

**TOWNSHIP OF HURON-KINLOSS  
CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

***SEEBACH & COMPANY***  
***Chartered Professional Accountants***

## INDEPENDENT AUDITOR'S REPORT

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

### *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, 2020 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, 2020, 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  
August 16, 2021

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

<b>As at December 31</b>		<b>2020</b>	<b>2019</b>
<b>Financial assets</b>			
Cash and cash equivalents	Note 2	<b>9,444,677</b>	8,581,572
Taxes receivable		<b>1,190,431</b>	1,072,122
Accounts receivable		<b>2,161,491</b>	1,794,613
Long-term receivables	Note 3	<b>522,987</b>	675,727
Long-term investments	Note 4	<b>770,285</b>	770,285
		<b>14,089,871</b>	12,894,319
<b>Liabilities</b>			
Accounts payable and accrued liabilities		<b>1,697,492</b>	1,545,812
Deferred revenue	Schedule 2	<b>1,190,226</b>	1,184,928
Municipal debt	Note 6	<b>179,424</b>	265,511
Landfill closure and post closure liability	Note 7	<b>1,089,364</b>	1,070,582
Post-employment benefits liability	Note 8	<b>229,854</b>	208,555
		<b>4,386,360</b>	4,275,388
<b>Net financial assets</b>		<b>9,703,511</b>	8,618,931
<b>Non-financial assets</b>			
Tangible capital assets	Note 9	<b>64,261,505</b>	62,155,533
Prepaid expenses		<b>137,669</b>	117,464
Inventory for resale		<b>4,555</b>	7,847
<b>Accumulated surplus</b>	Note 10	<b>\$ 74,107,240</b>	\$ 70,899,775

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	2020 Budget	2020 Actual	2019 Actual
<b>Revenue</b>			
Taxation for municipal purposes	8,882,383	<b>8,844,497</b>	8,289,834
User fees	4,576,051	<b>5,323,868</b>	5,093,601
Government transfers	Note 11 1,726,269	<b>2,391,335</b>	3,061,697
Other	Note 12 974,124	<b>1,184,408</b>	1,187,015
	<u>16,158,827</u>	<u><b>17,744,108</b></u>	<u>17,632,147</u>
<b>Expenditure</b>			
General government	1,618,295	<b>1,639,984</b>	1,458,734
Protection services	2,664,455	<b>2,901,855</b>	2,743,885
Roadways	2,773,067	<b>4,102,815</b>	3,916,085
Environmental services	2,154,245	<b>3,125,573</b>	2,894,442
Health services	70,185	<b>77,498</b>	51,929
Social and family services	-	-	-
Recreation and culture	1,399,493	<b>1,376,121</b>	1,774,084
Planning and development	650,020	<b>1,312,797</b>	1,400,367
	<u>11,329,760</u>	<u><b>14,536,643</b></u>	<u>14,239,526</u>
<b>Annual surplus</b>	4,829,067	<b>3,207,465</b>	3,392,621
<b>Accumulated surplus beginning of year</b>	\$ 70,899,775	<b>\$ 70,899,775</b>	\$ 67,507,154
<b>Accumulated surplus end of year</b>	<u>\$ 75,728,842</u>	<u><b>\$ 74,107,240</b></u>	<u>\$ 70,899,775</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	2020 Actual	2019 Actual
Annual surplus	<b>3,207,465</b>	3,392,621
Amortization of tangible capital assets	<b>2,666,762</b>	2,441,002
Acquisition of tangible capital assets	<b>(4,882,498)</b>	(5,755,832)
Proceeds from sale of tangible capital assets	<b>8,358</b>	63,773
(Gain) loss on disposition of tangible capital assets	<b>101,406</b>	222,525
Decrease (increase) in prepaid expenses and inventory for resale	<b>(16,913)</b>	(23,680)
Increase (decrease) in net financial assets	<b>1,084,580</b>	340,409
Net financial assets beginning of year	<b>\$ 8,618,931</b>	\$ 8,278,522
Net financial assets end of year	<b>\$ 9,703,511</b>	\$ 8,618,931

