

**TOWNSHIP OF HURON-KINLOSS
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023**

SEEBACH & COMPANY
Chartered Professional Accountants



The Corporation of the Township of Huron-Kinloss

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MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The accompanying consolidated financial statements of The Corporation of the Township of Huron-Kinloss (the "Municipality") are the responsibility of the Municipality's management and have been prepared in accordance with Canadian public sector accounting standards, established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada, as described in Note 1 to the consolidated financial statements.

The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Municipality's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded from loss, transactions are properly authorized and recorded, and reliable information is available on a timely basis for preparation of the consolidated financial statements. These statements are monitored and evaluated by the Municipality's management. Council meets with management and the external auditor to review the consolidated financial statements and discuss and significant financial reporting or internal control matters prior to their approval.

The financial statements have been audited by Seebach & Company, independent external auditors appointed by the Municipality. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Municipality's consolidated financial statements.

CORPORATION OF THE TOWNSHIP OF HURON-KINLOSS



Jodi MacArthur
CAO



Christine Heinisch
Treasurer

November 4, 2024

Seebach & Company
Chartered Professional Accountants

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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, 2023 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, 2023, 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.

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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
November 4, 2024

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

As at December 31		2023	2022
			restated - see note 2
Financial assets			
Cash and cash equivalents	Note 3	9,125,713	13,198,196
Taxes receivable		1,364,774	1,048,835
Accounts receivable		6,053,842	4,707,492
Long-term receivables	Note 4	373,522	336,150
Long-term investments	Note 5	770,285	770,285
		17,688,136	20,060,958
Liabilities			
Accounts payable and accrued liabilities		3,037,838	3,850,343
Deferred revenue	Schedule 2	927,877	1,653,906
Municipal debt	Note 7	134,488	118,170
Asset retirement obligations	Note 8	1,625,461	1,607,066
Post-employment benefits liability	Note 9	221,117	208,780
		5,946,781	7,438,265
Net financial assets		11,741,355	12,622,693
Non-financial assets			
Tangible capital assets	Note 10	81,407,102	68,456,188
Prepaid expenses		388,140	182,263
Inventory for resale		8,073	6,373
Accumulated surplus	Note 11	\$ 93,544,670	\$ 81,267,517

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	2023 Budget	2023 Actual	2022 Actual
			restated - see note 2
Revenue			
Taxation for municipal purposes	10,218,223	10,327,707	9,576,789
User fees	5,155,838	10,443,305	6,684,132
Government transfers	Note 12 5,919,180	6,745,043	4,031,583
Other	Note 13 2,654,813	2,400,459	1,296,722
	23,948,054	29,916,514	21,589,226
Expenditure			
General government	2,122,685	2,026,822	1,807,540
Protection services	2,807,595	3,065,839	3,218,712
Roadways	3,176,417	4,883,131	4,537,667
Environmental services	3,064,006	3,886,313	3,698,919
Health services	72,698	75,036	76,868
Recreation and culture	1,637,366	2,104,399	1,896,339
Planning and development	1,927,406	1,597,821	2,204,865
	14,808,173	17,639,361	17,440,910
Annual surplus	9,139,881	12,277,153	4,148,316
Accumulated surplus beginning of year	\$ 81,267,517	\$ 81,267,517	\$ 77,119,201
Accumulated surplus end of year	\$ 90,407,398	\$ 93,544,670	\$ 81,267,517

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	2023 Actual	2022 Actual
		restated - see note 2
Annual surplus	12,277,153	4,148,316
Amortization of tangible capital assets	3,077,242	2,914,883
Acquisition of tangible capital assets	(16,312,038)	(6,373,226)
Proceeds from sale of tangible capital assets	365,199	533,681
(Gain) loss on disposition of tangible capital assets	(81,317)	(341,868)
Decrease (increase) in prepaid expenses and inventory for resale	(207,577)	(30,568)
Increase (decrease) in net financial assets	(881,338)	851,218
Net financial assets beginning of year	\$ 12,622,693	\$ 11,771,475
Net financial assets end of year	\$ 11,741,355	\$ 12,622,693

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, 2023

1. Accounting policies

Management responsibility

The consolidated financial statements of the Corporation of the Township of Huron-Kinloss are the representation of management prepared in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

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 - 4.7%
- 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.

