

MUNICIPALITY OF CENTRAL HURON
FINANCIAL STATEMENTS
DECEMBER 31, 2012

VODDEN, BENDER & SEEBACH LLP
Chartered Accountants

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Chartered Accountants

P.O. Box 758
41 Ontario Street
CLINTON, ONTARIO N0M 1L0
Tel: (519) 482-7979
Fax: (519) 482-5761
vbs@vbsca.ca

AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the Corporation of the Municipality of Central Huron, which comprise the balance sheet as at December 31, 2012, and the statements of income, retained earnings 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

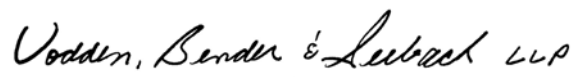
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable 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 Corporation of the Municipality of Central Huron as at December 31, 2012 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants
Licensed Public Accountants

Clinton, Ontario
July 16, 2013

MUNICIPALITY OF CENTRAL HURON
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31	2012	2011
FINANCIAL ASSETS		
Cash and short-term investments	4,628,518	3,916,457
Taxes receivable	902,289	929,136
Accounts receivable	1,142,012	1,689,906
Long-term receivables	199,392	271,108
Long-term investment (note 5)	901,412	901,412
	7,773,623	7,708,019
LIABILITIES		
Accounts payable and accrued liabilities	1,336,390	1,286,488
Deferred revenue - obligatory reserve funds	53,984	254,333
Landfill closure and post closure liability (note 6)	2,612,488	3,040,552
Municipal debt (note 7)	6,175,899	6,747,620
	10,178,761	11,328,993
NET FINANCIAL ASSETS	(2,405,138)	(3,620,974)
NON-FINANCIAL ASSETS		
Tangible capital assets, net (note 9)	71,276,455	71,426,559
ACCUMULATED SURPLUS (note 10)	\$ 68,871,317	\$ 67,805,585

The accompanying notes are an integral part of this financial statement

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

For the year ended December 31, 2012	2012 Budget	2012 Actual	2011 Actual
Revenue			
Taxation for municipal purposes	5,345,423	5,267,295	4,668,603
User fees, licences, permits and donations	2,832,672	3,395,515	3,787,770
Government transfers - Canada and Ontario	2,699,149	2,707,790	4,191,841
Government transfers - other municipalities	141,800	147,852	145,678
Investment income	59,500	73,009	78,949
Penalties and interest on taxes	99,000	104,376	101,355
Gaming Centre and other recoveries	630,000	665,134	641,803
	<u>11,807,544</u>	<u>12,360,971</u>	<u>13,615,999</u>
Expenditure			
General government	1,152,226	1,152,605	1,050,708
Protection to persons and property	2,193,823	2,139,754	1,888,156
Transportation services	3,377,663	3,311,395	3,482,661
Environmental services	2,236,202	2,179,708	4,170,690
Health services	87,580	93,843	81,980
Recreation, parks and culture	1,631,534	1,847,522	1,358,941
Planning and development	543,089	570,412	725,921
	<u>11,222,117</u>	<u>11,295,239</u>	<u>12,759,057</u>
Annual surplus (deficit)	585,427	1,065,732	856,942
Opening balance	<u>67,805,585</u>	<u>67,805,585</u>	<u>66,948,643</u>
Closing balance	<u><u>\$ 68,391,012</u></u>	<u><u>\$ 68,871,317</u></u>	<u><u>\$ 67,805,585</u></u>

