

**TOWNSHIP OF ASHFIELD-COLBORNE-WAWANOSH**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

***VODDEN, BENDER & SEEBACH*** LLP  
***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

We have audited the accompanying consolidated financial statements of the Corporation of the Township of Ashfield-Colborne-Wawanosh, which comprise the consolidated statement of financial position as at December 31, 2016 and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Corporation of the Township of Ashfield-Colborne-Wawanosh as at December 31, 2016 and the results of its operations, changes in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*Vodden, Bender & Seebach LLP*

Chartered Professional Accountants  
Licensed Public Accountants  
Clinton, Ontario  
July 4, 2017

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

as at December 31		2016	2015
<b>Financial Assets</b>			
Cash	note 3	<b>4,293,847</b>	4,675,804
Taxes receivable		<b>632,546</b>	672,017
Accounts receivable		<b>1,722,472</b>	901,838
Long-term receivables	note 4	<b>331,332</b>	347,766
		<b>6,980,197</b>	6,597,425
<b>Liabilities</b>			
Account payable and accrued liabilities		<b>1,167,445</b>	1,207,119
Deferred revenue	schedule 2	<b>110,979</b>	111,603
Municipal debt	note 5	<b>328,554</b>	339,658
Landfill closure and post closure liability	note 6	<b>1,376,735</b>	1,358,766
		<b>2,983,713</b>	3,017,146
<b>Net financial assets</b>		<b>3,996,484</b>	3,580,279
<b>Non-financial assets</b>			
Tangible capital assets	schedule 3	<b>37,398,319</b>	36,686,896
<b>Accumulated surplus</b>	note 10	<b>\$ 41,394,803</b>	\$ 40,267,175

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>2016 Budget</b>	<b>2016 Actual</b>	<b>2015 Actual</b>
Annual surplus (deficit)	318,136	<b>1,127,628</b>	(316,828)
Amortization of tangible capital assets	-	<b>1,345,432</b>	1,328,790
Acquisition of tangible capital assets	(1,633,700)	<b>(2,195,027)</b>	(1,059,712)
Proceeds from disposition of assets		<b>155,724</b>	41,505
(Gain) loss on disposal of tangible capital assets	-	<b>(17,552)</b>	472,614
Increase (decrease) in net financial assets	<u>(1,315,564)</u>	<b>416,205</b>	466,369
Net financial assets beginning of year		<b>3,580,279</b>	3,113,910
Net financial assets end of year		<b>\$ 3,996,484</b>	\$ 3,580,279

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>2016 Budget</b>	<b>2016 Actual</b>	<b>2015 Actual</b>
<b>Revenue</b>			
Taxation for municipal purposes	3,422,070	<b>3,421,528</b>	3,263,783
User charges	1,010,601	<b>3,586,358</b>	2,590,917
Government transfers	854,566	<b>1,239,460</b>	1,203,050
Other revenue	109,706	<b>145,869</b>	172,468
Total revenue	5,396,943	<b>8,393,215</b>	7,230,218
<b>Expenditure</b>			
General government	704,100	<b>699,170</b>	668,989
Protection services	1,346,550	<b>1,379,392</b>	1,206,559
Transportation services	1,818,595	<b>2,929,247</b>	3,417,907
Environmental services	752,985	<b>872,682</b>	882,361
Health services	67,002	<b>78,882</b>	62,152
Recreation and culture	334,625	<b>427,586</b>	434,732
Planning and development	54,950	<b>878,628</b>	874,346
Total expenses	5,078,807	<b>7,265,587</b>	7,547,046
<b>Annual surplus (deficit)</b>	318,136	<b>1,127,628</b>	(316,828)
<b>Accumulated surplus beginning of year</b>	40,267,175	<b>40,267,175</b>	40,584,003
<b>Accumulated surplus end of year</b>	\$ 40,585,311	<b>\$ 41,394,803</b>	\$ 40,267,175

