

**MUNICIPALITY OF SOUTH HURON  
FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

***VODDEN, BENDER & SEEBACH LLP***  
***Chartered Professional Accountants***

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Chartered Professional Accountants

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## **INDEPENDENT AUDITOR'S REPORT**

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To the Members of Council, Inhabitants and Ratepayers  
of the Corporation of the Municipality of South Huron

We have audited the accompanying financial statements of the Corporation of the Municipality of South Huron, which comprise the 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 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*

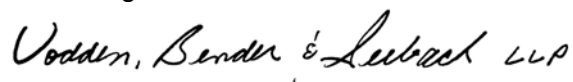
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable 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 the Corporation of the Municipality of South Huron as at December 31, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Chartered Professional Accountants  
Licensed Public Accountants

Clinton, Ontario  
April 7, 2017

**MUNICIPALITY OF SOUTH HURON  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at December 31	2016	2015
<b>FINANCIAL ASSETS</b>		
Cash	8,840,203	6,977,566
Taxes receivable	1,339,534	1,556,413
Accounts receivable	2,279,987	1,950,438
Other current assets	57,510	58,850
Investments	4,864,669	4,934,069
Long-term receivables	454,650	322,185
	<b>17,836,553</b>	15,799,521
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	2,657,027	2,495,297
Deferred revenue	530,936	504,333
Landfill closure and post closure liability (note 5)	5,457,700	6,218,400
Municipal debt (note 6)	21,102,134	21,728,019
	<b>29,747,797</b>	30,946,049
<b>NET FINANCIAL ASSETS</b>	<b>(\$ 11,911,244)</b>	(\$ 15,146,528)
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets, net (note 8)	96,661,020	96,133,133
<b>ACCUMULATED SURPLUS (note 10)</b>	<b>\$ 84,749,776</b>	<b>\$ 80,986,605</b>

The accompanying notes are an integral part of this financial statement

**MUNICIPALITY OF SOUTH HURON  
CONSOLIDATED STATEMENT OF OPERATIONS**

For the year ended December 31	2016 Budget	2016 Actual	2015 Actual
<b>Revenue</b>			
Taxation for municipal purposes	8,032,002	<b>8,216,961</b>	7,764,138
User fees	8,483,234	<b>8,610,110</b>	8,155,308
Government transfers - Canada and Ontario	2,372,116	<b>2,392,861</b>	2,217,903
Government transfers - other municipalities	64,254	<b>126,022</b>	181,576
Investment income	75,100	<b>121,615</b>	164,455
Penalties and interest on taxes	180,000	<b>206,206</b>	208,738
Donations	38,280	<b>75,945</b>	27,955
	<u>19,244,986</u>	<u><b>19,749,720</b></u>	<u>18,720,073</u>
<b>Expenditure</b>			
General government	1,490,890	<b>1,408,532</b>	1,354,488
Protection to persons and property	3,355,931	<b>3,254,250</b>	3,133,507
Transportation services	3,640,498	<b>3,453,216</b>	3,589,431
Environmental services	5,575,626	<b>5,117,186</b>	4,501,752
Health services	146,717	<b>129,443</b>	182,246
Recreation and cultural services	2,093,165	<b>2,133,465</b>	2,000,074
Planning and development	139,509	<b>490,457</b>	280,960
	<u>16,442,336</u>	<u><b>15,986,549</b></u>	<u>15,042,458</u>
<b>Annual surplus (deficit)</b>	2,802,650	<b>3,763,171</b>	3,677,615
<b>Accumulated surplus, beginning of year</b>	<u>80,986,605</u>	<u><b>80,986,605</b></u>	<u>77,308,990</u>
<b>Accumulated surplus, end of year</b>	<u><u>\$ 83,789,255</u></u>	<u><u><b>\$ 84,749,776</b></u></u>	<u><u>\$ 80,986,605</u></u>

The accompanying notes are an integral part of this financial statement

**MUNICIPALITY OF SOUTH HURON****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)	2,802,650	<b>3,763,171</b>	3,677,615
Amortization of tangible capital assets	2,767,822	<b>2,811,152</b>	2,724,491
Net acquisition of tangible capital assets	<u>(6,393,896)</u>	<b><u>(3,339,039)</u></b>	<u>(4,927,093)</u>
	(823,424)	<b>3,235,284</b>	1,475,013
<b>Net financial assets, beginning of year</b>		<b><u>(15,146,528)</u></b>	<u>(16,621,541)</u>
<b>Net financial assets, end of year</b>		<b><u>(\$ 11,911,244)</u></b>	<u>(\$ 15,146,528)</u>

