

**TOWNSHIP OF ASHFIELD-COLBORNE-WAWANOSH**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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

## INDEPENDENT AUDITOR'S REPORT

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To the Members of Council, Inhabitants and Ratepayers  
of the Corporation of the Township of 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, 2019 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, 2019, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAB).

### *Basis for Opinion*

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PSAB, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### *Auditor's Responsibilities for the Audit of the Financial Statements*

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

## INDEPENDENT AUDITOR'S REPORT (continued)

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

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

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

*Seebach & Company*

Chartered Professional Accountants  
Licensed Public Accountants

Clinton, Ontario  
August 11, 2020

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

as at December 31		2019	2018
<b>Financial Assets</b>			
Cash	note 3	<b>5,660,785</b>	3,818,480
Taxes receivable		<b>482,191</b>	422,929
Accounts receivable		<b>1,824,129</b>	2,525,226
Long-term receivables	note 4	<b>181,420</b>	211,554
		<b>8,148,525</b>	6,978,189
<b>Liabilities</b>			
Account payable and accrued liabilities		<b>1,193,526</b>	1,302,660
Deferred revenue	schedule 2	<b>316,352</b>	185,169
Municipal debt	note 5	<b>181,420</b>	211,554
Landfill closure and post closure liability	note 6	<b>1,511,193</b>	1,509,454
		<b>3,202,491</b>	3,208,837
<b>Net financial assets</b>		<b>4,946,034</b>	3,769,352
<b>Non-financial assets</b>			
Tangible capital assets	schedule 3	<b>38,345,046</b>	37,678,053
<b>Accumulated surplus</b>	note 10	<b>\$ 43,291,080</b>	\$ 41,447,405

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**

<b>for the year ended December 31</b>	<b>2019 Budget</b>	<b>2019 Actual</b>	<b>2018 Actual</b>
Annual surplus (deficit)	1,803,149	<b>1,843,675</b>	213,941
Amortization of tangible capital assets	-	<b>1,411,631</b>	1,332,868
Acquisition of tangible capital assets	(3,392,578)	<b>(2,079,409)</b>	(1,707,780)
Proceeds from disposition of assets	17,000	<b>27,426</b>	7,150
Loss (gain) on disposal of tangible capital assets	-	<b>(26,641)</b>	(2,672)
Increase (decrease) in net financial assets	<u>(1,572,429)</u>	<b>1,176,682</b>	(156,493)
Net financial assets beginning of year		<b>3,769,352</b>	3,925,845
Net financial assets end of year		<b>\$ 4,946,034</b>	\$ 3,769,352

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

**TOWNSHIP OF ASHFIELD-COLBORNE-WAWANOSH**  
**CONSOLIDATED STATEMENT OF OPERATIONS**

<b>for the year ended December 31</b>	<b>2019 Budget</b>	<b>2019 Actual</b>	<b>2018 Actual</b>
<b>Revenue</b>			
Taxation for municipal purposes	4,428,904	<b>4,432,518</b>	4,021,781
User charges	1,853,501	<b>2,755,851</b>	3,095,253
Government transfers	1,399,000	<b>2,106,382</b>	1,351,736
Other revenue	100,500	<b>209,202</b>	135,589
Gain(loss) on disposal of capital assets	-	<b>26,641</b>	2,672
<b>Total revenue</b>	<b>7,781,905</b>	<b>9,530,594</b>	<b>8,607,031</b>
<b>Expenditure</b>			
General government	773,800	<b>748,695</b>	800,531
Protection services	1,703,300	<b>1,756,181</b>	1,592,877
Transportation services	2,058,265	<b>3,097,313</b>	3,065,316
Environmental services	794,290	<b>867,593</b>	1,047,912
Health services	54,700	<b>58,447</b>	50,599
Recreation and culture	523,951	<b>549,385</b>	602,429
Planning and development	70,450	<b>609,305</b>	1,233,426
<b>Total expenses</b>	<b>5,978,756</b>	<b>7,686,919</b>	<b>8,393,090</b>
<b>Annual surplus (deficit)</b>	<b>1,803,149</b>	<b>1,843,675</b>	<b>213,941</b>
<b>Accumulated surplus beginning of year</b>	<b>41,447,405</b>	<b>41,447,405</b>	<b>41,233,464</b>
<b>Accumulated surplus end of year</b>	<b>\$ 43,250,554</b>	<b>\$ 43,291,080</b>	<b>\$ 41,447,405</b>

