

**TOWNSHIP OF HURON-KINLOSS
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022**

SEEBACH & COMPANY
Chartered Professional Accountants

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of the Corporation of the Township of Huron-Kinloss ("the Entity"), which are comprised of the consolidated statement of financial position as at December 31, 2022 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, 2022, 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
October 16, 2023

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

As at December 31		2022	2021
Financial assets			
Cash and cash equivalents	Note 2	13,198,196	12,411,025
Taxes receivable		1,048,835	1,004,275
Accounts receivable		4,707,492	2,564,865
Long-term receivables	Note 3	336,150	438,494
Long-term investments	Note 4	770,285	770,285
		20,060,958	17,188,944
Liabilities			
Accounts payable and accrued liabilities		3,850,343	1,767,873
Deferred revenue	Schedule 2	1,653,906	1,661,210
Municipal debt	Note 6	118,170	157,712
Landfill closure and post closure liability	Note 7	1,117,849	1,096,136
Post-employment benefits liability	Note 8	208,780	242,061
		6,949,048	4,924,992
Net financial assets		13,111,910	12,263,952
Non-financial assets			
Tangible capital assets	Note 9	68,120,720	64,837,903
Prepaid expenses		182,263	150,820
Inventory for resale		6,373	7,248
Accumulated surplus	Note 10	\$ 81,421,266	\$ 77,259,923

The accompanying notes are an integral part of these financial statements

TOWNSHIP OF HURON-KINLOSS
CONSOLIDATED STATEMENT OF OPERATIONS

For the year ended December 31	2022 Budget	2022 Actual	2021 Actual
Revenue			
Taxation for municipal purposes	9,496,347	9,576,789	9,126,621
User fees	5,020,767	6,684,132	6,202,048
Government transfers	Note 11 6,500,070	4,031,583	1,972,168
Other	Note 12 876,350	1,296,722	1,079,048
	<u>21,893,534</u>	<u>21,589,226</u>	<u>18,379,885</u>
Expenditure			
General government	1,963,569	1,807,540	1,502,562
Protection services	2,885,777	3,218,712	3,028,740
Roadways	3,024,889	4,531,983	4,112,029
Environmental services	3,129,855	3,692,996	3,465,521
Health services	80,139	76,303	63,743
Social and family services	-	-	-
Recreation and culture	1,424,641	1,895,484	1,486,445
Planning and development	806,010	2,204,865	1,568,162
	<u>13,314,880</u>	<u>17,427,883</u>	<u>15,227,202</u>
Annual surplus	8,578,654	4,161,343	3,152,683
Accumulated surplus beginning of year	\$ 74,107,240	\$ 77,259,923	\$ 74,107,240
Accumulated surplus end of year	<u>\$ 82,685,894</u>	<u>\$ 81,421,266</u>	<u>\$ 77,259,923</u>

The accompanying notes are an integral part of these financial statements

TOWNSHIP OF HURON-KINLOSS
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

For the year ended December 31	2022 Actual	2021 Actual
Annual surplus	4,161,343	3,152,683
Amortization of tangible capital assets	2,898,596	2,803,224
Acquisition of tangible capital assets	(6,373,226)	(3,460,458)
Proceeds from sale of tangible capital assets	533,681	101,846
(Gain) loss on disposition of tangible capital assets	(341,868)	(21,010)
Decrease (increase) in prepaid expenses and inventory for resale	(30,568)	(15,844)
Increase (decrease) in net financial assets	847,958	2,560,441
Net financial assets beginning of year	\$ 12,263,952	\$ 9,703,511
Net financial assets end of year	\$ 13,111,910	\$ 12,263,952

The accompanying notes are an integral part of these financial statements

TOWNSHIP OF HURON-KINLOSS
CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31	2022	2021
Operating activities		
Annual surplus	4,161,343	3,152,683
Decrease (increase) in taxes receivable	(44,560)	186,156
Decrease (increase) in accounts receivable	(2,142,627)	(403,374)
Decrease (increase) in non-financial assets	(30,568)	(15,844)
Increase (decrease) in accounts payable	2,082,470	70,381
Increase (decrease) in deferred revenue	(7,304)	470,984
Increase (decrease) in landfill closure liability	21,713	6,772
Increase (decrease) in post-employment benefits liability	(33,281)	12,207
	<u>(154,157)</u>	<u>327,282</u>
Non-cash charges to operations		
Amortization	2,898,596	2,803,224
Loss (gain) on disposal of capital assets	(341,868)	(21,010)
Working capital from operations	<u>2,556,728</u>	<u>2,782,214</u>
	<u>6,563,914</u>	<u>6,262,179</u>
Capital		
Acquisition of tangible capital assets	(6,373,226)	(3,460,458)
Proceeds from sale of tangible capital assets	533,681	101,846
Net investment in tangible capital assets	<u>(5,839,545)</u>	<u>(3,358,612)</u>
Investing activities		
Issuance of loans receivable	(23,200)	(16,837)
Repayments of loans receivable	125,544	101,330
Cash provided by (used for) investing activities	<u>102,344</u>	<u>84,493</u>
Financing activities		
Loan proceeds	-	23,200
Payments on long-term debt	(39,542)	(44,912)
Cash provided by (used for) financing activities	<u>(39,542)</u>	<u>(21,712)</u>
Increase (decrease) in cash position	787,171	2,966,348
Cash beginning of year	12,411,025	9,444,677
Cash end of year	\$ 13,198,196	\$ 12,411,025