1. Accounting policies (cont'd)

e) cont'd

- 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. Asset retirement obligations are amortized using the same basis and useful life as the underlying asset.

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.

1. Accounting policies (cont'd)

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 expenditures are incurred or service is performed.

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) Asset retirement obligations

Asset retirement obligations represent the legal obligations associated with the retirement of a tangible capital asset that result from its acquisition, construction, development, or normal use.

The liability is recorded at an amount that is the best estimate of the expenditure required to retire a tangible capital asset at the financial statement date. This liability is subsequently reviewed at each financial reporting date and adjusted for the passage of time and for any revisions to the timing, amount required to settle the obligation or the discount rate.

Upon the initial measurement of an asset retirement obligation, a corresponding asset retirement cost is added to the carrying value of the related tangible capital asset if it is still in productive use. This cost is amortized over the useful life of the tangible capital asset. If the related tangible capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

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.

1. Accounting policies (cont'd)

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. Change in Accounting Policy

- (a) Effective January 1, 2023 the municipality adopted new Public Sector Accounting Handbook Standard PS 3280 - Asset Retirement Obligations. The standard requires recognition of Asset Retirement Obligations when there is a legal obligation to incur retirement costs. The new standard resulted in the withdrawal of the existing accounting standard PS 3270 Solid Waste Landfill Closure and Post-Closure Liability. As a result of the adoption, the presentation of the financial statements changed from the prior year. This change in accounting policy has been applied using the modified retroactive application with restatement of prior periods.

The municipality removed the landfill liability that had been recognized to date and recognized an asset retirement obligation, and associated tangible capital asset, upon adoption of PS 3280 on January 1, 2022. The liability represents the required closure and post-closure care for the landfill site owned by the municipality.

The impact of adoption of this standard was as follows:

	2022
Increase in tangible capital assets	\$ 335,468
Decrease in landfill liability	583,310
Increase in asset retirement obligations	(1,072,527)
Increase to transportation services expenses	5,684
Increase to health services expenses	565
Increase to recreation services expenses	855
Increase to environmental services expenses	<u>5,923</u>
Decrease in opening accumulated surplus	<u>\$ (140,722)</u>

The change in accounting policy resulted in a \$5,923 increase in the previously reported environmental services expenses, \$855 increase in recreation expenses, \$565 increase in health services expenses, and \$5,684 increase in transportation services expenses for the 2022 year and a corresponding decrease of \$13,027 in the previously reported annual surplus for the 2022 year.

- (b) On January 1, 2022, the municipality adopted the following standards on a prospective basis: PS 1201 Financial Statement Presentation, PS 2601 Foreign Currency Translation, PS 3041 Portfolio Investments and PS 3450 Financial Instruments. The adoption of these standards had no impact on the opening balances.

PS 1201 Financial Statement Presentation replaces PS 1200 Financial Statement Presentation. The standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the statement of remeasurement gains and losses separate from the statement of operations.

2. Change in Accounting Policy (cont'd)

PS 2601 Foreign Currency Translation replaces PS 2600 Foreign Currency Translation. The standard requires monetary assets and liabilities denominated in a foreign currency and non-monetary items denominated in a foreign currency that are reported at fair value, to be adjusted to reflect the exchange rates in effect at the financial statement date. Unrealized gains and losses arising from foreign currency changes are presented in the new statement of remeasurement gains and losses.

3. Cash

	2023	2022
Unrestricted	7,881,530	11,142,315
Restricted	927,876	1,653,906
Cash held by others	<u>316,307</u>	<u>401,975</u>
	\$ <u>9,125,713</u>	\$ <u>13,198,196</u>

4. Long-term receivables

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

	2023	2022
Property owners for capital costs, 4-5% interest, due 2023 through 2028	258,517	250,743
Tile drain loans receivable 6% - 8%, principal and interest payments, due 2023 through 2031	<u>115,005</u>	<u>85,407</u>
	\$ <u>373,522</u>	\$ <u>336,150</u>

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

2024	82,174
2025	77,334
2026	71,179
2027	58,176
2028	30,164
Thereafter	<u>54,495</u>
	\$ <u>373,522</u>

5. Long-term investments

	2023	2022
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.

