

MUNICIPALITY OF CENTRAL HURON
FINANCIAL STATEMENTS
DECEMBER 31, 2011

VODDEN, BENDER & SEEBACH LLP
Chartered Accountants

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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, 2011, 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

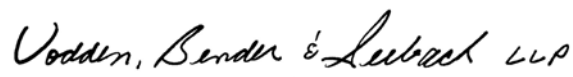
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable 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, 2011 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 20, 2012

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

As at December 31	2011	2010
FINANCIAL ASSETS		
Cash	3,916,457	4,621,203
Taxes receivable	929,136	652,458
Accounts receivable	1,689,906	2,356,091
Long-term receivables	271,108	199,657
Long-term investment (note 5)	901,412	901,412
	7,708,019	8,730,821
LIABILITIES		
Accounts payable and accrued liabilities	1,286,488	2,171,920
Deferred revenue	254,333	337,458
Landfill closure and post closure liability (note 6)	3,040,552	1,469,035
Municipal debt (note 7)	6,747,620	4,686,771
	11,328,993	8,665,184
NET FINANCIAL ASSETS	(3,620,974)	65,637
NON-FINANCIAL ASSETS		
Tangible capital assets, net (note 9)	71,426,559	66,883,006
ACCUMULATED SURPLUS (note 10)	\$ 67,805,585	\$ 66,948,643

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, 2011	2011 Budget	2011 Actual	2010 Actual
Revenue			
Taxation for municipal purposes	4,562,436	4,668,603	4,217,410
User fees, licences, permits and donations	3,564,780	3,787,770	3,539,359
Government transfers - Canada and Ontario	4,071,014	4,191,841	4,580,452
Government transfers - other municipalities	151,331	145,678	148,638
Investment income	72,500	78,949	108,933
Penalties and interest on taxes	80,000	101,355	88,259
Gaming Centre and other recoveries	615,000	641,803	683,499
	<u>13,117,061</u>	<u>13,615,999</u>	<u>13,366,550</u>
Expenditure			
General government	1,141,185	1,050,708	1,075,198
Protection to persons and property	1,918,725	1,888,156	2,032,284
Transportation services	3,377,569	3,482,661	3,153,112
Environmental services	2,153,408	4,170,690	2,344,817
Health services	90,090	81,980	86,871
Recreation, parks and culture	1,136,437	1,358,941	1,056,474
Planning and development	562,828	725,921	785,612
	<u>10,380,242</u>	<u>12,759,057</u>	<u>10,534,368</u>
Annual surplus (deficit)	2,736,819	856,942	2,832,182
Opening balance	<u>66,948,643</u>	<u>66,948,643</u>	<u>64,116,461</u>
Closing balance	<u>\$ 69,685,462</u>	<u>\$ 67,805,585</u>	<u>\$ 66,948,643</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, 2011	2011 Budget	2011 Actual	2010 Actual
Annual surplus (deficit)	2,736,819	856,942	2,832,182
Amortization of tangible capital assets	2,054,517	2,150,013	2,035,320
Net acquisition of tangible capital assets	<u>(8,368,057)</u>	<u>(6,693,566)</u>	<u>(5,574,772)</u>
Increase (decrease) in net financial assets	(3,576,721)	(3,686,611)	(707,270)
Opening balance	<u>65,637</u>	<u>65,637</u>	<u>772,907</u>
Closing balance	<u><u>(\$ 3,511,084)</u></u>	<u><u>(\$ 3,620,974)</u></u>	<u><u>\$ 65,637</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	2011	2010
Operating activities		
Annual surplus (deficit)	856,942	2,832,182
Amortization expense not requiring cash outlay	2,150,013	2,035,320
Decrease (increase) in taxes receivable	(276,678)	92,789
Decrease (increase) in accounts receivable	666,185	1,023,054
Increase (decrease) in accounts payable	(885,432)	1,541,949
Increase (decrease) in deferred revenue	(83,125)	299,163
Increase (decrease) in landfill closure and post closure liability	1,571,517	55,355
Cash provided by (used for) operating activities	<u>3,999,422</u>	<u>7,879,812</u>
Capital activities		
Net disposals (purchases) of tangible capital assets	<u>(6,693,566)</u>	<u>(5,574,772)</u>
Cash provided by (used for) capital activities	<u>(6,693,566)</u>	<u>(5,574,772)</u>
Investing activities		
Decrease (increase) in long-term receivables	<u>(71,451)</u>	34,083
Cash provided by (used for) investing activities	<u>(71,451)</u>	<u>34,083</u>
Financing activities		
Proceeds from long-term debt issued	2,299,400	334,700
Principal repayments on long-term debt	(238,551)	(880,643)
Cash provided by (used for) financing activities	<u>2,060,849</u>	<u>(545,943)</u>
Increase (decrease) in cash position	(704,746)	1,793,180
Cash (overdraft) beginning of year	<u>4,621,203</u>	<u>2,828,023</u>
Cash (overdraft) end of year	<u>\$ 3,916,457</u>	<u>\$ 4,621,203</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, 2011

