

TOWNSHIP OF ASHFIELD-COLBORNE-WAWANOSH
FINANCIAL STATEMENTS
DECEMBER 31, 2018

SEEBACH & COMPANY
Chartered Professional Accountants

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, 2018 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, 2018, 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
June 18, 2019

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

as at December 31		2018	2017	2016
Financial Assets				
Cash	note 3	3,818,480	4,358,180	4,293,847
Taxes receivable		422,929	630,802	632,546
Accounts receivable		2,525,226	1,811,438	1,722,472
Long-term receivables	note 4	211,554	259,033	331,332
		6,978,189	7,059,453	6,980,197
Liabilities				
Account payable and accrued liabilities		1,302,660	1,373,034	1,167,445
Deferred revenue	schedule 2	185,169	133,631	110,979
Municipal debt	note 5	211,554	259,033	328,554
Landfill closure and post closure liability	note 6	1,509,454	1,367,910	1,376,735
		3,208,837	3,133,608	2,983,713
Net financial assets		3,769,352	3,925,845	3,996,484
Non-financial assets				
Tangible capital assets	schedule 3	37,678,053	37,307,619	37,398,319
Accumulated surplus	note 10	\$ 41,447,405	\$ 41,233,464	\$ 41,394,803

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	2018 Budget	2018 Actual	2017 Actual
Annual surplus (deficit)	1,231,576	213,941	(161,339)
Amortization of tangible capital assets	-	1,332,868	1,333,088
Acquisition of tangible capital assets	(2,097,000)	(1,707,780)	(1,804,132)
Proceeds from disposition of assets	17,000	7,150	34,633
Loss (gain) on disposal of tangible capital assets	-	(2,672)	527,111
Increase (decrease) in net financial assets	<u>(848,424)</u>	(156,493)	(70,639)
Net financial assets beginning of year		3,925,845	3,996,484
Net financial assets end of year		\$ 3,769,352	\$ 3,925,845

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	2018 Budget	2018 Actual	2017 Actual
Revenue			
Taxation for municipal purposes	3,989,898	4,021,781	3,712,504
User charges	1,818,003	3,095,253	3,189,080
Government transfers	1,270,303	1,351,736	1,120,094
Other revenue	75,641	135,589	103,340
Gain(loss) on disposal of capital assets	-	2,672	(527,111)
Total revenue	7,153,845	8,607,031	7,597,907
Expenditure			
General government	805,100	800,531	724,775
Protection services	1,666,750	1,592,877	1,550,354
Transportation services	1,974,626	3,065,316	3,013,729
Environmental services	836,493	1,047,912	903,788
Health services	63,400	50,599	64,434
Recreation and culture	509,200	602,429	421,516
Planning and development	66,700	1,233,426	1,080,650
Total expenses	5,922,269	8,393,090	7,759,246
Annual surplus (deficit)	1,231,576	213,941	(161,339)
Accumulated surplus beginning of year	41,233,464	41,233,464	41,394,803
Accumulated surplus end of year	\$ 42,465,040	\$ 41,447,405	\$ 41,233,464

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	2018	2017
Operating activities		
Annual surplus (deficit)	213,941	(161,339)
Amortization not requiring cash outlay	1,332,868	1,333,088
Loss (gain) on disposition of tangible capital assets	(2,672)	527,111
Decrease (increase) in taxes receivable	207,873	1,744
Decrease (increase) in accounts receivable	(713,788)	(88,966)
Increase (decrease) in accounts payable	(70,374)	205,589
Increase (decrease) in deferred revenue	51,538	22,652
Increase (decrease) in landfill closure liability	141,544	(8,825)
Cash provided from (used for) operations	<u>1,160,930</u>	<u>1,831,054</u>
Capital activities		
Proceeds of disposition of tangible capital assets	7,150	34,633
Acquisition of tangible capital assets	(1,707,780)	(1,804,132)
Net investment in tangible capital assets	<u>(1,700,630)</u>	<u>(1,769,499)</u>
Investing activities		
Repayment of loans receivable	47,479	72,299
Net increase (decrease) in cash from investing	<u>47,479</u>	<u>72,299</u>
Financing activities		
Debt principal payments	(47,479)	(69,521)
Net increase (decrease) in cash from financing	<u>(47,479)</u>	<u>(69,521)</u>
Net increase (decrease) in cash	(539,700)	64,333
Cash beginning of year	4,358,180	4,293,847
Cash end of year	<u>\$ 3,818,480</u>	<u>\$ 4,358,180</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, 2018

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) Landfill Site Closure and Post-Closure Care

Landfill site closure and post-closure care costs are recognized over the operating life of the landfill site, based on capacity used. The liability is recorded at its discounted value, based on the average long-term borrowing rate of the municipality.