6. Temporary borrowings

The township has an authorized line of credit at Meridian Credit Union. The outstanding amount as of December 31, 2023 was \$ Nil (2022- \$ Nil). The facility is secured by general borrowing by-laws.

7. Municipal debt

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

	2023	2022
Trust fund loans, 4-5% interest, maturing in 2024 through 2028	19,483	32,763
Tile drain loans payable to Ministry of Finance, responsibility for payment of principal and interest charges have been assumed by individuals, 6% - 8%, due 2024 through 2033	<u>115,005</u>	<u>85,407</u>
	\$ <u>134,488</u>	\$ <u>118,170</u>

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

2024	31,372
2025	19,539
2026	16,891
2027	15,075
2028	13,424
Thereafter	<u>38,187</u>
	\$ <u>134,488</u>

8. Asset Retirement Obligations

The Municipality's financial statements include an asset retirement obligation for the Huron Landfill and the Kinloss Landfill. The related asset retirement costs are being amortized on a straight line basis.

The liability for the Huron Landfill has been estimated using a net present value technique with a discount rate of 2% (2022: 2%). The estimated total undiscounted future expenditures are \$783,764 (2022: \$783,764), with closure costs expected to begin in 2030 and liabilities expected to be fully settled in 2049.

The liability for the Kinloss Landfill has been estimated using a net present value technique with a discount rate of 2% (2022: 2%). The estimated total undiscounted future expenditures are \$563,110 (2022: \$563,110), with closure costs expected to begin in 2045 and liabilities expected to be fully settled in 2064.

The liability for the Municipality's share of the Mid-Huron Landfill has been estimated using a net present value technique with a discount rate of 2% (2022: 2%). The estimated total undiscounted future expenditures are \$841,512 (2022: \$855,262), which are to be incurred over 50 years. The liability is expected to be fully settled in 50 years. The Mid-Huron Landfill Site Board has set aside reserve funds to fund post closure costs of which the Municipality's share is \$236,539 (2022: \$240,127). The Municipality has set aside a further reserve of \$8,600 (2022: \$8,600).

The Municipality owns facilities which contain asbestos, and therefore, the Municipality is legally required to perform abatement activities upon renovation or demolition of these assets. Abatement activities include handling and disposing of the asbestos in a prescribed manner when it is disturbed. The estimated total undiscounted future expenditures are \$60,221 (2022: \$60,221) and abatement activities are expected to be performed in the next 5 to 10 years. The liability has been estimated using a net present value technique with a discount rate of 2% (2022: 2%).

The Municipality owns a gravel pit and is legally required to rehabilitate the site upon depletion. The estimated total undiscounted future expenditures are \$120,000 (2022: \$120,000). The site is currently depleted and rehabilitation is expected to be performed in 3 years. The liability has been estimated using a net present value technique with a discount rate of 2% (2022: 2%).

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

TOWNSHIP OF HURON-KINLOSS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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December 31, 2023

8. Asset Retirement Obligations (cont'd)

The carrying amount of the liabilities are as follows:

	Township- Owned Landfills	Share of Mid-Huron Landfill	Asbestos	Gravel Pit	Total
Asset retirement obligation as at December 31, 2022	909,691	534,539	51,975	110,861	1,607,066
Increase due to accretion expense	18,197	10,691	1,040	2,217	32,145
Settlements and adjustments	<u> </u>	<u>(13,750)</u>	<u> </u>	<u> </u>	<u>(13,750)</u>
Asset retirement obligation as at December 31, 2023	<u>\$ 927,888</u>	<u>\$ 531,480</u>	<u>\$ 53,015</u>	<u>\$ 113,078</u>	<u>\$ 1,625,461</u>

9. 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 \$221,117 as at the year end (2022: \$208,780).

10. 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.