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	2020	2019
<b>Operating activities</b>		
Annual surplus	3,207,465	3,392,621
Decrease (increase) in taxes receivable	(118,309)	(30,348)
Decrease (increase) in accounts receivable	(366,878)	93,217
Decrease (increase) in non-financial assets	(16,913)	(23,680)
Increase (decrease) in accounts payable	151,680	(1,543,479)
Increase (decrease) in deferred revenue	5,298	187,327
Increase (decrease) in landfill closure liability	18,782	79,080
Increase (decrease) in post-employment benefits liability	21,299	6,876
	<u>(305,041)</u>	<u>(1,231,007)</u>
Non-cash charges to operations		
Amortization	2,666,762	2,441,002
Loss (gain) on disposal of capital assets	101,406	222,522
Working capital from operations	<u>2,768,168</u>	<u>2,663,524</u>
	<u>5,670,592</u>	<u>4,825,138</u>
<b>Capital</b>		
Acquisition of tangible capital assets	(4,882,498)	(5,755,832)
Proceeds from sale of tangible capital assets	8,358	63,776
Net investment in tangible capital assets	<u>(4,874,140)</u>	<u>(5,692,056)</u>
<b>Investing activities</b>		
Issuance of loans receivable	(16,837)	(16,837)
Repayments of loans receivable	169,577	119,630
Cash provided by (used for) investing activities	<u>152,740</u>	<u>102,793</u>
<b>Financing activities</b>		
Loan proceeds	46,400	46,400
Payments on long-term debt	(132,487)	(99,140)
Cash provided by (used for) financing activities	<u>(86,087)</u>	<u>(52,740)</u>
<b>Increase (decrease) in cash position</b>	<b>863,105</b>	<b>(816,865)</b>
<b>Cash beginning of year</b>	<b>8,581,572</b>	<b>9,398,437</b>
<b>Cash end of year</b>	<b><u>\$ 9,444,677</u></b>	<b><u>\$ 8,581,572</u></b>

The accompanying notes are an integral part of these financial statements

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

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**For the year ended December 31, 2020**

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**1. Accounting policies**

Management responsibility

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

Significant accounting policies adopted by the township are as follows:

a) Reporting entity

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

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

- Bruce Area Solid Waste Recycling - 12.42% (2019- 12.42%)
- Mid-Huron Landfill Site Board - 4.9%
- Saugeen Mobility and Regional Transit - 7.9% (2019- 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**

	<b>2020</b>	<b>2019</b>
Unrestricted	7,759,240	6,868,445
Restricted	1,190,226	1,184,928
Cash held by others	<u>495,211</u>	<u>528,199</u>
	<b>\$ <u>9,444,677</u></b>	<b>\$ <u>8,581,572</u></b>

**3. Long-term receivables**

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

	<b>2020</b>	<b>2019</b>
Property owners for capital costs, 4-5% interest, due 2021 through 2028	401,371	479,828
Tile drain loans receivable 6% - 8%, principal and interest payments, due 2021 through 2028	<u>121,616</u>	<u>195,899</u>
	<b>\$ <u>522,987</u></b>	<b>\$ <u>675,727</u></b>

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

2021	108,944
2022	95,651
2023	84,987
2024	77,311
2025	59,717
Thereafter	<u>96,377</u>
	<b>\$ <u>522,987</u></b>

**4. Long-term investments**

	<b>2020</b>	<b>2019</b>
Note receivable, Westario Power Inc.	370,285	370,285
Common shares, Westario Power Holdings Inc.	<u>400,000</u>	<u>400,000</u>
	<b>\$ <u>770,285</u></b>	<b>\$ <u>770,285</u></b>

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

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

**5. Temporary borrowings**

The township has an authorized line of credit at Royal Bank. The outstanding amount as of December 31, 2020 was \$ Nil (2019- \$ 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:

	<b>2020</b>	<b>2019</b>
Trust fund loans, 4-5% interest, maturing in 2021 through 2028	57,808	69,612
Tile drain loans payable to Ministry of Finance, responsibility for payment of principal and interest charges have been assumed by individuals, 6% - 8%, due 2021 through 2028	<u>121,616</u>	<u>195,899</u>
	<u>\$ 179,424</u>	<u>\$ 265,511</u>

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

2021	44,911
2022	37,782
2023	33,815
2024	25,449
2025	13,260
Thereafter	<u>24,207</u>
	<u>\$ 179,424</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 \$1,089,363 (2019: \$1,070,582). The liability is recorded based on the capacity of the landfill used to date.