The accompanying notes are an integral part of this financial statement

**MUNICIPALITY OF SOUTH HURON  
CONSOLIDATED STATEMENT OF CASH FLOW**

For the year ended December 31	2016	2015
<b>Operating activities</b>		
Annual surplus (deficit)	3,763,171	3,677,615
Amortization expense not requiring cash outlay	2,811,152	2,724,491
Decrease (increase) in taxes receivable	216,879	(247,183)
Decrease (increase) in accounts receivable	(329,549)	241,702
Decrease (increase) in other current assets	1,340	1,190
Increase (decrease) in accounts payable and accrued liabilities	161,730	713,338
Increase (decrease) in deferred revenue	26,603	(139,115)
Increase (decrease) in landfill closure & post-closure liability	(760,700)	(1,139,600)
Cash provided by (used for) operating activities	<u>5,890,626</u>	<u>5,832,438</u>
<b>Capital activities</b>		
Net disposals (purchases) of tangible capital assets	(3,339,039)	(4,927,093)
Cash provided by (used for) capital activities	<u>(3,339,039)</u>	<u>(4,927,093)</u>
<b>Investing activities</b>		
Decrease (increase) in long-term receivables	(132,465)	244,676
Decrease (increase) in investments	69,400	479,511
Cash provided by (used for) investing activities	<u>(63,065)</u>	<u>724,187</u>
<b>Financing activities</b>		
Proceeds from long-term debt issued	200,000	244,110
Principal repayments on long-term debt	(825,885)	(932,569)
Cash provided by (used for) financing activities	<u>(625,885)</u>	<u>(688,459)</u>
<b>Increase (decrease) in cash position</b>	<b>1,862,637</b>	<b>941,073</b>
<b>Cash (overdraft) beginning of year</b>	<u><b>6,977,566</b></u>	<u><b>6,036,493</b></u>
<b>Cash (overdraft) end of year</b>	<u><b>\$ 8,840,203</b></u>	<u><b>\$ 6,977,566</b></u>

The accompanying notes are an integral part of this financial statement

**MUNICIPALITY OF SOUTH HURON**  
**NOTES TO FINANCIAL STATEMENTS**

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

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**1. Accounting policies**

The consolidated financial statements of the Corporation of the Municipality of South Huron are the representation of management prepared in accordance with Canadian generally accepted accounting principles for local governments 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 revenues and expenditures, Reserves, 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 the 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 any water, sewer and waste management systems operated by the municipality and the municipality's proportionate share of joint local boards.

The following boards and municipal enterprises owned or controlled by Council have been proportionately consolidated:

Exeter Business Improvement Association  
Kirkton-Woodham Swimming Pool

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

The statements exclude trust funds that are administered for the benefit of external parties.

b) Accrual basis of accounting

Sources of financing and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they are earned and measurable, and 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.

c) Long-term investments

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

1. Accounting policies (continued)

d) 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	25 - 84 years	10,000
Buildings	15 - 95 years	10,000
Environmental facilities	15 - 60 years	10,000
Equipment	5 - 30 years	5,000
Vehicles and heavy equipment	5 - 30 years	5,000
Transportation infrastructure	0 - 100 years	25,000
Watermains infrastructure	20 - 100 years	25,000
Sewermains infrastructure	50 - 100 years	25,000
Stormsewer infrastructure	75 years	25,000

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

Active landfills are amortized annually on the basis on tonnage tipped during the year, as a percentage of the estimated total capacity of the facility. The estimated costs to close and maintain currently active landfill sites are based on estimated future expenses in current dollars, adjusted for estimated inflation, and are charged to expense as the landfill sites capacity is used.

The municipality has a capitalized 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 cost or net realizable value.

e) 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.



**1. Accounting policies** (continued)

f) Government transfers

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

g) 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.

h) 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.

i) Amounts to be recovered in future years

Future years recoveries represent the requirement of the municipality 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.

j) Pensions

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.

k) 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, the reported amounts of revenues and expenditures during the period, and the accompanying notes. Due to the inherent uncertainty in making estimates, actual results could differ from those estimates.

**2. 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>
County of Huron	\$ 6,086,127	\$ 5,927,169
School Boards	3,594,558	3,463,940

**3. Trust funds**

Trust funds administered by the municipality amounting to \$814,240 (2014 : \$785,851) have not been included in the statement of financial position nor have their operations been included in the consolidated statement of financial activities.

**4. Pension agreements**

The municipality 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 2016 was \$249,801 (2015 : \$250,652) for current services and is included as an expenditure on the consolidated statement of financial activities.

The contributions to the Ontario Municipal Employers Retirement System ("OMERS"), a multi-employer defined benefit pension plan, 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 municipality does not recognize any share of the OMERS pension surplus or deficit.

**5. Landfill closure and post closure cost liability**

Closure and post-closure care requirements are defined in accordance with industry standards and include final covering and landscaping of the landfill site, removal of ground water and leechates, and ongoing environmental monitoring, site inspections 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 25 - 175 years.

The municipality operates three landfill sites: South Huron, Stephen and Usborne. At December 31, 2016, the municipality has recognized a liability of \$5,457,700 (2015 : \$6,218,400). This represents the present value of the total estimated costs, and is based on a discount rate of 2%. The liability is recorded based on the capacity of the landfill used to date.

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.