11. Schedule of accumulated surplus

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

	2023	2022 (restated)
Invested in tangible capital assets		
Net tangible capital assets	81,407,102	68,456,188
Unexpended capital financing (Unfunded capital assets)	<u>(2,159,356)</u>	<u>(2,200,521)</u>
	79,247,746	66,255,667
Unfunded		
Asset retirement obligations	(1,625,461)	(1,607,066)
Post-employment benefits liability	(221,117)	(208,780)
Other surplus	<u>425,413</u>	<u>386,387</u>
	77,826,581	64,826,208
Reserves	<u>15,718,089</u>	<u>16,441,309</u>
Accumulated surplus	<u>\$ 93,544,670</u>	<u>\$ 81,267,517</u>

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

TOWNSHIP OF HURON-KINLOSS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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December 31, 2023

12. Government transfers

	2023	2022
Province of Ontario		
Ontario Municipal Partnership Fund	1,197,100	1,121,700
Ontario Community Infrastructure Fund	710,948	618,216
Investing in Canada Infrastructure Program (ICIP)	2,803,442	802,374
Ontario Trillium Fund	300,032	318,568
Municipal Modernization Program	3,556	162,169
Skills Development Fund	307,885	245,497
Ministry of Agriculture, Food & Rural Affairs - municipal drains	208,452	21,243
Other capital	-	-
Other operating	<u>236,977</u>	<u>386,655</u>
	<u>5,768,392</u>	<u>3,676,422</u>
Government of Canada		
Canada Community Building Fund	969,089	307,936
Other capital	3,562	17,725
Other operating	<u>4,000</u>	<u>28,000</u>
	<u>976,651</u>	<u>353,661</u>
Other municipalities	<u>-</u>	<u>1,500</u>
Total government transfers	\$ <u>6,745,043</u>	\$ <u>4,031,583</u>

13. Other revenue

	2023	2022
Penalties and interest on taxation	162,253	147,262
Investment income	541,484	289,567
Nuclear Waste Management	1,615,405	518,025
Gain (loss) on disposal of capital assets	<u>81,317</u>	<u>341,868</u>
	\$ <u>2,400,459</u>	\$ <u>1,296,722</u>

14. 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:

	2023	2022
County of Bruce	\$ 7,033,720	\$ 6,337,404
School Boards	2540,095	2,473,750

15. Trust funds

Trust funds administered by the township amounting to \$132,237 (2022: \$127,287A) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of financial activities.

	2023	2022
Cemetery Care and Maintenance	\$ 130,237	\$ 125,287
MacKenzie Scholarship Trust Fund	2,000	2,000

16. 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 \$220,066 (2022: \$241,331) 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.

17. Contractual obligation

The township has contracted with Veolia Water Canada Inc for the operation of certain water and sewage systems until December 2024 at an annual fee of \$752,900 plus tax.

The township has contracted with Bruce Area Solid Waste Recycling for garbage collection until March 2026 at an annual fee of \$194,593 plus tax.

18. 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.

19. 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.

20. 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 2023 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	14,793,000
Net transfers to reserves	(5,898,119)
Unfunded capital projects in process	(1,030,000)
Budgeted surplus reported on statement of operations	\$ <u>7,864,881</u>

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' 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	4,977,098	301,842	1,261,989
Financial liabilities	<u>10,904,614</u>	<u>390,065</u>	<u>208,967</u>
Net financial asset (debt)	(5,927,516)	(88,223)	1,053,022
Non-financial assets	<u>133,279</u>	<u>706,096</u>	<u>1,662,338</u>
Accumulated surplus	<u>(5,794,237)</u>	<u>617,873</u>	<u>2,715,360</u>
Revenues	420,835	2,158,413	3,829,826
Expenses	<u>341,792</u>	<u>1,914,145</u>	<u>4,389,478</u>
Annual surplus (deficit)	<u>\$79,043</u>	<u>\$ 244,268</u>	<u>\$ (559,652)</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 disposal services. The landfill is now in the post closure rehabilitation stage.

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 \$40,968 (2022: \$33,266) 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 \$157,879 (2022: \$159,829) for garbage, recycling and cardboard collection services.