The Huron site, for which the reported liability is \$472,400, has an estimated remaining capacity of 82,810 cubic metres and a remaining life of 9 years. The Kinloss site, for which the reported liability is \$77,540, has an estimated remaining capacity of 137,000 cubic metres and has a remaining life of 26 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 \$539,423 (2019: \$541,472). The Mid-Huron Landfill Site Board has set aside a reserve funds for perpetual care of which the townships proportionate share is \$246,702.

**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 \$229,854 as at the year end (2019: \$208,555).

**9. Tangible capital assets**

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

## i) Contributed tangible capital assets

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

## ii) Tangible capital assets recognized at nominal value

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

**10. Schedule of accumulated surplus**

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

	<b>2020</b>	<b>2019</b>
Invested in tangible capital assets		
Net tangible capital assets	64,261,505	62,155,533
Unexpended capital financing (Unfunded capital assets)	(1,319,393)	(420,456)
Capital assets financed by long-term debt	<u>-</u>	<u>-</u>
	62,942,112	61,735,077
Unfunded		
Solid waste landfill closure and post closure liability	(1,089,364)	(1,070,582)
Post-employment benefits liability	(229,854)	(208,555)
Other surplus	<u>423,060</u>	<u>423,060</u>
	62,045,951	60,879,000
Reserves	<u>12,061,286</u>	<u>10,020,775</u>
Accumulated surplus	<u>\$ 74,107,240</u>	<u>\$ 70,899,775</u>

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

**11. Government transfers**

	<b>2020</b>	<b>2019</b>
<b>Operating</b>		
Province of Ontario		
Ontario Municipal Partnership Fund	1,055,600	1,050,000
Conditional - Other	<u>563,157</u>	<u>845,951</u>
	1,618,757	1,895,951
Government of Canada		
Conditional - Other	-	6,142
<b>Capital</b>		
Province of Ontario		
Conditional - Water, sewer and other	282,998	599,282
Government of Canada		
Conditional - Water, sewer and other	489,580	560,322
Other Municipalities		
Conditional - Water, sewer and other	<u>-</u>	<u>-</u>
<b>Total government transfers</b>	<u>\$ 2,391,335</u>	<u>\$ 3,061,697</u>

**12. Other revenue**

	<b>2020</b>	<b>2019</b>
Penalties and interest on taxation	133,727	147,370
Investment income	190,928	161,015
Ontario Power Generation	46,233	45,967
Nuclear Waste Management	914,926	1,055,185
Gain (loss) on disposal of capital assets	<u>(101,406)</u>	<u>(222,522)</u>
	<b>\$ 1,184,408</b>	<b>\$ 1,187,015</b>

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

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

	<b>2020</b>	<b>2019</b>
County of Bruce	\$ 5,573,186	\$ 5,252,312
School Boards	2,429,066	2,466,470

**14. Trust funds**

Trust funds administered by the township amounting to \$120,762 (2019: \$117,562) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of financial activities.

	<b>2020</b>	<b>2019</b>
Cemetery Care and Maintenance	\$ 118,762	\$ 115,562
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 \$205,465 (2019 \$182,371) for current services and is included as an expenditure on the consolidated statement of financial activities.