**6. Municipal debt**

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

	<b>2016</b>	<b>2015</b>
Ontario Municipal Economic Infrastructure Financing Authority (OMEIFA) loan payable, 2.83% interest, \$26,329 blended payment payable semi-annually, due June 2024 (for Exeter water and sewer purposes)	353,591	395,353
Pacific Western Capital Inc loan payable, 6.52% interest, \$4,854 blended payment payable monthly, due December 2017 (for Exeter water purposes)	60,764	113,179
Lake Huron Water Supply System / City of London loan payable, due on demand (for water purposes)	295,179	331,056
Ontario Infrastructure Projects Corporation (OIPC) loan payable, 4.87% interest, \$197,862 blended payment payable semi-annually, due December 2046 (for Huron Park water and sewer purposes)	6,207,254	6,297,380
Ontario Infrastructure Projects Corporation (OIPC) loan payable, 5.32% interest, \$20,157 blended payment payable semi-annually, due July 2047 (for sewer purposes)	608,956	616,569
Ontario Infrastructure Projects Corporation (OIPC) loan payable, 5.09% interest, \$185,842 blended payment payable semi-annually, due August 2028 (for Crediton/Centralia sewer purposes)	3,307,323	3,503,157
Ontario Infrastructure Projects Corporation (OIPC) loan payable, 5.02% interest, \$383,668 blended payment payable semi-annually, due December 2034 (for Hensall-Exeter water purposes)	9,023,805	9,326,695
Ontario Infrastructure and Lands Corporation (OILC) loan payable, 4.04% interest, \$32,371 blended payment payable semi-annually, due December 2033 (for recreation purposes)	<u>790,612</u>	<u>822,445</u>
	20,647,484	21,405,834
Tile drain loans payable to Ministry of Finance, responsibility for payment of principal and interest charges have been assumed by individuals, 6% - 8%, due 2017 through 2026	<u>454,650</u>	<u>322,185</u>
	<u>\$ 21,102,134</u>	<u>\$ 21,728,019</u>

Principal payments due on tile drainage loans and recoverable from landowners in the next five years are as follows:

2017: \$52,200    2018: \$36,100    2019: \$38,200    2020: \$35,300    2021: \$37,400

Principal payments recoverable from property owners in the next

five years to finance the bank demand and term loans and municipal debentures are:

2017: \$1,054,000    2018: \$742,200    2019: \$773,500    2020: \$811,500    2021: \$851,400

**7. Contingency for long-term liabilities**

The municipality is contingently liable for long-term liabilities with respect to tile drainage loans, and for those for which the responsibility for payment of principal and interest has been assumed by other municipalities, school boards, and unconsolidated entities. At December 31 the principal amounts outstanding are as follows:

	<b>2016</b>	<b>2015</b>
Tile drainage loans assumed by individuals	\$ 454,650	\$ 322,185

**8. Tangible capital assets**

The municipality's policy on accounting for tangible capital assets follows:

- 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 because of the difficulty of determining a tenable valuation.

For additional information, see the Consolidated Schedule of Tangible Capital Assets 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.

**9. Segmented information**

The Municipality of South Huron is a diversified municipal government institution that 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. 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, storm sewer system, street light maintenance, parking lots, equipment maintenance and other transportation services.

**Environmental Services**

Environmental services include the sanitary 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.

**10. Accumulated surplus**

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

	2016	2015
General revenue accumulated surplus and invested in tangible capital assets	\$ 71,144,687	\$ 69,724,161
Streetlighting	-	241,731
Sanitary sewer systems	(121,119)	(92,459)
Waterworks systems	3,504,008	3,709,581
Landfill closure and post-closure liability	(5,457,700)	(6,218,400)
Kirkton-Woodham Swimming Pool	(2,895)	(2,895)
Exeter BIA	21,003	16,451
Reserves and reserve funds	<u>15,661,792</u>	<u>13,608,435</u>
	<u>\$ 84,749,776</u>	<u>\$ 80,986,605</u>

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

**11. Financial instrument risk management**

**Credit risk**

The Municipality 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 Municipality's receivables are from ratepayers and government entities. For trade and other receivables, the Municipality 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 Municipality will not be able to meet its financial obligations as they fall due. The Municipality has a planning and a budgeting process in place to help determine the funds required to support the Municipality's normal operating requirements on an ongoing basis. The Municipality 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 Municipality'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 Municipality 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.

**12. Budget amounts**

Under Canadian public sector accounting standards, budget amounts are to be reported on the consolidated statement of financial activities for comparative purposes. The 2016 budget amounts for the Corporation of the Municipality of South Huron 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 activities. Budget amounts were not available for certain boards consolidated by the municipality. The budget figures have not been audited.

