

**MUNICIPALITY OF CENTRAL HURON**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009**

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

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Chartered Accountants

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## AUDITOR'S REPORT

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

We have audited the consolidated statement of financial position of the Corporation of the Municipality of Central Huron as at December 31, 2009 and the consolidated statements of operations, change in net financial assets and change in cash flow for the year then ended. These financial statements are the responsibility of the municipality's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation of the Municipality of Central Huron as at December 31, 2009 and the results of its operations, change in net financial assets and change in cash flow for the year then ended in accordance with the accounting principles for municipal governments established by the Canadian Institute of Chartered Accountants.

*Vodden, Bender & Seebach LLP*

Vodden, Bender & Seebach LLP  
Chartered Accountants  
Licensed Public Accountants  
Clinton, Ontario  
February 12, 2010

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

As at December 31	2009	2008
<b>FINANCIAL ASSETS</b>		
Cash	2,828,023	3,562,593
Taxes receivable	745,247	843,219
Accounts receivable	3,379,145	2,093,874
Long-term receivables	233,740	309,112
Long-term investment (note 5)	901,412	1,672,370
	<u>8,087,567</u>	<u>8,481,168</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	629,971	1,015,975
Deferred revenue	38,295	27,615
Landfill closure and post closure liability (note 7)	1,413,680	1,211,190
Municipal debt (note 6)	5,232,714	1,799,555
	<u>7,314,660</u>	<u>4,054,335</u>
<b>NET FINANCIAL ASSETS</b>	<b>772,907</b>	4,426,833
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets, net (schedule 3)	63,343,554	58,546,009
<b>ACCUMULATED SURPLUS (Schedule 1)</b>	<b>\$ 64,116,461</b>	<b>\$ 62,972,842</b>

The accompanying notes are an integral part of this financial statement

**MUNICIPALITY OF CENTRAL HURON  
CONSOLIDATED SCHEDULE OF OPERATIONS**

<b>For the year ended December 31, 2009</b>	<b>2009 Budget</b>	<b>2009 Actual</b>	<b>2008 Actual</b>
<b>Revenue</b>			
Taxation for municipal purposes	3,917,082	<b>4,016,796</b>	3,828,640
User fees, licences, permits and donations	3,032,884	<b>2,820,515</b>	2,992,680
Government transfers - Canada and Ontario	3,761,822	<b>3,962,063</b>	4,499,860
Government transfers - other municipalities	142,354	<b>143,552</b>	-
Investment income	26,050	<b>62,588</b>	181,807
Penalties and interest on taxes	90,000	<b>108,757</b>	98,941
Gaming Centre	557,359	<b>614,643</b>	662,868
	<u>11,527,551</u>	<u><b>11,728,914</b></u>	<u>12,264,796</u>
<b>Expenditure</b>			
General government	1,212,609	<b>1,428,962</b>	1,739,781
Protection to persons and property	1,969,723	<b>1,854,835</b>	1,927,996
Transportation services	3,263,446	<b>3,258,854</b>	3,224,977
Environmental services	1,927,042	<b>2,697,202</b>	2,705,052
Health services	64,610	<b>73,621</b>	57,536
Recreation, parks and culture	1,119,478	<b>1,129,939</b>	688,953
Planning and development	339,942	<b>141,882</b>	23,916
	<u>9,896,850</u>	<u><b>10,585,295</b></u>	<u>10,368,211</u>
<b>Annual surplus (deficit)</b>	1,630,701	<b>1,143,619</b>	1,896,585
<b>Opening balance</b>	<u>62,972,842</u>	<u><b>62,972,842</b></u>	<u>61,076,257</u>
<b>Closing balance</b>	<u>\$ 64,603,543</u>	<u><b>\$ 64,116,461</b></u>	<u>\$ 62,972,842</u>

The accompanying notes are an integral part of this financial statement

**MUNICIPALITY OF CENTRAL HURON  
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**

<b>For the year ended December 31, 2009</b>	<b>2009 Budget</b>	<b>2009 Actual</b>	<b>2008 Actual</b>
Annual surplus (deficit)	1,630,701	<b>1,143,619</b>	1,896,585
Amortization of tangible capital assets	1,824,681	<b>1,824,681</b>	1,826,643
Net acquisition of tangible capital assets	<u>(6,236,461)</u>	<b><u>(6,622,226)</u></b>	<u>(4,492,865)</u>
<b>Increase (decrease) in net financial assets</b>	(2,781,079)	<b>(3,653,926)</b>	(769,637)
<b>Opening balance</b>	<u>4,426,833</u>	<b><u>4,426,833</u></b>	<u>5,196,470</u>
<b>Closing balance</b>	<u><u>\$ 1,645,754</u></u>	<b><u><u>\$ 772,907</u></u></b>	<u><u>\$ 4,426,833</u></u>

