

TOWNSHIP OF ASHFIELD-COLBORNE-WAWANOSH
FINANCIAL STATEMENTS
DECEMBER 31, 2023

SEEBACH & COMPANY
Chartered Professional Accountants



— TOWNSHIP OF —
ASHFIELD-COLBORNE-WAWANOSH

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MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The accompanying consolidated financial statements of The Corporation of the Township of Ashfield-Colborne-Wawanosh (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 ASHFIELD-COLBORNE-WAWANOSH

A handwritten signature in black ink, appearing to read 'Mark Becker'.

Mark Becker
CAO

A handwritten signature in black ink, appearing to read 'E. McManus'.

Ellen McManus
Treasurer

December 3, 2024

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers
of the Corporation of the Township of Ashfield-Colborne-Wawanosh

Opinion

We have audited the accompanying financial statements of the Corporation of the Township of Ashfield-Colborne-Wawanosh ("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.

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
December 3, 2024

TOWNSHIP OF ASHFIELD-COLBORNE-WAWANOSH
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at December 31		2023	2022
			restated - see note 2
Financial Assets			
Cash	note 4	9,143,712	8,480,735
Taxes receivable		498,272	353,486
Accounts receivable		1,238,786	2,031,585
Long-term receivables	note 5	60,796	21,630
		10,941,566	10,887,436
Liabilities			
Account payable and accrued liabilities		2,340,638	1,245,909
Deferred revenue	schedule 2	779,497	996,865
Municipal debt	note 6	60,796	21,630
Asset retirement obligations	note 7	1,852,055	1,854,212
		5,032,986	4,118,616
Net financial assets		5,908,580	6,768,820
Non-financial assets			
Tangible capital assets	schedule 3	47,079,154	43,013,491
Inventories		62,523	-
		47,141,677	43,013,491
Accumulated surplus	note 11	\$ 53,050,257	\$ 49,782,311

The accompanying notes and schedules are an integral part of these financial statements

TOWNSHIP OF ASHFIELD-COLBORNE-WAWANOSH
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

for the year ended December 31	2023 Budget	2023 Actual	2022 Actual
			restated - see note 2
Annual surplus (deficit)	1,838,333	3,267,946	1,814,397
Amortization of tangible capital assets	-	1,606,391	1,544,132
Acquisition of tangible capital assets	(7,248,300)	(5,673,890)	(2,772,618)
Proceeds from disposition of assets	-	-	5,378
Loss (gain) on disposal of tangible capital assets	-	1,836	(4,354)
Change in inventories		(62,523)	-
Increase (decrease) in net financial assets	(5,409,967)	(860,240)	586,935
Net financial assets beginning of year		6,768,820	6,181,885
Net financial assets end of year		\$ 5,908,580	\$ 6,768,820

The accompanying notes and schedules are an integral part of these financial statements

TOWNSHIP OF ASHFIELD-COLBORNE-WAWANOSH
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	6,018,704	6,085,236	5,400,169
User charges	2,778,211	3,279,688	2,787,749
Government transfers	2,568,961	2,464,962	2,035,504
Other revenue	101,218	502,399	220,268
Gain(loss) on disposal of capital assets	-	(1,836)	4,354
Total revenue	<u>11,467,094</u>	<u>12,330,449</u>	<u>10,448,044</u>
Expenditure			
General government	1,204,725	1,172,784	1,108,053
Protection services	2,048,150	2,028,746	1,991,943
Transportation services	2,973,347	3,830,495	3,828,913
Environmental services	1,022,824	891,662	880,180
Health services	81,657	86,820	82,252
Recreation and culture	468,608	545,739	483,658
Planning and development	317,150	506,257	258,648
Total expenses	<u>8,116,461</u>	<u>9,062,503</u>	<u>8,633,647</u>
Annual surplus (deficit)	3,350,633	3,267,946	1,814,397
Accumulated surplus beginning of year	49,782,311	49,782,311	47,967,914
Accumulated surplus end of year	<u>\$ 53,132,944</u>	<u>\$ 53,050,257</u>	<u>\$ 49,782,311</u>

