

MUNICIPALITY OF CENTRAL HURON
FINANCIAL STATEMENTS
DECEMBER 31, 2024

SEEBACH & COMPANY
Chartered Professional Accountants



Municipality of Central Huron

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MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The accompanying financial statements of Municipality of Central Huron (the "Municipality") are the responsibility of the Municipality's management and have been prepared in accordance with Canadian public sector accounting standards, established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada, as described in Note 1 to the financial statements.

The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Municipality's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded from loss, transactions are properly authorized and recorded, and reliable information is available on a timely basis for preparation of the financial statements. These statements are monitored and evaluated by the Municipality's management. The Municipality's Council meets with management and the external auditor to review the financial statements and discuss and significant financial reporting or internal control matters prior to their approval.

The financial statements have been audited by Seebach & Company, independent external auditors appointed by the Municipality. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Municipality's financial statements.

MUNICIPALITY OF CENTRAL HURON

Steve Doherty
Chief Administrative Officer

Jeff Boyes, CPA, CMA
Director of Finance / Treasurer

September 2, 2025

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of the Corporation of the Municipality of Central Huron ("the Municipality"), which are comprised of the consolidated statement of financial position as at December 31, 2024 and the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Municipality as at December 31, 2024, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAB).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Municipality in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PSAB, 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.

In preparing the financial statements, management is responsible for assessing the Municipality's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Municipality or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Municipality's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT (continued)

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Municipality's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Seebach & Company

Chartered Professional Accountants
Licensed Public Accountants

Clinton, Ontario
September 2, 2025

MUNICIPALITY OF CENTRAL HURON
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31	2024	2023
FINANCIAL ASSETS		
Cash and short-term investments	10,142,580	7,648,602
Taxes receivable	1,662,658	1,141,416
Accounts receivable	5,174,001	6,673,810
	16,979,239	15,463,828
LIABILITIES		
Accounts payable and accrued liabilities	2,884,082	4,235,152
Deferred revenue - obligatory reserve funds	522,400	301,896
Asset retirement obligations (note 6)	3,503,642	3,504,262
Municipal debt (note 7)	9,905,241	8,435,598
	16,815,365	16,476,908
NET FINANCIAL ASSETS	163,874	(1,013,080)
NON-FINANCIAL ASSETS		
Tangible capital assets, net (note 8)	91,411,417	91,456,065
ACCUMULATED SURPLUS (note 10)	\$ 91,575,291	\$ 90,442,985

