

DRAFT

**TOWNSHIP OF HURON-KINLOSS
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021**

SEEBACH & COMPANY
Chartered Professional Accountants

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of the Corporation of the Township of Huron-Kinloss ("the Entity"), which are comprised of the consolidated statement of financial position as at December 31, 2021 and the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAB).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PSAB, 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.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT (continued)

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Seebach & Company

Chartered Professional Accountants
Licensed Public Accountants

Clinton, Ontario
September 7, 2022

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

As at December 31	2021	2020
Financial assets		
Cash and cash equivalents	12,411,025	9,444,677
Taxes receivable	1,004,275	1,190,431
Accounts receivable	2,564,865	2,161,491
Long-term receivables	438,494	522,987
Long-term investments	770,285	770,285
	17,188,944	14,089,871
Liabilities		
Accounts payable and accrued liabilities	1,767,873	1,697,492
Deferred revenue	1,661,210	1,190,226
Municipal debt	157,712	179,424
Landfill closure and post closure liability	1,096,136	1,089,364
Post-employment benefits liability	242,061	229,854
	4,924,992	4,386,360
Net financial assets	12,263,952	9,703,511
Non-financial assets		
Tangible capital assets	64,837,903	64,261,505
Prepaid expenses	150,820	137,669
Inventory for resale	7,248	4,555
Accumulated surplus	\$ 77,259,923	\$ 74,107,240

The accompanying notes are an integral part of these financial statements

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

For the year ended December 31	2021 Budget	2021 Actual	2020 Actual
Revenue			
Taxation for municipal purposes	9,081,482	9,126,621	8,844,497
User fees	4,602,007	6,202,048	5,323,868
Government transfers	Note 11 1,957,533	1,972,168	2,391,335
Other	Note 12 968,215	1,079,048	1,184,408
	<u>16,609,237</u>	<u>18,379,885</u>	<u>17,744,108</u>
Expenditure			
General government	1,395,489	1,502,562	1,639,984
Protection services	2,741,472	3,028,740	2,901,855
Roadways	2,890,185	4,112,029	4,102,815
Environmental services	2,438,756	3,465,521	3,125,573
Health services	67,060	63,743	77,498
Social and family services	-	-	-
Recreation and culture	1,431,740	1,486,445	1,376,121
Planning and development	779,835	1,568,162	1,312,797
	<u>11,744,537</u>	<u>15,227,202</u>	<u>14,536,643</u>
Annual surplus	4,864,700	3,152,683	3,207,465
Accumulated surplus beginning of year	\$ 70,899,775	\$ 74,107,240	\$ 70,899,775
Accumulated surplus end of year	<u>\$ 75,764,475</u>	<u>\$ 77,259,923</u>	<u>\$ 74,107,240</u>

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	2021 Actual	2020 Actual
Annual surplus	3,152,683	3,207,465
Amortization of tangible capital assets	2,803,224	2,666,762
Acquisition of tangible capital assets	(3,460,458)	(4,882,498)
Proceeds from sale of tangible capital assets	101,846	8,358
(Gain) loss on disposition of tangible capital assets	(21,010)	101,406
Decrease (increase) in prepaid expenses and inventory for resale	(15,844)	(16,913)
Increase (decrease) in net financial assets	2,560,441	1,084,580
Net financial assets beginning of year	\$ 9,703,511	\$ 8,618,931
Net financial assets end of year	\$ 12,263,952	\$ 9,703,511