TOWNSHIP OF HURON-KINLOSS

CONSOLIDATED SCHEDULE OF CONTINUITY OF RESERVES AND RESERVE FUNDS

Schedule 1

For the Year Ended December 31, 2023

	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	1,212,514		64,321		64,321	258,214		258,214	1,018,621
for protection services	513,623		51,635		51,635			-	565,258
for transportation services	1,130,003		194,251		194,251			-	1,324,254
for water and sewer	5,463,501	65,016	1,024,837		1,089,853		2,129,473	2,129,473	4,423,881
for landfill sites and recycling	416,794		16,914		16,914	2,450	87,337	89,787	343,921
for health services	24,840		-		-		2,702	2,702	22,138
for social and family services	-		4,091		4,091			-	4,091
for recreation and cultural services	118,351		10,537		10,537	19,840		19,840	109,048
for planning and development	2,739		3,600		3,600			-	6,339
for capital projects	4,428,065		1,162,879		1,162,879	7,000	1,136,294	1,143,294	4,447,650
	13,310,430	65,016	2,533,065	-	2,598,081	287,504	3,355,806	3,643,310	12,265,201
Reserve funds									
for general government	1,147,433	56,145	150,000		206,145	135,262		135,262	1,218,316
for environmental services	1,746,994	91,244	533,344		624,588	12,700	357,174	369,874	2,001,708
MidHuron landfill	236,452		-		-	3,588		3,588	232,864
	3,130,879	147,389	683,344	-	830,733	151,550	357,174	508,724	3,452,888
	16,441,309	212,405	3,216,409	-	3,428,814	439,054	3,712,980	4,152,034	15,718,089

CONSOLIDATED SCHEDULE OF DEFERRED REVENUE

Schedule 2

For the Year Ended December 31, 2023

	Balance, beginning of year	Revenues and contributions				Transfers			Balance, end of year
		Interest	From Operations	Other	Total	To Operations	To Capital Acquisitions	Total	
Canada Community Building Fund	1,273,797	51,436		233,942	285,378		969,089	969,089	590,086
Parklands and Development	341,777	17,501		63,416	80,917	84,903		84,903	337,791
Ontario Trillium Foundation	38,332			-	-		38,332	38,332	-
	1,653,906	68,937	-	297,358	366,295	84,903	1,007,421	1,092,324	927,877

Township of Huron-Kinloss
Consolidated Schedule of Tangible Capital Assets
For the Year Ended December 31, 2023

Schedule 3A

	General				Infrastructure					Total Net Book Value 2023	Total Net Book Value 2022
	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	5,208,462	7,631,909	3,842,487	7,160,546	32,014,234	7,636,390	7,827,091	12,208,783	33,733,973	117,263,875	111,715,815
Reallocations and adjustments										-	-
Additions during the year	323,556	627,037	751,636	1,366,814	3,666,013	856,192	2,619,919	3,556,476	2,544,395	16,312,038	6,373,226
Disposals and adjustments	(1)		(20,931)	(641,069)	(160,334)	(61,941)			(198,636)	(1,082,912)	(825,166)
Balance, end of year	<u>5,532,017</u>	<u>8,258,946</u>	<u>4,573,192</u>	<u>7,886,291</u>	<u>35,519,913</u>	<u>8,430,641</u>	<u>10,447,010</u>	<u>15,765,259</u>	<u>36,079,732</u>	<u>132,493,001</u>	<u>117,263,875</u>
Accumulated amortization											
Balance, beginning of year	1,168,730	3,876,247	2,189,314	3,795,667	15,780,718	3,924,026	1,882,913	5,629,777	10,560,295	48,807,687	46,526,157
Reallocations and adjustments	-	-	-	-	-	-	-	-	-	-	-
Amortization during the year	145,222	212,373	220,198	466,289	1,143,831	126,746	108,078	196,651	457,854	3,077,242	2,914,883
Adjustments and accumulated amortization on disposals			(19,097)	(510,457)	(152,810)	(24,698)			(91,968)	(799,030)	(633,353)
Balance, end of year	<u>1,313,952</u>	<u>4,088,620</u>	<u>2,390,415</u>	<u>3,751,499</u>	<u>16,771,739</u>	<u>4,026,074</u>	<u>1,990,991</u>	<u>5,826,428</u>	<u>10,926,181</u>	<u>51,085,899</u>	<u>48,807,687</u>
Net Book Value	<u>4,218,065</u>	<u>4,170,326</u>	<u>2,182,777</u>	<u>4,134,792</u>	<u>18,748,174</u>	<u>4,404,567</u>	<u>8,456,019</u>	<u>9,938,831</u>	<u>25,153,551</u>	<u>\$ 81,407,102</u>	<u>\$ 68,456,188</u>