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	2019	2018
<b>Operating activities</b>		
Annual surplus (deficit)	1,843,675	213,941
Amortization not requiring cash outlay	1,411,631	1,332,868
Loss (gain) on disposition of tangible capital assets	(26,641)	(2,672)
Decrease (increase) in taxes receivable	(59,262)	207,873
Decrease (increase) in accounts receivable	701,097	(713,788)
Increase (decrease) in accounts payable	(109,134)	(70,374)
Increase (decrease) in deferred revenue	131,183	51,538
Increase (decrease) in landfill closure liability	1,739	141,544
Cash provided from (used for) operations	<u>3,894,288</u>	1,160,930
<b>Capital activities</b>		
Proceeds of disposition of tangible capital assets	27,426	7,150
Acquisition of tangible capital assets	(2,079,409)	(1,707,780)
Net investment in tangible capital assets	<u>(2,051,983)</u>	(1,700,630)
<b>Investing activities</b>		
Repayment of loans receivable	30,134	47,479
Net increase (decrease) in cash from investing	<u>30,134</u>	47,479
<b>Financing activities</b>		
Debt principal payments	(30,134)	(47,479)
Net increase (decrease) in cash from financing	<u>(30,134)</u>	(47,479)
<b>Net increase (decrease) in cash</b>	<u>1,842,305</u>	(539,700)
<b>Cash beginning of year</b>	<u>3,818,480</u>	4,358,180
<b>Cash end of year</b>	<u>\$ 5,660,785</u>	\$ 3,818,480

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

**TOWNSHIP OF ASHFIELD-COLBORNE-WAWANOSH**  
**NOTES TO FINANCIAL STATEMENTS**

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**For the year ended December 31, 2019**

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**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 \$ 113,749 (2018: \$105,763) for current services and is included as an expenditure on the consolidated statement of operations.

**3. Cash**

	<b>2019</b>	<b>2018</b>
Unrestricted	4,390,685	2,804,531
Restricted	678,329	415,242
Cash held by other municipalities and boards	<u>591,771</u>	<u>598,709</u>
	<b>\$ 5,660,785</b>	<b>\$ 3,818,480</b>

**4. Loans receivable**

	<b>2019</b>	<b>2018</b>
Property owners for road and water system capital costs	23,819	32,551
Property owners for tile drain loans	<u>157,601</u>	<u>179,003</u>
	<b>\$ 181,420</b>	<b>\$ 211,554</b>

Amounts due in the next five years are as follows:

2020: \$48,511    2021: \$32,481    2022: \$25,388    2023: \$18,827    2024: \$15,853

**5. Municipal debt**

	<b>2019</b>	<b>2018</b>
Bank loan payable in quarterly instalments of \$2,592 including interest at 5.6% maturing April 2022	23,819	32,551
Tile drainage loans payable to the Ministry of Finance maturing from 2020 to 2029 with interest rates of 6%	<u>157,601</u>	<u>179,003</u>
	<b>\$ 181,420</b>	<b>\$ 211,554</b>

Principal payments are recoverable from landowners.

Amounts due in the next five years are as follows:

2020: \$48,511    2021: \$32,481    2022: \$25,388    2023: \$18,827    2024: \$15,853

**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 \$472,450 (2018: \$467,260). 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 \$1,038,743 (2018: \$1,042,194). The Mid-Huron Landfill Site Board has set aside reserve funds of which the municipality's proportionate share is \$486,718 (2018: \$497,832).

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 April 2021 at a base annual fee of \$139,521 with certain additional charges and annual increases based on consumer price index, and 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.