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. 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 \$105,763 (2017: \$108,582) for current services and is included as an expenditure on the consolidated statement of operations.

3. Cash

	2018	2017
Unrestricted	2,804,531	3,225,489
Restricted	415,242	459,563
Cash held by other municipalities and boards	<u>598,709</u>	<u>673,128</u>
	<u>\$ 3,818,480</u>	<u>\$ 4,358,180</u>

4. Loans receivable

	2018	2017
Property owners for road and water system capital costs	32,551	40,813
Property owners for tile drain loans	<u>179,003</u>	<u>218,220</u>
	<u>\$ 211,554</u>	<u>\$ 259,033</u>

Amounts due in the next five years are as follows:

2019: \$46,729 2020: \$49,506 2021: \$33,536 2021: \$26,507 2022: \$20,013

5. Municipal debt

	2018	2017
Bank loan payable in quarterly instalments of \$2,592 including interest at 5.6% maturing April 2022	32,551	40,813
Tile drainage loans payable to the Ministry of Finance maturing from 2020 to 2026 with interest rates of 6%	<u>179,003</u>	<u>218,220</u>
	<u>\$ 211,554</u>	<u>\$ 259,033</u>

Principal payments are recoverable from landowners.

Amounts due in the next five years are as follows:

2019: \$46,729 2020: \$49,506 2021: \$33,536 2021: \$26,507 2022: \$20,013

6. Landfill closure and post closure cost 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. These costs will be incurred when the landfill site stops accepting waste, with the post-closure care expected to continue for an additional 50 years. The estimated liability is the discounted present value of future cash flows related to capacity used to date. The municipality operates landfill sites within its boundaries and participates in the Mid-Huron landfill site.

Based on a 2019 cost estimate, the recorded liability for sites within the municipality is \$467,260 (2017: \$293,200). The future liability is expected to be funded through budget allocations and reserves.

The municipality's proportionate liability for the Mid-Huron landfill site reported in the financial statements is \$1,042,194 (2017: \$1,074,710). The Mid-Huron Landfill Site Board has set aside reserve funds of which the municipality's proportionate share is \$497,832 (2017: \$572,965).

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 closure and post-closure care costs are expected to be funded in the year incurred.

7. Contractual obligations

The municipality has contracted with Veolia Water Canada for operation and maintenance of water systems until March 2020 at a base annual fee of \$129,600 with certain additional charges and increases based on consumer price index, and with Waste Management for garbage collection and recycling until April 2020 at a base annual fee of \$172,686 plus 2% increase per year.

8. 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.

9. 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.

10. Schedule of accumulated surplus

	2018	2017
Reserves	<u>5,278,806</u>	<u>5,293,755</u>
Surpluses		
Invested in tangible capital assets	37,678,053	37,307,619
General revenue fund	-	-
Unfunded		
Solid waste landfill closure and post closure liabilities	<u>(1,509,454)</u>	<u>(1,367,910)</u>
Total surpluses	<u>36,168,599</u>	<u>35,939,709</u>
Accumulated surplus	<u>\$ 41,447,405</u>	<u>\$ 41,233,464</u>

11. 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	2,080,000
net transfers to reserves	<u>(848,424)</u>
Budgeted surplus reported on statement of operations	\$ <u>1,231,576</u>

12. Financial instrument risk management**Liquidity risk:**

Liquidity risk is the risk that the municipality will not be able to meet its financial obligations associated with financial liabilities. The municipality follows a budgeting and monitoring procedure to ensure funds are available to meet its obligations.