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

**16. Contractual obligation**

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

The township has contracted with Bruce Area Solid Waste Recycling for garbage collection until March 2021 at an annual fee of \$150,643. Since the year-end, the contract has been renewed until March 2024 at an annual cost 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	6,276,750
Net transfers to reserves	(1,447,683)
Debt principal repayments	-
Budgeted surplus reported on statement of operations	<u>\$ 4,829,067</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	5,135,879	166,306	2,517,711
Financial liabilities	<u>11,034,800</u>	<u>219,401</u>	<u>256,318</u>
Net financial asset (debt)	(5,898,921)	(53,095)	2,261,393
Non-financial assets	<u>138,844</u>	<u>523,352</u>	<u>1,398,521</u>
Accumulated surplus	<u>(5,760,077)</u>	<u>470,257</u>	<u>3,659,914</u>
Revenues	177,146	1,532,861	3,007,471
Expenses	<u>280,316</u>	<u>1,422,393</u>	<u>3,193,011</u>
Annual surplus (deficit)	\$ <u>(103,170)</u>	\$ <u>110,468</u>	\$ <u>(185,540)</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 \$54,837 (2019: \$52,894) 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 \$136,572 (2019: \$121,006) 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, 2020

	Balance, beginning of year	Revenues and contributions			Transfers			Balance, end of year	
		Interest	From Operations	Other	Total	To Operations	To Capital Acquisitions		Total
<b>Reserves</b>									
for general government	1,360,624		384,612		384,612	22,092	251,916	274,008	<b>1,471,228</b>
for protection services	206,034		60,000		60,000	12,202		12,202	<b>253,832</b>
for transportation services	723,092		330,441		330,441		351,314	351,314	<b>702,219</b>
for water and sewer	3,021,508		1,358,624	105,106	1,463,730		156,471	156,471	<b>4,328,767</b>
for landfill sites and recycling	458,857		75,000	3,117	78,117	22,734		22,734	<b>514,240</b>
for health services	10,000.00		8,604		8,604			-	<b>18,604</b>
for social and family services	-				-			-	<b>-</b>
for recreation and cultural services	159,292		55,758		55,758	663	14,250	14,913	<b>200,137</b>
for planning and development	3,346		3,600		3,600		3,826	3,826	<b>3,120</b>
for capital projects	1,649,384		886,098		886,098		337,142	337,142	<b>2,198,340</b>
	<b>7,592,137</b>	<b>-</b>	<b>3,162,737</b>	<b>108,223</b>	<b>3,270,960</b>	<b>57,691</b>	<b>1,114,919</b>	<b>1,172,610</b>	<b>9,690,487</b>
<b>Reserve funds</b>									
for general government	1,180,492	24,859	300,000		324,859	108,115	67,962	176,077	<b>1,329,274</b>
for environmental services	994,430	12,968	573,704		586,672	4,875	781,404	786,279	<b>794,823</b>
MidHuron landfill	253,716				-	7,014		7,014	<b>246,702</b>
	<b>2,428,638</b>	<b>37,827</b>	<b>873,704</b>	<b>-</b>	<b>911,531</b>	<b>120,004</b>	<b>849,366</b>	<b>969,370</b>	<b>2,370,799</b>
	<b>10,020,775</b>	<b>37,827</b>	<b>4,036,441</b>	<b>108,223</b>	<b>4,182,491</b>	<b>177,695</b>	<b>1,964,285</b>	<b>2,141,980</b>	<b>12,061,286</b>

**CONSOLIDATED SCHEDULE OF DEFERRED REVENUE**

Schedule 2

For the Year Ended December 31, 2020

	Balance, beginning of year	Revenues and contributions			Transfers			Balance, end of year	
		Interest	From Operations	Other	Total	To Operations	To Capital Acquisitions		Total
<b>Federal Gas Tax Funds</b>	1,100,514	28,508		214,447	242,955		474,873	474,873	<b>868,596</b>
<b>Parklands and Development</b>	84,414	2,682		468,144	470,826	233,610		233,610	<b>321,630</b>
	<b>1,184,928</b>	<b>31,190</b>	<b>-</b>	<b>682,591</b>	<b>713,781</b>	<b>233,610</b>	<b>474,873</b>	<b>708,483</b>	<b>1,190,226</b>