The accompanying notes are an integral part of this financial statement

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

For the year ended December 31, 2012	2012 Budget	2012 Actual	2011 Actual
Annual surplus (deficit)	585,427	1,065,732	856,942
Amortization of tangible capital assets	2,389,003	2,511,634	2,150,013
Net acquisition of tangible capital assets	<u>(2,548,103)</u>	<u>(2,361,530)</u>	<u>(6,693,566)</u>
Increase (decrease) in net financial assets	426,327	1,215,836	(3,686,611)
Opening balance	<u>(3,620,974)</u>	<u>(3,620,974)</u>	<u>65,637</u>
Closing balance	<u><u>(\$ 3,194,647)</u></u>	<u><u>(\$ 2,405,138)</u></u>	<u><u>(\$ 3,620,974)</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	2012	2011
Operating activities		
Annual surplus (deficit)	1,065,732	856,942
Amortization expense not requiring cash outlay	2,511,634	2,150,013
Decrease (increase) in taxes receivable	26,847	(276,678)
Decrease (increase) in accounts receivable	547,894	666,185
Increase (decrease) in accounts payable	49,902	(885,432)
Increase (decrease) in deferred revenue	(200,349)	(83,125)
Increase (decrease) in landfill closure and post closure liability	(428,064)	1,571,517
Cash provided by (used for) operating activities	<u>3,573,596</u>	<u>3,999,422</u>
Capital activities		
Net disposals (purchases) of tangible capital assets	<u>(2,361,530)</u>	<u>(6,693,566)</u>
Cash provided by (used for) capital activities	<u>(2,361,530)</u>	<u>(6,693,566)</u>
Investing activities		
Decrease (increase) in long-term receivables	<u>71,716</u>	<u>(71,451)</u>
Cash provided by (used for) investing activities	<u>71,716</u>	<u>(71,451)</u>
Financing activities		
Proceeds from long-term debt issued	-	2,299,400
Principal repayments on long-term debt	<u>(571,721)</u>	<u>(238,551)</u>
Cash provided by (used for) financing activities	<u>(571,721)</u>	<u>2,060,849</u>
Increase (decrease) in cash position	712,061	(704,746)
Cash (overdraft) beginning of year	<u>3,916,457</u>	<u>4,621,203</u>
Cash (overdraft) end of year	<u><u>\$ 4,628,518</u></u>	<u><u>\$ 3,916,457</u></u>

The accompanying notes are an integral part of this financial statement

MUNICIPALITY OF CENTRAL HURON
NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2012

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.

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.

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

Mid-Huron Landfill Site Board

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 transferred were:

	2012	2011
County of Huron	\$ 4,370,867	\$ 4,352,098
School Boards	2,268,498	2,245,037

3. Trust funds

Trust funds administered by the municipality amounting to \$277,837 (2011 : \$280,430) 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 2012 was \$151,434 (2011 : \$139,133) 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

	2012	2011
782,007 Class B shares, EARTH Corporation	\$ 901,412	\$ 901,412

During 2009, the municipality completed the sale of 100% of the common shares in Clinton Power Corporation to EARTH Corporation. At December 31, 2009, the municipality owned 782,007 Class B shares in EARTH 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. 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 1%-4%. The recorded liability is \$2,612,488 (2011 : \$3,040,552) based on a total estimated undiscounted future outflow of \$3,727,300 leaving a balance to be recognized in the future of \$1,114,812.

The Blyth-Hullett site, for which the reported liability is \$23,300 (2011 : \$32,500), has a remaining capacity of 35,900 cubic metres and a remaining life of 50 years. Post closure care of the sites is expected to continue for 25 years. Reserves of \$94,729 (2011 : \$94,729) 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 \$2,589,188 (2011 : \$3,008,052). The Mid-Huron Landfill Site Board has set aside reserves and reserve funds of which the municipality's proportionate share is \$1,411,185 (2011 : \$1,432,409). The site has a estimated remaining life of 5 years.