The accompanying notes and schedules are an integral part of these financial statements

TOWNSHIP OF ASHFIELD-COLBORNE-WAWANOSH
CONSOLIDATED STATEMENT OF CASH FLOW

for the year ended December 31	2023	2022
Operating activities		
Annual surplus (deficit)	3,267,946	1,814,397
Amortization not requiring cash outlay	1,606,391	1,544,132
Loss (gain) on disposition of tangible capital assets	1,836	(4,354)
Decrease (increase) in taxes receivable	(144,786)	(66,187)
Decrease (increase) in accounts receivable	792,799	(137,633)
Increase (decrease) in accounts payable	1,094,729	(141,316)
Increase (decrease) in deferred revenue	(217,368)	719,028
Increase (decrease) in asset retirement obligations	(2,157)	(870)
Decrease (increase) in inventories	(62,523)	-
Cash provided from (used for) operations	<u>6,336,867</u>	<u>3,727,197</u>
Capital activities		
Proceeds of disposition of tangible capital assets	-	5,378
Acquisition of tangible capital assets	(5,673,890)	(2,772,618)
Net investment in tangible capital assets	<u>(5,673,890)</u>	<u>(2,767,240)</u>
Investing activities		
Issuance of loans receivable	(48,600)	-
Repayment of loans receivable	9,434	16,557
Net increase (decrease) in cash from investing	<u>(39,166)</u>	<u>16,557</u>
Financing activities		
Debt issued	48,600	-
Debt principal payments	(9,434)	(16,557)
Net increase (decrease) in cash from financing	<u>39,166</u>	<u>(16,557)</u>
Net increase (decrease) in cash	662,977	959,957
Cash beginning of year	8,480,735	7,520,778
Cash end of year	<u>\$ 9,143,712</u>	<u>\$ 8,480,735</u>

The accompanying notes and schedules are an integral part of these financial statements

TOWNSHIP OF ASHFIELD-COLBORNE-WAWANOSH

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2023

1. Significant accounting policies

The consolidated financial statements of the Township of Ashfield-Colborne-Wawanosh are 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 municipality 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 and enterprises accountable for their administration of their financial affairs and resources to the municipality and which are owned or controlled by the municipality. In addition to general government tax-supported operations, they include water systems operated by the municipality and the municipality'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:

- Mid-Huron Landfill Site Board - 9.4%
- 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.

b) 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) 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.

a) 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:

Land improvements	50 years
Buildings	50 years
Transportation roads infrastructure	
Base and earthwork	100 years
Surface	15 years
Bridges and culverts	40 to 80 years
Water system	20 to 80 years
Vehicles and equipment	10 to 15 years

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

The municipality capitalizes all land acquisitions and has a threshold of \$15,000 for buildings and infrastructure and \$1,000 - \$5,000 for various types of equipment, 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.

b) 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.

c) 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.

d) Inventories

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

iii) Reserves for future expenditures

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

iv) Pension and employee benefits

The municipality is an employer member of the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer, defined benefit pension plan. The municipality has adopted defined contribution plan accounting principles for this plan because insufficient information is available to apply defined benefit plan accounting principles. The municipality 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.

v) Deferred revenue

Amounts received and required by legislation, regulation or agreement to be set aside for specific, restricted purposes are reported in the 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.

vi) Investments

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

vii) Revenue recognition

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. Other revenue is recognized when related services are provided or goods delivered, collectibility is reasonably assured and there are no significant future obligations.

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

viii) 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.

ix) 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 reported in the financial statements and accompanying notes. Due to the inherent uncertainty in making estimates, actual results could differ from those estimates.

x) Financial instruments

Financial instruments consist of cash, taxes receivable, accounts receivable, long-term receivables, accounts payable and accrued liabilities and municipal debt. The municipality 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.

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.

Also on January 1, 2022, the Municipality recognized an additional asset retirement obligations relating to buildings owned by the Municipality that contain asbestos and relating to gravel pit remediation.