**MUNICIPALITY OF SOUTH HURON**  
**Consolidated Schedule of Tangible Capital Assets**  
For the Year Ended December 31, 2016

	General				Infrastructure			TOTAL Net Book Value 2016	TOTAL Net Book Value 2015
	Land	Buildings	Vehicles	Other	Roads and Land Improvements	Underground and other Networks	Assets Under Construction		
<b>Cost</b>									
Balance, beginning of year	1,882,882	6,859,363	6,575,352	762,646	53,580,448	74,063,919	3,895,047	<b>147,619,657</b>	143,313,021
Add: Additions during the year		58,811	474,612	61,619	1,845,609	2,977,221	(2,011,899)	<b>3,405,973</b>	5,123,450
Less: Disposals during the year			(375,481)	(24,149)	(17,909)	(85,792)		<b>(503,331)</b>	(816,814)
Reallocations		25,367				(25,367)		-	-
Balance, end of year	<u>1,882,882</u>	<u>6,943,541</u>	<u>6,674,483</u>	<u>800,116</u>	<u>55,408,148</u>	<u>76,929,981</u>	<u>1,883,148</u>	<b><u>150,522,299</u></b>	<u>147,619,657</u>
<b>Accumulated Amortization</b>									
Balance, beginning of year		3,282,749	4,006,959	371,172	21,634,562	22,191,082		<b>51,486,524</b>	49,382,490
Add: Amortization during the year		163,056	476,205	49,445	1,007,274	1,115,172		<b>2,811,152</b>	2,724,491
Less: Accumulated amortization on disposals			(373,028)	(15,103)	(17,347)	(30,919)		<b>(436,397)</b>	(620,457)
Reallocations		9,837				(9,837)		-	-
Balance, end of year	<u>-</u>	<u>3,455,642</u>	<u>4,110,136</u>	<u>405,514</u>	<u>22,624,489</u>	<u>23,265,498</u>	<u>-</u>	<b><u>53,861,279</u></b>	<u>51,486,524</u>
<b>Net Book Value of</b>									
<b>Tangible Capital Assets</b>	<u>1,882,882</u>	<u>3,487,899</u>	<u>2,564,347</u>	<u>394,602</u>	<u>32,783,659</u>	<u>53,664,483</u>	<u>1,883,148</u>	<b><u>\$ 96,661,020</u></b>	<u>\$ 96,133,133</u>

**MUNICIPALITY OF SOUTH HURON**  
**Consolidated Schedule of Tangible Capital Assets**  
For the Year Ended December 31, 2015

	General Government	Protection	Transportation	Environmental	Health	Recreation and Cultural	Work in Process	<b>TOTAL Net Book Value 2016</b>	TOTAL Net Book Value 2015
<b>Cost</b>									
Balance, beginning of year	1,495,129	3,608,020	63,716,540	68,519,294	171,674	6,213,953	3,895,047	<b>147,619,657</b>	143,313,021
Add: Additions during the year		385,215	1,975,143	2,950,221	33,081	74,212	(2,011,899)	<b>3,405,973</b>	5,123,450
Less: Disposals during the year	(8,662)	(15,487)	(377,283)	(72,777)	(29,122)			<b>(503,331)</b>	(816,814)
Balance, end of year	<u>1,486,467</u>	<u>3,977,748</u>	<u>65,314,400</u>	<u>71,396,738</u>	<u>175,633</u>	<u>6,288,165</u>	<u>1,883,148</u>	<b><u>150,522,299</u></b>	<u>147,619,657</u>
<b>Accumulated Amortization</b>									
Balance, beginning of year	570,493	1,814,470	23,406,558	23,230,538	71,149	2,393,316		<b>51,486,524</b>	49,382,490
Add: Amortization during the year	65,300	178,471	1,225,781	1,178,392	6,850	156,358		<b>2,811,152</b>	2,724,491
Less: Accumulated amortization on disposals	(8,662)	(6,441)	(362,633)	(29,538)	(29,123)			<b>(436,397)</b>	(620,457)
Balance, end of year	<u>627,131</u>	<u>1,986,500</u>	<u>24,269,706</u>	<u>24,379,392</u>	<u>48,876</u>	<u>2,549,674</u>	<u>-</u>	<b><u>53,861,279</u></b>	<u>51,486,524</u>
<b>Net Book Value of Tangible Capital Assets</b>	<u>859,336</u>	<u>1,991,248</u>	<u>41,044,694</u>	<u>47,017,346</u>	<u>126,757</u>	<u>3,738,491</u>	<u>1,883,148</u>	<b><u>\$ 96,661,020</u></b>	<u>\$ 96,133,133</u>