7. Municipal debt

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

	2012	2011
Bank of Montreal, loan payable, prime + 0% interest, \$4,117 monthly principle payment plus interest, due November 2013	41,170	90,574
Ontario Infrastructure Projects Corporation (OIPC) loan payable, 3.25% interest, \$35,475 semi-annual blended payments, due May 2015	169,045	232,939
Bank of Montreal, loan payable, prime + 0% interest, \$3,366 monthly principle payment plus interest, due March 2016	127,908	168,300
Ontario Infrastructure Projects Corporation (OIPC) loan payable, 4.44% interest, \$125,921 semi-annual blended payments, due August 2036	3,651,165	3,737,995
Ontario Infrastructure Projects Corporation (OIPC) loan payable, 2.69% interest, \$29,288 semi-annual blended payments, due August 2016	194,415	246,704
Ontario Infrastructure Projects Corporation (OIPC) construction loan payable, variable interest, due on demand	332,000	2,000,000
Ontario Infrastructure Projects Corporation (OIPC) loan payable, 3.25% interest, \$63,571 semi-annual blended payments, due March 2027	1,460,804	-
Tile drain loans payable to Ministry of Finance, responsibility for payment of principal and interest charges have been assumed by individuals, 6% - 8%, due 2013 through 2022	<u>199,392</u>	<u>271,108</u>
	<u>\$6,175,899</u>	<u>\$6,747,620</u>

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

2013: \$31,100 2014: \$31,700 2015: \$33,600 2016: \$25,400 2017: \$20,800

Principal payments recoverable from property owners in the next

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

2013: \$702,200 2014: \$339,300 2015: \$320,900 2016: \$227,600 2017: \$199,500

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:

	2012	2011
Tile drainage loans assumed by individuals	\$199,392	\$271,108

9. 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.

10. Accumulated surplus

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

	2012	2011
General revenue accumulated surplus and invested in tangible capital assets	\$ 65,526,794	\$ 64,799,706
Invested in government business enterprises	901,412	901,412
Share of Mid-Huron Landfill Site Board general surplus	100,830	80,783
Unfinanced solid waste landfill closure and post-closure liabilities	(2,612,488)	(3,040,551)
Reserves and reserve funds	<u>4,954,769</u>	<u>5,064,235</u>
	<u>\$ 68,871,317</u>	<u>\$ 67,805,585</u>

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

11. 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.

12. Budget amounts

Under generally accepted accounting principles, budget amounts are to be reported on the consolidated statement of financial activities for comparative purposes. The 2012 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.

MUNICIPALITY OF CENTRAL HURON
Consolidated Schedule of Tangible Capital Assets
For the Year Ended December 31, 2012

	Land	Land Improvements	Buildings	Machinery and Equipment	Other	Linear Road Systems	Linear Water Systems	Linear Sewer Systems	Assets Under Construction	TOTAL Net Book Value 2012	TOTAL Net Book Value 2011
Cost											
Balance, beginning of year	1,224,827	942,352	17,624,331	4,607,341	160,908	65,727,245	9,937,956	9,524,111	209,805	109,958,876	103,451,631
Add: Additions during the year		61,675	363,528	361,845	36,265	1,227,690	348,261	255,335	1,931,135	4,585,734	19,081,127
Less: Disposals during the year			(414,951)	(109,647)		(18,345)	(61,516)		(2,030,094)	(2,634,553)	(12,573,882)
Balance, end of year	1,224,827	1,004,027	17,572,908	4,859,539	197,173	66,936,590	10,224,701	9,779,446	110,846	111,910,057	109,958,876
Accumulated Amortization											
Balance, beginning of year		257,445	2,777,609	2,517,549	69,754	24,407,842	3,771,246	4,730,872		38,532,317	36,568,625
Add: Amortization during the year		37,798	431,909	324,079	24,452	1,356,096	166,391	170,909		2,511,634	2,150,013
Less: Accumulated amortization on disposals			(282,357)	(109,647)		(18,345)				(410,349)	(186,321)
Balance, end of year	-	295,243	2,927,161	2,731,981	94,206	25,745,593	3,937,637	4,901,781	-	40,633,602	38,532,317
Net Book Value of Tangible Capital Assets	<u>1,224,827</u>	<u>708,784</u>	<u>14,645,747</u>	<u>2,127,558</u>	<u>102,967</u>	<u>41,190,997</u>	<u>6,287,064</u>	<u>4,877,665</u>	<u>110,846</u>	\$ 71,276,455	<u>\$ 71,426,559</u>

MUNICIPALITY OF CENTRAL HURON
Consolidated Schedule of Tangible Capital Assets
For the Year Ended December 31, 2012