The impact of adoption of this standard was as follows:

	2022
Increase in tangible capital assets	220,973
Decrease in landfill liability	1,478,943
Increase in asset retirement obligations	<u>(1,854,212)</u>
Increase (decrease) in opening accumulated surplus	\$ <u>(154,296)</u>

The change in accounting policy resulted in a \$14,918 increase in the previously reported Environmental services expenses and a \$2,224 increase in the previously reported Transportation expenses for the 2022 year and a corresponding decrease of 17,142 in the previously reported annual surplus for the 2022 year.

2. Change in Accounting Policy (cont'd)

(b) On January 1, 2023, 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.

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.

PS 3041 Portfolio Investments replaces PS 3040 Portfolio Investments. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 Financial Instruments. The distinction between temporary and portfolio investments has been removed in the new standard, and upon adoption, PS 3030 Temporary Investments no longer applies.

PS 3450 Financial Instruments establishes accounting and reporting requirements for all types of financial instruments including derivatives. The standard requires fair value measurement of derivatives and portfolio investments in equity instruments that are quoted in an active market. All other financial instruments will generally be measured at cost or amortized cost. Unrealized gains and losses arising from changes in fair value are presented in the statement of remeasurement gains and losses.

3. Pension agreements

The municipality makes contributions to the Ontario Municipal Employees Retirement System Pension Fund (OMERS), which is a multi-employer 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 employees based on the length of service and rates of pay. Employees and employers contribute jointly to the plan.

Because OMERS is a multi-employer pension plan, any pension surpluses or deficits are the joint responsibility of Ontario municipal organizations and their employees. As a result, the municipality does not recognize any share of the OMERS pension surplus or deficit. The amount contributed to OMERS for the year was \$ 190,111 (2022: \$165,400) for current services and is included as an expenditure on the consolidated statement of operations.

4. Cash

	2023	2022
Unrestricted	5,350,919	5,399,163
Restricted	3,229,996	2,520,062
Cash held by other municipalities and boards	<u>562,796</u>	<u>561,510</u>
	\$ 9,143,712	\$ 8,480,735

5. Loans receivable

	2023	2022
Property owners for tile drain loans	<u>\$ 60,796</u>	<u>\$ 21,630</u>

Amounts due in the next five years are as follows:
 2024: \$9,600 2025: \$10,176 2026: \$4,143 2027: \$4,391 2028: \$4,655 Thereafter \$21,585

6. Municipal debt

2023 **2022**

Tile drainage loans payable to the Ministry of Finance maturing from 2023 to 2033 with interest rates of 6% Principal payments are recoverable from landowners.

\$ 60,796 \$ 21,630

Amounts due in the next five years are as follows:
 2024: \$9,600 2025: \$10,176 2026: \$4,143 2027: \$4,391 2028: \$4,655 Thereafter \$21,585

7. Asset Retirement Obligations

The Municipality's financial statements include an asset retirement obligation for the closure and post-closure costs for Ashfield Landfill and the West Wawanosh Landfill. In addition, the Municipality owns buildings 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 Municipality owns a gravel pit and is legally required to rehabilitate the site upon depletion.

The asset retirement costs are being amortized on a straight line basis. All liability for asset retirement obligations have been estimated using a net present value technique with a discount rate of 2% (2022: 2%).

The estimated total undiscounted future expenditures related to the Ashfield Landfill are \$1,398,777 (2022:\$1,398,777), which are to be incurred over 56 years. The liability is expected to be fully settled in 80 years.

The estimated total undiscounted future expenditures related to the West Wawanosh Landfill are \$302,220 (2022: \$315,079), which are to be incurred over 21years. The liability is expected to be fully settled in 21 years.

The estimated total undiscounted future expenditures related to the Mid-Huron Landfill are \$1,614,329 (2022: \$1,640,707), which are expected 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 \$453,769 (2022: \$460,652).

The estimated total undiscounted future expenditures of asbestos abatement are \$18,500 (2022: \$18,500) and are estimated to be incurred in 2045.