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:

	2011	2010
County of Huron	\$ 4,352,098	\$ 4,219,843
School Boards	2,245,037	2,236,229

3. Trust funds

Trust funds administered by the municipality amounting to \$280,430 (2010 : \$275,425) 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 2011 was \$139,133 (2010 : \$125,339) 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

	2011	2010
782,007 Class B shares, ERTH Corporation	\$ 901,412	\$ 901,412

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. 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 \$3,040,552 (2010 : \$1,469,035) based on a total estimated undiscounted future outflow of \$5,139,637 leaving a balance to be recognized in the future of \$2,099,085.

The Blyth-Hullett site, for which the reported liability is \$32,500 (2010 : \$32,400), 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 \$94,729 (2010 : \$84,729) 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 \$3,008,052 (2010 : \$1,436,635). The Mid-Huron Landfill Site Board has set aside reserves and reserve funds of which the municipality's proportionate share is \$1,432,409 (2010 : \$1,330,635). 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:

	2011	2010
Bank of Montreal, loan payable, prime + 0% interest, \$4,117 monthly principle payment plus interest, due November 2013	90,574	139,978
Ontario Infrastructure Projects Corporation (OIPC) construction loan payable, variable interest, due on demand	-	4,052,329
Ontario Infrastructure Projects Corporation (OIPC) loan payable, 3.25% interest, \$35,475 semi-annual blended payments, due May 2015	232,939	294,807
Bank of Montreal, loan payable, prime + 0% interest, \$3,366 monthly principle payment plus interest, due March 2016	168,300	-
Ontario Infrastructure Projects Corporation (OIPC) loan payable, 4.44% interest, \$125,921 semi-annual blended payments, due August 2036	3,737,995	-
Ontario Infrastructure Projects Corporation (OIPC) loan payable, 2.69% interest, \$29,288 semi-annual blended payments, due August 2016	246,704	-
Ontario Infrastructure Projects Corporation (OIPC) construction loan payable, variable interest, due on demand	2,000,000	-
Tile drain loans payable to Ministry of Finance, responsibility for payment of principal and interest charges have been assumed by individuals, 6% - 8%, due 2012 through 2021	<u>271,108</u>	<u>199,657</u>
	<u>\$6,747,620</u>	<u>\$4,686,771</u>

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

2012: \$29,900 2013: \$28,800 2014: \$30,500 2015: \$31,000 2016: \$32,900

Principal payments recoverable from property owners in the next

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

2012: \$2,290,800 2013: \$289,800 2014: \$256,300 2015: \$237,300 2016: \$139,100

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:

	2011	2010
Tile drainage loans assumed by individuals	\$271,108	\$199,657

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:

	2011	2010
General revenue accumulated surplus and invested in tangible capital assets	\$ 64,799,706	\$ 60,809,453
Invested in government business enterprises	901,412	901,412
Share of Mid-Huron Landfill Site Board general surplus	80,783	87,350
Unfinanced solid waste landfill closure and post-closure liabilities	(3,040,551)	(1,469,035)
Reserves and reserve funds	<u>5,064,235</u>	<u>6,619,463</u>
	<u>\$ 67,805,585</u>	<u>\$ 66,948,643</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 2011 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.

