

**MUNICIPALITY OF SOUTH HURON
FINANCIAL STATEMENTS
DECEMBER 31, 2015**

VODDEN, BENDER & SEEBACH LLP
Chartered Professional Accountants

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INDEPENDENT AUDITOR'S REPORT

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, 2015, 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

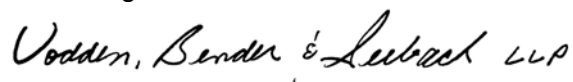
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable 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, 2015 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 8, 2016

MUNICIPALITY OF SOUTH HURON
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31	2015	2014
FINANCIAL ASSETS		
Cash	6,977,566	6,036,493
Taxes receivable	1,556,413	1,309,230
Accounts receivable	1,950,438	2,192,140
Other current assets	58,850	60,040
Investments	4,934,069	5,413,580
Long-term receivables	322,185	566,861
	<u>15,799,521</u>	<u>15,578,344</u>
LIABILITIES		
Accounts payable and accrued liabilities	2,495,297	1,781,959
Deferred revenue	504,333	643,448
Landfill closure and post closure liability (note 6)	6,218,400	7,358,000
Municipal debt (note 6)	21,728,019	22,416,478
	<u>30,946,049</u>	<u>32,199,885</u>
NET FINANCIAL ASSETS	(\$ 15,146,528)	(\$ 16,621,541)
NON-FINANCIAL ASSETS		
Tangible capital assets, net (note 8)	96,133,133	93,930,531
ACCUMULATED SURPLUS (note 10)	\$ 80,986,605	\$ 77,308,990

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	2015 Budget	2015 Actual	2014 Actual
Revenue			
Taxation for municipal purposes	7,690,059	7,764,138	7,548,959
User fees	8,272,664	8,155,308	9,219,620
Government transfers - Canada and Ontario	2,832,273	2,217,903	2,679,328
Government transfers - other municipalities	127,145	181,576	134,978
Investment income	56,500	164,455	141,068
Penalties and interest on taxes	175,000	208,738	166,359
Donations	16,150	27,955	411,721
	<u>19,169,791</u>	<u>18,720,073</u>	<u>20,302,033</u>
Expenditure			
General government	1,497,190	1,354,488	1,337,596
Protection to persons and property	3,280,288	3,133,507	3,315,170
Transportation services	3,602,775	3,589,431	3,677,047
Environmental services	5,518,933	4,501,752	5,905,142
Health services	160,963	182,246	112,214
Recreation and cultural services	1,971,050	2,000,074	1,842,884
Planning and development	140,423	280,960	1,059,405
	<u>16,171,622</u>	<u>15,042,458</u>	<u>17,249,458</u>
Annual surplus (deficit)	2,998,169	3,677,615	3,052,575
Accumulated surplus, beginning of year	<u>77,308,990</u>	<u>77,308,990</u>	<u>74,256,415</u>
Accumulated surplus, end of year	<u><u>\$ 80,307,159</u></u>	<u><u>\$ 80,986,605</u></u>	<u><u>\$ 77,308,990</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**

For the year ended December 31	2015 Budget	2015 Actual	2014 Actual
Annual surplus (deficit)	2,998,169	3,677,615	3,052,575
Amortization of tangible capital assets	2,717,199	2,724,491	2,709,906
Net acquisition of tangible capital assets	<u>(9,266,276)</u>	<u>(4,927,093)</u>	<u>(3,772,321)</u>
	(3,550,908)	1,475,013	1,990,160
Net financial assets, beginning of year		<u>(16,621,541)</u>	<u>(18,611,701)</u>
Net financial assets, end of year		<u>(\$ 15,146,528)</u>	<u>(\$ 16,621,541)</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	2015	2014
Operating activities		
Annual surplus (deficit)	3,677,615	3,052,575
Amortization expense not requiring cash outlay	2,724,491	2,709,906
Decrease (increase) in taxes receivable	(247,183)	(174,354)
Decrease (increase) in accounts receivable	241,702	(481,033)
Decrease (increase) in other current assets	1,190	(17,749)
Increase (decrease) in accounts payable and accrued liabilities	713,338	470,427
Increase (decrease) in deferred revenue	(139,115)	156,751
Increase (decrease) in landfill closure & post-closure liability	(1,139,600)	300,000
Cash provided by (used for) operating activities	<u>5,832,438</u>	<u>6,016,523</u>
Capital activities		
Net disposals (purchases) of tangible capital assets	(4,927,093)	(3,772,321)
Cash provided by (used for) capital activities	<u>(4,927,093)</u>	<u>(3,772,321)</u>
Investing activities		
Decrease (increase) in long-term receivables	244,676	121,690
Decrease (increase) in investments	479,511	60,876
Cash provided by (used for) investing activities	<u>724,187</u>	<u>182,566</u>
Financing activities		
Proceeds from long-term debt issued	244,110	1,047,915
Principal repayments on long-term debt	(932,569)	(1,814,773)
Cash provided by (used for) financing activities	<u>(688,459)</u>	<u>(766,858)</u>
Increase (decrease) in cash position	941,073	1,659,910
Cash (overdraft) beginning of year	<u>6,036,493</u>	<u>4,376,583</u>
Cash (overdraft) end of year	<u>\$ 6,977,566</u>	<u>\$ 6,036,493</u>