The accompanying notes are an integral part of this financial statement

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

For the year ended December 31	2009	2008
<b>Operating activities</b>		
Annual surplus (deficit)	1,143,619	1,896,585
Amortization expense not requiring cash outlay	1,824,681	1,826,643
Decrease (increase) in taxes receivable	97,972	(70,079)
Decrease (increase) in accounts receivable	(1,285,271)	(174,293)
Increase (decrease) in accounts payable	(386,004)	596,161
Increase (decrease) in deferred revenue	10,680	1,286
Increase (decrease) in landfill closure and post closure liability	202,490	166,547
Cash provided by (used for) operating activities	<u>1,608,167</u>	<u>4,242,850</u>
<b>Capital activities</b>		
Net disposals (purchases) of tangible capital assets	<u>(6,622,226)</u>	<u>(4,492,865)</u>
Cash provided by (used for) capital activities	<u>(6,622,226)</u>	<u>(4,492,865)</u>
<b>Investing activities</b>		
Decrease (increase) in long-term receivables	75,372	323,229
Decrease (increase) in investment in government business enterprises	770,958	-
Cash provided by (used for) investing activities	<u>846,330</u>	<u>323,229</u>
<b>Financing activities</b>		
Proceeds from long-term debt issued	3,680,000	1,247,000
Principal repayments on long-term debt	(246,841)	(250,875)
Cash provided by (used for) financing activities	<u>3,433,159</u>	<u>996,125</u>
<b>Increase (decrease) in cash position</b>	<b>(734,570)</b>	1,069,339
<b>Cash (overdraft) beginning of year</b>	<b><u>3,562,593</u></b>	<u>2,493,254</u>
<b>Cash (overdraft) end of year</b>	<b><u>\$ 2,828,023</u></b>	<b><u>\$ 3,562,593</u></b>

The accompanying notes are an integral part of this financial statement

**MUNICIPALITY OF CENTRAL HURON  
CONSOLIDATED SCHEDULE OF ACCUMULATED SURPLUS**

Schedule 1

<b>For the year ended December 31</b>	<b>2009</b>	<b>2008</b>
Reserves and reserve funds	<u>5,826,371</u>	<u>5,294,767</u>
Surpluses (deficits)		
Invested in tangible capital assets	58,248,620	57,046,631
General surplus (deficit)	457,778	112,504
Invested in government business enterprises	901,412	1,672,370
Share of Mid-Huron Landfill Site Board general surplus	95,960	57,760
Unfinanced		
Solid waste landfill closure and post-closure liabilities	<u>(1,413,680)</u>	<u>(1,211,190)</u>
	<u>58,290,090</u>	<u>57,678,075</u>
<b>Accumulated surplus</b>	<b><u>\$ 64,116,461</u></b>	<b><u>\$ 62,972,842</u></b>

The accompanying notes are an integral part of this financial statement

**MUNICIPALITY OF CENTRAL HURON**  
**Consolidated Schedule of Continuity of Reserves, Reserve Funds and Deferred Revenue**  
For the Year Ended December 31, 2009