# MUNICIPALITY OF SOUTH HURON

## Consolidated Schedule of Continuity of Reserves, Reserve Funds and Deferred Revenue

For the Year Ended December 31, 2016

	Balance, beginning of year	Revenues and contributions			Transfers out Utilized During Year	Balance, end of year
		Interest	From Operations	Other		
<b>Reserves and reserve funds</b>						
Reserves						
for general government	1,702,215		472,582		(124,952)	<b>2,049,845</b>
for protection services	887,488		141,876		(39,513)	<b>989,851</b>
for transportation services	2,216,634		878,883		(607,831)	<b>2,487,686</b>
for environmental services	6,933,862		1,298,657		(579,828)	<b>7,652,691</b>
for health services	60,831		5,000			<b>65,831</b>
for recreation and cultural services	183,168		172,948		(19,800)	<b>336,316</b>
	<u>11,984,198</u>	<u>-</u>	<u>2,969,946</u>	<u>-</u>	<u>(1,371,924)</u>	<b>13,582,220</b>
Reserve funds						
Amenity fee community funding	-		322,390		(29,094)	<b>293,296</b>
Webber gravel pit	32,792	295				<b>33,087</b>
Building code	967,712	8,703	23,764			<b>1,000,179</b>
Exeter community development	278,617		37,768			<b>316,385</b>
Dashwood community development	78,308	704				<b>79,012</b>
Exeter cemetery expansion	470	5				<b>475</b>
Exeter cemetery columbarium	9,533	85	8,625			<b>18,243</b>
Landfill perpetual care	231,575	2,083	79,781			<b>313,439</b>
South Huron recreation centre	25,230	226				<b>25,456</b>
	<u>1,624,237</u>	<u>12,101</u>	<u>472,328</u>	<u>-</u>	<u>(29,094)</u>	<b>2,079,572</b>
Total reserves and reserve funds	<u>13,608,435</u>	<u>12,101</u>	<u>3,442,274</u>	<u>-</u>	<u>(1,401,018)</u>	<b>15,661,792</b>
<b>Deferred revenue</b>						
Parkland	64,382	580		3,000		<b>67,962</b>
Federal Gas Tax Funds	-		302,360		(302,360)	<b>-</b>
Development charges	439,951	3,956		59,067	(40,000)	<b>462,974</b>
	<u>504,333</u>	<u>4,536</u>	<u>302,360</u>	<u>62,067</u>	<u>(342,360)</u>	<b>530,936</b>
<b>Total</b>	<b>\$ 14,112,768</b>	<b>16,637</b>	<b>3,744,634</b>	<b>62,067</b>	<b>(1,743,378)</b>	<b>\$ 16,192,728</b>

**MUNICIPALITY OF SOUTH HURON**

**Segmented Information**

For the Year Ended December 31, 2016

	General Government	Protective Services	Transportation Services	Environmental Services	Health Services	Recreation and Culture	Planning and Development	Total 2016	Total 2015
<b>Revenue</b>									
Taxation	8,216,961							<b>8,216,961</b>	7,764,138
User charges	1,026,465	59,211	76,246	6,362,202	94,456	800,985	190,545	<b>8,610,110</b>	8,155,308
Government transfers	1,468,574	48,888	832,768			92,929	75,724	<b>2,518,883</b>	2,399,479
Interest and penalties	327,821							<b>327,821</b>	373,193
Other	75,945							<b>75,945</b>	27,955
	<u>11,115,766</u>	<u>108,099</u>	<u>909,014</u>	<u>6,362,202</u>	<u>94,456</u>	<u>893,914</u>	<u>266,269</u>	<b>19,749,720</b>	18,720,073
<b>Operating expenditure</b>									
Wages, salaries and benefits	964,833	613,389	852,135	885,536	83,287	930,777	86,854	<b>4,416,811</b>	4,269,957
Contract services	13,840	1,899,224	25,543	918,671		2,380	36,014	<b>2,895,672</b>	2,971,458
Supplies, materials, equipment and interest	1,254,606	412,333	1,467,429	1,579,369	92,109	898,976	158,092	<b>5,862,914</b>	5,076,552
Amortization	65,300	178,471	1,225,781	1,178,392	6,850	156,358		<b>2,811,152</b>	2,724,491
	<u>2,298,579</u>	<u>3,103,417</u>	<u>3,570,888</u>	<u>4,561,968</u>	<u>182,246</u>	<u>1,988,491</u>	<u>280,960</u>	<b>15,986,549</b>	15,042,458
<b>Net revenue (expense)</b>	<u>8,817,187</u>	<u>(2,995,318)</u>	<u>(2,661,874)</u>	<u>1,800,234</u>	<u>(87,790)</u>	<u>(1,094,577)</u>	<u>(14,691)</u>	<b>3,763,171</b>	3,677,615

## **INDEPENDENT AUDITOR'S REPORT**

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To the Members of Council, Inhabitants and Ratepayers  
of the Corporation of the Municipality of South Huron

We have audited the accompanying financial statements of the trust funds of the Corporation of the Municipality of South Huron, which comprise the balance sheet as at December 31, 2016, and the statement of continuity of trust funds 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*

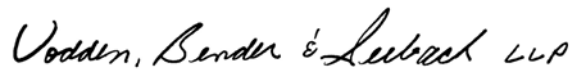
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable 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 the trust funds of the Corporation of the Municipality of South Huron as at December 31, 2016 and the continuity of trust funds for the year then ended in accordance with Canadian public sector accounting standards.