**Township of Huron-Kinloss**  
**Consolidated Schedule of Tangible Capital Assets**  
**For the Year Ended December 31, 2020**

Schedule 3A

	General				Infrastructure					Total Net Book Value 2020	Total Net Book Value 2019
	Land and land improvements	Buildings	Machinery & Equipment	Vehicles	Roads, Sidewalks Street lights	Bridges and Culverts	Storm Sewers	Water and sewer Plants and Facilities	Underground Networks		
<b>Cost</b>											
Balance, beginning of year	3,315,156	6,785,565	2,873,954	6,116,532	26,781,951	6,867,224	6,824,666	11,435,328	32,510,099	<b>103,510,475</b>	98,792,457
Reallocations and adjustments								(574,793)	574,793	-	-
Additions during the year	68,045	154,996	525,946	668,146	2,237,520	474,872	512,749	159,568	80,656	<b>4,882,498</b>	5,755,832
Disposals and adjustments			(13,105)	(162,105)	(150,067)	(20,127)	(15,932)		(131,291)	<b>(492,627)</b>	(1,037,814)
Balance, end of year	<u>3,383,201</u>	<u>6,940,561</u>	<u>3,386,795</u>	<u>6,622,573</u>	<u>28,869,404</u>	<u>7,321,969</u>	<u>7,321,483</u>	<u>11,020,103</u>	<u>33,034,257</u>	<b><u>107,900,346</u></b>	<u>103,510,475</u>
<b>Accumulated amortization</b>											
Balance, beginning of year	529,285	3,257,951	1,627,496	3,173,227	13,169,412	3,579,421	1,595,635	5,127,397	9,295,118	<b>41,354,942</b>	39,665,456
Amortization during the year	88,251	195,021	189,039	365,237	995,083	115,464	93,787	185,257	439,623	<b>2,666,762</b>	2,441,002
Adjustments and accumulated amortization on disposals			(8,152)	(154,419)	(130,088)	(20,126)	(7,417)		(62,661)	<b>(382,863)</b>	(751,516)
Balance, end of year	<u>617,536</u>	<u>3,452,972</u>	<u>1,808,383</u>	<u>3,384,045</u>	<u>14,034,407</u>	<u>3,674,759</u>	<u>1,682,005</u>	<u>5,312,654</u>	<u>9,672,080</u>	<b><u>43,638,841</u></b>	<u>41,354,942</u>
<b>Net Book Value</b>	<u>2,765,665</u>	<u>3,487,589</u>	<u>1,578,412</u>	<u>3,238,528</u>	<u>14,834,997</u>	<u>3,647,210</u>	<u>5,639,478</u>	<u>5,707,449</u>	<u>23,362,177</u>	<b><u>\$ 64,261,505</u></b>	<u>\$ 62,155,533</u>