The accompanying notes are an integral part of these financial statements

TOWNSHIP OF HURON-KINLOSS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

1. Accounting policies

Management responsibility

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

Significant accounting policies adopted by the township are as follows:

a) Reporting entity

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

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

- Bruce Area Solid Waste Recycling - 12.42%
- Mid-Huron Landfill Site Board - 4.9%
- Saugeen Mobility and Regional Transit - 4.7%
- Lucknow and District Fire Department Joint Board of Management - 50%
- Lucknow Community Health Centre Board - 50%
- Lucknow and District Joint Recreation Board - 50%

Inter-departmental and inter-organizational transactions and balances are eliminated.

The statements do not include trust funds that are administered for the benefit of external parties. The financial activity and position of the trust funds are reported separately.

b) Accrual basis of accounting

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

c) Cash and cash equivalents

Cash and cash equivalents are represented by cash on hand, cash on deposit in chartered banks and short term investments.

d) Long-term investments

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

e) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year, and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the change in net financial assets for the year.

- Tangible capital assets

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Category	Amortization Period	Capitalization Threshold
Land	Not applicable	\$ 0
Land improvements	20 years	5,000
Buildings	30 years	5,000
Vehicles and equipment	5 - 20 years	5,000
Transportation roads infrastructure		
Road base and earthwork	100 years	25,000
Road surfaces	8 - 20 years	25,000
Bridges and culverts	40 - 80 years	25,000
Sidewalks	40 years	5,000
Water and sewer underground networks	75 years	25,000
Water and sewer plants and facilities	20 - 90 years	25,000

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

The township has a capitalization threshold of \$0 - \$25,000 dependent on the category, so that individual tangible capital assets of lesser value are expensed, unless they are pooled because, collectively, they have significant value, or for operational reasons. Examples of pooled assets are computer systems, equipment, furniture and fixtures.

- Contribution of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. Similarly, transfers of assets to third parties are recorded as an expense equal to the net book value of the asset as of the date of transfer.

- Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

- Inventories

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

f) Pension and employee benefits

The township is an employer member of the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer, defined benefit pension plan. The township has adopted defined contribution plan accounting principals for this plan because insufficient information is available to apply defined benefit plan accounting principles. The township records as pension expense the current service cost, amortization of past service costs and interest costs related to the future employer contributions to the plan for past employee service.

g) Deferred revenue

Amounts received and required by legislation, regulation or agreement to be set aside for specific, restricted purposes are reported in the consolidated statement of financial position as deferred revenue until the obligation is discharged. These amounts will be recognized as revenues in the period in which related expenditure are incurred.

h) Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements, the reported amounts of revenue and expenditures during the period and the accompanying notes. Due to the inherent uncertainty in making estimates, actual results could differ from those estimates.

i) Reserves for future expenditures

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

j) Landfill site closure and post-closure liability

The estimated costs to close and maintain landfill sites are based on estimated future expenses in current dollars, discounted, adjusted for estimated inflation, and are charged to expense as the landfill site's capacity is used.

k) Amounts to be recovered in future years

Future years recoveries represent the requirement of the township to raise funds in subsequent periods to finance unfunded liabilities. A portion of the amounts to be recovered in future years will be recovered from deferred revenues earned.

l) Revenue recognition

- Tax levies

Tax levies, based on assessment rolls issued by the Municipal Property Assessment Corporation and tax rates established by council, are recognized as revenue when the tax billings are issued.

- Government transfers

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

- User fees and service charges

Revenues are recognized when the services are performed or goods are delivered and there is a reasonable assurance of collection

- Investment income

Revenue earned on operating surplus funds and reserves and reserve funds are recorded as revenue in the period earned.

m) Financial instruments

Financial instruments consist of cash and cash equivalents, investments, taxes receivable, accounts receivable, long-term receivables, accounts payable and accrued liabilities and municipal debt. The township classifies all of its financial instruments as measured at amortized cost. Financial assets measured at cost are recognized initially at fair value plus any directly attributable transaction costs. The carrying amount is subsequently written down to net realizable value when an impairment loss is known and there is no reasonable prospect of recovery.

n) County of Bruce and school board transactions

The township collects taxation revenue on behalf of the County of Bruce and the school boards. Such levies, other revenues, expenses, assets and liabilities with respect to the operations of these entities are not reflected in these financial statements.