The accompanying notes are an integral part of this financial statement

MUNICIPALITY OF SOUTH HURON
NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2015

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) Adoption of new accounting standards

Effective for fiscal periods beginning on or after April 1, 2014, all governments were required to adopt PSAB Section 3260, Liability for Contaminated Sites. This standard provides guidance on how to account for and report a liability associated with the remediation of contaminated sites, defines which activities would be included in the liability for remediation, establishes when to recognize and how to measure a liability for remediation and provides guidance on financial statement presentation and disclosure. The municipality has evaluated the impact of the adoption of this new accounting standard and has determined that a provision in the financial statements is not necessary.

l) 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:

	2015	2014
County of Huron	\$ 5,927,169	\$ 5,862,138
School Boards	3,463,940	3,472,643

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 2015 was \$250,652 (2014 : \$242,530) 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.

At December 31, 2015, the municipality has recognized a liability of \$6,218,400 (2014 : \$7,358,000). 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:

	2015	2014
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)	395,353	435,958
Pacific Western Capital Inc loan payable, 6.52% interest, \$4,854 blended payment payable monthly, due December 2017 (for Exeter water purposes)	113,179	162,295
Lake Huron Water Supply System / City of London loan payable, due on demand (for water purposes)	331,056	86,946
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)	6,297,380	6,383,272
Ontario Infrastructure Projects Corporation (OIPC) loan payable, 5.32% interest, \$20,157 blended payment payable semi-annually, due July 2047 (for sewer purposes)	616,569	623,791
Ontario Infrastructure Projects Corporation (OIPC) loan payable, 5.09% interest, \$185,842 blended payment payable semi-annually, due August 2028 (for Crediton/Centralia water purposes)	3,503,157	3,689,391
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)	9,326,695	9,614,934
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>822,445</u>	<u>853,030</u>
	21,405,834	21,849,617
 Tile drain loans payable to Ministry of Finance, responsibility for payment of principal and interest charges have been assumed by individuals, 6% - 8%, due 2016 through 2025	 <u>322,185</u>	 <u>566,861</u>
	<u>\$ 21,728,019</u>	<u>\$ 22,416,478</u>

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

2016: \$66,200 2017: \$52,200 2018: \$36,100 2019: \$38,200 2020: \$35,300

Principal payments recoverable from property owners in the next

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

2016: \$1,053,500 2017: \$758,800 2018: \$742,200 2019: \$773,500 2020: \$811,500

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:

	2015	2014
Tile drainage loans assumed by individuals	\$ 322,185	\$ 566,861

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:

	2015	2014
General revenue accumulated surplus and invested in tangible capital assets	\$ 69,343,279	\$ 68,932,481
Streetlighting	241,731	240,954
Sanitary sewer systems	(92,459)	(241,955)
Waterworks systems	3,709,581	3,791,479
Solid waste (garbage and landfill) services	380,882	400,034
Landfill closure and post-closure liability	(6,218,400)	(7,358,000)
Kirkton-Woodham Swimming Pool	(2,895)	(2,895)
Exeter BIA	16,451	4,645
Reserves and reserve funds	<u>13,608,435</u>	<u>11,542,247</u>
	<u>\$ 80,986,605</u>	<u>\$ 77,308,990</u>