The accompanying notes are an integral part of this financial statement

**MUNICIPALITY OF CENTRAL HURON
CONSOLIDATED STATEMENT OF OPERATIONS**

For the year ended December 31	2024 Budget	2024 Actual	2023 Actual
Revenue			
Taxation for municipal purposes	9,495,244	9,671,115	8,995,120
User fees, licences, permits and donations	4,468,962	4,835,805	5,338,035
Government transfers - Canada and Ontario	2,931,178	2,898,586	3,229,620
Government transfers - other municipalities	31,693	55,413	75,224
Investment income	135,637	510,940	547,644
Penalties and interest on taxes	116,600	170,377	126,367
Gaming Centre and other recoveries	600,000	676,299	616,246
	<u>17,779,314</u>	<u>18,818,535</u>	<u>18,928,256</u>
Expenditure			
General government	1,827,167	1,788,106	1,519,930
Protection to persons and property	3,540,847	3,525,190	3,245,131
Transportation services	5,388,149	5,019,019	4,521,837
Environmental services	3,471,322	3,534,120	3,402,174
Health services	101,686	107,829	89,162
Recreation, parks and culture	2,466,841	2,510,172	2,271,703
Planning and development	1,292,386	1,201,793	751,088
	<u>18,088,398</u>	<u>17,686,229</u>	<u>15,801,025</u>
Annual surplus (deficit)	(309,084)	1,132,306	3,127,231
Accumulated surplus, beginning of year	<u>90,442,985</u>	<u>90,442,985</u>	<u>87,315,754</u>
Accumulated surplus, end of year	<u><u>\$ 90,133,901</u></u>	<u><u>\$ 91,575,291</u></u>	<u><u>\$ 90,442,985</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	2024 Budget	2024 Actual	2023 Actual
Annual surplus (deficit)	(309,084)	1,132,306	3,127,231
Amortization of tangible capital assets	3,541,402	4,146,113	3,652,433
Net acquisition of tangible capital assets	<u>(6,820,732)</u>	<u>(4,101,465)</u>	<u>(8,993,106)</u>
Increase (decrease) in net financial assets	(3,588,414)	1,176,954	(2,213,442)
Net financial assets, beginning of year		<u>(1,013,080)</u>	<u>1,200,362</u>
Net financial assets, end of year		<u><u>\$ 163,874</u></u>	<u><u>(\$ 1,013,080)</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	2024	2023
Operating activities		
Annual surplus (deficit)	1,132,306	3,127,231
Amortization expense not requiring cash outlay	4,146,113	3,652,433
Decrease (increase) in taxes receivable	(521,242)	(334,702)
Decrease (increase) in accounts receivable	1,499,809	(583,074)
Increase (decrease) in accounts payable	(1,351,070)	(1,248,847)
Increase (decrease) in deferred revenue	220,504	(39,933)
Increase (decrease) in asset retirement obligations	(620)	8,847
Cash provided by (used for) operating activities	<u>5,125,800</u>	<u>4,581,955</u>
Capital activities		
Net disposals (purchases) of tangible capital assets	<u>(4,101,465)</u>	<u>(8,993,106)</u>
Cash provided by (used for) capital activities	<u>(4,101,465)</u>	<u>(8,993,106)</u>
Financing activities		
Proceeds from long-term debt issued	2,000,000	2,466,740
Principal repayments on long-term debt	(530,357)	(462,039)
Cash provided by (used for) financing activities	<u>1,469,643</u>	<u>2,004,701</u>
Increase (decrease) in cash position	2,493,978	(2,406,450)
Cash (overdraft) beginning of year	<u>7,648,602</u>	<u>10,055,052</u>
Cash (overdraft) end of year	<u>\$ 10,142,580</u>	<u>\$ 7,648,602</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, 2024

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 Chartered Professional Accountants of Canada as prescribed by the Ministry of Municipal Affairs and Housing for municipalities and their related entities.

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 - 25.3%

Mid-Huron Recycling Centre Board - 33.3%

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
Sewer mains 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.

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.

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.

1. Accounting policies (continued)

g) County and School Board

The Corporation of the Municipality of Central Huron collects taxation revenue on behalf of the school boards and the County of Huron. Such levies, other revenues, expenses, assets and liabilities with respect to the operations of these entities are not reflected in these financial statements.

h) 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.

i) Asset Retirement Obligations

Asset retirement obligations represent the legal obligations associated with the retirement of a tangible capital asset that result from its acquisition, construction, development, or normal use.

The liability is recorded at an amount that is the best estimate of the expenditure required to retire a tangible capital asset at the financial statement date. This liability is subsequently reviewed at each financial reporting date and adjusted for the passage of time and for any revisions to the timing, amount required to settle the obligation or the discount rate.

Upon the initial measurement of an asset retirement obligation, a corresponding asset retirement cost is added to the carrying value of the related tangible capital asset if it is still in productive use. This cost is amortized over the useful life of the tangible capital asset. If the related tangible capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

j) 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.

k) 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. The municipality's contributions due during the period to its multi-employer defined benefit plan are expensed as incurred.

l) Revenue recognition

- Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. As taxes recorded are initially based on management's best estimate of the taxes that will be received, it is possible that changes in future considerations, such as reassessments due to audits, appeals and court decisions, could result in a change in the amount of tax revenue recognized. Taxes receivable are recognized net of an allowance for anticipated uncollectible amounts.
- Government transfers are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.
- Fines and donations are recognized when collected.
- Fees, user charges and other revenues are recorded upon sale of goods or provision of services when collection is reasonably assured.

1. Accounting policies (continued)

m) 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. Change in Accounting Policy

Change in accounting policies: On January 1, 2024, the Municipality adopted Canadian public sector accounting standard PS 3400 Revenue. The new accounting standard establishes a single framework to categorize revenue to enhance the consistency of revenue recognition and its measurement. As at December 31, 2024 the Municipality determined that the adoption of this new standard did not have a material impact on the amounts presented in the financial statements.