TOWNSHIP OF HURON-KINLOSS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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December 31, 2022

2. Cash

	11,142,315	2021
Unrestricted		10,300,898
Restricted	1,653,906	1,661,210
Cash held by others	<u>401,975</u>	<u>448,917</u>
	\$ <u>13,198,196</u>	\$ <u>12,411,025</u>

3. Long-term receivables

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

	2022	2021
Property owners for capital costs, 4-5% interest, due 2023 through 2028	250,743	326,313
Tile drain loans receivable 6% - 8%, principal and interest payments, due 2023 through 2031	<u>85,407</u>	<u>112,181</u>
	\$ <u>336,150</u>	\$ <u>438,494</u>

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

2023	86,174
2024	78,581
2025	61,079
2026	53,817
2027	39,630
Thereafter	<u>16,869</u>
	\$ <u>336,150</u>

4. Long-term investments

	2022	2021
Note receivable, Westario Power Inc.	370,285	370,285
Common shares, Westario Power Holdings Inc.	<u>400,000</u>	<u>400,000</u>
	\$ <u>770,285</u>	\$ <u>770,285</u>

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

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

5. Temporary borrowings

The township has an authorized line of credit at Royal Bank. The outstanding amount as of December 31, 2022 was \$ Nil (2021- \$ Nil). The facility is secured by general borrowing by-laws.

6. Municipal debt

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

	2022	2021
Trust fund loans, 4-5% interest, maturing in 2022 through 2028	32,763	45,531
Tile drain loans payable to Ministry of Finance, responsibility for payment of principal and interest charges have been assumed by individuals, 6% - 8%, due 2022 through 2031	<u>85,407</u>	<u>121,181</u>
	<u>\$ 118,170</u>	<u>\$ 157,712</u>

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

2023	35,682
2024	27,426
2025	15,358
2026	12,458
2027	10,376
Thereafter	<u>16,870</u>
	<u>\$ 118,170</u>

7. Landfill closure and post closure liability

A liability for the costs of solid waste landfill closure and post closure care requirements accrues as the capacity of sites is used. Care requirements include final covering, landscaping, removal of ground water and leachates and ongoing monitoring and maintenance.

The estimated liability is the present value of the total estimated costs and is based on a discount rate of 0.5%. The recorded liability is \$1,117,849 (2021: \$1,096,136). The liability is recorded based on the capacity of the landfill used to date.

The Huron site, for which the reported liability is \$520,690, has an estimated remaining capacity of 62,303 cubic metres and a remaining life of 8 years. The Kinloss site, for which the reported liability is \$62,620, has an estimated remaining capacity of 137,000 cubic metres and has a remaining life of 23 years. Post closure care of the sites is expected to continue for 20 years.

The reported liability is based on estimates and assumptions with respect to events extending over a long-term period using the best information available to management. Future events may result in significant changes to the estimated total expenditures, capacity and liability. Any changes in these estimates would be recognized in the year the change is identified.

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

The township's proportionate liability for the Mid-Huron landfill site is \$534,539 (2021: \$537,116). The Mid-Huron Landfill Site Board has set aside a reserve funds for perpetual care of which the townships proportionate share is \$236,452.

8. Post employment benefits liability

Under the sick leave benefit plan, unused sick leave can accumulate and employees may become entitled to a cash payment when they leave the township's employment. The liability for these accumulated days, to the extent that they have vested and could be taken in cash by an employee on termination, amounted to \$208,780 as at the year end (2021: \$242,061).

9. Tangible capital assets

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

i) Contributed tangible capital assets

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

ii) Tangible capital assets recognized at nominal value

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

10. Schedule of accumulated surplus

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

	2022	2021
Invested in tangible capital assets		
Net tangible capital assets	68,120,720	64,837,903
Unexpended capital financing (Unfunded capital assets)	<u>(2,200,521)</u>	<u>(1,438,807)</u>
	65,920,199	63,399,096
Unfunded		
Solid waste landfill closure and post closure liability	(1,117,849)	(1,096,136)
Post-employment benefits liability	(208,780)	(242,061)
Other surplus	<u>386,387</u>	<u>424,185</u>
	64,979,957	62,485,084
Reserves	<u>16,441,309</u>	<u>14,774,839</u>
Accumulated surplus	<u>\$ 81,421,266</u>	<u>\$ 77,259,923</u>

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

11. Government transfers

	2022	2021
Operating		
Province of Ontario		
Ontario Municipal Partnership Fund	1,121,700	1,051,700
Conditional - Other	<u>817,063</u>	<u>610,115</u>
	1,938,763	1,618,757
Government of Canada		
Conditional - Other	45,725	11,975
Other municipalities	1,500	-
Capital		
Province of Ontario		
Conditional - Water, sewer and other	1,737,659	282,102
Government of Canada		
Conditional - Water, sewer and other	307,936	16,276
Other Municipalities		
Conditional - Water, sewer and other	-	-
Total government transfers	<u>\$ 4,031,583</u>	<u>\$ 1,972,168</u>

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

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December 31, 2022

12. Other revenue

	2022	2021
Penalties and interest on taxation	147,262	159,626
Investment income	289,567	142,039
Nuclear Waste Management	518,025	756,373
Gain (loss) on disposal of capital assets	<u>341,868</u>	<u>21,010</u>
	\$ 1,296,722	\$ 1,079,048

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:

	2022	2021
County of Bruce	\$ 6,337,404	\$ 5,848,700
School Boards	2,473,750	2,414,490

14. Trust funds

Trust funds administered by the township amounting to \$127,287 (2021: \$123,027) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of financial activities.