**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**

	<b>2019</b>	<b>2018</b>
Reserves	<u>6,457,227</u>	<u>5,278,806</u>
Surpluses		
Invested in tangible capital assets	38,345,046	37,678,053
General revenue fund	-	-
Unfunded		
Solid waste landfill closure and post closure liabilities	<u>(1,511,193)</u>	<u>(1,509,454)</u>
Total surpluses	<u>36,833,853</u>	<u>36,168,599</u>
Accumulated surplus	<u>\$ 43,291,080</u>	<u>\$ 41,447,405</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	3,372,578
net transfers to reserves	<u>(1,569,429)</u>
Budgeted surplus reported on statement of operations	\$ <u>1,803,149</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:

	<b>2019</b>	<b>2018</b>
School boards	2,226,781	2,187,762
County of Huron	5,508,065	5,009,439

**14. Trust funds**

Trust funds administered by the municipality amounting to \$183,500 (2018: \$177,130) 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, 2019

	Balance, beginning of year	Revenues and contributions			Transfers			Balance, end of year	
		Interest	From Operations	Other	Total	To Operations	To Capital Acquisitions		Total
<b>Reserves and reserve funds</b>									
for general government	2,053,938	971	1,114,022		1,114,993		5,000	5,000	<b>3,163,931</b>
for protection services	888,308		43,117		43,117		100,000	100,000	<b>831,425</b>
for transportation services	1,344,371	11,240	1,054,405		1,065,645		1,089,065	1,089,065	<b>1,320,951</b>
for environmental services	922,479		143,489		143,489	11,114		11,114	<b>1,054,854</b>
for health services	-		10,000		10,000			-	<b>10,000</b>
for social and family services	2,500				-			-	<b>2,500</b>
for recreation and cultural services	67,210		9,509		9,509	3,153		3,153	<b>73,566</b>
	5,278,806	12,211	2,374,542	-	2,386,753	14,267	1,194,065	1,208,332	<b>\$ 6,457,227</b>

**Consolidated Schedule of Continuity of Deferred Revenue**

Schedule 2

For the Year Ended December 31, 2019

	Balance, beginning of year	Revenues and contributions			Transfers			Balance, end of year	
		Interest	From Operations	Contributions	Total	To Operations	To Capital Acquisitions		Total
<b>Deferred revenue</b>									
Development charges and parklands	85,869	1,944		1,500	3,444			-	<b>89,313</b>
Federal gasoline tax	99,300	4,701		345,586	350,287		222,548	222,548	<b>227,039</b>
	185,169	6,645	-	347,086	353,731	-	222,548	222,548	<b>\$ 316,352</b>

Township of Ashfield-Colborne-Wawanosh  
Consolidated Schedule of Tangible Capital Assets  
For the Year Ended December 31, 2019

Schedule 3

	General				Infrastructure				Total Net Book Value 2019	Total Net Book Value 2018
	Land	Buildings	Machinery & Equipment	Vehicles	Plants and Facilities	Roads	Underground and other Networks	Bridges and other Structures		
<b>Cost</b>										
Balance, beginning 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	<b>64,024,566</b>	63,141,882
Additions during the year		269,077	88,191	378,700		1,130,237		213,204	<b>2,079,409</b>	1,707,780
Disposals during the year			(3,143)	(180,555)		(175,810)		(5,121)	<b>(364,629)</b>	(825,096)
Balance, end of year	784,803	4,459,470	1,211,627	3,960,371	1,409,195	44,985,824	2,181,104	6,746,952	<b>65,739,346</b>	64,024,566
<b>Accumulated depreciation</b>										
Balance, beginning of year	-	1,320,119	595,399	2,189,292	764,013	17,590,407	656,940	3,230,343	<b>26,346,513</b>	25,834,263
Amortization during the year		85,435	63,639	215,193	48,902	851,683	29,081	117,698	<b>1,411,631</b>	1,332,868
Accumulated amortization on disposals			(3,003)	(180,555)		(175,810)		(4,476)	<b>(363,844)</b>	(820,618)
Balance, end of year	-	1,405,554	656,035	2,223,930	812,915	18,266,280	686,021	3,343,565	<b>27,394,300</b>	26,346,513
<b>Net Book Value of Tangible Capital Assets</b>	784,803	3,053,916	555,592	1,736,441	596,280	26,719,544	1,495,083	3,403,387	<b>38,345,046</b>	37,678,053