Township of Huron-Kinloss
Consolidated Schedule of Tangible Capital Assets
For the Year Ended December 31, 2023

Schedule 3B

	General Government	Protection	Roads	Storm Sewers	Water and sewer	Waste collection, disposal	Health	Recreation and Cultural	Planning and Development	Total Net Book Value 2023	Total Net Book Value 2022
Cost											
Balance, beginning of year	1,100,357	3,632,689	47,296,940	7,832,093	47,407,619	1,272,309	597,937	8,098,496	25,435	117,263,875	111,715,815
Additions during the year	34,755	679,441	5,141,029	2,619,920	6,438,625	222,356	29,173	1,146,739		16,312,038	6,373,226
Disposals during the year	(4,062)	(6,256)	(859,675)		(198,636)			(14,283)		(1,082,912)	(825,166)
Balance, end of year	<u>1,131,050</u>	<u>4,305,874</u>	<u>51,578,294</u>	<u>10,452,013</u>	<u>53,647,608</u>	<u>1,494,665</u>	<u>627,110</u>	<u>9,230,952</u>	<u>25,435</u>	<u>132,493,001</u>	<u>117,263,875</u>
Accumulated Amortization											
Balance, beginning of year	544,434	1,988,445	23,092,756	1,882,913	16,538,864	727,844	132,031	3,893,961	6,439	48,807,687	46,526,157
Amortization during the year	42,211	191,131	1,682,498	108,078	697,189	48,640	16,852	289,872	771	3,077,242	2,914,883
Adjustments and accumulated amortization on disposals	(4,062)	(6,257)	(721,569)		(91,967)	2,958		21,867		(799,030)	(633,353)
Balance, end of year	<u>582,583</u>	<u>2,173,319</u>	<u>24,053,685</u>	<u>1,990,991</u>	<u>17,144,086</u>	<u>779,442</u>	<u>148,883</u>	<u>4,205,700</u>	<u>7,210</u>	<u>51,085,899</u>	<u>48,807,687</u>
Net Book Value	<u>548,467</u>	<u>2,132,555</u>	<u>27,524,609</u>	<u>8,461,022</u>	<u>36,503,522</u>	<u>715,223</u>	<u>478,227</u>	<u>5,025,252</u>	<u>18,225</u>	<u>\$ 81,407,102</u>	<u>\$ 68,456,188</u>

Township of Huron-Kinloss
Segmented Information
For the Year Ended December 31, 2023

Schedule 4

	General Government	Police Protection	Fire Protection	Inspections and controls	Other Protection	Roads and Street lights	Water and sewer	Waste Disposal	Health and social	Recreation and Culture	Zoning and Development	Total 2023	Total 2022
Revenue													
Taxation	10,327,707											10,327,707	9,576,789
User fees	55,010		35,548	250,319	293,824	4,696,486	3,257,917	698,967	50,291	705,640	399,303	10,443,305	6,684,132
Government transfers	1,570,304	8,274	-			1,703,607	2,803,442	128,521		311,406	219,489	6,745,043	4,031,583
Other	2,400,459											2,400,459	1,296,722
	<u>14,353,480</u>	<u>8,274</u>	<u>35,548</u>	<u>250,319</u>	<u>293,824</u>	<u>6,400,093</u>	<u>6,061,359</u>	<u>827,488</u>	<u>50,291</u>	<u>1,017,046</u>	<u>618,792</u>	<u>29,916,514</u>	<u>21,589,226</u>
Operating expenditure													
Wages, salaries and benefits	1,267,598	525	330,076	260,391	89,620	1,146,921	13,775	422,805	18,709	925,143	492,574	4,968,137	3,846,900
Contract services	208,997	1,303,698	61,698	54,524	575,767	918,695	888,136	416,761	10,562	290,010	562,428	5,291,276	5,195,133
Materials	508,016	2,717	161,585	29,887	4,220	1,026,939	906,495	492,512	28,913	599,374	542,048	4,302,706	3,381,945
Amortization	42,211	-	187,735	-	3,396	1,790,576	697,189	48,640	16,852	289,872	771	3,077,242	2,803,224
	<u>2,026,822</u>	<u>1,306,940</u>	<u>741,094</u>	<u>344,802</u>	<u>673,003</u>	<u>4,883,131</u>	<u>2,505,595</u>	<u>1,380,718</u>	<u>75,036</u>	<u>2,104,399</u>	<u>1,597,821</u>	<u>17,639,361</u>	<u>15,227,202</u>
Net revenue (expense)	<u>12,326,658</u>	<u>(1,298,666)</u>	<u>(705,546)</u>	<u>(94,483)</u>	<u>(379,179)</u>	<u>1,516,962</u>	<u>3,555,764</u>	<u>(553,230)</u>	<u>(24,745)</u>	<u>(1,087,353)</u>	<u>(979,029)</u>	<u>12,277,153</u>	<u>6,362,024</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, 2023 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, 2023, 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.