Schedule 2

	Balance, beginning of year	Revenues and contributions			Transfers				Balance, end of year	
		Interest	From Operations	Other	Total	To Operations	To Capital Acquisitions	Other		Total
<b>Reserves and reserve funds</b>										
Reserves										
for general government	1,822,274		110,848		110,848	10,948			10,948	<b>1,922,174</b>
for protection services	230,834		50,000		50,000				-	<b>280,834</b>
for transportation services	272,771				-			212,907	212,907	<b>59,864</b>
for environmental services	2,021,270		348,934		348,934	161,823			161,823	<b>2,208,381</b>
for health services	1,823				-				-	<b>1,823</b>
for recreation and cultural services	178,234		46,450		46,450				-	<b>224,684</b>
for planning and development	17,352				-				-	<b>17,352</b>
	<u>4,544,558</u>	<u>-</u>	<u>556,232</u>	<u>-</u>	<u>556,232</u>	<u>172,771</u>	<u>-</u>	<u>212,907</u>	<u>385,678</u>	<u><b>4,715,112</b></u>
Reserve funds										
Rural Water System Upgrades	34,624	187			187				-	<b>34,811</b>
Ball's Bridge	-	1,098		212,907	214,005	27,665			27,665	<b>186,340</b>
Recreation	2,428	13	4,000		4,013				-	<b>6,441</b>
Arena Capital	625,310	2,525	157,513		160,038				-	<b>785,348</b>
Blyth Landfill	87,847	472	10,000		10,472				-	<b>98,319</b>
	<u>750,209</u>	<u>4,295</u>	<u>171,513</u>	<u>212,907</u>	<u>388,715</u>	<u>27,665</u>	<u>-</u>	<u>-</u>	<u>27,665</u>	<u><b>1,111,259</b></u>
Total reserves and reserve fund:	<u>5,294,767</u>	<u>4,295</u>	<u>727,745</u>	<u>212,907</u>	<u>944,947</u>	<u>200,436</u>	<u>-</u>	<u>212,907</u>	<u>413,343</u>	<u><b>5,826,371</b></u>
<b>Deferred revenue</b>										
Ward 1 Parkland	15,721	116		10,500	10,616				-	<b>26,337</b>
Ward 2 Pit Rehabilitation	11,894	64			64				-	<b>11,958</b>
Federal Gas Tax Funds	-		253,641		253,641	253,641			253,641	<b>-</b>
	<u>27,615</u>	<u>180</u>	<u>253,641</u>	<u>10,500</u>	<u>264,321</u>	<u>253,641</u>	<u>-</u>	<u>-</u>	<u>253,641</u>	<u><b>38,295</b></u>
<b>Total</b>	<u><b>\$ 5,322,382</b></u>	<u><b>4,475</b></u>	<u><b>981,386</b></u>	<u><b>223,407</b></u>	<u><b>1,209,268</b></u>	<u><b>454,077</b></u>	<u><b>-</b></u>	<u><b>212,907</b></u>	<u><b>666,984</b></u>	<u><b>\$ 5,864,666</b></u>



**MUNICIPALITY OF CENTRAL HURON**  
**Consolidated Schedule of Tangible Capital Assets**  
For the Year Ended December 31, 2009

Schedule 3

	Land	Land Improvements	Buildings	Machinery and Equipment	Other	Linear Road Systems	Linear Water Systems	Linear Sewer Systems	Assets Under Construction	TOTAL Net Book Value 2009	TOTAL Net Book Value 2008
<b>Cost</b>											
Balance, beginning of year	853,998	473,471	3,408,927	4,294,336	49,845	61,839,713	8,943,560	8,508,002	3,869,878	<b>92,241,730</b>	87,691,105
Add: Additions during the year	64,715			38,200	68,707	1,726,491	13,627		4,639,790	<b>6,551,530</b>	4,492,865
Less: Disposals during the year										-	-
Other: donations and transfers										-	-
Balance, end of year	<u>918,713</u>	<u>473,471</u>	<u>3,408,927</u>	<u>4,332,536</u>	<u>118,552</u>	<u>63,566,204</u>	<u>8,957,187</u>	<u>8,508,002</u>	<u>8,509,668</u>	<b><u>98,793,260</u></b>	<u>92,183,970</u>
<b>Accumulated Amortization</b>											
Balance, beginning of year		227,239	2,224,959	2,869,658	21,038	20,753,881	3,308,778	4,219,472		<b>33,625,025</b>	31,798,382
Add: Amortization during the year		8,744	72,086	208,839	12,413	1,195,544	163,266	163,789		<b>1,824,681</b>	1,826,643
Less: Accumulated amortization on disposals										-	-
Balance, end of year	<u>-</u>	<u>235,983</u>	<u>2,297,045</u>	<u>3,078,497</u>	<u>33,451</u>	<u>21,949,425</u>	<u>3,472,044</u>	<u>4,383,261</u>	<u>-</u>	<b><u>35,449,706</u></b>	<u>33,625,025</u>
<b>Total</b>	<u>918,713</u>	<u>237,488</u>	<u>1,111,882</u>	<u>1,254,039</u>	<u>85,101</u>	<u>41,616,779</u>	<u>5,485,143</u>	<u>4,124,741</u>	<u>8,509,668</u>	<b><u>\$ 63,343,554</u></b>	<u>\$ 58,558,945</u>

**MUNICIPALITY OF CENTRAL HURON**  
**Consolidated Schedule of Tangible Capital Assets**  
For the Year Ended December 31, 2009