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	2021	2020
Operating activities		
Annual surplus	3,152,683	3,207,465
Decrease (increase) in taxes receivable	186,156	(118,309)
Decrease (increase) in accounts receivable	(403,374)	(366,878)
Decrease (increase) in non-financial assets	(15,844)	(16,913)
Increase (decrease) in accounts payable	70,381	151,680
Increase (decrease) in deferred revenue	470,984	5,298
Increase (decrease) in landfill closure liability	6,772	18,782
Increase (decrease) in post-employment benefits liability	12,207	21,299
	327,282	(305,041)
Non-cash charges to operations		
Amortization	2,803,224	2,666,762
Loss (gain) on disposal of capital assets	(21,010)	101,406
Working capital from operations	2,782,214	2,768,168
	6,262,179	5,670,592
Capital		
Acquisition of tangible capital assets	(3,460,458)	(4,882,498)
Proceeds from sale of tangible capital assets	101,846	8,358
Net investment in tangible capital assets	(3,358,612)	(4,874,140)
Investing activities		
Issuance of loans receivable	(23,200)	(16,837)
Repayments of loans receivable	107,693	169,577
Cash provided by (used for) investing activities	84,493	152,740
Financing activities		
Loan proceeds	23,200	46,400
Payments on long-term debt	(44,912)	(132,487)
Cash provided by (used for) financing activities	(21,712)	(86,087)
Increase (decrease) in cash position	2,966,348	863,105
Cash beginning of year	9,444,677	8,581,572
Cash end of year	\$ 12,411,025	\$ 9,444,677

The accompanying notes are an integral part of these financial statements

TOWNSHIP OF HURON-KINLOSS NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

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 - 12.42%
- Mid-Huron Landfill Site Board - 4.9%
- Saugeen Mobility and Regional Transit - 7.9%
- 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

Tax levies, 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

	2021	2020
Unrestricted	10,300,898	7,759,240
Restricted	1,661,210	1,190,226
Cash held by others	<u>448,917</u>	<u>495,211</u>
	\$ <u>12,411,025</u>	\$ <u>9,444,677</u>

3. Long-term receivables

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

	2021	2020
Property owners for capital costs, 4-5% interest, due 2022 through 2028	326,313	401,371
Tile drain loans receivable 6% - 8%, principal and interest payments, due 2022 through 2031	<u>112,181</u>	<u>121,616</u>
	\$ <u>438,494</u>	\$ <u>522,987</u>

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

2022	96,757
2023	86,174
2024	78,581
2025	61,079
2026	53,817
Thereafter	<u>62,086</u>
	\$ <u>438,494</u>

4. Long-term investments

	2021	2019
Note receivable, Westario Power Inc.	370,285	370,285
Common shares, Westario Power Holdings Inc.	<u>400,000</u>	<u>400,000</u>
	\$ <u>770,285</u>	\$ <u>770,285</u>

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, 2021 was \$ Nil (2020- \$ 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:

	2021	2020
Trust fund loans, 4-5% interest, maturing in 2022 through 2028	45,531	57,808
Tile drain loans payable to Ministry of Finance, responsibility for payment of principal and interest charges have been assumed by individuals, 6% - 8%, due 2022 through 2031	<u>112,181</u>	<u>121,616</u>
	<u>\$ 157,712</u>	<u>\$ 179,424</u>

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

2022	39,542
2023	35,681
2024	27,426
2025	15,357
2026	12,458
Thereafter	<u>27,248</u>
	<u>\$ 157,712</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 \$1,096,136 (2020: \$1,089,363). The liability is recorded based on the capacity of the landfill used to date.

The Huron site, for which the reported liability is \$496,650, has an estimated remaining capacity of 71,303 cubic metres and a remaining life of 8 years. The Kinloss site, for which the reported liability is \$62,370, has an estimated remaining capacity of 137,000 cubic metres and has a remaining life of 25 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 \$537,116 (2020: \$539,423). The Mid-Huron Landfill Site Board has set aside a reserve funds for perpetual care of which the townships proportionate share is \$247,191.

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 \$242,061 as at the year end (2020: \$229,854).