Seebach & Company
Chartered Professional Accountants

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CLINTON, ONTARIO N0M 1L0
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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 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
November 4, 2024

TOWNSHIP OF HURON-KINLOSS TRUST FUNDS

STATEMENT OF CONTINUITY

For the Year Ended December 31	Total		Cemetery Perpetual Care		MacKenzie Scholarship Trust Fund	
	2023	2022	2023	2022	2023	2022
Balance beginning of year	127,287	123,027	125,287	121,027	2,000	2,000
Receipts						
Perpetual care	4,950	4,260	4,950	4,260	-	-
Interest earned	6,835	4,019	6,735	3,919	100	100
	11,785	8,279	11,685	8,179	100	100
Expenditure						
Transfers to cemetery	6,735	3,919	6,735	3,919	-	-
Scholarship	100	100	-	-	100	100
	6,835	4,019	6,735	3,919	100	100
Balance end of year	\$ 132,237	127,287	\$ 130,237	125,287	\$ 2,000	2,000

BALANCE SHEET

As at December 31	Total		Cemetery Perpetual Care		MacKenzie Scholarship Trust Fund	
	2023	2022	2023	2022	2023	2022
Assets						
Cash	117,489	96,444	117,489	96,444	-	-
Investments, cost	19,483	32,762	19,483	32,762	-	-
Due from municipality	2,000	2,000	-	-	2,000	2,000
Liabilities						
Due to cemetery	(6,735)	(3,919)	(6,735)	(3,919)	-	-
Net assets	132,237	127,287	130,237	125,287	2,000	2,000
Trust fund balances	\$ 132,237	127,287	\$ 130,237	125,287	\$ 2,000	2,000

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

For the Year Ended December 31, 2023

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, 2023 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, 2023 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.

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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
November 4, 2024

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

For the year ended December 31	2023 Budget	2023 Actual	2022 Actual
Revenue			
Operating contributions from participating municipalities			
Township of Ashfield-Colborne-Wawanosh	168,950	175,934	135,609
Township of Huron-Kinloss	168,950	175,934	135,609
Fire calls	-	27,700	26,434
County of Bruce Modified First Response grant	5,000	5,000	5,000
Other revenue	-	17,609	13,465
	<u>342,900</u>	<u>402,177</u>	<u>316,116</u>
Expenditure			
Salaries	230,000	238,907	205,958
Vehicle operation	14,000	39,146	10,400
Equipment	13,500	25,037	2,108
Hydrant repairs	4,000	3,840	3,720
Building maintenance	12,200	18,263	18,180
Dispatch service	22,000	9,625	20,934
Training	14,000	18,176	17,666
Telephone	2,000	2,218	2,390
Utilities	10,200	11,716	11,866
Insurance	10,000	12,060	10,312
Licences, fees, administration	11,000	23,189	12,582
	<u>342,900</u>	<u>402,177</u>	<u>316,116</u>
Annual surplus	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

For the year ended December 31, 2023

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 (2022: \$2,500).