Schedule 3

	General Government	Protection	Transportation	Environmental	Health	Recreation and Cultural	Work in Process	<b>TOTAL Net Book Value 2009</b>	TOTAL Net Book Value 2008
<b>Cost</b>									
Balance, beginning of year	1,008,843	876,460	65,936,238	18,274,909	15,404	2,259,998	3,869,878	<b>92,241,730</b>	87,691,105
Add: Additions during the year	133,422		1,726,491	51,827			4,639,790	<b>6,551,530</b>	4,492,865
Less: Disposals during the year								-	-
Other: donations and transfers								-	-
Balance, end of year	<u>1,142,265</u>	<u>876,460</u>	<u>67,662,729</u>	<u>18,326,736</u>	<u>15,404</u>	<u>2,259,998</u>	<u>8,509,668</u>	<b><u>98,793,260</u></b>	<u>92,183,970</u>
<b>Accumulated Amortization</b>									
Balance, beginning of year	126,038	620,483	23,484,323	7,931,140	15,404	1,447,637		<b>33,625,025</b>	31,798,382
Add: Amortization during the year	12,412	61,185	1,341,793	355,737		53,554		<b>1,824,681</b>	1,826,643
Less: Accumulated amortization on disposals								-	-
Balance, end of year	<u>138,450</u>	<u>681,668</u>	<u>24,826,116</u>	<u>8,286,877</u>	<u>15,404</u>	<u>1,501,191</u>	<u>-</u>	<b><u>35,449,706</u></b>	<u>33,625,025</u>
<b>Total</b>	<u>1,003,815</u>	<u>194,792</u>	<u>42,836,613</u>	<u>10,039,859</u>	<u>-</u>	<u>758,807</u>	<u>8,509,668</u>	<b><u>\$ 63,343,554</u></b>	<u>\$ 58,558,945</u>

**MUNICIPALITY OF CENTRAL HURON**

**Segmented Information**

Schedule 4

For the Year Ended December 31, 2009

	General Government	Protective Services	Transportation Services	Environmental Services	Health Services	Recreation and Culture	Planning and Development	<b>Total 2009</b>	Total 2008
<b>Revenue</b>									
Taxation	4,016,796							<b>4,016,796</b>	3,828,640
User charges, licences, donations	487,454	98,476	351	1,863,943	24,860	329,571	15,860	<b>2,820,515</b>	2,992,680
Government transfers	2,075,419	110,000	1,072,893	192,617		654,404	282	<b>4,105,615</b>	4,499,860
Interest and penalties	171,345							<b>171,345</b>	280,748
Other	614,643							<b>614,643</b>	662,868
	<u>7,365,657</u>	<u>208,476</u>	<u>1,073,244</u>	<u>2,056,560</u>	<u>24,860</u>	<u>983,975</u>	<u>16,142</u>	<b>11,728,914</b>	<u>12,264,796</u>
<b>Operating expenditure</b>									
Wages, salaries and benefits	727,636	178,475	573,524	548,199	31,480	394,258	4,104	<b>2,457,676</b>	2,327,657
Contract services	29,456	1,325,086	555,268	828,108		53,908	9,263	<b>2,801,089</b>	2,390,267
Supplies, materials and equipment	659,458	290,089	788,268	965,158	38,838	631,523	128,515	<b>3,501,849</b>	3,823,644
Amortization	12,412	61,185	1,341,794	355,737	3,303	50,250		<b>1,824,681</b>	1,826,643
	<u>1,428,962</u>	<u>1,854,835</u>	<u>3,258,854</u>	<u>2,697,202</u>	<u>73,621</u>	<u>1,129,939</u>	<u>141,882</u>	<b>10,585,295</b>	<u>10,368,211</u>
<b>Net revenue (expense)</b>	<u>5,936,695</u>	<u>(1,646,359)</u>	<u>(2,185,610)</u>	<u>(640,642)</u>	<u>(48,761)</u>	<u>(145,964)</u>	<u>(125,740)</u>	<b>1,143,619</b>	<u>1,896,585</u>

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

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**For the year ended December 31, 2009**

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**1. Accounting policies**

The consolidated financial statements of the Corporation of the Municipality of Central Huron are the representation of management prepared in accordance with generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants.

Effective January 1, 2009, the municipality changed its accounting and financial reporting to conform to the guidelines in the Public Sector Accounting Handbook on financial reporting presentation (Section PS 1200) and tangible capital asset accounting (PS 3150). Current year data is presented on the new basis. Prior year data has been restated on the same basis wherever possible, to be comparable with the current year data. The most significant change is the reporting of tangible capital assets for the first time, and the inclusion of the Consolidated Statement of Change in Net Assets.