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

11. 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 2015 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, 2015

	General				Infrastructure				TOTAL Net Book Value 2015	TOTAL Net Book Value 2014
	Land	Buildings	Vehicles	Other	Plants and Facilities	Roads and Land Improvements	Underground and other Networks	Assets Under Construction		
Cost										
Balance, beginning of year	1,882,882	6,820,994	6,207,690	721,180	14,036,614	52,593,902	58,154,675	2,895,084	143,313,021	139,726,478
Add: Additions during the year		38,369	863,053	53,647		1,102,370	2,066,048	999,963	5,123,450	3,839,999
Less: Disposals during the year			(495,391)	(12,181)		(115,824)	(193,418)		(816,814)	(253,456)
Balance, end of year	<u>1,882,882</u>	<u>6,859,363</u>	<u>6,575,352</u>	<u>762,646</u>	<u>14,036,614</u>	<u>53,580,448</u>	<u>60,027,305</u>	<u>3,895,047</u>	<u>147,619,657</u>	<u>143,313,021</u>
Accumulated Amortization										
Balance, beginning of year		3,115,018	4,030,440	338,919	5,356,008	20,696,715	15,845,390		49,382,490	46,858,362
Add: Amortization during the year		167,731	430,237	44,434	273,764	986,557	821,768		2,724,491	2,709,906
Less: Accumulated amortization on disposals			(453,718)	(12,181)		(48,710)	(105,848)		(620,457)	(185,778)
Balance, end of year	-	3,282,749	4,006,959	371,172	5,629,772	21,634,562	16,561,310	-	51,486,524	49,382,490
Net Book Value of										
Tangible Capital Assets	1,882,882	3,576,614	2,568,393	391,474	8,406,842	31,945,886	43,465,995	3,895,047	\$ 96,133,133	\$ 93,930,531

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	TOTAL Net Book Value 2015	TOTAL Net Book Value 2014
Cost									
Balance, beginning of year	1,494,437	3,286,457	62,637,014	66,757,179	132,241	6,110,609	2,895,084	143,313,021	139,726,478
Add: Additions during the year	12,873	537,194	1,429,110	1,897,006	19,599	227,705	999,963	5,123,450	3,839,999
Less: Disposals during the year	(12,181)	(215,631)	(349,584)	(134,891)	(9,288)	(95,239)		(816,814)	(253,456)
Interdepartmental transfers					29,122	(29,122)		-	-
Balance, end of year	<u>1,495,129</u>	<u>3,608,020</u>	<u>63,716,540</u>	<u>68,519,294</u>	<u>171,674</u>	<u>6,213,953</u>	<u>3,895,047</u>	<u>147,619,657</u>	<u>143,313,021</u>
Accumulated Amortization									
Balance, beginning of year	517,957	1,851,387	22,401,994	22,185,215	45,497	2,380,440		49,382,490	46,858,362
Add: Amortization during the year	64,717	148,623	1,215,701	1,152,859	5,354	137,237		2,724,491	2,709,906
Less: Accumulated amortization on disposals	(12,181)	(185,540)	(211,137)	(107,536)	(8,824)	(95,239)		(620,457)	(185,778)
Interdepartmental transfers					29,122	(29,122)		-	-
Balance, end of year	<u>570,493</u>	<u>1,814,470</u>	<u>23,406,558</u>	<u>23,230,538</u>	<u>71,149</u>	<u>2,393,316</u>	<u>-</u>	<u>51,486,524</u>	<u>49,382,490</u>
Net Book Value of Tangible Capital Assets	<u>924,636</u>	<u>1,793,550</u>	<u>40,309,982</u>	<u>45,288,756</u>	<u>100,525</u>	<u>3,820,637</u>	<u>3,895,047</u>	<u>\$ 96,133,133</u>	<u>\$ 93,930,531</u>