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	2016	2015
<b>Operating activities</b>		
Annual surplus (deficit)	1,127,628	(316,828)
Amortization not requiring cash outlay	1,345,432	1,328,790
Loss (gain) on disposition of tangible capital assets	(17,552)	472,614
Decrease (increase) in taxes receivable	39,471	17,500
Decrease (increase) in accounts receivable	(820,634)	(175,880)
Increase (decrease) in accounts payable	(39,674)	598,405
Increase (decrease) in deferred revenue	(624)	(5,917)
Increase (decrease) in landfill closure liability	17,969	47,171
Cash provided from (used for) operations	<u>1,652,016</u>	<u>1,965,855</u>
<b>Capital activities</b>		
Proceeds of disposition of tangible capital assets	155,724	41,505
Acquisition of tangible capital assets	(2,195,027)	(1,059,712)
Net investment in tangible capital assets	<u>(2,039,303)</u>	<u>(1,018,207)</u>
<b>Investing activities</b>		
Issuance of loans receivable	(42,600)	-
Repayment of loans receivable	59,034	5,436
Net increase (decrease) in cash from financing	<u>16,434</u>	<u>5,436</u>
<b>Financing activities</b>		
Debt issued	42,600	-
Debt principal payments	(53,704)	(398)
Net increase (decrease) in cash from financing	<u>(11,104)</u>	<u>(398)</u>
<b>Net increase (decrease) in cash</b>	<b>(381,957)</b>	<b>952,686</b>
<b>Cash beginning of year</b>	<b>4,675,804</b>	<b>3,723,118</b>
<b>Cash end of year</b>	<b><u>\$ 4,293,847</u></b>	<b><u>\$ 4,675,804</u></b>

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, 2016**

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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.

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 \$99,477 (2015: \$101,997) for current services and is included as an expenditure on the consolidated statement of operations.

**3. Cash**

	<b>2016</b>	<b>2015</b>
Unrestricted	3,026,451	3,509,147
Restricted	606,049	530,122
Cash held by other municipalities and boards	<u>661,347</u>	<u>636,535</u>
	<u>\$ 4,293,847</u>	<u>\$ 4,675,804</u>

**4. Loans receivable**

	<b>2016</b>	<b>2015</b>
Property owners for road and water system capital costs	51,407	64,132
Property owners for tile drain loans	<u>227,925</u>	<u>283,634</u>
	<u>\$ 331,332</u>	<u>\$ 347,766</u>

Amounts due in the next five years are as follows:

2017: \$55,647    2018: \$53,789    2019: \$53,418    2020: \$53,160    2021: \$33,536

**5. Municipal debt**

	<b>2016</b>	<b>2015</b>
Bank loan payable in quarterly instalments of \$2,592 including interest at 5.6% maturing April 2022	48,629	56,024
Tile drainage loans payable to the Ministry of Finance maturing from 2017 to 2026 with interest rates of 6%	<u>279,925</u>	<u>283,634</u>
	<u>\$ 328,554</u>	<u>\$ 339,658</u>

Principal payments are recoverable from landowners.

Amounts due in the next five years are as follows:

2017: \$52,869    2018: \$53,789    2019: \$53,418    2020: \$53,160    2021: \$33,536

#### 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 2015 cost estimate, the recorded liability for sites within the municipality is \$303,760 (2015: \$316,020). 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 \$1,072,975 (2015: \$1,042,746). The Mid-Huron Landfill Site Board has set aside reserve funds of which the municipality's proportionate share is \$561,657 (2015: \$542,417).

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 obligation

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

#### 8. Contingencies

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

The municipality is liable for long-term liabilities with respect to loans for which the responsibility for payment of principal and interest has been assumed by others. Payments on municipal debt for capital costs and tile drainage loans are recoverable by payments on loans receivable from property owners. However the municipality has prime responsibility to meet the debt payments.