**Township of Ashfield-Colborne-Wawanosh**

**Segmented Information**

Schedule 4

For the Year Ended December 31, 2019

	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 2019	Total 2018
<b>Revenue</b>													
Taxation	4,432,518											<b>4,432,518</b>	4,021,781
User charges	767,317		9,033	227,960	29,317	71,116	548,088	237,213	120,403	184,660	560,744	<b>2,755,851</b>	3,085,653
Government transfers	1,368,205					644,215	13,144	58,665		-	22,153	<b>2,106,382</b>	1,351,736
Interest and penalties	209,203											<b>209,203</b>	135,589
Gain (loss) on disposal of assets			6,980			19,660						<b>26,640</b>	2,672
	<b>6,777,243</b>	-	16,013	227,960	29,317	734,991	561,232	295,878	120,403	184,660	582,897	<b>9,530,594</b>	8,597,431
<b>Operating expenditure</b>													
Wages, salaries and benefits	526,311		82,915	97,934	66	741,175	1,160	52,709	27,929	134,041	3,824	<b>1,668,064</b>	1,632,884
Contract services	62,065	948,654	257,785	54,331	208,378	559,892	332,564	268,331	7,377	38,695	605,481	<b>3,343,553</b>	3,818,872
Materials and supplies	142,957		35,401	21,092	13,557	608,823	84,019	35,198	19,800	302,824	-	<b>1,263,671</b>	1,608,464
Depreciation and write-downs	17,362		31,694	4,374		1,166,563	98,843	15,629	3,341	73,825		<b>1,411,631</b>	1,332,870
	<b>748,695</b>	948,654	407,795	177,731	222,001	3,076,453	516,586	371,867	58,447	549,385	609,305	<b>7,686,919</b>	8,393,090
<b>Net revenue (expense)</b>	6,028,548	(948,654)	(391,782)	50,229	(192,684)	(2,341,462)	44,646	(75,989)	61,956	(364,725)	(26,408)	<b>1,843,675</b>	204,341

## INDEPENDENT AUDITOR'S REPORT

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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, 2019 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, 2019, 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 11, 2020

**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	
	2019	2018	2019	2018	2019	2018	2019	2018
<b>Capital beginning of year</b>	<b>177,130</b>	171,390	<b>123,007</b>	119,047	<b>27,735</b>	26,435	<b>26,388</b>	25,908
<b>Receipts</b>								
Plot sales	4,770	3,960	4,770	3,960				
Monument installations	1,000	1,300			1,000	1,300		
Interest earned	4,110	3,199	2,866	2,225	644	494	600	480
	<b>9,880</b>	8,459	<b>7,636</b>	6,185	<b>1,644</b>	1,794	<b>600</b>	480
<b>Expenditure</b>								
Maintenance	3,510	2,719	2,866	2,225	644	494	-	-
	<b>3,510</b>	2,719	<b>2,866</b>	2,225	<b>644</b>	494	-	-
<b>Capital end of year</b>	<b>\$ 183,500</b>	177,130	<b>\$ 127,777</b>	123,007	<b>\$ 28,735</b>	27,735	<b>\$ 26,988</b>	26,388

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

As at December 31	Total		Cemetery Internment Rights		Cemetery Monument Installation		Cemetery Bequest	
	2019	2018	2019	2018	2019	2018	2019	2018
<b>Assets</b>								
Cash	189,528	179,849	132,867	125,232	29,673	28,229	26,988	26,388
Accounts receivable	200	-	-	-	200	-	-	-
<b>Liabilities</b>								
Due to municipality	(6,228)	(2,719)	(5,090)	(2,225)	(1,138)	(494)	-	-
<b>Net assets</b>	<b>183,500</b>	177,130	<b>127,777</b>	123,007	<b>28,735</b>	27,735	<b>26,988</b>	26,388
<b>Trust fund capital</b>	<b>\$ 183,500</b>	177,130	<b>\$ 127,777</b>	123,007	<b>\$ 28,735</b>	27,735	<b>\$ 26,988</b>	26,388

The accompanying notes are an integral part of these financial statements

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

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**For the Year Ended December 31, 2019**

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**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, 2019 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, 2019 in accordance with Canadian public sector accounting standards (PSAB).