MUNICIPALITY OF SOUTH HURON

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

For the Year Ended December 31, 2015

	Balance, beginning of year	Revenues and contributions			Transfers out Utilized During Year	Balance, end of year
		Interest	From Operations	Other		
Reserves and reserve funds						
Reserves						
for general government	1,211,482		508,834		(18,101)	1,702,215
for protection services	1,051,813		230,362		(394,687)	887,488
for transportation services	1,822,680		631,143		(237,189)	2,216,634
for environmental services	5,917,651		1,677,056		(660,845)	6,933,862
for health services	53,176		7,655		-	60,831
for recreation and cultural services	84,475		98,693		-	183,168
	<u>10,141,277</u>	<u>-</u>	<u>3,153,743</u>	<u>-</u>	<u>(1,310,822)</u>	<u>11,984,198</u>
Reserve funds						
Webber gravel pit	32,494	298				32,792
Building code	865,863	7,927	93,922			967,712
Exeter community development	202,734		75,883			278,617
Dashwood community development	77,598	710				78,308
Exeter cemetery expansion	465	5				470
Exeter cemetery columbarium	20,416	185	3,095		(14,163)	9,533
Landfill perpetual care	176,400	1,615	53,560			231,575
South Huron recreation centre	25,000	230				25,230
	<u>1,400,970</u>	<u>10,970</u>	<u>226,460</u>	<u>-</u>	<u>(14,163)</u>	<u>1,624,237</u>
Total reserves and reserve funds	<u>11,542,247</u>	<u>10,970</u>	<u>3,380,203</u>	<u>-</u>	<u>(1,324,985)</u>	<u>13,608,435</u>
Deferred revenue						
Parkland	58,349	533		5,500		64,382
Federal Gas Tax Funds	-		287,962		(287,962)	-
Development charges	585,099	5,357		43,093	(193,598)	439,951
	<u>643,448</u>	<u>5,890</u>	<u>287,962</u>	<u>48,593</u>	<u>(481,560)</u>	<u>504,333</u>
Total	<u>\$ 12,185,695</u>	<u>16,860</u>	<u>3,668,165</u>	<u>48,593</u>	<u>(1,806,545)</u>	<u>\$ 14,112,768</u>

MUNICIPALITY OF SOUTH HURON**Segmented Information**

For the Year Ended December 31, 2015

	General Government	Protective Services	Transportation Services	Environmental Services	Health Services	Recreation and Culture	Planning and Development	Total 2015	Total 2014
Revenue									
Taxation	7,764,138							7,764,138	7,548,959
User charges	586,050	56,743	90,964	6,429,087	103,754	734,046	154,664	8,155,308	9,219,620
Government transfers	1,713,855	34,422	520,067			79,435	51,700	2,399,479	2,814,306
Interest and penalties	373,193							373,193	307,427
Other	27,955							27,955	411,721
	<u>10,465,191</u>	<u>91,165</u>	<u>611,031</u>	<u>6,429,087</u>	<u>103,754</u>	<u>813,481</u>	<u>206,364</u>	18,720,073	20,302,033
Operating expenditure									
Wages, salaries and benefits	1,005,807	555,497	839,424	801,977	95,568	884,726	86,958	4,269,957	4,193,932
Contract services	55,691	1,881,478	77,714	758,271	1,524	49,454	147,326	2,971,458	3,061,996
Supplies, materials, equipment and interest	228,274	517,819	1,438,049	1,848,861	79,799	917,074	46,676	5,076,552	7,283,624
Amortization	64,716	148,623	1,215,701	1,152,859	5,355	137,237		2,724,491	2,709,906
	<u>1,354,488</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>	15,042,458	17,249,458
Net revenue (expense)	<u>9,110,703</u>	<u>(3,012,252)</u>	<u>(2,959,857)</u>	<u>1,867,119</u>	<u>(78,492)</u>	<u>(1,175,010)</u>	<u>(74,596)</u>	3,677,615	3,052,575

INDEPENDENT AUDITOR'S REPORT

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, 2015, 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

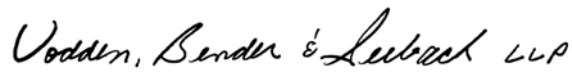
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable 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, 2015 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 8, 2016