	2022	2021
Cemetery Care and Maintenance	\$ 125,287	\$ 121,027
MacKenzie Scholarship Trust Fund	2,000	2,000

15. Pension agreements

The township makes contributions to a multi-employer pension plan on behalf of members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. The amount contributed for the year was \$241,331 (2021 \$222,444) for current services and is included as an expenditure on the consolidated statement of financial activities.

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

16. Contractual obligation

The township has contracted with Veolia Water Canada Inc for the operation of certain water and sewage systems until December 2023 at an annual fee for 2022 of \$723,664 plus annual increases equal to the CPI.

The township has contracted with Bruce Area Solid Waste Recycling for garbage collection until March 2024 at an annual fee of \$159,828 plus tax.

17. Contingent liability

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

18. Financial instrument risk management

Credit risk

The township is exposed to credit risk through its cash, trade and other receivables, loans receivable, and long-term investments. There is the possibility of non-collection of its trade and other receivables. The majority of the township's receivables are from ratepayers and government entities. For trade and other receivables, the township measures impairment based on how long the amounts have been outstanding. For amounts outstanding considered doubtful or uncollectible, an impairment allowance is setup.

Liquidity risk

Liquidity risk is the risk that the township will not be able to meet its financial obligations as they fall due. The township has a planning and a budgeting process in place to help determine the funds required to support the township's normal operating requirements on an ongoing basis. The township ensures that there are sufficient funds to meet its short-term requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents. To achieve this aim, it seeks to maintain an available line of credit balance as approved by the appropriate borrowing bylaw to meet, at a minimum, expected requirements.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates or interest rates will affect the township's income or the value of its holdings of financial instruments. The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing return on investments.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The township is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the variable rate of temporary borrowings and long-term liabilities and the value of fixed rate long-term liabilities.

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

19. Budget amounts

Under Canadian public sector accounting standards, budget amounts are to be reported on the consolidated statement of change in net financial assets and operations for comparative purposes. The 2020 budget amounts for the Corporation of the Township of Huron-Kinloss approved by Council are unaudited and have been restated to conform to the basis of presentation of the revenues and expenditures on the consolidated statement of operations. As a result, the budget figures presented in the statements of operations and changes in net financial assets represent the budget approved by council with the following adjustments:

Approved budget annual surplus (deficit)	-
Add: Acquisition of tangible capital assets	13,770,750
Net transfers to reserves	(3,042,096)
Unfunded capital projects in process	<u>2,150,000</u>
Budgeted surplus reported on statement of operations	\$ <u>8,578,654</u>

Budget amounts were not available for certain boards consolidated by the township.

20. Segmented information

The township is a diversified municipal government institution that provides a wide range of services to its citizens. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of segments and the activities they encompass are as follows:

General government

General government is comprised of township council, administrative and clerk departments.

Protection services

Protection services department is comprised of police services, fire protection and protective inspection. The police services work to ensure the safety and protection of the citizens and their property. The fire department is responsible to provide fire suppression service, fire prevention programs and education. Protective inspection provides services related to the enforcement of building and construction codes.

Transportation services

Transportation services department is responsible for the delivery of public works services related to maintenance of roadway systems, winter control and street lighting.

Environmental services

Environmental services department consists of water, wastewater and solid waste disposal utilities. The department provides drinking water, collecting and treating wastewater, and providing collection disposal and waste minimization programs and facilities.

Health services

Health services department is responsible for maintaining the township's cemeteries and medical centre.

Social and family services

Social and family services department provides for child care services.

Recreation and cultural services

Recreation and cultural services department is responsible for the delivery and upkeep of all recreation programs and facilities including parks and library.

Planning and development

Planning and development services department provides planning, economic development and maintenance of the township's drains.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. In measuring and reporting segment revenue from transactions with other segments, inter-segment transfers are measured on the basis of the actual cost of services provided. Taxation and grants attributable to a number of segments have been allocated to those segments based on the budgeted net operating revenue for the year.

21. Government partnerships

The following summarizes the financial position and results of operations of the government partnerships. The Township of Huron-Kinloss's pro-rata share of these amounts has been reported in these financial statements using the proportionate consolidation method.