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:

	2021	2020
Invested in tangible capital assets		
Net tangible capital assets	64,837,903	64,261,505
Unexpended capital financing (Unfunded capital assets)	(1,438,807)	(1,319,393)
Capital assets financed by long-term debt	<u>-</u>	<u>-</u>
	63,399,096	62,942,112
Unfunded		
Solid waste landfill closure and post closure liability	(1,096,136)	(1,089,364)
Post-employment benefits liability	(242,061)	(229,854)
Other surplus	<u>424,185</u>	<u>423,060</u>
	62,485,084	62,045,951
Reserves	<u>14,774,839</u>	<u>12,061,286</u>
Accumulated surplus	<u>\$ 77,259,923</u>	<u>\$ 74,107,240</u>

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

11. Government transfers

	2021	2020
Operating		
Province of Ontario		
Ontario Municipal Partnership Fund	1,051,700	1,055,600
Conditional - Other	<u>610,115</u>	<u>563,157</u>
	1,661,815	1,618,757
Government of Canada		
Conditional - Other	11,975	-
Capital		
Province of Ontario		
Conditional - Water, sewer and other	282,102	282,998
Government of Canada		
Conditional - Water, sewer and other	16,276	489,580
Other Municipalities		
Conditional - Water, sewer and other	<u>-</u>	<u>-</u>
Total government transfers	<u>\$ 1,972,168</u>	<u>\$ 2,391,335</u>

12. Other revenue

	2021	2020
Penalties and interest on taxation	159,626	133,727
Investment income	142,039	190,928
Ontario Power Generation	-	46,233
Nuclear Waste Management	756,373	914,926
Gain (loss) on disposal of capital assets	<u>21,010</u>	<u>(101,406)</u>
	\$ 1,069,541	\$ 1,184,408

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:

	2021	2020
County of Bruce	\$ 5,848,700	\$ 5,573,186
School Boards	2,414,490	2,429,066

14. Trust funds

Trust funds administered by the township amounting to \$123,027 (2020: \$120,762) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of financial activities.

	2021	2020
Cemetery Care and Maintenance	\$ 121,027	\$ 118,762
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 \$222,444 (2020 \$205,465) 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 June 2022 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 2024 at an annual fee of \$159,828 plus tax.

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.

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 2020 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	6,177,700
Net transfers to reserves	(1,313,000)
Debt principal repayments	-
Budgeted surplus reported on statement of operations	<u>\$ 4,864,700</u>

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

20. 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.

21. 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	5,164,609	161,988	2,438,898
Financial liabilities	<u>11,006,449</u>	<u>235,349</u>	<u>354,286</u>
Net financial asset (debt)	(5,841,840)	(73,361)	2,084,612
Non-financial assets	<u>136,989</u>	<u>637,341</u>	<u>1,444,615</u>
Accumulated surplus	<u>(5,704,851)</u>	<u>563,980</u>	<u>3,529,227</u>
Revenues	336,833	1,615,928	3,608,239
Expenses	<u>281,607</u>	<u>1,522,205</u>	<u>3,738,926</u>
Annual surplus (deficit)	\$ <u>(55,226)</u>	\$ <u>93,723</u>	\$ <u>(130,687)</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 \$44,442 (2020: \$54,837) 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 \$138,112 (2020: \$136,572) for garbage, recycling and cardboard collection services.

22. Financial impact of COVID-19 pandemic

On March 11, 2020 the World Health Organization declared COVID-19 a global pandemic. Subsequently, the Province of Ontario issued a state of emergency limiting the number of people in a gathering and requiring rolling closures and lockdowns of non-essential businesses for an indeterminate period of time. The dynamic nature of the COVID-19 crisis makes it impossible to predict the impact this will have on the organization's operations, cash flows and financial position. Management will continue to monitor the situation and reflect on the impact in the financial statements as appropriate.