The estimated total undiscounted future expenditures of gravel pit remediation are \$73,000 (2022: \$73,000) and are estimated to be incurred from 2030 to 2050.

The carrying amount of the liabilities are as follows:

	Township- Owned Landfills	Share of Mid-Huron Landfill	Asbestos	Gravel Pits	Total
Asset retirement obligation as at December 31, 2022	766,022	1,025,443	11,765	50,982	1,854,212
Increase due to accretion expense	15,319	20,509	235	1,018	37,081
Settlements and adjustments	<u>(12,860)</u>	<u>(26,378)</u>	_____	_____	<u>(39,238)</u>
Asset retirement obligation as at December 31, 2023	<u>\$ 768,481</u>	<u>\$ 1,019,574</u>	<u>\$ 12,000</u>	<u>\$ 52,000</u>	<u>\$ 1,852,055</u>

8. Contractual obligations

The municipality has contracted with Waste Management for garbage collection and recycling until April 2025 at a base annual fee of \$195,986 in 2020 plus 2% increase per year.

Since the year end, the municipality has contracted with Veolia Water Canada Inc. for water system management at an annual fee of \$192,610 until March 2028.

9. Contingencies

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

10. Tangible capital assets

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

i) Contributed tangible capital assets

The municipality 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

	2023	2022 (Restated)
Reserves	<u>10,801,045</u>	<u>8,804,092</u>
Surpluses		
Invested in tangible capital assets	47,079,154	43,013,491
General revenue fund	8,618	-
Unfunded		
Capital projects in process	(2,986,505)	(181,060)
Solid waste landfill closure and post closure liabilities	<u>(1,852,055)</u>	<u>(1,854,212)</u>
Total surpluses	<u>42,249,212</u>	<u>40,978,219</u>
Accumulated surplus	<u>\$ 53,005,257</u>	<u>\$ 49,782,311</u>

12. Budget amounts

Under Canadian public sector accounting standards, budget amounts are to be reported on the consolidated statements of change in net assets and operations for comparative purposes. The budget amounts for the municipality have been approved by Council. Certain amounts have been reclassified 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	7,248,300
Less: sale of tangible capital assets	-
net transfers to reserves	<u>(3,897,667)</u>
Budgeted surplus reported on statement of operations	<u>\$ 3,350,633</u>

13. 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.

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
School boards	2,364,030	2,259,026
County of Huron	6,470,762	5,780,174

15. Trust funds

Trust funds administered by the municipality amounting to \$204,656 (2022: \$199,099) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations.

16. Segmented information

The Township of Ashfield-Colborne-Wawanosh provides a wide range of services to its citizens such as recreational and cultural services, planning and development, fire, and transportation services. Distinguishable functional segments have been separately disclosed in the segmented information provided in schedule 4. Municipal taxation revenue and the Ontario Municipal Partnership Fund grant are allocated to general government. The nature of the segments and the activities they encompass are as follows:

General Government

This segment relates to the general operations of the municipality itself and cannot be directly attributed to a specific segment.

Protection to Persons and Property

Protection is comprised of fire protection, policing, court services, conservation authorities, protective inspection and control, building permit and inspection services, emergency measures and other protection services.

Transportation

Transportation services include road maintenance, winter control services, street light maintenance, parking lots, equipment maintenance and other transportation services.

Environmental Services

Environmental services include sanitary sewer system, storm sewer system, waterworks, waste collection, waste disposal and recycling.

Health Services

This service area includes cemeteries and other health services.

Recreational and Cultural Services

This service area provides public services that contribute to the provision of recreation and leisure facilities and programs, the maintenance of parks and open spaces, library services, museums and other cultural services.

Planning and Development

This segment includes matters relating to zoning and site plan controls, land acquisition, development initiatives, agriculture and reforestation, municipal drainage and tile drainage.

For additional information, see the schedule of segmented information.