	Mid-Huron Landfill Site Board	Saugeen Mobility and Regional Transit	Bruce Area Solid Waste Recycling Association
Financial assets	4,948,707	161,988	1,989,111
Financial liabilities	<u>10,957,221</u>	<u>235,349</u>	<u>230,105</u>
Net financial asset (debt)	(6,008,514)	(73,361)	1,759,006
Non-financial assets	<u>135,134</u>	<u>637,341</u>	<u>1,516,006</u>
Accumulated surplus	<u>(5,873,380)</u>	<u>563,980</u>	<u>3,275,012</u>
Revenues	163,331	1,615,928	4,000,874
Expenses	<u>331,760</u>	<u>1,522,205</u>	<u>4,255,089</u>
Annual surplus (deficit)	\$ <u>(168,429)</u>	\$ <u>93,723</u>	\$ <u>(254,215)</u>

Mid-Huron Landfill Site Board is a partnership between the Town of Goderich, Township of Huron-Kinloss, Municipality of Central Huron, Municipality of Bluewater, Municipality of Huron East, Township of Ashfield-Colborne- Wawanosh and the Township of Huron-Kinloss to provide garbage disposal services.

Saugeen Mobility and Regional Transit (SMART) is a partnership between the Town of Hanover, The Town of Saugeen Shores, Municipality of Brockton, Municipality of West Grey, Municipality of Arran-Elderslie, Township of Southgate, Municipality of Kincardine and the Township of Huron-Kinloss to provide transportation services to the physically disabled. During the year, the township made payments to SMART of \$33,266 (2021: \$44,442) for transportation services.

Bruce Area Solid Waste Recycling Association (BASWRA) is a partnership between the Municipality of South Bruce Peninsula, the Municipality of Arran-Elderslie, the Town of Saugeen Shores, the Municipality of Kincardine, the Township of Huron-Kinloss and others to provide garbage, recycling and cardboard collection services. During the year, the township made payments to BASWRA of \$159,829 (2021: \$138,112) for garbage, recycling and cardboard collection services.

TOWNSHIP OF HURON-KINLOSS

CONSOLIDATED SCHEDULE OF CONTINUITY OF RESERVES AND RESERVE FUNDS

Schedule 1

For the Year Ended December 31, 2022

	Balance, beginning of year	Revenues and contributions			Transfers			Balance, end of year	
		Interest	From Operations	Other	Total	To Operations	To Capital Acquisitions		Total
Reserves									
for general government	1,911,830		289,927		289,927	726,045	263,198	989,243	1,212,514
for protection services	478,732		110,000		110,000	75,109		75,109	513,623
for transportation services	1,092,541		279,267		279,267		241,805	241,805	1,130,003
for water and sewer	5,049,011		1,213,094	52,463	1,265,557	-	851,067	851,067	5,463,501
for landfill sites and recycling	597,732		15,000		15,000	5,783	190,155	195,938	416,794
for health services	24,840				-			-	24,840
for social and family services	-				-			-	-
for recreation and cultural services	106,666		18,401		18,401	6,716		6,716	118,351
for planning and development	6,720		3,600		3,600	7,581		7,581	2,739
for capital projects	2,849,436		1,647,241		1,647,241	58,926	9,686	68,612	4,428,065
	12,117,508	-	3,576,530	52,463	3,628,993	880,160	1,555,911	2,436,071	13,310,430
Reserve funds									
for general government	1,124,754	32,662	-		32,662	9,983		9,983	1,147,433
for environmental services	1,285,386	27,480	514,300		541,780		80,172	80,172	1,746,994
MidHuron landfill	247,191				-	10,739		10,739	236,452
	2,657,331	60,142	514,300	-	574,442	20,722	80,172	100,894	3,130,879
	14,774,839	60,142	4,090,830	52,463	4,203,435	900,882	1,636,083	2,536,965	16,441,309

CONSOLIDATED SCHEDULE OF DEFERRED REVENUE

Schedule 2

For the Year Ended December 31, 2022

	Balance, beginning of year	Revenues and contributions			Transfers			Balance, end of year	
		Interest	From Operations	Other	Total	To Operations	To Capital Acquisitions		Total
Canada Community Building Fund	1,316,748	40,791		224,194	264,985		307,936	307,936	1,273,797
Parklands and Development	344,462	9,286		83,885	93,171	95,856		95,856	341,777
Ontario Trillium Foundation	0			38,332	38,332			-	38,332
	1,661,210	50,077	-	346,411	396,488	95,856	307,936	403,792	1,653,906

Township of Huron-Kinloss
Consolidated Schedule of Tangible Capital Assets
For the Year Ended December 31, 2022