13. Comparative figures

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

MUNICIPALITY OF CENTRAL HURON
Consolidated Schedule of Tangible Capital Assets
For the Year Ended December 31, 2011

	Land	Land Improvements	Buildings	Machinery and Equipment	Other	Linear Road Systems	Linear Water Systems	Linear Sewer Systems	Assets Under Construction	TOTAL Net Book Value 2011	TOTAL Net Book Value 2010
Cost											
Balance, beginning of year	1,132,513	473,471	10,307,947	3,871,100	118,552	64,402,934	9,030,906	8,521,353	5,592,855	103,451,631	98,793,260
Add: Additions during the year	92,314	468,881	7,323,881	899,196	42,356	1,456,394	946,309	1,002,758	6,849,038	19,081,127	14,118,774
Less: Disposals during the year			(7,497)	(162,955)		(132,083)	(39,259)		(12,232,088)	(12,573,882)	(9,460,403)
Balance, end of year	<u>1,224,827</u>	<u>942,352</u>	<u>17,624,331</u>	<u>4,607,341</u>	<u>160,908</u>	<u>65,727,245</u>	<u>9,937,956</u>	<u>9,524,111</u>	<u>209,805</u>	<u>109,958,876</u>	<u>103,451,631</u>
Accumulated Amortization											
Balance, beginning of year		244,727	2,523,043	2,410,369	51,549	23,175,941	3,616,166	4,546,830		36,568,625	35,449,706
Add: Amortization during the year		12,718	259,751	262,066	18,205	1,231,901	181,330	184,042		2,150,013	2,035,320
Less: Accumulated amortization on disposals			(5,185)	(154,886)			(26,250)			(186,321)	(916,401)
Balance, end of year	<u>-</u>	<u>257,445</u>	<u>2,777,609</u>	<u>2,517,549</u>	<u>69,754</u>	<u>24,407,842</u>	<u>3,771,246</u>	<u>4,730,872</u>	<u>-</u>	<u>38,532,317</u>	<u>36,568,625</u>
Net Book Value of Tangible Capital Assets	1,224,827	684,907	14,846,722	2,089,792	91,154	41,319,403	6,166,710	4,793,239	209,805	<u>\$ 71,426,559</u>	\$ 66,883,006

MUNICIPALITY OF CENTRAL HURON
Consolidated Schedule of Tangible Capital Assets
For the Year Ended December 31, 2011

	General Government	Protection	Transportation	Environmental	Health	Recreation and Cultural	Work in Process	TOTAL Net Book Value 2011	TOTAL Net Book Value 2010
Cost									
Balance, beginning of year	1,249,065	876,460	68,031,611	18,420,218	15,404	9,266,018	5,592,855	103,451,631	98,793,260
Add: Additions during the year	122,231	1,671,229	2,173,526	1,982,269		6,282,834	6,849,038	19,081,127	14,118,774
Less: Disposals during the year			(265,922)	(53,324)		(22,548)	(12,232,088)	(12,573,882)	(9,460,403)
Other: donations and transfers	107,000				4,500	(111,500)		-	-
Balance, end of year	<u>1,478,296</u>	<u>2,547,689</u>	<u>69,939,215</u>	<u>20,349,163</u>	<u>19,904</u>	<u>15,414,804</u>	<u>209,805</u>	<u>109,958,876</u>	<u>103,451,631</u>
Accumulated Amortization									
Balance, beginning of year	156,549	742,852	25,350,228	8,594,426	15,404	1,709,166		36,568,625	35,449,706
Add: Amortization during the year	18,205	81,048	1,411,865	400,851		238,044		2,150,013	2,035,320
Less: Accumulated amortization on disposals			(133,838)	(31,435)		(21,048)		(186,321)	(916,401)
Other: donations and transfers					4,500	(4,500)		-	-
Balance, end of year	<u>174,754</u>	<u>823,900</u>	<u>26,628,255</u>	<u>8,963,842</u>	<u>19,904</u>	<u>1,921,662</u>	<u>-</u>	<u>38,532,317</u>	<u>36,568,625</u>
Net Book Value of Tangible Capital Assets	<u>1,303,542</u>	<u>1,723,789</u>	<u>43,310,960</u>	<u>11,385,321</u>	<u>-</u>	<u>13,493,142</u>	<u>209,805</u>	<u>\$ 71,426,559</u>	<u>\$ 66,883,006</u>

MUNICIPALITY OF CENTRAL HURON
Consolidated Schedule of Continuity of Reserves, Reserve Funds and Deferred Revenue
For the Year Ended December 31, 2011