TOWNSHIP OF HURON-KINLOSS

CONSOLIDATED SCHEDULE OF CONTINUITY OF RESERVES AND RESERVE FUNDS

Schedule 1

For the Year Ended December 31, 2021

	Balance, beginning of year	Revenues and contributions			Transfers			Balance, end of year	
		Interest	From Operations	Other	Total	To Operations	To Capital Acquisitions		Total
Reserves									
for general government	1,471,228		767,306		767,306	326,704		326,704	1,911,830
for protection services	253,832		224,900		224,900			-	478,732
for transportation services	702,219		420,322		420,322		30,000	30,000	1,092,541
for water and sewer	4,328,767		830,461	29,970	860,431	11,157	129,030	140,187	5,049,011
for landfill sites and recycling	514,240		105,000	2,580	107,580	24,088		24,088	597,732
for health services	18,604		6,236		6,236			-	24,840
for social and family services	-				-			-	-
for recreation and cultural services	200,137		10,334		10,334		103,805	103,805	106,666
for planning and development	3,120		3,600		3,600			-	6,720
for capital projects	2,198,340		1,070,790		1,070,790	223,131	196,563	419,694	2,849,436
	9,690,487	-	3,438,949	32,550	3,471,499	585,080	459,398	1,044,478	12,117,508
Reserve funds									
for general government	1,329,274	21,496	4,873		26,369	201,713	29,176	230,889	1,124,754
for environmental services	794,823	9,326	511,830		521,156		30,593	30,593	1,285,386
MidHuron landfill	246,702		489		489			-	247,191
	2,370,799	30,822	517,192	-	548,014	201,713	59,769	261,482	2,657,331
	12,061,286	30,822	3,956,141	32,550	4,019,513	786,793	519,167	1,305,960	14,774,839

CONSOLIDATED SCHEDULE OF DEFERRED REVENUE

Schedule 2

For the Year Ended December 31, 2021

	Balance, beginning of year	Revenues and contributions			Transfers			Balance, end of year	
		Interest	From Operations	Other	Total	To Operations	To Capital Acquisitions		Total
Federal Gas Tax Funds	868,596	8,433		439,719	448,152			-	1,316,748
Parklands and Development	321,630	4,506		614,164	618,670	595,838		595,838	344,462
	1,190,226	12,939	-	1,053,883	1,066,822	595,838	-	595,838	1,661,210

Township of Huron-Kinloss
Consolidated Schedule of Tangible Capital Assets
For the Year Ended December 31, 2021

Schedule 3A

	General				Infrastructure					Total Net Book Value 2021	Total Net Book Value 2020
	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		
Cost											
Balance, beginning of year	3,383,201	6,940,561	3,386,795	6,622,573	28,869,404	7,321,969	7,321,483	11,020,103	33,034,257	107,900,346	103,510,475
Reallocations and adjustments			(149,741)	149,741	(676,417)		197,651		478,766	-	-
Additions during the year	907,751	92,274	356,234	263,502	1,664,386	37,279	44,758	52,997	41,277	3,460,458	4,882,498
Disposals and adjustments		(3,438)	(13,882)	(215,870)	(40,056)			(65,504)		(338,750)	(492,627)
Balance, end of year	<u>4,290,952</u>	<u>7,029,397</u>	<u>3,579,406</u>	<u>6,819,946</u>	<u>29,817,317</u>	<u>7,359,248</u>	<u>7,563,892</u>	<u>11,007,596</u>	<u>33,554,300</u>	<u>111,022,054</u>	<u>107,900,346</u>
Accumulated amortization											
Balance, beginning of year	617,536	3,452,972	1,808,383	3,384,045	14,034,407	3,674,759	1,682,005	5,312,654	9,672,080	43,638,841	41,354,942
Amortization during the year	95,483	215,166	196,860	365,321	1,069,362	124,241	99,645	190,919	446,227	2,803,224	2,666,762
Adjustments and accumulated amortization on disposals		(717)	(13,333)	(161,078)	(20,534)			(62,252)		(257,914)	(382,863)
Balance, end of year	<u>713,019</u>	<u>3,667,421</u>	<u>1,991,910</u>	<u>3,588,288</u>	<u>15,083,235</u>	<u>3,799,000</u>	<u>1,781,650</u>	<u>5,441,321</u>	<u>10,118,307</u>	<u>46,184,151</u>	<u>43,638,841</u>
Net Book Value	<u>3,577,933</u>	<u>3,361,976</u>	<u>1,587,496</u>	<u>3,231,658</u>	<u>14,734,082</u>	<u>3,560,248</u>	<u>5,782,242</u>	<u>5,566,275</u>	<u>23,435,993</u>	<u>\$ 64,837,903</u>	<u>\$ 64,261,505</u>