Schedule 3A

	General				Infrastructure					Total Net Book Value 2022	Total Net Book Value 2021
	Land and land improvements	Buildings	Machinery & Equipment	Vehicles	Roads, Sidewalks Street lights	Bridges and Culverts	Storm Sewers	Water and sewer Plants and Facilities	Underground Networks		
Cost											
Balance, beginning of year	4,290,952	7,029,397	3,579,406	6,819,946	29,817,317	7,359,248	7,563,892	11,007,596	33,554,300	111,022,054	107,900,346
Reallocations and adjustments								(127,712)	127,712	-	-
Additions during the year	257,379	568,890	274,550	569,625	2,772,841	277,142	263,199	1,328,899	60,701	6,373,226	3,460,458
Disposals and adjustments	(8)		(11,469)	(229,025)	(575,924)				(8,740)	(825,166)	(338,750)
Balance, end of year	<u>4,548,323</u>	<u>7,598,287</u>	<u>3,842,487</u>	<u>7,160,546</u>	<u>32,014,234</u>	<u>7,636,390</u>	<u>7,827,091</u>	<u>12,208,783</u>	<u>33,733,973</u>	<u>116,570,114</u>	<u>111,022,054</u>
Accumulated amortization											
Balance, beginning of year	713,019	3,667,421	1,991,910	3,588,288	15,083,235	3,799,000	1,781,650	5,441,321	10,118,307	46,184,151	43,638,841
Amortization during the year	122,763	183,481	207,763	397,527	1,122,990	125,026	101,263	188,456	449,327	2,898,596	2,803,224
Adjustments and accumulated amortization on disposals			(10,359)	(190,148)	(425,507)				(7,339)	(633,353)	(257,914)
Balance, end of year	<u>835,782</u>	<u>3,850,902</u>	<u>2,189,314</u>	<u>3,795,667</u>	<u>15,780,718</u>	<u>3,924,026</u>	<u>1,882,913</u>	<u>5,629,777</u>	<u>10,560,295</u>	<u>48,449,394</u>	<u>46,184,151</u>
Net Book Value	<u>3,712,541</u>	<u>3,747,385</u>	<u>1,653,173</u>	<u>3,364,879</u>	<u>16,233,516</u>	<u>3,712,364</u>	<u>5,944,178</u>	<u>6,579,006</u>	<u>23,173,678</u>	<u>\$ 68,120,720</u>	<u>\$ 64,837,903</u>

Township of Huron-Kinloss
Consolidated Schedule of Tangible Capital Assets
For the Year Ended December 31, 2022

Schedule 3B

	General Government	Protection	Roads	Storm Sewers	Water and sewer	Waste collection, disposal	Health	Recreation and Cultural	Planning and Development	Total Net Book Value 2022	Total Net Book Value 2021
Cost											
Balance, beginning of year	1,005,071	3,535,333	44,181,790	7,568,894	45,924,868	647,625	583,929	7,549,109	25,435	111,022,054	107,900,346
Reallocations and adjustments										-	-
Additions during the year	96,154	97,356	3,842,008	263,199	1,483,507	44,248	4,707	542,047		6,373,226	3,460,458
Disposals during the year	(868)		(809,945)		(8,747)			(5,606)		(825,166)	(338,750)
Balance, end of year	<u>1,100,357</u>	<u>3,632,689</u>	<u>47,213,853</u>	<u>7,832,093</u>	<u>47,399,628</u>	<u>691,873</u>	<u>588,636</u>	<u>8,085,550</u>	<u>25,435</u>	<u>116,570,114</u>	<u>111,022,054</u>
Accumulated Amortization											
Balance, beginning of year	504,576	1,823,238	22,048,499	1,781,651	15,870,477	427,541	109,576	3,612,925	5,668	46,184,151	43,638,841
Amortization during the year	40,726	165,207	1,594,174	101,262	675,664	28,095	16,236	276,461	771	2,898,596	2,803,224
Adjustments and accumulated amortization on disposals	(868)		(619,540)		(7,341)			(5,604)		(633,353)	(257,914)
Balance, end of year	<u>544,434</u>	<u>1,988,445</u>	<u>23,023,133</u>	<u>1,882,913</u>	<u>16,538,800</u>	<u>455,636</u>	<u>125,812</u>	<u>3,883,782</u>	<u>6,439</u>	<u>48,449,394</u>	<u>46,184,151</u>
Net Book Value	<u>555,923</u>	<u>1,644,244</u>	<u>24,190,720</u>	<u>5,949,180</u>	<u>30,860,828</u>	<u>236,237</u>	<u>462,824</u>	<u>4,201,768</u>	<u>18,996</u>	<u>\$ 68,120,720</u>	<u>\$ 64,837,903</u>