#### 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.

<b>10. Schedule of accumulated surplus</b>	<b>2016</b>	<b>2015</b>
Reserves	<u>5,373,219</u>	<u>4,939,045</u>
Surpluses		
Invested in tangible capital assets	37,398,319	36,686,896
General revenue fund	-	-
Unfunded		
Solid waste landfill closure and post closure liabilities	<u>(1,376,735)</u>	<u>(1,358,766)</u>
Total surpluses	<u>36,021,584</u>	<u>35,238,130</u>
Accumulated surplus	<u>\$ 41,394,803</u>	<u>\$ 40,267,175</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	1,633,700
net transfers to reserves	<u>(1,315,564)</u>
Budgeted surplus reported on statement of operations	<u>\$ 318,136</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.

**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>2016</b>	<b>2015</b>
School boards	2,139,601	2,022,586
County of Huron	4,629,942	4,490,618

**14. Trust funds**

Trust funds administered by the municipality amounting to \$167,367 (2015: \$161,578) 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, 2016

	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	2,390,439				-	357,439	6,650	364,089	<b>2,026,350</b>
for protection services	600,745		90,583		90,583			-	<b>691,328</b>
for transportation services	1,078,418	8,605	1,417,646		1,426,251		636,418	636,418	<b>1,868,251</b>
for environmental services	728,538		27,162		27,162			-	<b>755,700</b>
for social and family services	2,500				-			-	<b>2,500</b>
for recreation and cultural services	138,405		6,177		6,177		115,492	115,492	<b>29,090</b>
	4,939,045	8,605	1,541,568	-	1,550,173	357,439	758,560	1,115,999	<b>\$ 5,373,219</b>

**Consolidated Schedule of Continuity of Deferred Revenue**

Schedule 2

For the Year Ended December 31, 2016

	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	110,493	726		3,000	3,726	14,304		14,304	<b>99,915</b>
Federal gasoline tax	1,110	243		169,711	169,954		160,000	160,000	<b>11,064</b>
	111,603	969	-	172,711	173,680	14,304	160,000	174,304	<b>\$ 110,979</b>

Township of Ashfield-Colborne-Wawanosh  
 Consolidated Schedule of Tangible Capital Assets  
 For the Year Ended December 31, 2016

Schedule 3

	General				Infrastructure				Total Net Book Value 2016	Total Net Book Value 2015	
	Land	Buildings	Machinery & Equipment	Vehicles	Plants and Facilities	Roads	Underground and other Networks	Bridges and other Structures			
<b>Cost</b>											
Balance, beginning of year	677,909	3,236,676	1,022,357	3,337,739	1,409,195	43,450,755	2,181,105	6,053,535	-	61,369,271	64,853,437
Adjust To CityWide											(3,483,875)
Additions during the year	8,000	625,454	179,898	420,918	-	805,296	-	155,461	-	2,195,027	1,059,712
Disposals during the year	-	-	-	(297,163)	-	(485,530)	-	(21,609)	-	(804,302)	(1,060,003)
Balance, end of year	685,909	3,862,130	1,202,255	3,461,494	1,409,195	43,770,521	2,181,105	6,187,387	-	62,759,996	61,369,271
<b>Accumulated depreciation</b>											
Balance, beginning of year	-	1,087,715	643,353	1,871,174	616,690	16,943,762	569,696	2,949,985	-	24,682,375	27,383,344
Adjust To CityWide											(2,040,137)
Amortization during the year	-	66,075	54,184	214,314	49,518	823,838	29,082	108,421	-	1,345,432	1,328,790
Accumulated amortization on disposals	-	-	-	(172,825)	-	(480,030)	-	(13,275)	-	(666,130)	(989,622)
Balance, end of year	-	1,153,790	697,537	1,912,663	666,208	17,287,570	598,778	3,045,131	-	25,361,677	25,682,375
<b>Net Book Value of Tangible Capital Assets</b>	685,909	2,708,340	504,718	1,548,831	742,987	26,482,951	1,582,327	3,142,256	-	\$ 37,398,319	\$ 35,686,896