**Township of Huron-Kinloss**

**Segmented Information**

Schedule 4

For the Year Ended December 31, 2020

	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 2020	Total 2019
<b>Revenue</b>													
Taxation	8,844,497											<b>8,844,497</b>	8,289,834
User fees	90,850		31,625	140,538	272,908	33,092	2,918,233	641,988	38,769	289,004	866,861	<b>5,323,868</b>	5,093,601
Government transfers	1,466,853	7,910				799,790	-	81,054		34,168	1,560	<b>2,391,335</b>	3,061,697
Other	1,184,408											<b>1,184,408</b>	1,187,015
	<u>11,586,608</u>	<u>7,910</u>	<u>31,625</u>	<u>140,538</u>	<u>272,908</u>	<u>832,882</u>	<u>2,918,233</u>	<u>723,042</u>	<u>38,769</u>	<u>323,172</u>	<u>868,421</u>	<b><u>17,744,108</u></b>	<u>17,632,147</u>
<b>Operating expenditure</b>													
Wages, salaries and benefits	960,316	-	310,443	164,905	55,320	967,978	22,930	329,773	25,378	602,950	192,362	<b>3,632,355</b>	3,633,588
Contract services	177,987	1,346,629	59,879	46,395	439,894	847,797	1,000,217	307,363	7,857	87,849	604,700	<b>4,926,567</b>	4,895,961
Materials	465,027	13,223	94,127	56,156	154,384	772,724	416,504	359,531	28,630	435,545	515,108	<b>3,310,959</b>	3,268,975
Amortization	36,654	-	155,104	-	5,396	1,514,316	660,635	28,620	15,633	249,777	627	<b>2,666,762</b>	2,441,003
	<u>1,639,984</u>	<u>1,359,852</u>	<u>619,553</u>	<u>267,456</u>	<u>654,994</u>	<u>4,102,815</u>	<u>2,100,286</u>	<u>1,025,287</u>	<u>77,498</u>	<u>1,376,121</u>	<u>1,312,797</u>	<b><u>14,536,643</u></b>	<u>14,239,527</u>
<b>Net revenue (expense)</b>	<u>9,946,624</u>	<u>(1,351,942)</u>	<u>(587,928)</u>	<u>(126,918)</u>	<u>(382,086)</u>	<u>(3,269,933)</u>	<u>817,947</u>	<u>(302,245)</u>	<u>(38,729)</u>	<u>(1,052,949)</u>	<u>(444,376)</u>	<b><u>3,207,465</u></b>	<u>3,392,620</u>

## **INDEPENDENT AUDITOR'S REPORT**

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

### *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, 2020 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, 2020, 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  
August 11, 2020

**TOWNSHIP OF HURON-KINLOSS  
TRUST FUNDS**

**STATEMENT OF CONTINUITY**

For the Year Ended December 31	Total		Cemetery Perpetual Care		MacKenzie Scholarship Trust Fund	
	2020	2019	2020	2019	2020	2019
<b>Balance beginning of year</b>	<b>117,562</b>	111,962	<b>115,562</b>	109,962	<b>2,000</b>	2,000
<b>Receipts</b>						
Perpetual care	<b>3,200</b>	5,600	<b>3,200</b>	5,600	-	-
Interest earned	<b>3,460</b>	4,078	<b>3,360</b>	3,978	<b>100</b>	100
	<b>6,660</b>	9,678	<b>6,560</b>	9,578	<b>100</b>	100
<b>Expenditure</b>						
Transfers to cemetery	<b>3,360</b>	3,978	<b>3,360</b>	3,978	-	-
Scholarship	<b>100</b>	100	-	-	<b>100</b>	100
	<b>3,460</b>	4,078	<b>3,360</b>	3,978	<b>100</b>	100
<b>Balance end of year</b>	<b>\$ 120,762</b>	117,562	<b>\$ 118,762</b>	115,562	<b>\$ 2,000</b>	2,000

**BALANCE SHEET**

As at December 31	Total		Cemetery Perpetual Care		MacKenzie Scholarship Trust Fund	
	2020	2019	2020	2019	2020	2019
<b>Assets</b>						
Cash	<b>64,314</b>	49,927	<b>64,314</b>	49,927	-	-
Investments, cost	<b>57,808</b>	69,613	<b>57,808</b>	69,613	-	-
Due from municipality	<b>2,000</b>	2,000	-	-	<b>2,000</b>	2,000
<b>Liabilities</b>						
Due to cemetery	<b>(3,360)</b>	(3,978)	<b>(3,360)</b>	(3,978)	-	-
<b>Net assets</b>	<b>120,762</b>	117,562	<b>118,762</b>	115,562	<b>2,000</b>	2,000
<b>Trust fund balances</b>	<b>\$ 120,762</b>	117,562	<b>\$ 118,762</b>	115,562	<b>\$ 2,000</b>	2,000



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

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**For the Year Ended December 31, 2020**

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**1. Accounting Policies**

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

a) Management responsibility

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

b) Basis of consolidation

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

c) Basis of accounting

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

d) Investments

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

e) Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the period. Actual results could differ from those estimates.