Township of Huron-Kinloss

Segmented Information

Schedule 4

For the Year Ended December 31, 2022

	General Government	Police Protection	Fire Protection	Inspections and controls	Other Protection	Roads and Sreet lights	Water and sewer	Waste Disposal	Health and social	Recreation and Culture	Zoning and Development	Total 2022	Total 2021
Revenue													
Taxation	9,576,789											9,576,789	9,126,621
User fees	69,299		51,803	250,319	234,740	140,310	3,321,230	784,472	45,408	509,489	1,277,062	6,684,132	6,202,048
Government transfers	1,600,673	7,321	-			1,058,283	717,375	120,342		386,068	141,521	4,031,583	1,972,168
Other	<u>1,296,722</u>											1,296,722	1,079,048
	<u>12,543,483</u>	<u>7,321</u>	<u>51,803</u>	<u>250,319</u>	<u>234,740</u>	<u>1,198,593</u>	<u>4,038,605</u>	<u>904,814</u>	<u>45,408</u>	<u>895,557</u>	<u>1,418,583</u>	21,589,226	18,379,885
Operating expenditure													
Wages, salaries and benefits	1,119,974	523	227,216	432,058	103,592	1,073,348	22,025	386,782	20,713	794,042	424,773	4,605,046	3,846,900
Contract services	371,465	1,306,662	70,984	82,370	503,097	1,075,864	931,700	591,662	9,453	261,181	1,128,582	6,333,020	5,195,133
Materials	275,375	9,270	223,913	35,906	57,914	687,335	859,696	197,372	29,899	563,800	650,739	3,591,219	3,381,945
Amortization	<u>40,726</u>	<u>-</u>	<u>161,811</u>	<u>-</u>	<u>3,396</u>	<u>1,695,436</u>	<u>675,729</u>	<u>28,030</u>	<u>16,236</u>	<u>276,461</u>	<u>771</u>	2,898,596	2,803,224
	<u>1,807,540</u>	<u>1,316,455</u>	<u>683,924</u>	<u>550,334</u>	<u>667,999</u>	<u>4,531,983</u>	<u>2,489,150</u>	<u>1,203,846</u>	<u>76,301</u>	<u>1,895,484</u>	<u>2,204,865</u>	17,427,881	15,227,202
Net revenue (expense)	<u>10,735,943</u>	<u>(1,309,134)</u>	<u>(632,121)</u>	<u>(300,015)</u>	<u>(433,259)</u>	<u>(3,333,390)</u>	<u>1,549,455</u>	<u>(299,032)</u>	<u>(30,893)</u>	<u>(999,927)</u>	<u>(786,282)</u>	4,161,345	3,152,683

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of the Trust Funds of the Corporation of the Township of Huron-Kinloss ("the Entity"), which are comprised of the statement of financial position as at December 31, 2022 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, 2022, and the continuity of funds for the year then ended in accordance with Canadian public sector accounting standards (PSAB).

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT AUDITOR'S REPORT (continued)

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

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

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

Seebach & Company

Chartered Professional Accountants
Licensed Public Accountants

Clinton, Ontario
October 16, 2023

**TOWNSHIP OF HURON-KINLOSS
TRUST FUNDS**

STATEMENT OF CONTINUITY

For the Year Ended December 31	Total		Cemetery Perpetual Care		MacKenzie Scholarship Trust Fund	
	2022	2021	2022	2021	2022	2021
Balance beginning of year	123,027	120,762	121,027	118,762	2,000	2,000
Receipts						
Perpetual care	4,260	2,265	4,260	2,265	-	-
Interest earned	4,019	2,813	3,919	2,713	100	100
	8,279	5,078	8,179	4,978	100	100
Expenditure						
Transfers to cemetery	3,919	2,713	3,919	2,713	-	-
Scholarship	100	100	-	-	100	100
	4,019	2,813	3,919	2,713	100	100
Balance end of year	\$ 127,287	123,027	\$ 125,287	121,027	\$ 2,000	2,000

BALANCE SHEET

As at December 31	Total		Cemetery Perpetual Care		MacKenzie Scholarship Trust Fund	
	2022	2021	2022	2021	2022	2021
Assets						
Cash	96,444	78,209	96,444	78,209	-	-
Investments, cost	32,762	45,531	32,762	45,531	-	-
Due from municipality	2,000	2,000	-	-	2,000	2,000
Liabilities						
Due to cemetery	(3,919)	(2,713)	(3,919)	(2,713)	-	-
Net assets	127,287	123,027	125,287	121,027	2,000	2,000
Trust fund balances	\$ 127,287	123,027	\$ 125,287	121,027	\$ 2,000	2,000

TOWNSHIP OF HURON-KINLOSS
TRUST FUNDS
NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

1. Accounting Policies

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

a) Management responsibility

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

b) Basis of consolidation

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

c) Basis of accounting

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

d) Investments

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

e) Use of estimates

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

INDEPENDENT AUDITOR'S REPORT

To the Members of the Lucknow and District Fire Department Joint Board of Management, Members of Council, Inhabitants and Ratepayers of the participating municipalities

Opinion

We have audited the accompanying statement of operations of the Lucknow and District Fire Department Joint Board of Management ("the Entity") for the year ended December 31, 2022 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, 2022 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
July 18, 2023