### *Basis for Opinion*

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PSAB, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### *Auditor's Responsibilities for the Audit of the Financial Statements*

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

**INDEPENDENT AUDITOR'S REPORT (continued)**

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

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

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

*Seebach & Company*

Chartered Professional Accountants  
Licensed Public Accountants

Clinton, Ontario  
August 11, 2020

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

<b>For the year ended December 31</b>	<b>2019 Budget</b>	<b>2019 Actual</b>	<b>2018 Actual</b>
<b>Revenue</b>			
Contributions from participating municipalities			
Township of Ashfield-Colborne-Wawanosh	132,445	<b>116,220</b>	117,556
Township of Huron-Kinloss	132,445	<b>116,220</b>	117,556
Fire calls	-	<b>34,000</b>	22,500
County of Bruce Modified First Response grant	5,000	<b>5,000</b>	5,000
Other revenue	-	<b>23,625</b>	1,471
Transfer from reserve	-	-	-
	<u>269,890</u>	<u><b>295,065</b></u>	<u>264,083</u>
<b>Expenditure</b>			
Salaries	150,000	<b>165,830</b>	151,791
Vehicle operation	5,850	<b>7,545</b>	5,520
Equipment	39,500	<b>34,419</b>	22,038
Hydrant repairs	3,500	<b>3,780</b>	3,410
Building maintenance	8,700	<b>10,946</b>	14,905
Dispatch service	10,000	<b>15,679</b>	8,524
Training	20,300	<b>20,378</b>	28,256
Telephone	2,300	<b>2,264</b>	2,109
Utilities	12,590	<b>11,848</b>	11,624
Insurance	7,300	<b>7,371</b>	7,125
Licences, fees, administration	9,850	<b>15,005</b>	8,781
	<u>269,890</u>	<u><b>295,065</b></u>	<u>264,083</u>
<b>Annual surplus</b>	<u>\$ 0</u>	<u><b>\$ 0</b></u>	<u>\$ 0</u>

# LUCKNOW AND DISTRICT FIRE DEPARTMENT JOINT BOARD OF MANAGEMENT

## NOTES TO FINANCIAL STATEMENTS

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For the year ended December 31, 2019

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### 1. Accounting policies

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

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

a) Basis of accounting

i) Accrual basis of accounting

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

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

### 2. Participating municipalities

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

### 3. Related party transactions

Board administration cost of \$2,500 (2018: \$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, 2019 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, 2019 in accordance with Canadian public sector accounting standards (PSAB).

### *Basis for Opinion*

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PSAB, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### *Auditor's Responsibilities for the Audit of the Financial Statements*

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

## INDEPENDENT AUDITOR'S REPORT (continued)

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

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

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

*Seebach & Company*

Chartered Professional Accountants  
Licensed Public Accountants

Clinton, Ontario  
August 11, 2020

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

<b>For the year ended December 31</b>	<b>2019 Budget</b>	<b>2019 Actual</b>	<b>2018 Actual</b>
<b>Revenue</b>			
Rentals	8,855	<b>8,855</b>	14,997
Other revenue	15,000	<b>171,430</b>	2,000
Contributions from participating municipalities			
Township of Ashfield-Colborne-Wawanosh	2,422	<b>202,074</b>	36,016
Township of Huron-Kinloss	2,423	<b>202,074</b>	36,016
Less: capital contributions			
Township of Ashfield-Colborne-Wawanosh		<b>(281,487)</b>	(32,495)
Township of Huron-Kinloss		<b>(281,487)</b>	(32,495)
	28,700	<b>21,460</b>	24,040
<b>Expenditure</b>			
Maintenance	10,000	<b>6,054</b>	9,279
Utilities	9,200	<b>7,527</b>	6,771
Property taxes	5,800	<b>5,189</b>	5,275
Insurance	1,200	<b>1,079</b>	980
Administration	2,500	<b>1,611</b>	1,735
	28,700	<b>21,460</b>	24,040
<b>Annual surplus</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>

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

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**For the year ended December 31, 2019**

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**1. Accounting policies**

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

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

a) Basis of accounting

i) Accrual basis of accounting

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

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

**2. Participating municipalities**

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

**3. Related party transactions**

During the year, the board paid property taxes of \$5,189 (2018: \$5,274) and water and sewer charges of \$2,020 (2018: \$1,900) 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, 2019 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, 2019 in accordance with Canadian public sector accounting standards (PSAB).