Township of Huron-Kinloss
Segmented Information
For the Year Ended December 31, 2021

	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 2021	Total 2020
Revenue													
Taxation	9,126,621											9,126,621	8,844,497
User fees	71,677		30,257	250,319	316,901	633,443	3,023,231	763,885	28,896	359,716	723,723	6,202,048	5,323,868
Government transfers	1,313,871	7,154	3,600			318,791	-	93,598		218,223	16,931	1,972,168	2,391,335
Other	1,079,048											1,079,048	1,184,408
	<u>11,591,217</u>	<u>7,154</u>	<u>33,857</u>	<u>250,319</u>	<u>316,901</u>	<u>952,234</u>	<u>3,023,231</u>	<u>857,483</u>	<u>28,896</u>	<u>577,939</u>	<u>740,654</u>	<u>18,379,885</u>	<u>17,744,108</u>
Operating expenditure													
Wages, salaries and benefits	1,010,306	-	339,783	178,414	78,908	968,714	26,980	348,599	20,747	673,047	201,402	3,846,900	3,632,355
Contract services	178,142	1,323,790	80,823	69,389	472,758	916,060	1,150,471	244,170	8,191	95,068	656,271	5,195,133	4,926,567
Materials	275,336	14,287	118,328	90,909	88,674	611,706	614,307	374,350	19,074	465,257	709,717	3,381,945	3,310,114
Amortization	38,778	-	169,281	-	3,396	1,615,549	675,584	31,060	15,731	253,073	772	2,803,224	2,667,607
	<u>1,502,562</u>	<u>1,338,077</u>	<u>708,215</u>	<u>338,712</u>	<u>643,736</u>	<u>4,112,029</u>	<u>2,467,342</u>	<u>998,179</u>	<u>63,743</u>	<u>1,486,445</u>	<u>1,568,162</u>	<u>15,227,202</u>	<u>14,536,643</u>
Net revenue (expense)	<u>10,088,655</u>	<u>(1,330,923)</u>	<u>(674,358)</u>	<u>(88,393)</u>	<u>(326,835)</u>	<u>(3,159,795)</u>	<u>555,889</u>	<u>(140,696)</u>	<u>(34,847)</u>	<u>(908,506)</u>	<u>(827,508)</u>	<u>3,152,683</u>	<u>3,207,465</u>

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of the Trust Funds of the Corporation of the Township of Huron-Kinloss ("the Entity"), which are comprised of the statement of financial position as at December 31, 2021 and the statement of continuity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2021, and the continuity of funds for the year then ended in accordance with Canadian public sector accounting standards (PSAB).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PSAB, 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.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT (continued)

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Seebach & Company

Chartered Professional Accountants
Licensed Public Accountants

Clinton, Ontario
September 7, 2022

**TOWNSHIP OF HURON-KINLOSS
TRUST FUNDS**

STATEMENT OF CONTINUITY

For the Year Ended December 31	Total		Cemetery Perpetual Care		MacKenzie Scholarship Trust Fund	
	2021	2020	2021	2020	2021	2020
Balance beginning of year	120,762	117,562	118,762	115,562	2,000	2,000
Receipts						
Perpetual care	2,265	3,200	2,265	3,200	-	-
Interest earned	2,813	3,460	2,713	3,360	100	100
	5,078	6,660	4,978	6,560	100	100
Expenditure						
Transfers to cemetery	2,713	3,360	2,713	3,360	-	-
Scholarship	100	100	-	-	100	100
	2,813	3,460	2,713	3,360	100	100
Balance end of year	\$ 123,027	120,762	\$ 121,027	118,762	\$ 2,000	2,000