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

For the year ended December 31	2022 Budget	2022 Actual	2021 Actual
Revenue			
Operating contributions from participating municipalities			
Township of Ashfield-Colborne-Wawanosh	159,187	143,449	155,839
Township of Huron-Kinloss	159,188	143,449	155,839
Fire calls	-	26,434	24,596
County of Bruce Modified First Response grant	5,000	5,000	5,000
Other revenue	-	13,465	8,853
Transfer from reserve	-	-	-
	323,375	331,796	350,126
Expenditure			
Salaries	217,500	205,958	210,206
Vehicle operation	13,500	10,400	31,728
Equipment	17,500	17,788	19,918
Hydrant repairs	4,000	3,720	3,960
Building maintenance	10,700	18,180	17,372
Dispatch service	18,000	20,934	15,737
Training	12,000	17,666	19,423
Telephone	2,000	2,390	2,126
Utilities	8,175	11,866	9,811
Insurance	9,000	10,312	8,599
Licences, fees, administration	11,000	12,582	11,246
	323,375	331,796	350,126
Annual surplus	\$ 0	\$ 0	\$ 0

LUCKNOW AND DISTRICT FIRE DEPARTMENT JOINT BOARD OF MANAGEMENT

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2022

1. Accounting policies

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

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

a) Basis of accounting

i) Accrual basis of accounting

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

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

2. Participating municipalities

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

3. Related party transactions

Board administration cost of \$2,500 was paid to the Township of Huron-Kinloss (2021: \$2,500).

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying statement of operations of the Lucknow Community Health Centre Board ("the Entity") for the year ended December 31, 2022 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, 2022 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
July 18, 2023

LUCKNOW COMMUNITY HEALTH CENTRE BOARD
STATEMENT OF OPERATIONS

For the year ended December 31	2022 Budget	2022 Actual	2021 Actual
Revenue			
Rentals	22,654	22,661	21,870
Other revenue		-	-
Operating contributions from participating municipalities			
Township of Ashfield-Colborne-Wawanosh	11,948	3,626	4,565
Township of Huron-Kinloss	11,948	3,626	4,565
	46,550	29,913	31,000
Expenditure			
Maintenance	30,000	15,944	17,725
Utilities	6,450	6,410	6,078
Property taxes	5,800	5,120	4,996
Insurance	1,800	1,939	1,701
Administration	2,500	500	500
	46,550	29,913	31,000
Annual surplus	\$ 0	\$ 0	\$ 0

LUCKNOW COMMUNITY HEALTH CENTRE BOARD

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2022

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 \$5,120 (2021: \$4,996) and water and sewer charges of \$2,200 (2021: \$2,140) to the Township of Huron-Kinloss, and \$1,370 maintenance charges to the Township of Ashfield-Colborne-Wawanosh (2021: \$1,850).

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, 2022 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, 2022 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
July 18, 2023

LUCKNOW AND DISTRICT JOINT RECREATION BOARD

STATEMENT OF OPERATIONS

For the year ended December 31	2022 Budget	2022 Actual	2021 Actual
Revenue			
Arena			
Ice rentals	75,000	100,554	54,686
Arena rentals	3,500	5,948	1,675
Bar sales	28,150	51,575	17,749
Public skating	4,000	5,538	3,330
Advertising boards	10,000	13,450	12,969
Grants	-	24,696	20,571
Donations and other revenue	11,375	14,564	14,038
	132,025	216,325	125,018
Recreation receipts			
Hockey insurance recovery	1,800	1,880	1,620
Skating program	5,000	7,272	7,440
Swimming pool	10,500	18,114	14,831
Baseball	14,000	20,597	14,630
Soccer	8,100	11,605	10,076
Daycamp	6,000	9,123	7,652
Other programs	1,000	875	1,020
	46,400	69,466	57,269
Total rentals and program revenue	178,425	285,791	182,287
Operating contributions from participating municipalities			
Township of Huron-Kinloss	245,588	139,985	143,343
Township of Ashfield-Colborne-Wawanosh	245,587	139,985	143,343
	491,175	279,970	286,686
Total revenue	669,600	565,761	468,973
Expenses			
Administration and general			
Salaries	185,000	152,402	155,061
Maintenance	67,400	40,252	46,874
Utilities	64,750	44,938	32,543
Insurance	15,000	16,543	13,953
Administration and training	22,050	19,568	13,634
	354,200	273,703	262,065
Arena and auditorium			
Salaries	89,300	93,969	55,286
Maintenance	55,950	28,052	40,257
Utilities	18,000	25,787	15,299
Bar purchases and profit share	26,500	38,782	12,272
	189,750	186,590	123,114
Recreation programs			
Skating program	2,500	2,184	1,245
Ball and soccer program	6,750	10,241	3,233
Daycamp program	5,550	7,578	6,617
Pool salaries	33,950	20,442	20,296
Pool expenses	26,600	21,341	17,277
Fitness program	800	-	-
Parks	49,500	43,682	35,126
	125,650	105,468	83,794
Total expenses	669,600	565,761	468,973
Annual surplus	\$ 0	\$ 0	\$ 0

LUCKNOW AND DISTRICT JOINT RECREATION BOARD

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2022

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 (2021: \$5,000) was paid to the Township of Ashfield-Colborne-Wawanosh. Water and sewer fees of 3,692 (2021: \$2,370) were paid to the Township of Huron-Kinloss.