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

For the Year Ended December 31, 2015									
	Perpetual Care Fund	Niche Care Fund	Five-Year Flower Fund	Pre-need Fund	Perpetual Flower Fund	Monuments Marker Fund	2015	2014	
Balance beginning of year	310,296	25,498	17,568	89,980	286,964	55,545	785,851	773,376	
Receipts									
Perpetual care	21,507					2,250	23,757	10,155	
Donations and capital contributions		1,092	5,729	7,589			14,410	10,995	
Interest earned	30,685						30,685	27,329	
	<u>52,192</u>	<u>1,092</u>	<u>5,729</u>	<u>7,589</u>	<u>-</u>	<u>2,250</u>	68,852	<u>48,479</u>	
Expenditure									
Transfers to cemetery	30,685		6,249	3,529			40,463	36,004	
	<u>30,685</u>	<u>-</u>	<u>6,249</u>	<u>3,529</u>	<u>-</u>	<u>-</u>	40,463	<u>36,004</u>	
Balance end of year	<u>\$ 331,803</u>	<u>\$ 26,590</u>	<u>\$ 17,048</u>	<u>\$ 94,040</u>	<u>\$ 286,964</u>	<u>\$ 57,795</u>	\$ 814,240	<u>\$ 785,851</u>	

BALANCE SHEET

As at December 31	2015	2014
Assets		
Cash	37,332	6,763
Investments, cost	814,082	801,752
Liabilities		
Due to general fund	(37,174)	(22,664)
Trust fund net asset balances	\$ 814,240	<u>\$ 785,851</u>

MUNICIPALITY OF SOUTH HURON
TRUST FUNDS
NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2015

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 \$ 814,240 (2014 : \$ 785,851).

**EXETER BUSINESS IMPROVEMENT AREA
FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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, 2015, 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, 2015 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 29, 2016

EXETER BUSINESS IMPROVEMENT AREA
STATEMENT OF FINANCIAL POSITION

See accompanying notes to the financial statements

As at December 31	2015	2014
ASSETS		
Cash	8,886	5,530
Accounts receivable	4,352	33
HST recoverable	8,580	8,785
	<u>\$ 21,818</u>	<u>\$ 14,348</u>
LIABILITIES AND ACCUMULATED SURPLUS (DEFICIT)		
Accounts payable and accrued liabilities	5,086	9,703
Accumulated surplus (deficit)	16,732	4,645
	<u>\$ 21,818</u>	<u>\$ 14,348</u>

EXETER BUSINESS IMPROVEMENT AREA

STATEMENT OF REVENUE AND EXPENDITURE AND ACCUMULATED SURPLUS

See accompanying notes to the financial statements

For the Year Ended December 31	2015	2014
Revenue		
Municipality of South Huron - levy	65,600	65,600
Digital sign rental revenue	11,590	14,666
Coupon Book	7,368	6,830
Grant- Flower watering	8,000	4,500
Grant- Welcome Centre	3,400	3,400
Grant- Shared staff model	5,000	-
Awards gala	5,027	-
Rental revenue	-	6,000
Other revenue	2,232	2,273
	<u>108,217</u>	<u>103,269</u>
Expenditure		
Advertising and promotional activities	13,537	9,355
Bank charges	343	84
Downtown improvement and beautification	15,904	17,170
General and administration	66,346	65,441
	<u>96,130</u>	<u>92,050</u>
Net surplus (deficit) for the year	12,087	11,219
Accumulated surplus (deficit) beginning of year	4,645	(6,574)
Accumulated surplus (deficit) end of year	<u>\$ 16,732</u>	<u>\$ 4,645</u>

EXETER BUSINESS IMPROVEMENT AREA
STATEMENT OF CASH FLOWS

See accompanying notes to the financial statements

For the Year Ended December 31	2015	2014
Operating activities		
Surplus (deficit) for the year	12,087	11,219
Net change in working capital balances		
Accounts receivable	(4,319)	(33)
HST recoverable	205	(263)
Accounts payable and accrued liabilities	(4,617)	(8,016)
Change in cash and cash equivalents during year	3,356	2,907
Cash and cash equivalents, beginning of year	5,530	2,623
Cash and cash equivalents, end of year	\$ 8,886	\$ 5,530

EXETER BUSINESS IMPROVEMENT AREA

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2015

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 SWIMMING POOL
FINANCIAL STATEMENTS
DECEMBER 31, 2015**

VODDEN, BENDER & SEEBACH LLP
Chartered Professional Accountants

INDEPENDENT AUDITOR'S REPORT

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, 2015, 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, 2015 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 29, 2016