### *Basis for Opinion*

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PSAB, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### *Auditor's Responsibilities for the Audit of the Financial Statements*

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

## INDEPENDENT AUDITOR'S REPORT (continued)

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

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

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

*Seebach & Company*

Chartered Professional Accountants  
Licensed Public Accountants

Clinton, Ontario  
August 11, 2020

**LUCKNOW AND DISTRICT JOINT RECREATION BOARD**

**STATEMENT OF OPERATIONS**

<b>For the year ended December 31</b>	<b>2019 Budget</b>	<b>2019 Actual</b>	<b>2018 Actual</b>
<b>Revenue</b>			
Arena			
Ice rentals	105,000	<b>92,458</b>	79,498
Arena rentals	9,500	<b>13,070</b>	9,059
Hockey and figure skating rentals	-	-	35,490
Bar sales	86,525	<b>98,658</b>	80,028
Public skating	5,500	<b>5,220</b>	5,940
Advertising boards	12,000	<b>12,025</b>	11,985
Donations and other revenue	7,940	<b>27,045</b>	20,750
	<b>226,465</b>	<b>248,476</b>	242,750
Recreation receipts			
Hockey admissions	-	-	7,766
Hockey program	-	-	2,458
Skating program	7,000	<b>9,000</b>	7,220
Swimming pool	16,000	<b>18,430</b>	24,459
Baseball	14,000	<b>12,815</b>	16,459
Soccer	8,550	<b>7,175</b>	7,895
Daycamp	9,000	<b>5,337</b>	8,968
Fitness	-	<b>910</b>	-
	<b>54,550</b>	<b>53,667</b>	75,225
Total rentals and program revenue	<b>281,015</b>	<b>302,143</b>	317,975
Contributions from participating municipalities			
Township of Huron-Kinloss	149,080	<b>135,145</b>	232,870
Township of Ashfield-Colborne-Wawanosh	149,080	<b>135,145</b>	232,870
	<b>298,160</b>	<b>270,289</b>	465,740
Total revenue	<b>579,175</b>	<b>572,432</b>	783,715
<b>Expenses</b>			
Administration and general			
Salaries	145,000	<b>139,962</b>	139,164
Maintenance	33,650	<b>36,481</b>	40,366
Utilities	77,425	<b>83,927</b>	74,755
Insurance	10,000	<b>9,606</b>	8,907
Administration and training	17,900	<b>16,705</b>	20,456
	<b>283,975</b>	<b>286,681</b>	283,648
Arena and auditorium			
Salaries	95,100	<b>91,191</b>	85,531
Maintenance	14,475	<b>15,281</b>	169,708
Utilities	18,000	<b>14,261</b>	17,245
Bar purchases and profit share	62,750	<b>70,908</b>	59,737
	<b>190,325</b>	<b>191,641</b>	332,221
Recreation programs			
Referee fees	-	-	6,116
Other hockey expenses	-	<b>2,080</b>	24,315
Hockey ice time	-	-	35,490
Skating program	2,250	<b>2,680</b>	2,228
Ball and soccer program	6,900	<b>3,735</b>	6,730
Daycamp program	9,700	<b>5,300</b>	8,696
Pool salaries	36,200	<b>31,935</b>	34,690
Pool expenses	18,325	<b>13,260</b>	18,392
Fitness program	-	<b>840</b>	-
Parks	31,500	<b>34,280</b>	31,189
	<b>104,875</b>	<b>94,110</b>	167,846
Total expenses	<b>579,175</b>	<b>572,432</b>	783,715
<b>Annual surplus</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>

# LUCKNOW AND DISTRICT JOINT RECREATION BOARD

## NOTES TO FINANCIAL STATEMENTS

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For the year ended December 31, 2019

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### 1. Accounting policies

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

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

a) Basis of accounting

i) Accrual basis of accounting

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

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

### 2. Participating municipalities

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

### 3. Related party transactions

Board administration cost of \$5,000 (2018: \$5,000) was paid to the Township of Ashfield-Colborne-Wawanosh. Water and sewer fees of \$11,373 (2018: \$5,471) were paid to the Township of Huron-Kinloss.