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, 2023 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, 2023 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.

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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
November 4, 2024

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

For the year ended December 31	2023 Budget	2023 Actual	2022 Actual
Revenue			
Rentals	23,714	23,714	22,661
Other revenue		-	-
Operating contributions from participating municipalities			
Township of Ashfield-Colborne-Wawanosh	7,323	553	3,626
Township of Huron-Kinloss	7,323	553	3,626
	38,360	24,820	29,913
Expenditure			
Maintenance	19,500	10,639	15,944
Utilities	7,310	6,101	6,410
Property taxes	5,800	5,304	5,120
Insurance	2,250	2,276	1,939
Administration	3,500	500	500
	38,360	24,820	29,913
Annual surplus	\$ 0	\$ 0	\$ 0

LUCKNOW COMMUNITY HEALTH CENTRE BOARD NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2023

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 \$5,304 (2022: \$5,120) and water and sewer charges of \$2,260 (2022: \$2,200) to the Township of Huron-Kinloss, and \$2,790 maintenance charges to the Township of Ashfield-Colborne-Wawanosh (2022: \$1,370).

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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, 2023 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, 2023 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.

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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
November 4, 2024

LUCKNOW AND DISTRICT JOINT RECREATION BOARD

STATEMENT OF OPERATIONS

For the year ended December 31	2023 Budget	2023 Actual	2022 Actual
Revenue			
Arena			
Ice rentals	118,000	121,011	100,554
Arena rentals	4,700	6,566	5,948
Bar sales	47,350	54,934	51,575
Public skating	4,500	9,450	5,538
Advertising boards	12,000	16,524	13,450
Grass cutting/watering	14,000	14,000	10,490
Grants	-	-	24,696
Donations and other revenue	1,425	12,418	4,074
	<u>201,975</u>	<u>234,903</u>	<u>216,325</u>
Recreation receipts			
Hockey insurance recovery	1,800	2,080	1,880
Skating program	6,500	9,210	7,272
Swimming pool	13,500	17,069	18,114
Baseball	15,000	18,564	20,597
Soccer	9,600	11,998	11,605
Daycamp	8,000	12,830	9,123
Other programs	1,000	-	875
	<u>55,400</u>	<u>71,751</u>	<u>69,466</u>
Total rentals and program revenue	<u>257,375</u>	<u>306,654</u>	<u>285,791</u>
Operating contributions from participating municipalities			
Township of Huron-Kinloss	229,237	174,575	139,985
Township of Ashfield-Colborne-Wawanosh	229,238	174,575	139,985
	<u>458,475</u>	<u>349,149</u>	<u>279,970</u>
Total revenue	<u>715,850</u>	<u>655,803</u>	<u>565,761</u>
Expenses			
Administration and general			
Salaries	185,000	180,647	152,402
Maintenance	55,350	40,137	40,252
Utilities	63,250	56,815	44,938
Insurance	20,000	19,877	16,543
Administration and training	31,250	28,043	19,568
	<u>354,850</u>	<u>325,519</u>	<u>273,703</u>
Arena and auditorium			
Salaries	122,050	122,967	93,969
Maintenance	27,150	26,981	28,052
Utilities	29,000	20,306	25,787
Bar purchases and profit share	40,950	40,585	38,782
	<u>219,150</u>	<u>210,839</u>	<u>186,590</u>
Recreation programs			
Skating program	2,500	2,449	2,184
Ball and soccer program	7,900	7,270	10,241
Daycamp program	7,600	8,321	7,578
Pool salaries	33,950	23,844	20,442
Pool expenses	27,100	22,937	21,341
Fitness program	800	-	-
Parks	62,000	54,624	43,682
	<u>141,850</u>	<u>119,445</u>	<u>105,468</u>
Total expenses	<u>715,850</u>	<u>655,803</u>	<u>565,761</u>
Annual surplus	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

LUCKNOW AND DISTRICT JOINT RECREATION BOARD NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2023

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 (2022: \$5,000) was paid to the Township of Ashfield-Colborne-Wawanosh. Water and sewer fees of \$5,212 (2022: \$3,692) were paid to the Township of Huron-Kinloss.