**Township of Ashfield-Colborne-Wawanosh**

**Segmented Information**

Schedule 4

For the Year Ended December 31, 2016

	General Government	Police Protection	Fire Protection	Building inspection	Other Protection	Roads and Sreet lights	Water,Sewers, Storm sewers	Waste Disposal	Health	Recreation and Culture	Zoning and Development	Total 2016	Total 2015
<b>Revenue</b>													
Taxation	3,421,528											<b>3,421,528</b>	3,263,783
User charges	753,257		1,068	201,487	54,319	628,219	377,499	272,781	40,270	419,389	838,069	<b>3,586,358</b>	2,640,917
Government transfers	654,676					297,496	-	43,863		225,300	18,125	<b>1,239,460</b>	1,153,050
Interest and penalties	128,319											<b>128,319</b>	134,642
Gain (loss) on disposal of assets	59,900					(42,350)						<b>17,550</b>	37,826
	<b>5,017,680</b>	-	1,068	201,487	54,319	883,365	377,499	316,644	40,270	644,689	856,194	<b>8,393,215</b>	7,230,218
<b>Operating expenditure</b>													
Wages, salaries and benefits	478,433		63,467	84,093	180	680,473	1,061	56,398	33,257	121,844	5,203	<b>1,524,409</b>	1,507,286
Contract services	61,363	740,593	174,133	9,331	218,968	508,801	281,032	230,360	8,793	36,830	871,710	<b>3,141,914</b>	2,938,238
Materials and supplies	138,697		26,346	17,481	1,928	603,340	87,485	128,146	34,414	214,280	1,715	<b>1,253,832</b>	1,380,185
Depreciation and write-downs	20,677		42,872	-		1,115,773	99,460	9,600	2,418	54,632		<b>1,345,432</b>	1,721,337
	<b>699,170</b>	740,593	306,818	110,905	221,076	2,908,387	469,038	424,504	78,882	427,586	878,628	<b>7,265,587</b>	7,547,046
<b>Net revenue (expense)</b>	<b>4,318,510</b>	<b>(740,593)</b>	<b>(305,750)</b>	<b>90,582</b>	<b>(166,757)</b>	<b>(2,025,022)</b>	<b>(91,539)</b>	<b>(107,860)</b>	<b>(38,612)</b>	<b>217,103</b>	<b>(22,434)</b>	<b>1,127,628</b>	<b>(316,828)</b>

## **INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying financial statements of Trust Funds of the Corporation of the Township of Ashfield-Colborne-Wawanosh, which comprise the balance sheet as at December 31, 2016 and the statement of continuity for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, 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.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Trust Funds of the Corporation of the Township of Ashfield-Colborne-Wawanosh as at December 31, 2016 and the continuity of its funds in accordance with Canadian public sector accounting standards.

*Vodden, Bender & Seebach LLP*

Chartered Professional Accountants

Licensed Public Accountants

Clinton, Ontario

July 4, 2017

**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	
	2016	2015	2016	2015	2016	2015	2016	2015
<b>Capital beginning of year</b>	<b>161,578</b>	155,447	<b>109,687</b>	104,647	<b>26,400</b>	25,500	<b>25,491</b>	25,300
<b>Receipts</b>								
Plot sales	6,480	5,040	6,480	5,040				
Monument installations	1,350	900			1,350	900		
Interest earned	1,112	1,177	760	793	178	193	174	191
	<b>8,942</b>	7,117	<b>7,240</b>	5,833	<b>1,528</b>	1,093	<b>174</b>	191
<b>Expenditure</b>								
Maintenance	3,153	986	760	793	2,393	193	-	-
	<b>3,153</b>	986	<b>760</b>	793	<b>2,393</b>	193	<b>-</b>	-
<b>Capital end of year</b>	<b>\$ 167,367</b>	161,578	<b>\$ 116,167</b>	109,687	<b>\$ 25,535</b>	26,400	<b>\$ 25,665</b>	25,491

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

As at December 31	Total		Cemetery Internment Rights		Cemetery Monument Installation		Cemetery Bequest	
	2016	2015	2016	2015	2016	2015	2016	2015
<b>Assets</b>								
Cash	168,305	162,564	116,927	110,480	25,713	26,593	25,665	25,491
<b>Liabilities</b>								
Due to municipality	(938)	(986)	(760)	(793)	(178)	(193)	-	-
<b>Net assets</b>	<b>167,367</b>	161,578	<b>116,167</b>	109,687	<b>25,535</b>	26,400	<b>25,665</b>	25,491
<b>Trust fund capital</b>	<b>\$ 167,367</b>	161,578	<b>\$ 116,167</b>	109,687	<b>\$ 25,535</b>	26,400	<b>\$ 25,665</b>	25,491

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, 2016**

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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 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.