Chartered Professional Accountants  
Licensed Public Accountants

Clinton, Ontario  
April 7, 2017

**MUNICIPALITY OF SOUTH HURON  
TRUST FUNDS  
STATEMENT OF CONTINUITY**

**For the Year Ended December 31, 2016**

	Perpetual Care Fund	Niche Care Fund	Five-Year Flower Fund	Pre-need Fund	Perpetual Flower Fund	Monuments Marker Fund	2016	2015
<b>Balance beginning of year</b>	331,803	26,590	17,048	94,040	286,964	57,795	<b>814,240</b>	785,851
<b>Receipts</b>								
Perpetual care	11,684					2,500	<b>14,184</b>	23,757
Donations and capital contributions		3,044	6,040	8,144			<b>17,228</b>	14,410
Interest earned	16,384						<b>16,384</b>	30,685
	<u>28,068</u>	<u>3,044</u>	<u>6,040</u>	<u>8,144</u>	<u>-</u>	<u>2,500</u>	<b>47,796</b>	<u>68,852</u>
<b>Expenditure</b>								
Transfers to cemetery	16,384		7,214	5,890			<b>29,488</b>	40,463
	<u>16,384</u>	<u>-</u>	<u>7,214</u>	<u>5,890</u>	<u>-</u>	<u>-</u>	<b>29,488</b>	<u>40,463</u>
<b>Balance end of year</b>	<u>\$ 343,487</u>	<u>\$ 29,634</u>	<u>\$ 15,874</u>	<u>\$ 96,294</u>	<u>\$ 286,964</u>	<u>\$ 60,295</u>	<b>\$ 832,548</b>	<u>\$ 814,240</u>

**BALANCE SHEET**

**As at December 31**

	2016	2015
<b>Assets</b>		
Cash	<b>23,148</b>	37,332
Investments, cost	<b>842,170</b>	814,082
<b>Liabilities</b>		
Due to general fund	<b>(32,770)</b>	(37,174)
<b>Trust fund net asset balances</b>	<b>\$ 832,548</b>	<u>\$ 814,240</u>

**MUNICIPALITY OF SOUTH HURON**  
**TRUST FUNDS**  
**NOTES TO FINANCIAL STATEMENTS**

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**For the Year Ended December 31, 2016**

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**1. Accounting Policies**

Significant aspects of accounting policies adopted by the municipality 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 and 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 Municipality of South Huron.

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.

e) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

**2. Investments**

Trust fund investments have a market value equal to cost of \$ 832,548 (2015 : \$ 814,240).

**EXETER BUSINESS IMPROVEMENT AREA  
FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

***VODDEN, BENDER & SEEBACH LLP***  
***Chartered Professional Accountants***

## INDEPENDENT AUDITOR'S REPORT

---

To the Directors of the Exeter Business Improvement Area

We have audited the accompanying financial statements of the Exeter Business Improvement Area, which comprise the statement of financial position as at December 31, 2016, and the statements of revenue and expenditure and accumulated surplus 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 financial statements in accordance with Canadian generally accepted accounting principles, 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 the Exeter Business Improvement Area as at December 31, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Vodden, Bender & Seebach LLP*

Chartered Professional Accountants  
Licensed Public Accountants

Clinton, Ontario  
April 19, 2017

**EXETER BUSINESS IMPROVEMENT AREA**  
**STATEMENT OF FINANCIAL POSITION**

See accompanying notes to the financial statements

<b>As at December 31</b>	<b>2016</b>	<b>2015</b>
<b>ASSETS</b>		
Cash	<b>10,373</b>	8,886
Accounts receivable	<b>10,394</b>	4,352
HST recoverable	<b>15,233</b>	8,580
	<b><u>\$ 36,000</u></b>	<u>\$ 21,818</u>
<b>LIABILITIES AND ACCUMULATED SURPLUS (DEFICIT)</b>		
Accounts payable and accrued liabilities	<b>15,347</b>	5,086
Accumulated surplus (deficit)	<b>20,653</b>	16,732
	<b><u>\$ 36,000</u></b>	<u>\$ 21,818</u>



## EXETER BUSINESS IMPROVEMENT AREA

### STATEMENT OF REVENUE AND EXPENDITURE AND ACCUMULATED SURPLUS

See accompanying notes to the financial statements

<b>For the Year Ended December 31</b>	<b>2016</b>	<b>2015</b>
<b>Revenue</b>		
Municipality of South Huron - levy	<b>66,584</b>	65,600
Digital sign rental revenue	<b>8,915</b>	11,590
Coupon Book	<b>10,790</b>	7,368
Grant- Flower watering	-	8,000
Grant- Welcome Centre	<b>6,000</b>	3,400
Grant- Shared staff model	-	5,000
Awards gala	<b>7,926</b>	5,027
Other revenue	<b>2,145</b>	2,232
	<b><u>102,360</u></b>	<u>108,217</u>
<b>Expenditure</b>		
Advertising and promotional activities	<b>19,449</b>	14,537
Bank charges	<b>217</b>	343
Downtown improvement and beautification	<b>12,971</b>	15,904
General and administration	<b>65,802</b>	65,346
	<b><u>98,439</u></b>	<u>96,130</u>
<b>Net surplus (deficit) for the year</b>	<b>3,921</b>	12,087
<b>Accumulated surplus (deficit) beginning of year</b>	<b><u>16,732</u></b>	<u>4,645</u>
<b>Accumulated surplus (deficit) end of year</b>	<b><u><u>\$ 20,653</u></u></b>	<u><u>\$ 16,732</u></u>