Township of Ashfield-Colborne-Wawanosh

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 and reserve funds									
for general government	3,818,875		872,402		872,402	24,985	229,929	254,914	4,436,363
for protection services	945,114		139,418		139,418		250,000	250,000	834,532
for transportation services	3,012,512	98,352	1,849,040		1,947,392	32,666	327,486	360,152	4,599,752
for environmental services	932,656		14,030		14,030	11,364	133,067	144,431	802,255
for health services	18,604				-		2,702	2,702	15,902
for social and family services	2,500				-			-	2,500
for recreation and cultural services	73,831		37,192		37,192	1,282		1,282	109,741
	8,804,092	98,352	2,912,082	-	3,010,434	70,297	943,184	1,013,481	\$ 10,801,045

Consolidated Schedule of Continuity 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	Contributions	Total	To Operations	To Capital Acquisitions	Total	
Deferred revenue									
Development charges and parklands	214,372	14,721		415,745	430,466		397,919	397,919	246,919
Canada Community Building Fund	332,768	19,395		179,436	198,831		230,238	230,238	301,361
Ontario Community Infrastructure Fun	449,725	36,173		508,829	545,002		763,510	763,510	231,217
	996,865	70,289	-	1,104,010	1,174,299	-	1,391,667	1,391,667	\$ 779,497

Township of Ashfield-Colborne-Wawanosh
Consolidated Schedule of Tangible Capital Assets
For the Year Ended December 31, 2023

Schedule 3

	General				Infrastructure				Total Net Book Value 2023	Total Net Book Value 2022 (restated)
	Land and Land Improvements	Buildings	Machinery & Equipment	Vehicles	Plants and Facilities	Roads	Underground and other Networks	Bridges and other Structures		
Cost										
Balance, beginning of year	2,711,584	6,324,356	1,460,458	4,089,054	3,265,263	46,530,748	2,181,104	8,045,330	74,607,897	71,971,380
Additions during the year		363,847	438,135	451,544	562,228	3,573,300		284,836	5,673,890	2,772,618
Disposals during the year			(8,930)			(71,300)			(80,230)	(136,101)
Balance, end of year	2,711,584	6,688,203	1,889,663	4,540,598	3,827,491	50,032,748	2,181,104	8,330,166	80,201,557	74,607,897
Accumulated depreciation										
Balance, beginning of year	319,424	1,749,137	781,343	2,716,886	969,201	20,596,562	773,266	3,688,587	31,594,406	30,185,351
Amortization during the year	6,602	136,828	99,233	229,423	61,409	913,531	29,082	130,283	1,606,391	1,544,132
Accumulated amortization on disposals			(7,094)			(71,300)			(78,394)	(135,077)
Balance, end of year	326,026	1,885,965	873,482	2,946,309	1,030,610	21,438,793	802,348	3,818,870	33,122,403	31,594,406
Net Book Value of Tangible Capital Assets	2,385,558	4,802,238	1,016,181	1,594,289	2,796,881	28,593,955	1,378,756	4,511,296	47,079,154	43,013,491

**Township of Ashfield-Colborne-Wawanosh
Segmented Information**

Schedule 4

For the Year Ended December 31, 2023

	General Government	Police Protection	Fire Protection	Building inspection	Other Protection	Roads and Street lights	Water,Sewers, Storm sewers	Waste Disposal	Health	Recreation and Culture	Zoning and Development	Total 2023	Total 2022 (restated see note 2)
Revenue													
Taxation	6,085,236											6,085,236	5,400,169
User charges	757,827		10,681	415,935	24,156	67,392	713,947	261,581	37,657	197,754	792,758	3,279,688	2,787,749
Government transfers	949,788					1,229,046		88,019		180,135	17,974	2,464,962	2,035,504
Interest and penalties	502,399											502,399	220,268
Gain (loss) on disposal of assets										(1,836)		(1,836)	4,354
	8,295,250	-	10,681	415,935	24,156	1,296,438	713,947	349,600	37,657	376,053	810,732	12,330,449	10,448,044
Operating expenditure													
Wages, salaries and benefits	811,153		119,454	250,856	951	1,079,670	1,098	58,159	40,132	167,889	30,344	2,559,706	2,347,062
Contract services	55,394	912,010	299,591	14,603	19,102	584,242	313,749	290,107	6,731	73,712	99,308	2,668,549	2,855,694
Materials and supplies	249,897		56,140	43,152	248,103	900,070	75,239	47,191	27,483	209,753	376,605	2,233,633	1,876,388
Depreciation and write-downs	56,340		57,862	6,922		1,245,653	111,350	15,629	12,474	94,385		1,600,615	1,537,361
	1,172,784	912,010	533,047	315,533	268,156	3,809,635	501,436	411,086	86,820	545,739	506,257	9,062,503	8,616,505
Net revenue (expense)	7,122,466	(912,010)	(522,366)	100,402	(244,000)	(2,513,197)	212,511	(61,486)	(49,163)	(169,686)	304,475	3,267,946	1,831,539