## INDEPENDENT AUDITOR'S REPORT

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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, 2020 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, 2020 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  
August 11, 2020

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

<b>For the year ended December 31</b>	<b>2020 Budget</b>	<b>2020 Actual</b>	<b>2019 Actual</b>
<b>Revenue</b>			
Contributions from participating municipalities			
Township of Ashfield-Colborne-Wawanosh	139,075	<b>106,351</b>	116,220
Township of Huron-Kinloss	139,075	<b>106,351</b>	116,220
Fire calls	-	<b>18,600</b>	34,000
County of Bruce Modified First Response grant	5,000	<b>5,000</b>	5,000
Other revenue	-	<b>1,224</b>	23,625
Transfer from reserve	-	-	-
	<b>283,150</b>	<b>237,525</b>	295,065
<b>Expenditure</b>			
Salaries	160,000	<b>153,248</b>	165,830
Vehicle operation	7,450	<b>8,997</b>	7,545
Equipment	33,500	<b>9,611</b>	34,419
Hydrant repairs	3,500	<b>3,960</b>	3,780
Building maintenance	8,800	<b>9,891</b>	10,946
Dispatch service	13,000	<b>9,624</b>	15,679
Training	21,100	<b>12,730</b>	20,378
Telephone	2,400	<b>2,168</b>	2,264
Utilities	12,150	<b>9,253</b>	11,848
Insurance	7,500	<b>7,545</b>	7,371
Licences, fees, administration	13,750	<b>10,498</b>	15,005
	<b>283,150</b>	<b>237,525</b>	295,065
<b>Annual surplus</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>

# LUCKNOW AND DISTRICT FIRE DEPARTMENT JOINT BOARD OF MANAGEMENT

## NOTES TO FINANCIAL STATEMENTS

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For the year ended December 31, 2020

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### 1. Accounting policies

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

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

a) Basis of accounting

i) Accrual basis of accounting

Sources of financing and expenditures are reported on the accrual basis of accounting. Revenues are recognized as they are earned and measurable. Expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

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

### 2. Participating municipalities

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

### 3. Related party transactions

Board administration cost of \$2,500 (2019: \$2,500) was paid to the Township of Ashfield-Colborne-Wawanosh.

## INDEPENDENT AUDITOR'S REPORT

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

### *Opinion*

We have audited the accompanying statement of operations of the Lucknow Community Health Centre Board ("the Entity") for the year ended December 31, 2020 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, 2020 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  
August 11, 2020

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

<b>For the year ended December 31</b>	<b>2020 Budget</b>	<b>2020 Actual</b>	<b>2019 Actual</b>
<b>Revenue</b>			
Rentals	11,600	<b>11,629</b>	8,855
Other revenue		<b>17,208</b>	171,430
Contributions from participating municipalities			
Township of Ashfield-Colborne-Wawanosh	10,600	<b>6,789</b>	202,074
Township of Huron-Kinloss	10,600	<b>6,789</b>	202,074
Less: capital contributions			
Township of Ashfield-Colborne-Wawanosh		<b>(8,604)</b>	(281,487)
Township of Huron-Kinloss		<b>(8,604)</b>	(281,487)
	32,800	<b>25,207</b>	21,460
<b>Expenditure</b>			
Maintenance	13,000	<b>13,135</b>	6,054
Utilities	10,300	<b>4,680</b>	7,527
Property taxes	5,800	<b>5,150</b>	5,189
Insurance	1,200	<b>1,438</b>	1,079
Administration	2,500	<b>804</b>	1,611
	32,800	<b>25,207</b>	21,460
<b>Annual surplus</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>



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

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**For the year ended December 31, 2020**

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**1. Accounting policies**

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

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

a) Basis of accounting

i) Accrual basis of accounting

Sources of financing and expenditures are reported on the accrual basis of accounting. Revenues are recognized as they are earned and measurable. Expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

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

**2. Participating municipalities**

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

**3. Related party transactions**

During the year, the board paid property taxes of \$5,150 (2019: \$5,189) and water and sewer charges of \$2,080 (2019: \$2,020) 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, 2020 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, 2020 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  
August 10, 2020