**2. Investments**

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

## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statement of operations of the Lucknow and District Fire Department Joint Board of Management for the year ended December 31, 2016.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of this financial statement in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of this financial statement being free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on this statement based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statement presents fairly, in all material respects, the results of operations of the Lucknow and District Fire Department Joint Board of Management for the year ended December 31, 2016 in accordance with Canadian public sector accounting standards.

*Vodden, Bender & Seebach LLP*

Chartered Professional Accountants  
Licensed Public Accountants  
Clinton, Ontario  
July 4, 2017

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

<b>For the year ended December 31</b>	<b>2016 Budget</b>	<b>2016 Actual</b>	<b>2015 Actual</b>
<b>Revenue</b>			
Contributions from participating municipalities			
Township of Ashfield-Colborne-Wawanosh	104,470	<b>95,284</b>	72,654
Township of Huron-Kinloss	104,470	<b>95,284</b>	72,654
Fire calls	-	<b>19,900</b>	20,500
County of Bruce Modified First Response grant	5,000	<b>5,000</b>	5,000
Other revenue	-	<b>35</b>	14,111
Transfer from reserve	-	-	-
	<b>213,940</b>	<b>215,502</b>	184,918
<b>Expenditure</b>			
Salaries	123,000	<b>126,937</b>	108,666
Vehicle operation	5,600	<b>8,541</b>	3,688
Equipment	28,000	<b>18,838</b>	20,643
Hydrant repairs	2,500	<b>3,355</b>	2,255
Building maintenance	4,400	<b>8,139</b>	4,501
Dispatch service	7,000	<b>7,291</b>	5,057
Training	14,000	<b>10,366</b>	10,679
Telephone	2,400	<b>2,200</b>	2,159
Utilities	10,450	<b>11,027</b>	8,968
Insurance	6,800	<b>6,504</b>	6,407
Licences, fees, administration	9,790	<b>12,304</b>	11,895
	<b>213,940</b>	<b>215,502</b>	184,918
<b>Annual surplus</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>

**LUCKNOW AND DISTRICT FIRE DEPARTMENT JOINT BOARD OF MANAGEMENT  
NOTES TO FINANCIAL STATEMENTS**

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**For the year ended December 31, 2016**

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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 (2015: \$2,500) was paid to the Township of Ashfield-Colborne-Wawanosh.

## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statement of operations of the Lucknow Community Health Centre Board for the year ended December 31, 2016.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of this financial statement in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of this financial statement being free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on this statement based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statement presents fairly, in all material respects, the results of operations of the Lucknow Community Health Centre Board for the year ended December 31, 2016 in accordance with Canadian public sector accounting standards.

*Vodden, Bender & Seebach LLP*

Chartered Professional Accountants  
Licensed Public Accountants  
Clinton, Ontario  
July 4, 2017

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

<b>For the year ended December 31</b>	<b>2016 Budget</b>	<b>2016 Actual</b>	<b>2015 Actual</b>
<b>Revenue</b>			
Rentals	17,704	<b>17,704</b>	17,468
Contributions from participating municipalities			
Township of Ashfield-Colborne-Wawanosh	5,628	<b>3,712</b>	2,353
Township of Huron-Kinloss	5,628	<b>3,712</b>	2,353
	28,960	<b>25,128</b>	22,174
<b>Expenditure</b>			
Maintenance	10,000	<b>9,290</b>	6,941
Utilities	8,650	<b>8,309</b>	7,795
Property taxes	5,650	<b>5,484</b>	5,375
Insurance	1,560	<b>1,545</b>	1,486
Administration	3,100	<b>500</b>	577
Equipment purchases	-	-	-
	28,960	<b>25,128</b>	22,174
<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, 2016**

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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 \$5,483 (2015: \$5,375) to the Township of Huron-Kinloss.