	General Government	Protection	Transportation	Environmental	Health	Recreation and Cultural	Work in Process	TOTAL Net Book Value 2012	TOTAL Net Book Value 2011
Cost									
Balance, beginning of year	1,478,296	2,547,689	69,939,215	20,349,163	19,904	15,414,804	209,805	109,958,876	103,451,631
Add: Additions during the year	5,220		1,745,536	623,643	23,000	257,200	1,931,135	4,585,734	19,081,127
Less: Disposals during the year		(144,264)	(18,346)	(61,516)		(380,333)	(2,030,094)	(2,634,553)	(12,573,882)
Balance, end of year	<u>1,483,516</u>	<u>2,403,425</u>	<u>71,666,405</u>	<u>20,911,290</u>	<u>42,904</u>	<u>15,291,671</u>	<u>110,846</u>	<u>111,910,057</u>	<u>109,958,876</u>
Accumulated Amortization									
Balance, beginning of year	174,191	824,409	26,632,228	8,963,842	19,904	1,917,743		38,532,317	36,568,625
Add: Amortization during the year	18,440	89,773	1,594,331	375,517		433,573		2,511,634	2,150,013
Less: Accumulated amortization on disposals		(142,003)	(18,346)	-		(250,000)		(410,349)	(186,321)
Balance, end of year	<u>192,631</u>	<u>772,179</u>	<u>28,208,213</u>	<u>9,339,359</u>	<u>19,904</u>	<u>2,101,316</u>	<u>-</u>	<u>40,633,602</u>	<u>38,532,317</u>
Net Book Value of Tangible Capital Assets	<u>1,290,885</u>	<u>1,631,246</u>	<u>43,458,192</u>	<u>11,571,931</u>	<u>23,000</u>	<u>13,190,355</u>	<u>110,846</u>	<u>\$ 71,276,455</u>	<u>\$ 71,426,559</u>

MUNICIPALITY OF CENTRAL HURON

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

For the Year Ended December 31, 2012

	Balance, beginning of year	Revenues and contributions			Transfers and expenditures		Balance, end of year
		Interest	From Operations	Other	To Operations	Other	
Reserves and reserve funds							
Reserves							
for general government	1,861,716		216,249		(139,108)		1,938,857
for protection services	73,240						73,240
for transportation services	126,458		14,749		(113,758)		27,449
for environmental services	2,225,556				(71,224)	(648,418)	1,505,914
for recreation and cultural services	454,888						454,888
	<u>4,741,858</u>	<u>-</u>	<u>230,998</u>	<u>-</u>	<u>(324,090)</u>	<u>(648,418)</u>	<u>4,000,348</u>
Reserve funds							
Rural Water System Upgrades	35,438	1,383	43,341	235,254			315,416
Wastewater System	-	1,523		413,164	(72,411)		342,276
Ball's Bridge	159,903	1,690	8,000		(1,202)		168,391
Recreation	6,557	76					6,633
Blyth Landfill	120,479	1,226					121,705
	<u>322,377</u>	<u>5,898</u>	<u>51,341</u>	<u>648,418</u>	<u>(73,613)</u>	<u>-</u>	<u>954,421</u>
Total reserves and reserve funds	<u>5,064,235</u>	<u>5,898</u>	<u>282,339</u>	<u>648,418</u>	<u>(397,703)</u>	<u>(648,418)</u>	<u>4,954,769</u>
Deferred revenue							
Ward 1 Parkland	28,362	289	1,000				29,651
Ward 2 Pit Rehabilitation	12,174	124					12,298
Central Huron Community Complex	-	599	167,552		(168,000)		151
Auburn Playground	2,536	17			(1,592)		961
Federal Gas Tax Funds	211,261	1,696		234,388	(436,422)		10,923
	<u>254,333</u>	<u>2,725</u>	<u>168,552</u>	<u>234,388</u>	<u>(606,014)</u>	<u>-</u>	<u>53,984</u>
Total	<u>\$ 5,318,568</u>	<u>8,623</u>	<u>450,891</u>	<u>882,806</u>	<u>(1,003,717)</u>	<u>(648,418)</u>	<u>\$ 5,008,753</u>