**EXETER BUSINESS IMPROVEMENT AREA**  
**STATEMENT OF CASH FLOWS**

See accompanying notes to the financial statements

<b>For the Year Ended December 31</b>	<b>2016</b>	<b>2015</b>
<b>Operating activities</b>		
Surplus (deficit) for the year	<b>3,921</b>	12,087
Net change in working capital balances		
Accounts receivable	<b>(6,042)</b>	(4,319)
HST recoverable	<b>(6,653)</b>	205
Accounts payable and accrued liabilities	<b>10,261</b>	(4,617)
<b>Change in cash and cash equivalents during year</b>	<b>1,487</b>	3,356
<b>Cash and cash equivalents, beginning of year</b>	<b>8,886</b>	5,530
<b>Cash and cash equivalents, end of year</b>	<b>\$ 10,373</b>	\$ 8,886

## **EXETER BUSINESS IMPROVEMENT AREA**

### **NOTES TO FINANCIAL STATEMENTS**

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**For the Year Ended December 31, 2016**

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#### **1. Nature of operations**

The Exeter Business Improvement Area is a municipal sub-committee of the Municipality of South Huron consisting of local merchants, business and property owners. Its mandate is to beautify, improve, and promote the Exeter shopping district.

#### **2. Significant accounting policies**

The financial statements of the Exeter Business Improvement Area are the representation of management. Significant accounting policies include the following:

a) **Accrual basis of accounting**

Expenditures and related sources of funding are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which transactions or events occurred that gave rise to the revenues; expenditures are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.

b) **Revenue recognition**

Revenues are recognized in the period in which the activities occur.

c) **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.

d) **Investments**

Investments are recorded at the lower of cost or fair value.

e) **Contributed services**

Volunteer contributions are substantial but the value can not be estimated and therefore are not recognized in the financial statements.

f) **Financial instruments**

Unless otherwise stated in these financial statements, the fair value of the corporation's financial assets and liabilities approximate their carrying amount. It is management's opinion that the company is not exposed to significant interest, currency or credit risk arising from these financial instruments.

g) **Use of estimates**

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

**KIRKTON-WOODHAM COMMUNITY CENTRE BOARD  
FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

***VODDEN, BENDER & SEEBACH LLP***  
***Chartered Professional Accountants***

## **INDEPENDENT AUDITOR'S REPORT**

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To the Directors of the Kirkton-Woodham Community Centre Board

We have audited the accompanying financial statements of the Kirkton-Woodham Community Centre Board, which comprise the statement of financial position as at December 31, 2016, and the statements of revenue and expenditure and accumulated surplus 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 financial statements in accordance with Canadian generally accepted accounting principles, 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*

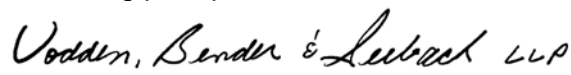
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable 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 the Kirkton-Woodham Community Centre Board as at December 31, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Professional Accountants  
Licensed Public Accountants

Clinton, Ontario  
March 28, 2017

# KIRKTON-WOODHAM COMMUNITY CENTRE BOARD

## STATEMENT OF FINANCIAL POSITION

See accompanying notes to the financial statements

<b>As at December 31</b>	<b>2016</b>	<b>2015</b>
<b>ASSETS</b>		
Cash	<u>15,458</u>	<u>16,051</u>
	<u><b>\$ 15,458</b></u>	<u><b>\$ 16,051</b></u>
<b>LIABILITIES AND ACCUMULATED SURPLUS (DEFICIT)</b>		
Accounts payable and accrued liabilities	<u>800</u>	<u>800</u>
Accumulated surplus (deficit)	<u>14,658</u>	<u>15,251</u>
	<u><b>\$ 15,458</b></u>	<u><b>\$ 16,051</b></u>

## KIRKTON-WOODHAM COMMUNITY CENTRE BOARD

### STATEMENT OF REVENUE AND EXPENDITURE AND ACCUMULATED SURPLUS

See accompanying notes to the financial statements

<b>For the year ending December 31</b>	<b>2016</b>	<b>2015</b>
<b>Revenue</b>		
Barbeques, dances, bar and other	-	907
Hall and kitchen rental	24,372	17,742
Donations	-	600
Municipal grants	15,000	17,500
Library grant - County of Huron	10,000	10,000
	<u>49,372</u>	<u>46,749</u>
<b>Expenditure</b>		
Administrative	404	355
Audit fee	850	850
Bar supplies	-	147
Furnace oil	2,992	4,387
Garbage collection	1,509	430
Grass cutting	4,126	3,392
Hydro - athletic field	475	699
Hydro - hall	6,855	5,481
Insurance	5,467	5,184
Janitorial service	12,917	11,925
Repairs and maintenance	9,175	7,425
Snow removal	1,859	3,517
Supplies	1,806	2,503
Telephone	471	479
Capital expenditures	1,059	5,875
	<u>49,965</u>	<u>52,649</u>
<b>Net surplus (deficit) for the year</b>	<b>(593)</b>	<b>(5,900)</b>
<b>Accumulated surplus (deficit) beginning of year</b>	<b>\$ 15,251</b>	<b>\$ 21,151</b>
<b>Accumulated surplus (deficit) end of year</b>	<b>\$ 14,658</b>	<b>\$ 15,251</b>