Credit risk:

The municipality is exposed to credit risk through its cash and receivables in the event of non-collection. The maximum exposure to credit risk is the carrying value of accounts receivable on the balance sheet.

Interest rate risk:

The municipality is exposed to interest rate risk arising from the possibility of fluctuation in interest rates on debt. Currently, the municipality has no short-term loans and the rates on long-term debt are fixed.

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

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:

	2018	2017
School boards	2,187,762	2,144,799
County of Huron	5,009,439	4,880,737

14. Trust funds

Trust funds administered by the municipality amounting to \$177,130 (2017: \$171,390) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations.

15. 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, 2018

	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	2,026,350	278	65,303		65,581	37,993		37,993	2,053,938
for protection services	779,312		108,996		108,996			-	888,308
for transportation services	1,569,426	8,593	891,592		900,185		1,125,240	1,125,240	1,344,371
for environmental services	785,268		212,344		212,344	75,133		75,133	922,479
for social and family services	2,500				-			-	2,500
for recreation and cultural services	130,899		8,310		8,310	71,999		71,999	67,210
	5,293,755	8,871	1,286,545	-	1,295,416	185,125	1,125,240	1,310,365	\$ 5,278,806

Consolidated Schedule of Continuity of Deferred Revenue

Schedule 2

For the Year Ended December 31, 2018

	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	82,582	1,537		1,750	3,287			-	85,869
Federal gasoline tax	51,049	1,721		177,792	179,513		131,262	131,262	99,300
	133,631	3,258	-	179,542	182,800	-	131,262	131,262	\$ 185,169

Township of Ashfield-Colborne-Wawanosh
 Consolidated Schedule of Tangible Capital Assets
 For the Year Ended December 31, 2018

Schedule 3

	General				Infrastructure				Total Net Book Value 2018	Total Net Book Value 2017
	Land	Buildings	Machinery & Equipment	Vehicles	Plants and Facilities	Roads	Underground and other Networks	Bridges and other Structures		
Cost										
Balance, beginning of year	779,803	4,112,893	1,089,094	3,453,286	1,409,195	43,769,763	2,181,104	6,346,744	63,141,882	62,759,996
Additions during the year	5,000	77,500	51,476	308,940		1,053,824		211,040	1,707,780	1,804,132
Disposals during the year			(13,991)			(792,190)		(18,915)	(825,096)	(1,422,246)
Balance, end of year	784,803	4,190,393	1,126,579	3,762,226	1,409,195	44,031,397	2,181,104	6,538,869	64,024,566	63,141,882
Accumulated depreciation										
Balance, beginning of year	-	1,235,512	545,880	1,992,371	715,110	17,583,301	627,859	3,134,230	25,834,263	25,361,677
Amortization during the year		84,607	62,040	196,921	48,903	797,991	29,081	113,325	1,332,868	1,333,088
Accumulated amortization on disposals			(12,521)			(790,885)		(17,212)	(820,618)	(860,502)
Balance, end of year	-	1,320,119	595,399	2,189,292	764,013	17,590,407	656,940	3,230,343	26,346,513	25,834,263
Net Book Value of Tangible Capital Assets	784,803	2,870,274	531,180	1,572,934	645,182	26,440,990	1,524,164	3,308,526	37,678,053	37,307,619

Township of Ashfield-Colborne-Wawanosh
Segmented Information
For the Year Ended December 31, 2018