3. 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:

	2024	2023
County of Huron	\$ 6,344,067	\$ 6,050,763
School Boards	2,499,184	2,467,444

4. Trust funds

Trust funds administered by the municipality amounting to \$356,049 (2023 : \$344,332) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations.

5. 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 2024 was \$295,606 (2023 : \$262,920) 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.

6. Asset retirement obligations

The municipality's financial statements include an asset retirement obligation for the landfill and other environmentally hazardous materials. The related asset retirement costs are being amortized on a straight line basis.

The liability for the landfill has been estimated using a net present value technique with a discount rate of 2% (2023 : 2%). The estimated total undiscounted future expenditures are \$18,061,806 (2023 : \$18,038,128), which are to be incurred over 25 - 50 years after closure. The liability is expected to be fully settled in 23 - 50 years after closure of the landfill.

Legal liabilities exist for the removal and disposal of asbestos and other environmentally hazardous materials within some municipal owned properties and buildings that will undergo major renovations, upgrades, or demolition in the future. The obligation has been measured at current cost as the timing of future cash flows cannot be reasonably determined.

The carrying amount of the liabilities are as follows:

	2024	2023
Asset retirement obligation, beginning	3,504,262	3,495,415
Accretion expense	67,741	79,843
Settlements and adjustments	<u>(68,361)</u>	<u>(70,996)</u>
Asset retirement obligations, ending	<u>\$ 3,503,642</u>	<u>\$ 3,504,262</u>

The liability is expected to be funded through budget allocations to a landfill reserve fund over the remaining life of the related tangible capital asset.

A reserve has been established to partially provide for this landfill site closure and post-closure liability. The reserve balance at December 31, 2024 is \$29,729 (2023 : \$29,729). 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 \$2,727,950 (2023 : \$2,744,172). The Mid-Huron Landfill Site Board has set aside reserves and reserve funds of which the municipality's proportionate share is \$1,226,674 (2023 : \$1,221,315). The site was closed in 2022.

7. Municipal debt

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

	2024	2023
Ontario Infrastructure and Lands Corporation (OILC) loan payable, prime interest, due on demand	3,000,000	1,000,000
Ontario Infrastructure Projects Corporation (OIPC) loan payable, 4.44% interest, \$125,921 semi-annual blended payments, due August 2036	2,249,022	2,396,093
Ontario Infrastructure Projects Corporation (OIPC) loan payable, 3.25% interest, \$63,571 semi-annual blended payments, due March 2027	302,929	417,428
Ontario Infrastructure Projects Corporation (OIPC) loan payable, 3.04% interest, \$35,014 semi-annual blended payments, due November 2023	-	-
Ontario Infrastructure Projects Corporation (OIPC) loan payable, 3.75% interest, \$34,074 semi-annual blended payments, due November 2048	1,072,248	1,099,420
Ontario Infrastructure and Lands Corporation (OILC) loan payable, 2.53% interest, \$8,151 monthly payments, due October 2039	1,208,628	1,274,947
Ontario Infrastructure and Lands Corporation (OILC) loan payable, 2.27% interest, \$34,856 semi-annual payments, due September 2036	728,692	780,970
Ontario Infrastructure and Lands Corporation (OILC) loan payable, 3.85% interest, \$179,488 semi-annual payments, due June 2033	<u>1,343,722</u>	<u>1,466,740</u>
	<u>\$9,905,241</u>	<u>\$8,435,598</u>

Principal payments recoverable from property owners in the next five years to finance the bank demand and term loans and municipal debentures are:
 2025: \$3,549,400 2026: \$569,100 2027: \$526,100 2028: \$480,500 2029: \$498,300

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 Central 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 Services

Transportation services include road maintenance, winter control services, street light maintenance, parking lots, equipment maintenance and other transportation services.

Environmental Services

Environmental services include the sanitary sewer system, storm sewer system, waterworks, waste collection, waste disposal and recycling.

Health Services

This service area includes cemeteries and other health services.