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers
of the Corporation of the Township of Ashfield-Colborne-Wawanosh

Opinion

We have audited the accompanying financial statements of the Trust Funds of the Corporation of the Township of Ashfield-Colborne-Wawanosh ("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.

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 13, 2024

**TOWNSHIP OF ASHFIELD-COLBORNE-WAWANOSH
TRUST FUNDS
STATEMENT OF CONTINUITY**

For the Year Ended December 31	Total		Cemetery Internment Rights		Cemetery Monument Installation		Cemetery Bequest	
	2023	2022	2023	2022	2023	2022	2023	2022
Capital beginning of year	199,099	193,769	137,662	135,517	33,335	30,735	28,102	27,517
Receipts								
Plot sales	2,670	2,145	2,670	2,145				
Monument installations	1,400	2,600			1,400	2,600		
Interest earned	10,713	4,155	7,427	2,897	1,799	673	1,487	585
	14,783	8,900	10,097	5,042	3,199	3,273	1,487	585
Expenditure								
Maintenance	9,226	3,570	7,427	2,897	1,799	673	-	-
	9,226	3,570	7,427	2,897	1,799	673	-	-
Capital end of year	\$ 204,656	199,099	\$ 140,332	137,662	\$ 34,735	33,335	\$ 29,589	28,102

**TOWNSHIP OF ASHFIELD-COLBORNE-WAWANOSH
TRUST FUNDS
STATEMENT OF FINANCIAL POSITION**

As at December 31	Total		Cemetery Internment Rights		Cemetery Monument Installation		Cemetery Bequest	
	2023	2022	2023	2022	2023	2022	2023	2022
Assets								
Cash	204,656	202,469	140,332	140,559	34,735	33,808	29,589	28,102
Accounts receivable	-	200	-	-	-	200	-	-
Liabilities								
Due to municipality	-	2,224	-	2,897	-	(673)	-	-
Net assets	204,656	204,893	140,332	143,456	34,735	33,335	29,589	28,102
Trust fund capital	\$ 204,656	204,893	\$ 140,332	143,456	\$ 34,735	33,335	\$ 29,589	28,102

The accompanying notes are an integral part of these financial statements

TOWNSHIP OF ASHFIELD-COLBORNE-WAWANOSH
TRUST FUNDS
NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

1. Accounting Policies

The financial statements of the Township of Ashfield-Colborne-Wawanosh Trust Funds are 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.

Basis of Consolidation

These trust funds have not been consolidated with the financial statements of the Township of Ashfield-Colborne-Wawanosh .

Basis of Accounting

Sources of financing and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available 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.

2. Investments

Trust fund investments are stated at cost and have a market value approximately equal to cost.

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.

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
	342,900	402,177	316,116
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
	342,900	402,177	316,116
Annual surplus	\$ 0	\$ 0	\$ 0

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.

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).

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.

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
	201,975	234,903	216,325
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
	55,400	71,751	69,466
Total rentals and program revenue	257,375	306,654	285,791
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
	458,475	349,149	279,970
Total revenue	715,850	655,803	565,761
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
	354,850	325,519	273,703
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
	219,150	210,839	186,590
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
	141,850	119,445	105,468
Total expenses	715,850	655,803	565,761
Annual surplus	\$ 0	\$ 0	\$ 0

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.