Schedule 4

	General Government	Police Protection	Fire Protection	Building inspection	Other Protection	Roads and Sreet lights	Water,Sewers, Storm sewers	Waste Disposal	Health	Recreation and Culture	Zoning and Development	Total 2018	Total 2017
Revenue													
Taxation	4,021,781											4,021,781	3,712,504
User charges	755,141		4,986	163,487	25,415	44,787	483,054	210,961	29,276	178,150	1,199,996	3,095,253	3,189,080
Government transfers	793,430					407,630	75,000	52,769		-	22,907	1,351,736	1,120,094
Interest and penalties	135,589											135,589	103,340
Gain (loss) on disposal of assets	(1,321)					3,993						2,672	(527,111)
	5,704,620	-	4,986	163,487	25,415	456,410	558,054	263,730	29,276	178,150	1,222,903	8,607,031	7,597,907
Operating expenditure													
Wages, salaries and benefits	512,412		75,896	97,040	67	726,643	918	60,493	23,145	134,041	2,229	1,632,884	1,640,118
Contract services	61,163	940,820	179,462	13,350	198,709	616,711	284,782	247,521	6,462	38,695	1,231,197	3,818,872	3,668,898
Materials and supplies	210,147		29,804	22,036	2,299	609,204	60,010	300,576	18,135	356,253	-	1,608,464	1,117,142
Depreciation and write-downs	16,809		29,672	3,722		1,091,897	98,845	15,628	2,857	73,440		1,332,870	1,333,088
	800,531	940,820	314,834	136,148	201,075	3,044,455	444,555	624,218	50,599	602,429	1,233,426	8,393,090	7,759,246
Net revenue (expense)	4,904,089	(940,820)	(309,848)	27,339	(175,660)	(2,588,045)	113,499	(360,488)	(21,323)	(424,279)	(10,523)	213,941	(161,339)

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, 2018 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, 2018, 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
June 18, 2019

**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	
	2018	2017	2018	2017	2018	2017	2018	2017
Capital beginning of year	171,390	167,367	119,047	116,167	26,435	25,535	25,908	25,665
Receipts								
Plot sales	3,960	2,880	3,960	2,880				
Monument installations	1,300	900			1,300	900		
Interest earned	3,199	1,592	2,225	1,102	494	247	480	243
	8,459	5,372	6,185	3,982	1,794	1,147	480	243
Expenditure								
Maintenance	2,719	1,349	2,225	1,102	494	247	-	-
	2,719	1,349	2,225	1,102	494	247	-	-
Capital end of year	\$ 177,130	171,390	\$ 123,007	119,047	\$ 27,735	26,435	\$ 26,388	25,908

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

As at December 31	Total		Cemetery Internment Rights		Cemetery Monument Installation		Cemetery Bequest	
	2018	2017	2018	2017	2018	2017	2018	2017
Assets								
Cash	179,849	169,270	125,232	116,927	28,229	26,435	26,388	25,908
Liabilities								
Due to municipality	(2,719)	-	(2,225)	-	(494)	-	-	-
Net assets	177,130	169,270	123,007	116,927	27,735	26,435	26,388	25,908
Trust fund capital	\$ 177,130	169,270	\$ 123,007	116,927	\$ 27,735	26,435	\$ 26,388	25,908

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

For the Year Ended December 31, 2018

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, 2018 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, 2018 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
June 18, 2019

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

For the year ended December 31	2018 Budget	2018 Actual	2017 Actual
Revenue			
Contributions from participating municipalities			
Township of Ashfield-Colborne-Wawanosh	134,695	117,556	112,911
Township of Huron-Kinloss	134,695	117,556	112,911
Fire calls	-	22,500	22,400
County of Bruce Modified First Response grant	5,000	5,000	5,000
Other revenue	-	1,471	7,500
Transfer from reserve	-	-	-
	<u>274,390</u>	<u>264,083</u>	<u>260,722</u>
Expenditure			
Salaries	139,000	151,791	143,688
Vehicle operation	6,550	5,520	10,329
Equipment	40,000	22,038	39,239
Hydrant repairs	3,500	3,410	3,410
Building maintenance	11,000	14,905	4,153
Dispatch service	15,000	8,524	13,947
Training	26,700	28,256	16,525
Telephone	2,500	2,109	2,160
Utilities	12,050	11,624	11,627
Insurance	7,000	7,125	6,837
Licences, fees, administration	11,090	8,781	8,807
	<u>274,390</u>	<u>264,083</u>	<u>260,722</u>
Annual surplus	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

LUCKNOW AND DISTRICT FIRE DEPARTMENT JOINT BOARD OF MANAGEMENT

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2018

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 (2017: \$2,500) was paid to the Township of Ashfield-Colborne-Wawanosh.