Social and Family Services

This service area includes childcare and other social 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:

	2024	2023
Invested in tangible capital assets	\$ 91,411,417	\$ 91,456,065
General revenue accumulated surplus (deficit)	4,404,848	2,372,260
Share of Mid-Huron Landfill Site Board general surplus	33,520	23,195
Share of Mid-Huron Recycling Centre Board general surplus	138,841	133,446
Unfinanced long-term debt	(9,905,241)	(8,435,598)
Unfinanced asset retirement obligations	(3,503,642)	(3,504,262)
Reserves and reserve funds	<u>8,995,548</u>	<u>8,397,879</u>
	<u>\$ 91,575,291</u>	<u>\$ 90,442,985</u>

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

11. Financial instrument risk management

Credit risk

The municipality is exposed to credit risk through its cash, trade and other receivables, loans receivable, and long-term investments. There is the possibility of non-collection of its trade and other receivables. The majority of the municipality's receivables are from ratepayers and government entities. For trade and other receivables, the municipality measures impairment based on how long the amounts have been outstanding. For amounts outstanding considered doubtful or uncollectible, an impairment allowance is setup.

Liquidity risk

Liquidity risk is the risk that the municipality will not be able to meet its financial obligations as they fall due. The municipality has a planning and a budgeting process in place to help determine the funds required to support the municipality's normal operating requirements on an ongoing basis. The municipality ensures that there are sufficient funds to meet its short-term requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents. To achieve this aim, it seeks to maintain an available line of credit balance as approved by the appropriate borrowing bylaw to meet, at a minimum, expected requirements.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates or interest rates will affect the municipality's income or the value of its holdings of financial instruments. The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing return on investments.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The municipality is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the variable rate of temporary borrowings and long-term liabilities and the value of fixed rate long-term liabilities.

There has been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure risks.

12. 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.

13. Budget amounts

Under Canadian public sector accounting standards, budget amounts are to be reported on the consolidated statement of operations for comparative purposes. The 2024 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 operations. Budget amounts were not available for certain boards consolidated by the municipality.

Approved budget annual surplus (deficit)	\$ -
Acquisition of tangible capital assets	1,732,124
Debt issue proceeds	(4,269,946)
Debt principal repayments	1,530,357
Net reserve, reserve fund, and surplus transfers	785,486
Mid-Huron Landfill Site Board net budget deficit	(88,771)
Mid-Huron Recycle Centre Board net budget surplus	<u>1,666</u>
Budgeted surplus (deficit) reported on consolidated statement of operations	<u>\$ (309,084)</u>

MUNICIPALITY OF CENTRAL HURON
Consolidated Schedule of Tangible Capital Assets
For the Year Ended December 31, 2024

	Land	Land Improvements	Buildings	Machinery and Equipment	Other	Linear Road Systems	Linear Water Systems	Linear Sewer Systems	Assets Under Construction	TOTAL Net Book Value 2024	TOTAL Net Book Value 2023
Cost											
Balance, beginning of year	2,753,635	1,619,507	24,303,001	17,827,158	675,657	85,019,756	9,462,553	7,254,436	8,038,525	156,954,228	148,422,004
Add: Additions during the year		26,138	97,090	1,518,225	48,866	1,703,372			746,017	4,139,708	9,014,772
Less: Disposals during the year				(767,444)		(60,930)	(15,795)	(29,893)		(874,062)	(482,548)
Other: WIP transfers		6,818			34,744	1,438,672	604,270	368,250	(2,452,754)	-	-
Other: donations and transfers				136,634						136,634	-
Balance, end of year	<u>2,753,635</u>	<u>1,652,463</u>	<u>24,400,091</u>	<u>18,714,573</u>	<u>759,267</u>	<u>88,100,870</u>	<u>10,051,028</u>	<u>7,592,793</u>	<u>6,331,788</u>	<u>160,356,508</u>	<u>156,954,228</u>
Accumulated Amortization											
Balance, beginning of year	-	903,843	9,635,727	10,208,781	408,219	37,835,565	3,232,917	3,273,111	-	65,498,163	62,306,612
Add: Amortization during the year		84,816	582,965	855,538	86,171	2,254,986	162,230	119,407		4,146,113	3,652,433
Less: Accumulated amortization on disposals				(755,959)		(34,172)	(15,795)	(29,893)		(835,819)	(460,882)
Other: donations and transfers				136,634						136,634	-
Balance, end of year	<u>-</u>	<u>988,659</u>	<u>10,218,692</u>	<u>10,444,994</u>	<u>494,390</u>	<u>40,056,379</u>	<u>3,379,352</u>	<u>3,362,625</u>	<u>-</u>	<u>68,945,091</u>	<u>65,498,163</u>
Net Book Value of Tangible Capital Assets	<u>2,753,635</u>	<u>663,804</u>	<u>14,181,399</u>	<u>8,269,579</u>	<u>264,877</u>	<u>48,044,491</u>	<u>6,671,676</u>	<u>4,230,168</u>	<u>6,331,788</u>	<u>\$ 91,411,417</u>	<u>\$ 91,456,065</u>