**KIRKTON-WOODHAM SWIMMING POOL
BALANCE SHEET**

As at December 31	2015	2014
ASSETS		
Due from Municipality of South Huron	-	-
	<u>\$ 0</u>	<u>\$ 0</u>
LIABILITIES AND FUND BALANCES		
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**

For the Year Ended December 31	2015	2014
Revenue		
Pool receipts	23,872	19,756
Grants from municipalities	35,814	34,396
Donations	-	100
	59,686	54,252
Expenditure		
Wages and benefits	36,437	32,006
Maintenance and pool supplies	14,408	12,494
Heat, hydro and telephone	6,520	5,318
Insurance	1,471	1,415
Accounting fee	850	814
	59,686	52,047
Net surplus (deficit) for the year	-	2,205
Transfer from (to) reserves	-	-
Accumulated surplus (deficit) beginning of year	(5,791)	(7,996)
Accumulated surplus (deficit) end of year	(\$ 5,791)	(\$ 5,791)

KIRKTON-WOODHAM SWIMMING POOL

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2015

1. Nature of operations

The Kirkton-Woodham Swimming Pool 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 Swimming Pool 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 Pool 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 entity's financial assets and liabilities approximate their carrying amount. It is management's opinion that the entity 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, 2015**

VODDEN, BENDER & SEEBACH LLP
Chartered Professional Accountants

INDEPENDENT AUDITOR'S REPORT

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 balance sheet as at December 31, 2015, 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

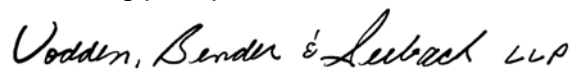
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable 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, 2015 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
April 30, 2016

KIRKTON-WOODHAM COMMUNITY CENTRE BOARD

BALANCE SHEET

See accompanying notes to the financial statements

As at December 31	2015	2014
ASSETS		
Cash	<u>16,051</u>	<u>21,951</u>
	<u>\$ 16,051</u>	<u>\$ 21,951</u>
LIABILITIES AND ACCUMULATED SURPLUS (DEFICIT)		
Accounts payable and accrued liabilities	<u>800</u>	<u>800</u>
Accumulated surplus (deficit)	<u>15,251</u>	<u>21,151</u>
	<u>\$ 16,051</u>	<u>\$ 21,951</u>

KIRKTON-WOODHAM COMMUNITY CENTRE BOARD

STATEMENT OF REVENUE AND EXPENDITURE AND ACCUMULATED SURPLUS

See accompanying notes to the financial statements

For the year ending December 31	2015	2014
Revenue		
Barbeques, dances, bar and other	907	1,728
Hall and kitchen rental	17,742	21,914
Donations	600	600
Municipal grants	17,500	12,500
Library grant - County of Huron	10,000	10,000
	<u>46,749</u>	<u>46,742</u>
Expenditure		
Administrative	355	250
Audit fee	850	900
Bar supplies	147	158
Furnace oil	4,387	7,577
Garbage collection	430	323
Grass cutting	3,392	2,308
Hydro - athletic field	699	367
Hydro - hall	5,481	5,362
Insurance	5,184	4,994
Janitorial service	11,925	8,082
Repairs and maintenance	7,425	5,900
Snow removal	3,517	4,212
Supplies	2,503	1,600
Telephone	479	463
Capital expenditures	5,875	8,645
	<u>52,649</u>	<u>51,141</u>
Net surplus (deficit) for the year	(5,900)	(4,399)
Accumulated surplus (deficit) beginning of year	\$ 21,151	\$ 25,550
Accumulated surplus (deficit) end of year	\$ 15,251	\$ 21,151

KIRKTON-WOODHAM COMMUNITY CENTRE BOARD
STATEMENT OF CASH FLOWS

See accompanying notes to the financial statements

For the year ending December 31	2015	2014
Operating activities		
Net surplus (deficit) for the year	(5,900)	(4,399)
Net change in working capital balances		
Accounts payable and accrued liabilities	<u>-</u>	<u>100</u>
Change in cash during year	(5,900)	(4,299)
Cash, beginning of year	<u>21,951</u>	<u>26,250</u>
Cash, end of year	<u>\$ 16,051</u>	<u>\$ 21,951</u>

KIRKTON-WOODHAM COMMUNITY CENTRE BOARD

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2015

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.