BALANCE SHEET

As at December 31	Total		Cemetery Perpetual Care		MacKenzie Scholarship Trust Fund	
	2021	2020	2021	2020	2021	2020
Assets						
Cash	78,209	64,314	78,209	64,314	-	-
Investments, cost	45,531	57,808	45,531	57,808	-	-
Due from municipality	2,000	2,000	-	-	2,000	2,000
Liabilities						
Due to cemetery	(2,713)	(3,360)	(2,713)	(3,360)	-	-
Net assets	123,027	120,762	121,027	118,762	2,000	2,000
Trust fund balances	\$ 123,027	120,762	\$ 121,027	118,762	\$ 2,000	2,000

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

For the Year Ended December 31, 2021

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

Opinion

We have audited the accompanying statement of operations of the Lucknow and District Fire Department Joint Board of Management ("the Entity") for the year ended December 31, 2021 and the accompanying notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statement presents fairly, in all material respects, the financial operations of the Entity as at December 31, 2021 in accordance with Canadian public sector accounting standards (PSAB).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PSAB, 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.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT (continued)

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Seebach & Company

Chartered Professional Accountants
Licensed Public Accountants

Clinton, Ontario
July 19, 2022

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

For the year ended December 31	2021 Budget	2021 Actual	2020 Actual
Revenue			
Operating contributions from participating municipalities			
Township of Ashfield-Colborne-Wawanosh	148,975	155,839	106,351
Township of Huron-Kinloss	148,975	155,839	106,351
Fire calls	-	24,596	18,600
County of Bruce Modified First Response grant	5,000	5,000	5,000
Other revenue	-	8,853	1,224
Transfer from reserve	-	-	-
	302,950	350,126	237,525
Expenditure			
Salaries	195,000	210,206	153,248
Vehicle operation	16,500	31,728	8,997
Equipment	21,500	19,918	9,611
Hydrant repairs	3,500	3,960	3,960
Building maintenance	9,200	17,372	9,891
Dispatch service	13,000	15,737	9,624
Training	11,750	19,423	12,730
Telephone	3,000	2,126	2,168
Utilities	12,150	9,811	9,253
Insurance	7,500	8,599	7,545
Licences, fees, administration	9,850	11,246	10,498
	302,950	350,126	237,525
Annual surplus	\$ 0	\$ 0	\$ 0

LUCKNOW AND DISTRICT FIRE DEPARTMENT JOINT BOARD OF MANAGEMENT NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2021

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 was paid to the Township of Huron-Kinloss (2020: \$2,500 Township of Ashfield-Colborne-Wawanosh).

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying statement of operations of the Lucknow Community Health Centre Board ("the Entity") for the year ended December 31, 2021 and the accompanying notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statement presents fairly, in all material respects, the financial operations of the Entity as at December 31, 2021 in accordance with Canadian public sector accounting standards (PSAB).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PSAB, 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.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT (continued)

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Seebach & Company

Chartered Professional Accountants
Licensed Public Accountants

Clinton, Ontario
July 19, 2022

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

For the year ended December 31	2021 Budget	2021 Actual	2020 Actual
Revenue			
Rentals	21,850	21,870	11,629
Other revenue		-	17,208
Operating contributions from participating municipalities			
Township of Ashfield-Colborne-Wawanosh	6,300	4,565	(1,815)
Township of Huron-Kinloss	6,300	4,565	(1,815)
	<u>34,450</u>	<u>31,000</u>	<u>25,207</u>
Expenditure			
Maintenance	19,200	17,725	13,135
Utilities	5,350	6,078	4,680
Property taxes	5,800	4,996	5,150
Insurance	1,600	1,701	1,438
Administration	2,500	500	804
	<u>34,450</u>	<u>31,000</u>	<u>25,207</u>
Annual surplus	\$ 0	\$ 0	\$ 0

For the year ended December 31, 2021

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 \$4,996 (2020: \$5,150) and water and sewer charges of \$2,140 (2020: \$2,080) to the Township of Huron-Kinloss.