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 and sewer systems operated by the municipality and the municipality's proportionate share of joint local boards.

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

The statements 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	15 years	25,000
Buildings	7 - 40 years	5,000 - 25,000
Machinery and equipment	5 - 15 years	5,000 - 25,000
Furniture and fixtures	5 years	3,000
Information technology	3 - 7 years	3,000 - 5,000
Transportation infrastructure	15 - 75 years	5,000 - 100,000
Watermains infrastructure	15 - 80 years	15,000 - 100,000
Sewermains infrastructure	15 - 60 years	15,000 - 75,000

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 - \$100,000 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) 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 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 levied were \$2,222,926. (2008 : \$2,214,931.) for school boards and \$4,824,939. (2008 : \$4,138,195.) for the County of Huron.

**3. Trust funds**

Trust funds administered by the municipality amounting to \$275,016. (2008 : \$268,095.) 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 2009 was \$125,703. (2008 : \$119,761.) for current services and is included as an expenditure on the consolidated statement of financial activities.

OMERS is a multi-employer plan, therefore 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. Long-term investments**

	<b>2009</b>	<b>2008</b>
782,007 Class B shares, ERTH Corporation	901,412	-
Note receivable, Clinton Power Corporation	-	770,958
Common shares, Clinton Power Corporation	-	811,565
Common shares, Clinton Hydro Electric Retail Affiliate Inc.	-	89,847
	<u>\$901,412</u>	<u>\$1,672,370</u>

Effective November 1, 2000, the municipality transferred its electrical utilities to Clinton Power Corporation and Clinton Hydro Electric Retail Affiliate Inc. The above note receivable and common shares were received in consideration for the transfer.

At December 31, 2008, the municipality owned 100% of the outstanding common shares of Clinton Power Corporation and Clinton Hydro Electric Retail Affiliate Inc., private companies incorporated under the laws of the Province of Ontario. The shares have no fixed maturity dates and are generally not exposed to interest rate risk. The fair value of these shares is not practicable to determine in the absence of published market quotations.

During 2009, the municipality completed the sale of 100% of the common shares in Clinton Power Corporation to ERTH Corporation. At December 31, 2009, the municipality owned 782,007 Class B shares in ERTH Corporation and 100% of the outstanding common shares of Clinton Hydro Electric Retail Affiliate Inc., private companies incorporated under the laws of the Province of Ontario. The shares have no fixed maturity dates and are generally not exposed to interest rate risk. The fair value of these shares is not practicable to determine in the absence of published market quotations.

**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>2009</b>	<b>2008</b>
Bank of Montreal, loan payable, prime + 0% interest, \$1,667 monthly principle payment plus interest, due January 2010	1,667	21,667
Bank of Montreal, loan payable, prime + 0% interest, due on demand	127,925	238,925
Bank of Montreal, loan payable, prime + 0% interest, \$4,117 monthly principle payment plus interest, due November 2013	189,382	238,786
Ontario Infrastructure Projects Corporation (OIPC) construction loan payable, variable interest, due on demand	4,680,000	1,000,000
Tile drain loans payable to Ministry of Finance, responsibility for payment of principal and interest charges have been assumed by individuals, 6% - 8%, due 2010 through 2019	<u>233,740</u>	<u>300,177</u>
	<u>\$5,232,714</u>	<u>\$1,799,555</u>

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

2010: \$28,100      2011: \$29,900      2012: \$28,800      2013: \$30,500      2014: \$31,000

Principal payments recoverable from property owners in the next

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

2010: \$4,858,996      2011: \$49,404      2012: \$49,404      2013: \$41,170      2014: \$nil

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

A liability for the costs of solid waste landfill closure and post closure care requirements accrues as the capacity of sites is used. Care requirements include final covering, landscaping, removal of ground water and leachates and ongoing monitoring and maintenance. The estimated liability is the present value of future cash flows related to capacity used to date discounted at the rate of 6%. The recorded liability is \$1,413,680. (2008 : \$1,211,190.) based on a total estimated undiscounted future outflow of \$1,808,519. leaving a balance to be recognized in the future of \$394,839.