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying statement of operations of the Lucknow Community Health Centre Board ("the Entity") for the year ended December 31, 2018 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, 2018 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
June 18, 2019

LUCKNOW COMMUNITY HEALTH CENTRE BOARD
STATEMENT OF OPERATIONS

For the year ended December 31	2018 Budget	2018 Actual	2017 Actual
Revenue			
Rentals	18,100	14,997	17,947
Other revenue	-	2,000	85
Contributions from participating municipalities			
Township of Ashfield-Colborne-Wawanosh	5,075	3,522	5,348
Township of Huron-Kinloss	5,075	3,522	5,348
	<u>28,250</u>	<u>24,040</u>	<u>28,728</u>
Expenditure			
Maintenance	10,600	9,279	14,262
Utilities	9,150	6,771	7,390
Property taxes	5,800	5,275	5,366
Insurance	1,600	980	1,210
Administration	1,100	1,735	500
	<u>28,250</u>	<u>24,040</u>	<u>28,728</u>
Annual surplus	\$ 0	\$ 0	\$ 0

LUCKNOW COMMUNITY HEALTH CENTRE BOARD
NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2018

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 \$5,274 (2017: \$5,366) and water and sewer charges of \$1,900 (2017: \$1,800) 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, 2018 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, 2018 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
June 18, 2019

LUCKNOW AND DISTRICT JOINT RECREATION BOARD

STATEMENT OF OPERATIONS

For the year ended December 31	2018 Budget	2018 Actual	2017 Actual
Revenue			
Arena			
Ice rentals	42,000	79,498	44,357
Arena rentals	10,500	9,059	12,715
Hockey and figure skating ice time	84,000	35,490	81,445
Bar sales	87,050	80,028	97,039
Public skating	3,250	5,940	4,095
Advertising boards	11,500	11,985	11,688
Donations and other revenue	8,974	20,750	9,495
	<u>247,274</u>	<u>242,750</u>	<u>260,834</u>
Recreation receipts			
Hockey admissions	20,000	7,766	19,477
Hockey program	45,000	2,458	58,268
Skating program	6,000	7,220	7,295
Swimming pool	14,000	24,459	19,691
Baseball	14,500	16,459	15,470
Soccer	9,825	7,895	9,395
Daycamp	10,000	8,968	-
	<u>119,325</u>	<u>75,225</u>	<u>129,596</u>
Total rentals and program revenue	<u>366,599</u>	<u>317,975</u>	<u>390,430</u>
Contributions from participating municipalities			
Township of Huron-Kinloss	253,023	232,870	141,923
Township of Ashfield-Colborne-Wawanosh	253,023	232,870	141,923
	<u>506,046</u>	<u>465,740</u>	<u>283,846</u>
Total revenue	<u>872,645</u>	<u>783,715</u>	<u>674,276</u>
Expenses			
Administration and general			
Salaries	142,000	139,164	134,266
Maintenance	29,975	40,366	31,973
Utilities	78,370	74,755	76,089
Insurance	11,000	8,907	10,734
Administration and training	19,500	20,456	19,532
	<u>280,845</u>	<u>283,648</u>	<u>272,594</u>
Arena and auditorium			
Salaries	103,800	85,531	93,068
Maintenance	179,875	169,708	7,407
Utilities	15,000	17,245	18,226
Bar purchases and profit share	62,400	59,737	72,739
	<u>361,075</u>	<u>332,221</u>	<u>191,440</u>
Recreation programs			
Hockey insurance	7,000	-	7,101
Referee fees	14,750	6,116	13,514
Other hockey expenses	11,075	24,315	14,078
Hockey ice time	84,000	35,490	81,445
Skating program	2,000	2,228	2,027
Ball and soccer program	8,900	6,730	8,231
Daycamp program	14,700	8,696	-
Pool salaries	34,200	34,690	32,380
Pool expenses	23,100	18,392	20,055
Parks	31,000	31,189	31,411
	<u>230,725</u>	<u>167,846</u>	<u>210,242</u>
Total expenses	<u>872,645</u>	<u>783,715</u>	<u>674,276</u>
Annual surplus	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

LUCKNOW AND DISTRICT JOINT RECREATION BOARD

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2018

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 (2017: \$5,000) was paid to the Township of Ashfield-Colborne-Wawanosh. Water and sewer fees of \$4,416 (2017: \$2,464) were paid to the Township of Huron-Kinloss.