## INDEPENDENT AUDITOR'S REPORT

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To the Members of the Lucknow and District Joint Recreation Board,  
Members of Council, Inhabitants and Ratepayers of the participating municipalities

We have audited the accompanying statement of operations of the Lucknow and District Joint Recreation Board for the year ended December 31, 2016.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of this financial statement in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of this financial statement being free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on this statement based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statement presents fairly, in all material respects, the results of operations of the Lucknow and District Joint Recreation Board for the year ended December 31, 2016 in accordance with Canadian public sector accounting standards.

*Vodden, Bender & Seebach LLP*

Chartered Professional Accountants

Licensed Public Accountants

Clinton, Ontario

July 4, 2017

**LUCKNOW AND DISTRICT JOINT RECREATION BOARD**

**STATEMENT OF OPERATIONS**

For the year ended December 31	2016 Budget	2016 Actual	2015 Actual
<b>Revenue</b>			
Arena			
Ice rentals	40,000	<b>38,136</b>	39,653
Arena rentals	14,500	<b>10,644</b>	14,883
Hockey and figure skating ice time	78,000	<b>87,035</b>	78,685
Bar sales	103,400	<b>77,309</b>	99,415
Public skating	2,000	<b>2,512</b>	2,357
Advertising boards	10,500	<b>10,275</b>	10,650
Donations and other revenue	6,250	<b>18,002</b>	100,355
	<b>254,650</b>	<b>243,913</b>	345,998
Recreation receipts			
Hockey admissions	20,000	<b>20,919</b>	18,552
Hockey program	43,500	<b>76,044</b>	63,932
Skating program	-	<b>5,160</b>	-
Swimming pool	9,000	<b>16,919</b>	13,809
Baseball	12,500	<b>14,535</b>	12,191
Soccer	10,100	<b>11,114</b>	11,432
	<b>95,100</b>	<b>144,691</b>	119,916
Total rentals and program revenue	<b>349,750</b>	<b>388,604</b>	465,914
Contributions from participating municipalities			
Township of Huron-Kinloss	138,425	<b>151,246</b>	101,125
Township of Ashfield-Colborne-Wawanosh	138,425	<b>151,246</b>	101,125
	<b>276,850</b>	<b>302,491</b>	202,250
Total revenue	<b>626,600</b>	<b>691,095</b>	668,164
<b>Expenses</b>			
Administration and general			
Salaries	124,000	<b>130,007</b>	121,421
Maintenance	27,700	<b>33,174</b>	26,505
Utilities	52,300	<b>103,853</b>	51,693
Insurance	12,500	<b>13,041</b>	12,485
Administration and training	17,000	<b>23,206</b>	15,522
	<b>233,500</b>	<b>303,281</b>	227,626
Arena and auditorium			
Salaries	101,450	<b>88,038</b>	96,708
Maintenance	11,650	<b>23,082</b>	52,100
Utilities	15,000	<b>10,300</b>	11,158
Bar purchases and profit share	79,000	<b>55,940</b>	73,226
	<b>207,100</b>	<b>177,360</b>	233,192
Recreation programs			
Hockey insurance	6,500	<b>6,317</b>	4,431
Referee fees	15,000	<b>15,983</b>	14,552
Other hockey expenses	11,300	<b>20,319</b>	18,821
Hockey ice time	78,000	<b>87,035</b>	78,685
Skating program	-	<b>1,516</b>	-
Ball and soccer program	6,150	<b>5,951</b>	7,069
Pool salaries	28,250	<b>25,642</b>	26,029
Pool expenses	12,100	<b>20,894</b>	30,894
Parks	28,700	<b>26,797</b>	26,865
	<b>186,000</b>	<b>210,454</b>	207,346
Total expenses	<b>626,600</b>	<b>691,095</b>	668,164
<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, 2016**

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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 (2015: \$5,000) was paid to the Township of Ashfield-Colborne-Wawanosh.