The Blyth-Hullett site, for which the reported liability is \$32,300. (2008 : \$31,900.), has a remaining capacity of 24,470 cubic metres and a remaining life of 15 years. Post closure care of the sites is expected to continue for 15 years. Reserves of \$74,729. (2008 : \$64,729.) have been designated for landfill sites. The balance of the future liability is expected to be funded through budget allocations to the landfill reserve.

The municipality's proportionate liability for the Mid-Huron landfill site is \$1,381,380. (2008 : \$1,179,290.). The Mid-Huron Landfill Site Board has set aside reserves and reserve funds of which the municipality's proportionate share is \$1,357,748. (2008 : \$1,415,364.). The site has a estimated remaining life of 3 years.

**8. 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>2009</b>	<b>2008</b>
Tile drainage loans assumed by individuals	\$233,740	\$300,177

**9. Tangible capital assets**

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

- i) Contributed tangible capital assets  
 The municipality records all tangible capital assets contributed by external parties at fair value.
- ii) Tangible capital assets recognized at nominal value  
 Certain assets have been assigned a nominal value because of the difficulty of determining a tenable valuation.

**10. Contingent liability**

The municipality has been notified of liability claims. Because the claims are within the municipality's insurance coverage, no provision has been made for the contingency in the financial statements.

**11. Budget amounts**

Under generally accepted accounting principles, budget amounts are to be reported on the consolidated statement of financial activities for comparative purposes. The 2009 budget amounts for the Corporation of the Municipality of Central 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.

**12. Comparative figures**

Certain comparative figures in the financial statements have been reclassified to conform to financial statement presentation adopted in the current year.



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## **AUDITORS' REPORT**

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

We have audited the balance sheet of the trust funds of the Corporation of the Municipality of Central Huron as at December 31, 2009 and the statement of continuity of trust funds for the year then ended. These financial statements are the responsibility of the municipality's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the trust funds for the Municipality of Central Huron as at December 31, 2009 and the continuity of trust funds for the year then ended in accordance with the accounting principles disclosed in note 1 to the financial statements.

*Vodden, Bender & Seebach LLP*

Vodden, Bender & Seebach LLP  
Chartered Accountants  
Licensed Public Accountants  
Clinton, Ontario  
February 12, 2010

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

For the Year Ended December 31, 2009

	Total		Cemetery Perpetual Care		Ontario Home Renewal Program		Radar Trust Fund		Woon Trust Fund	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
<b>Balance beginning of year</b>	<b>268,095</b>	261,105	<b>208,986</b>	202,576	-	1,117	<b>3,674</b>	3,569	<b>55,435</b>	53,843
<b>Receipts</b>										
Perpetual care	6,602	6,410	6,602	6,410						
Interest earned	2,320	7,333	2,001	5,623		13	20	105	299	1,592
	<u>8,922</u>	<u>13,743</u>	<u>8,603</u>	<u>12,033</u>	<u>-</u>	<u>13</u>	<u>20</u>	<u>105</u>	<u>299</u>	<u>1,592</u>
<b>Expenditure</b>										
Transfers to cemetery	2,001	5,623	2,001	5,623						
Foregiveable portion of loans	-	573				573				
Administration fee	-	557				557				
	<u>2,001</u>	<u>6,753</u>	<u>2,001</u>	<u>5,623</u>	<u>-</u>	<u>1,130</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Balance end of year</b>	<b>\$ 275,016</b>	268,095	<b>\$ 215,588</b>	208,986	<b>\$ 0</b>	-	<b>\$ 3,694</b>	3,674	<b>\$ 55,734</b>	55,435

**BALANCE SHEET**

As at December 31, 2009

	Total		Cemetery Perpetual Care		Ontario Home Renewal Program		Radar Trust Fund		Woon Trust Fund	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
<b>Assets</b>										
Cash	244,574	238,754	185,146	179,088	-	557	3,694	3,674	55,734	55,435
Investments, cost	30,442	29,898	30,442	29,898						
<b>Liabilities</b>										
Due to general fund	-	(557)				(557)				
<b>Trust fund net assets</b>	<b>\$ 275,016</b>	268,095	<b>\$ 215,588</b>	208,986	<b>\$ 0</b>	-	<b>\$ 3,694</b>	3,674	<b>\$ 55,734</b>	55,435

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

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**For the Year Ended December 31, 2009**

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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 accounting policies established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants as prescribed by the Ministry of Municipal Affairs and Housing for municipalities and their related entities.

b) Basis of consolidation

These trust funds have not been consolidated with the financial statements of the Municipality of Central 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 \$275,016. (2008 : \$208,095.)