MUNICIPALITY OF CENTRAL HURON
Consolidated Schedule of Continuity of Reserves and Reserve Funds
For the Year Ended December 31, 2024

	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	2,254,168		617,913		(586,839)	2,285,242
for protection services	348,041		144,713		(58,957)	433,797
for transportation services	473,821		124,463		(90,051)	508,233
for environmental services	1,251,044		5,359		-	1,256,403
for recreation and cultural services	1,387,626		350,606		(105,515)	1,632,717
for planning and development	186,405		271,143		(69,223)	388,325
	<u>5,901,105</u>	<u>-</u>	<u>1,514,197</u>	<u>-</u>	<u>(910,585)</u>	<u>6,504,717</u>
Reserve funds						
Wastewater System	(154,728)	9,451	17,856			(127,421)
Rural Water System Upgrades	1,244,311	42,534			(54,557)	1,232,288
Ball's Bridge	205,659	10,190				215,849
Blyth Landfill	164,257	8,093	10,000			182,350
Recreation	8,134	403				8,537
Kinburn Hall	5,376	266				5,642
School on Wheels	7,407	367				7,774
Building Department	426,963	20,696	2,130		(113,500)	336,289
Waste Collection Service	489,183	24,040	39,345			552,568
Physician recruitment	57,654	2,857				60,511
NWMO Community Well-Being	24,033	1,405			(8,994)	16,444
	<u>2,478,249</u>	<u>120,302</u>	<u>69,331</u>	<u>-</u>	<u>(177,051)</u>	<u>2,490,831</u>
Total reserves and reserve funds	<u>8,379,354</u>	<u>120,302</u>	<u>1,583,528</u>	<u>-</u>	<u>(1,087,636)</u>	<u>\$ 8,995,548</u>

MUNICIPALITY OF CENTRAL HURON
Consolidated Schedule of Continuity of Deferred Revenue
For the Year Ended December 31, 2024

	Balance, beginning of year	Revenues and contributions			Transfers out Utilized During Year	Balance, end of year
		Interest	From Operations	Other		
Deferred revenue						
OCIF	56,070	6,881	1,167,970		(1,224,040)	6,881
Federal Gas Tax Funds	136,793	10,723		248,945		396,461
Ward 2 Pit Rehabilitation	14,818	734				15,552
Ward 1 Parkland	94,215	4,791	4,500			103,506
	<u>301,896</u>	<u>23,129</u>	<u>1,172,470</u>	<u>248,945</u>	<u>(1,224,040)</u>	<u>\$ 522,400</u>