MUNICIPALITY OF CENTRAL HURON

Segmented Information

For the Year Ended December 31, 2012

	General Government	Protective Services	Transportation Services	Environmental Services	Health Services	Recreation and Culture	Planning and Development	Total 2012	Total 2011
Revenue									
Taxation	5,267,295							5,267,295	4,668,603
User charges, licences, donations	636,511	35,667	67,390	2,107,570	19,525	514,128	14,724	3,395,515	3,787,770
Government transfers	2,200,060		436,422	92,128		118,662	8,370	2,855,642	4,337,519
Interest and penalties	177,385							177,385	180,304
Other	-						665,134	665,134	641,803
	<u>8,281,251</u>	<u>35,667</u>	<u>503,812</u>	<u>2,199,698</u>	<u>19,525</u>	<u>632,790</u>	<u>688,228</u>	12,360,971	13,615,999
Operating expenditure									
Wages, salaries and benefits	829,105	292,853	668,592	626,550	57,530	391,585	47,975	2,914,190	2,796,111
Contract services	37,292	1,382,496	558,114	768,580	10,476	309,507	135,491	3,201,956	2,498,134
Supplies, materials, equipment and other	267,768	374,632	490,358	409,061	25,837	712,857	386,946	2,667,459	5,314,799
Amortization	18,440	89,773	1,594,331	375,517		433,573		2,511,634	2,150,013
	<u>1,152,605</u>	<u>2,139,754</u>	<u>3,311,395</u>	<u>2,179,708</u>	<u>93,843</u>	<u>1,847,522</u>	<u>570,412</u>	11,295,239	12,759,057
Net revenue (expense)	<u>7,128,646</u>	<u>(2,104,087)</u>	<u>(2,807,583)</u>	<u>19,990</u>	<u>(74,318)</u>	<u>(1,214,732)</u>	<u>117,816</u>	1,065,732	856,942

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the trust funds of the Corporation of the Municipality of Central Huron, which comprise the balance sheet as at December 31, 2012, 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 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

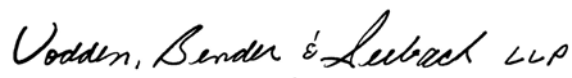
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable 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 trust funds of the Corporation of the Municipality of Central Huron as at December 31, 2012 and the continuity of trust funds for the year then ended in accordance with Canadian generally accepted accounting principles.



Vodden, Bender & Seebach LLP
Chartered Accountants
Licensed Public Accountants

Clinton, Ontario
July 16, 2013

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

For the Year Ended December 31, 2012

	Total		Cemetery Perpetual Care		Radar Trust Fund		Woon Trust Fund	
	2012	2011	2012	2011	2012	2011	2012	2011
Balance beginning of year	280,430	275,425	230,463	224,458	3,760	3,719	46,207	47,248
Receipts								
Perpetual care	6,360	6,005	6,360	6,005				
Interest earned	1,348	2,815	848	2,259	39	41	461	515
	7,708	8,820	7,208	8,264	39	41	461	515
Expenditure								
Transfers to cemetery	848	2,259	848	2,259				
Expenditures	9,453	1,556					9,453	1,556
	10,301	3,815	848	2,259	-	-	9,453	1,556
Balance end of year	\$ 277,837	280,430	\$ 236,823	230,463	\$ 3,799	3,760	\$ 37,215	46,207

BALANCE SHEET

As at December 31, 2012

	Total		Cemetery Perpetual Care		Radar Trust Fund		Woon Trust Fund	
	2012	2011	2012	2011	2012	2011	2012	2011
Assets								
Cash	10,040	98,083	8,776	48,116	49	3,760	1,215	46,207
Investments, cost	267,797	182,347	228,047	182,347	3,750	-	36,000	-
Trust fund net assets	\$ 277,837	280,430	\$ 236,823	230,463	\$ 3,799	3,760	\$ 37,215	46,207

MUNICIPALITY OF CENTRAL HURON
TRUST FUNDS
NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2012

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 \$277,837 (2011 : \$280,430).