountants  
Clinton, Ontario  
June 19, 2018

**LUCKNOW COMMUNITY HEALTH CENTRE BOARD**  
**STATEMENT OF OPERATIONS**

<b>For the year ended December 31</b>	<b>2017 Budget</b>	<b>2017 Actual</b>	<b>2016 Actual</b>
<b>Revenue</b>			
Rentals	19,032	<b>17,947</b>	17,704
Other revenue	-	<b>85</b>	-
Contributions from participating municipalities			
Township of Ashfield-Colborne-Wawanosh	12,859	<b>5,348</b>	3,712
Township of Huron-Kinloss	12,859	<b>5,348</b>	3,712
	<u>44,750</u>	<u><b>28,728</b></u>	<u>25,128</u>
<b>Expenditure</b>			
Maintenance	27,400	<b>14,262</b>	9,290
Utilities	8,850	<b>7,390</b>	8,309
Property taxes	5,800	<b>5,366</b>	5,484
Insurance	1,600	<b>1,210</b>	1,545
Administration	1,100	<b>500</b>	500
	<u>44,750</u>	<u><b>28,728</b></u>	<u>25,128</u>
<b>Annual surplus</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>

**LUCKNOW COMMUNITY HEALTH CENTRE BOARD**  
**NOTES TO FINANCIAL STATEMENTS**

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**For the year ended December 31, 2017**

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**1. Accounting policies**

The statement of operations of the Lucknow Community Health Centre Board is the representation of management prepared in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

Significant aspects of accounting policies adopted by the board are as follows:

a) Basis of accounting

i) Accrual basis of accounting

Sources of financing and expenditures are reported on the accrual basis of accounting. Revenues are recognized as they are earned and measurable. Expenditures 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.

ii) The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts reported in the financial statements and accompanying notes. Due to the inherent uncertainty in making estimates, actual results could differ from those estimates.

**2. Participating municipalities**

Participating municipalities are the Township of Ashfield-Colborne-Wawanosh and the Township of Huron-Kinloss. The board conducts its operations using tangible capital assets owned by the participating municipalities.

**3. Related party transactions**

During the year, the board paid property taxes of \$5,366 (2016: \$5,483) to the Township of Huron-Kinloss.

## INDEPENDENT AUDITOR'S REPORT

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To the Members of the Lucknow and District Joint Recreation Board,  
Members of Council, Inhabitants and Ratepayers of the participating municipalities

We have audited the accompanying statement of operations of the Lucknow and District Joint Recreation Board for the year ended December 31, 2017.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of this financial statement in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of this financial statement being free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on this statement 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 statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control 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 control. 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, the financial statement presents fairly, in all material respects, the results of operations of the Lucknow and District Joint Recreation Board for the year ended December 31, 2017 in accordance with Canadian public sector accounting standards.

*Vodden, Bender & Seebach LLP*

Chartered Professional Accountants  
Licensed Public Accountants  
Clinton, Ontario  
June 19, 2018

**LUCKNOW AND DISTRICT JOINT RECREATION BOARD**

**STATEMENT OF OPERATIONS**

For the year ended December 31	2017 Budget	2017 Actual	2016 Actual
<b>Revenue</b>			
Arena			
Ice rentals	39,000	<b>44,357</b>	38,136
Arena rentals	14,000	<b>12,715</b>	10,644
Hockey and figure skating ice time	84,000	<b>81,445</b>	87,035
Bar sales	94,850	<b>97,039</b>	77,309
Public skating	2,500	<b>4,095</b>	2,512
Advertising boards	11,500	<b>11,688</b>	10,275
Donations and other revenue	9,000	<b>9,495</b>	18,002
	<b>254,850</b>	<b>260,834</b>	243,913
Recreation receipts			
Hockey admissions	19,800	<b>19,477</b>	20,919
Hockey program	46,000	<b>58,268</b>	76,044
Skating program	3,000	<b>7,295</b>	5,160
Swimming pool	11,000	<b>19,691</b>	16,919
Baseball	14,900	<b>15,470</b>	14,535
Soccer	10,100	<b>9,395</b>	11,114
	<b>104,800</b>	<b>129,596</b>	144,691
Total rentals and program revenue	<b>359,650</b>	<b>390,430</b>	388,604
Contributions from participating municipalities			
Township of Huron-Kinloss	146,150	<b>141,923</b>	151,246
Township of Ashfield-Colborne-Wawanosh	146,150	<b>141,923</b>	151,246
	<b>292,300</b>	<b>283,846</b>	302,491
Total revenue	<b>651,950</b>	<b>674,276</b>	691,095
<b>Expenses</b>			
Administration and general			
Salaries	134,000	<b>134,266</b>	130,007
Maintenance	27,450	<b>31,973</b>	33,174
Utilities	73,350	<b>76,089</b>	103,853
Insurance	13,000	<b>10,734</b>	13,041
Administration and training	16,700	<b>19,532</b>	23,206
	<b>264,500</b>	<b>272,594</b>	303,281
Arena and auditorium			
Salaries	98,450	<b>93,068</b>	88,038
Maintenance	15,250	<b>7,407</b>	23,082
Utilities	11,500	<b>18,226</b>	10,300
Bar purchases and profit share	66,250	<b>72,739</b>	55,940
	<b>191,450</b>	<b>191,440</b>	177,360
Recreation programs			
Hockey insurance	6,500	<b>7,101</b>	6,317
Referee fees	15,500	<b>13,514</b>	15,983
Other hockey expenses	11,500	<b>14,078</b>	20,319
Hockey ice time	84,000	<b>81,445</b>	87,035
Skating program	1,500	<b>2,027</b>	1,516
Ball and soccer program	7,000	<b>8,231</b>	5,951
Pool salaries	27,200	<b>32,380</b>	25,642
Pool expenses	14,800	<b>20,055</b>	20,894
Parks	28,000	<b>31,411</b>	26,797
	<b>196,000</b>	<b>210,242</b>	210,454
Total expenses	<b>651,950</b>	<b>674,276</b>	691,095
<b>Annual surplus</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>

**LUCKNOW AND DISTRICT JOINT RECREATION BOARD  
NOTES TO FINANCIAL STATEMENTS**

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**For the year ended December 31, 2017**

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**1. Accounting policies**

The statement of operations of the Lucknow and District Joint Recreation Board is the representation of management prepared in accordance Canadian public sector accounting standards as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

Significant aspects of accounting policies adopted by the board are as follows:

a) Basis of accounting

i) Accrual basis of accounting

Sources of financing and expenditures are reported on the accrual basis of accounting. Revenues are recognized as they are earned and measurable. Expenditures 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.

ii) The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts reported in the financial statements and accompanying notes. Due to the inherent uncertainty in making estimates, actual results could differ from those estimates.

**2. Participating municipalities**

Participating municipalities are the Township of Ashfield-Colborne-Wawanosh and the Township of Huron-Kinloss. The board conducts its operations using tangible capital assets owned by the participating municipalities.

**3. Related party transactions**

Board administration cost of \$5,000 (2016: \$5,000) was paid to the Township of Ashfield-Colborne-Wawanosh.