**LUCKNOW AND DISTRICT JOINT RECREATION BOARD**

**STATEMENT OF OPERATIONS**

For the year ended December 31	2020 Budget	2020 Actual	2019 Actual
<b>Revenue</b>			
Arena			
Ice rentals	111,000	<b>74,191</b>	92,458
Arena rentals	10,000	<b>2,266</b>	13,070
Hockey and figure skating rentals	-	-	-
Bar sales	81,100	<b>33,583</b>	98,658
Public skating	5,500	<b>3,445</b>	5,220
Advertising boards	12,000	<b>11,925</b>	12,025
Grants	63,000	<b>45,932</b>	11,460
Donations and other revenue	12,150	<b>10,959</b>	15,585
	<u>294,750</u>	<u><b>182,301</b></u>	<u>248,476</u>
Recreation receipts			
Hockey admissions	-	-	-
Hockey program	-	-	-
Skating program	8,000	<b>2,025</b>	9,000
Swimming pool	14,000	-	18,430
Baseball	12,500	<b>3,191</b>	12,815
Soccer	7,000	<b>580</b>	7,175
Daycamp	9,000	-	5,337
Fitness	-	<b>840</b>	910
	<u>50,500</u>	<u><b>6,636</b></u>	<u>53,667</u>
Total rentals and program revenue	<u>345,250</u>	<u><b>188,937</b></u>	<u>302,143</u>
Contributions from participating municipalities			
Township of Huron-Kinloss	120,038	<b>104,360</b>	135,145
Township of Ashfield-Colborne-Wawanosh	120,038	<b>104,360</b>	135,145
	<u>240,076</u>	<u><b>208,719</b></u>	<u>270,289</u>
Total revenue	<u>585,326</u>	<u><b>397,656</b></u>	<u>572,432</u>
<b>Expenses</b>			
Administration and general			
Salaries	140,000	<b>126,096</b>	139,962
Maintenance	40,250	<b>28,902</b>	36,481
Utilities	77,150	<b>59,256</b>	83,927
Insurance	10,500	<b>12,061</b>	9,606
Administration and training	21,851	<b>13,185</b>	16,705
	<u>289,751</u>	<u><b>239,500</b></u>	<u>286,681</u>
Arena and auditorium			
Salaries	96,400	<b>68,383</b>	91,191
Maintenance	15,850	<b>19,718</b>	15,281
Utilities	18,000	<b>10,695</b>	14,261
Bar purchases and profit share	59,250	<b>24,654</b>	70,908
	<u>189,500</u>	<u><b>123,450</b></u>	<u>191,641</u>
Recreation programs			
Referee fees	-	-	-
Other hockey expenses	-	<b>200</b>	2,080
Hockey ice time	-	-	-
Skating program	2,750	<b>2,042</b>	2,680
Ball and soccer program	5,700	<b>129</b>	3,735
Daycamp program	4,450	-	5,300
Pool salaries	38,200	<b>2,039</b>	31,935
Pool expenses	16,575	<b>6,946</b>	13,260
Fitness program	3,000	<b>840</b>	840
Parks	35,400	<b>22,510</b>	34,280
	<u>106,075</u>	<u><b>34,706</b></u>	<u>94,110</u>
Total expenses	<u>585,326</u>	<u><b>397,656</b></u>	<u>572,432</u>
<b>Annual surplus</b>	<u>\$ 0</u>	<u><b>\$ 0</b></u>	<u>\$ 0</u>

# LUCKNOW AND DISTRICT JOINT RECREATION BOARD

## NOTES TO FINANCIAL STATEMENTS

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For the year ended December 31, 2020

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### 1. Accounting policies

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

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

a) Basis of accounting

i) Accrual basis of accounting

Sources of financing and expenditures are reported on the accrual basis of accounting. Revenues are recognized as they are earned and measurable. Expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

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

### 2. Participating municipalities

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

### 3. Related party transactions

Board administration cost of \$5,000 (2019: \$5,000) was paid to the Township of Ashfield-Colborne-Wawanosh. Water and sewer fees of \$5,012 (2019: \$11,373) were paid to the Township of Huron-Kinloss.