MUNICIPALITY OF CENTRAL HURON

Segmented Information

For the Year Ended December 31, 2024

	General Government	Protective Services	Transportation Services	Environmental Services	Health Services	Recreation and Culture	Planning and Development	Total 2024	Total 2023
Revenue									
Taxation	9,671,115							9,671,115	8,995,120
User charges, licences, donations	1,361,246	119,917	57,249	2,797,592	38,325	232,237	229,239	4,835,805	5,338,035
Government transfers	1,357,527	95,243	1,224,040	33,509		234,680	9,000	2,953,999	3,304,844
Interest and penalties	681,317							681,317	674,011
Other	-						676,299	676,299	616,246
	<u>13,071,205</u>	<u>215,160</u>	<u>1,281,289</u>	<u>2,831,101</u>	<u>38,325</u>	<u>466,917</u>	<u>914,538</u>	<u>18,818,535</u>	<u>18,928,256</u>
Operating expenditure									
Wages, salaries and benefits	1,214,911	418,406	871,985	981,387	63,576	657,349	148,592	4,356,206	3,790,225
Contract services	36,481	2,047,575	642,481	1,042,677	5,895	468,633	114,573	4,358,315	4,434,668
Supplies, materials, equipment and other	452,867	912,531	960,132	835,365	35,609	690,463	938,628	4,825,595	3,923,699
Amortization	83,847	146,678	2,544,421	674,691	2,749	693,727	-	4,146,113	3,652,433
	<u>1,788,106</u>	<u>3,525,190</u>	<u>5,019,019</u>	<u>3,534,120</u>	<u>107,829</u>	<u>2,510,172</u>	<u>1,201,793</u>	<u>17,686,229</u>	<u>15,801,025</u>
Net revenue (expense)	<u>11,283,099</u>	<u>(3,310,030)</u>	<u>(3,737,730)</u>	<u>(703,019)</u>	<u>(69,504)</u>	<u>(2,043,255)</u>	<u>(287,255)</u>	<u>1,132,306</u>	<u>3,127,231</u>

**MUNICIPALITY OF CENTRAL HURON
TRUST FUNDS
FINANCIAL STATEMENTS
DECEMBER 31, 2024**

SEEBACH & COMPANY
Chartered Professional Accountants

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of the trust funds of the Corporation of the Municipality of Central Huron ("the Municipality"), which are comprised of the balance sheet as at December 31, 2024 and the statement of continuity of trust funds for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Municipality as at December 31, 2024, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAB).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Municipality in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PSAB, 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.

In preparing the financial statements, management is responsible for assessing the Municipality's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Municipality or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Municipality's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT (continued)

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Municipality's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Seebach & Company

Chartered Professional Accountants
Licensed Public Accountants

Clinton, Ontario
September 2, 2025

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

For the Year Ended December 31, 2024

	Total		Cemetery Perpetual Care		Radar Trust Fund		Woon Trust Fund	
	2024	2023	2024	2023	2024	2023	2024	2023
Balance beginning of year	344,332	327,563	334,149	317,880	3,557	3,382	6,626	6,301
Receipts								
Perpetual care	11,712	16,269	11,712	16,269				
Interest earned	8,748	24,992	8,243	24,492	177	175	328	325
	<u>20,460</u>	<u>41,261</u>	<u>19,955</u>	<u>40,761</u>	<u>177</u>	<u>175</u>	<u>328</u>	<u>325</u>
Expenditure								
Transfers to cemetery	8,243	24,492	8,243	24,492				
Expenditures	500	-			500			
	<u>8,743</u>	<u>24,492</u>	<u>8,243</u>	<u>24,492</u>	<u>500</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance end of year	<u>\$ 356,049</u>	<u>344,332</u>	<u>\$ 345,861</u>	<u>334,149</u>	<u>\$ 3,234</u>	<u>3,557</u>	<u>\$ 6,954</u>	<u>6,626</u>

BALANCE SHEET

As at December 31, 2024

	Total		Cemetery Perpetual Care		Radar Trust Fund		Woon Trust Fund	
	2024	2023	2024	2023	2024	2023	2024	2023
Assets								
Cash	27,651	292,105	17,463	281,922	3,234	3,557	6,954	6,626
Investments, cost	327,354	51,067	327,354	51,067				
Due from general fund	1,044	1,160	1,044	1,160				
Liabilities								
Due to general fund	-	-						
Trust fund net assets	<u>\$ 356,049</u>	<u>344,332</u>	<u>\$ 345,861</u>	<u>334,149</u>	<u>\$ 3,234</u>	<u>3,557</u>	<u>\$ 6,954</u>	<u>6,626</u>

MUNICIPALITY OF CENTRAL HURON
TRUST FUNDS
NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

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 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 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, 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 \$327,354 (2023 : \$51,067).