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying statement of operations of the Lucknow and District Joint Recreation Board ("the Entity") for the year ended December 31, 2021 and the accompanying notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statement presents fairly, in all material respects, the financial operations of the Entity as at December 31, 2021 in accordance with Canadian public sector accounting standards (PSAB).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PSAB, 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.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

DRAFT

Seebach & Company
Chartered Professional Accountants

P.O. Box 758
41 Ontario Street
CLINTON, ONTARIO N0M 1L0
Tel:(519) 482-7979
Fax:(519) 482-5761
vbs@vbsca.ca

INDEPENDENT AUDITOR'S REPORT (continued)

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Seebach & Company

Chartered Professional Accountants
Licensed Public Accountants

Clinton, Ontario
July 19, 2022

LUCKNOW AND DISTRICT JOINT RECREATION BOARD
STATEMENT OF OPERATIONS

DRAFT

For the year ended December 31	2021 Budget	2021 Actual	2020 Actual
Revenue			
Arena			
Ice rentals	50,000	54,686	74,191
Arena rentals	3,500	1,675	2,266
Bar sales	28,300	17,749	33,583
Public skating	2,500	3,330	3,445
Advertising boards	10,000	12,969	11,925
Grants	20,000	20,571	45,932
Donations and other revenue	12,850	14,038	10,959
	127,150	125,018	182,301
Recreation receipts			
Hockey admissions	-	-	-
Hockey program	-	-	-
Skating program	4,000	7,440	2,025
Swimming pool	12,500	14,831	-
Baseball	12,500	14,630	3,191
Soccer	7,100	10,076	580
Daycamp	5,000	7,652	-
Other programs	2,500	1,020	840
	43,600	55,649	6,636
Total rentals and program revenue	170,750	180,667	188,937
Operating contributions from participating municipalities			
Township of Huron-Kinloss	210,900	143,343	104,360
Township of Ashfield-Colborne-Wawanosh	210,900	143,343	104,360
	421,800	286,686	208,719
Total revenue	592,550	467,353	397,656
Expenses			
Administration and general			
Salaries	167,000	155,061	126,096
Maintenance	42,300	46,874	28,902
Utilities	66,700	32,543	59,256
Insurance	10,500	13,953	12,061
Administration and training	19,050	13,634	13,185
	305,550	262,065	239,500
Arena and auditorium			
Salaries	84,000	55,286	68,383
Maintenance	54,450	40,257	19,718
Utilities	15,000	15,299	10,695
Bar purchases and profit share	25,000	12,272	24,654
	178,450	123,114	123,450
Recreation programs			
Other hockey expenses	-	(1,620)	200
Skating program	2,500	1,245	2,042
Ball and soccer program	5,800	3,233	129
Daycamp program	4,450	6,617	-
Pool salaries	38,400	20,296	2,039
Pool expenses	18,600	17,277	6,946
Fitness program	1,800	-	840
Parks	37,000	35,126	22,510
	108,550	82,174	34,706
Total expenses	592,550	467,353	397,656
Annual surplus	\$ 0	\$ 0	\$ 0

LUCKNOW AND DISTRICT JOINT RECREATION BOARD NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2021

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 (2020: \$5,000) was paid to the Township of Ashfield-Colborne-Wawanosh. Water and sewer fees of \$2,370 (2020: \$5,012) were paid to the Township of Huron-Kinloss.