# KIRKTON-WOODHAM COMMUNITY CENTRE BOARD

## STATEMENT OF CASH FLOWS

See accompanying notes to the financial statements

<b>For the year ending December 31</b>	<b>2016</b>	<b>2015</b>
<b>Operating activities</b>		
Net surplus (deficit) for the year	(593)	(5,900)
Net change in working capital balances		
Accounts payable and accrued liabilities	<u>-</u>	<u>-</u>
<b>Change in cash during year</b>	<b>(593)</b>	<b>(5,900)</b>
<b>Cash, beginning of year</b>	<b><u>16,051</u></b>	<b><u>21,951</u></b>
<b>Cash, end of year</b>	<b><u><u>\$ 15,458</u></u></b>	<b><u><u>\$ 16,051</u></u></b>



# KIRKTON-WOODHAM COMMUNITY CENTRE BOARD

## NOTES TO FINANCIAL STATEMENTS

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For the Year Ended December 31, 2016

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**1. Nature of operations**

The Kirkton-Woodham Community Centre Board is a joint local board between the Municipality of South Huron and the Township of Perth South, with each municipality having a 50% interest.

**2. Significant accounting policies**

The financial statements of the Kirkton-Woodham Community Centre Board are the representation of management. Significant accounting policies include the following:

a) Accrual basis of accounting

Expenditures and related sources of funding are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which transactions or events occurred that gave rise to the revenues; expenditures are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.

b) Revenue recognition

Revenues are recognized in the period in which the activities occur.

c) Tangible capital assets

The tangible capital asset for the Board are recorded in the participating municipalities financial statements in their proportionate ownership share.

d) Investments

Investments are recorded at the lower of cost or fair value.

e) Contributed services

Volunteer contributions are substantial but the value can not be estimated and therefore are not recognized in the financial statements.

f) Financial instruments

Unless otherwise stated in these financial statements, the fair value of the corporation's financial assets and liabilities approximate their carrying amount. It is management's opinion that the company is not exposed to significant interest, currency or credit risk arising from these financial instruments.

g) Use of estimates

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

**KIRKTON-WOODHAM SWIMMING POOL  
FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

***VODDEN, BENDER & SEEBACH LLP***  
***Chartered Professional Accountants***

## INDEPENDENT AUDITOR'S REPORT

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To the Directors of the Kirkton- Woodham Swimming Pool

We have audited the accompanying financial statements of the Kirkton- Woodham Swimming Pool, which comprise the balance sheet as at December 31, 2016, and the statement of operations and accumulated surplus 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 generally accepted accounting principles, 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*

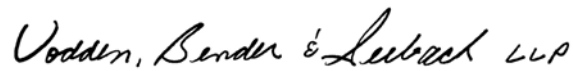
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable 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 the Kirkton- Woodham Swimming Pool as at December 31, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Professional Accountants  
Licensed Public Accountants

Clinton, Ontario  
March 28, 2017

**KIRKTON-WOODHAM SWIMMING POOL  
BALANCE SHEET**

As at December 31	2016	2015
<b>ASSETS</b>		
Due from Municipality of South Huron	-	-
	<u>\$ 0</u>	<u>\$ 0</u>
<b>LIABILITIES AND FUND BALANCES</b>		
Due to Municipality of South Huron	5,292	5,292
Accounts payable and accrued liabilities	499	499
	<u>5,791</u>	<u>5,791</u>
Fund balances		
Reserve funds	-	-
Accumulated surplus (deficit)	(5,791)	(5,791)
	<u>(5,791)</u>	<u>(5,791)</u>
	<u>\$ 0</u>	<u>\$ 0</u>

**KIRKTON-WOODHAM SWIMMING POOL  
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS**

<b>For the Year Ended December 31</b>	<b>2016</b>	<b>2015</b>
<b>Revenue</b>		
Pool receipts	28,427	23,872
Grants from municipalities	46,400	35,814
Grants from municipalities- capital	99,354	-
	<u>174,181</u>	<u>59,686</u>
<b>Expenditure</b>		
Wages and benefits	50,064	36,437
Maintenance and pool supplies	14,733	14,408
Heat, hydro and telephone	7,609	6,520
Insurance	1,556	1,471
Accounting fee	865	850
Capital	99,354	-
	<u>174,181</u>	<u>59,686</u>
<b>Net surplus (deficit) for the year</b>	-	-
<b>Transfer from (to) reserves</b>	-	-
<b>Accumulated surplus (deficit) beginning of year</b>	<u>(5,791)</u>	<u>(5,791)</u>
<b>Accumulated surplus (deficit) end of year</b>	<u><u>(\$ 5,791)</u></u>	<u><u>(\$ 5,791)</u></u>

# KIRKTON-WOODHAM SWIMMING POOL

## NOTES TO FINANCIAL STATEMENTS

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For the Year Ended December 31, 2016

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