	Balance, beginning of year	Revenues and contributions			Transfers			Balance, end of year
		Interest	From Operations	Total	To Operations	To Capital Acquisitions	Total	
Reserves and reserve funds								
Reserves								
for general government	1,842,579		149,834	149,834	13,953	116,744	130,697	1,861,716
for protection services	318,248			-		245,008	245,008	73,240
for transportation services	112,500		126,458	126,458		112,500	112,500	126,458
for environmental services	2,609,926		111,774	111,774	496,144		496,144	2,225,556
for recreation and cultural services	454,888			-			-	454,888
	<u>5,338,141</u>	<u>-</u>	<u>388,066</u>	<u>388,066</u>	<u>510,097</u>	<u>474,252</u>	<u>984,349</u>	<u>4,741,858</u>
Reserve funds								
Rural Water System Upgrades	35,050	388		388			-	35,438
Ball's Bridge	187,699	1,933		1,933		29,729	29,729	159,903
Recreation	6,494	63		63			-	6,557
Arena Capital	943,055	7,458	64,652	72,110		1,015,165	1,015,165	-
Blyth Landfill	109,024	1,455	10,000	11,455			-	120,479
	<u>1,281,322</u>	<u>11,297</u>	<u>74,652</u>	<u>85,949</u>	<u>-</u>	<u>1,044,894</u>	<u>1,044,894</u>	<u>322,377</u>
Total reserves and reserve funds	<u>6,619,463</u>	<u>11,297</u>	<u>462,718</u>	<u>474,015</u>	<u>510,097</u>	<u>1,519,146</u>	<u>2,029,243</u>	<u>5,064,235</u>
Deferred revenue								
Ward 1 Parkland	30,537	325	2,500	2,825	5,000		5,000	28,362
Ward 2 Pit Rehabilitation	12,041	133		133			-	12,174
Central Huron Community Complex	142,159	2,894	526,317	529,211		671,370	671,370	-
Auburn Playground	-	123	45,157	45,280	42,744		42,744	2,536
Federal Gas Tax Funds	152,721	1,979	234,388	236,367		177,827	177,827	211,261
	<u>337,458</u>	<u>5,454</u>	<u>808,362</u>	<u>813,816</u>	<u>47,744</u>	<u>849,197</u>	<u>896,941</u>	<u>254,333</u>
Total	<u>\$ 6,956,921</u>	<u>16,751</u>	<u>1,271,080</u>	<u>1,287,831</u>	<u>557,841</u>	<u>2,368,343</u>	<u>2,926,184</u>	<u>\$ 5,318,568</u>

MUNICIPALITY OF CENTRAL HURON

Segmented Information

For the Year Ended December 31, 2011

	General Government	Protective Services	Transportation Services	Environmental Services	Health Services	Recreation and Culture	Planning and Development	Total 2011	Total 2010
Revenue									
Taxation	4,668,603							4,668,603	4,217,410
User charges, licences, donations	1,468,439	31,729	57,124	1,965,729	21,770	220,940	22,039	3,787,770	3,539,359
Government transfers	2,181,693	81,836	195,877	259,992		1,617,855	266	4,337,519	4,729,090
Interest and penalties	180,304							180,304	197,192
Other	-						641,803	641,803	683,499
	<u>8,499,039</u>	<u>113,565</u>	<u>253,001</u>	<u>2,225,721</u>	<u>21,770</u>	<u>1,838,795</u>	<u>664,108</u>	<u>13,615,999</u>	<u>13,366,550</u>
Operating expenditure									
Wages, salaries and benefits	738,974	306,764	714,596	577,567	49,356	361,663	47,191	2,796,111	2,543,370
Contract services	26,838	979,209	609,596	611,424	9,218	176,490	85,359	2,498,134	2,366,018
Supplies, materials, equipment and other	266,691	521,135	746,604	2,580,848	22,697	583,453	593,371	5,314,799	3,589,660
Amortization	18,205	81,048	1,411,865	400,851	709	237,335		2,150,013	2,035,320
	<u>1,050,708</u>	<u>1,888,156</u>	<u>3,482,661</u>	<u>4,170,690</u>	<u>81,980</u>	<u>1,358,941</u>	<u>725,921</u>	<u>12,759,057</u>	<u>10,534,368</u>
Net revenue (expense)	<u>7,448,331</u>	<u>(1,774,591)</u>	<u>(3,229,660)</u>	<u>(1,944,969)</u>	<u>(60,210)</u>	<u>479,854</u>	<u>(61,813)</u>	<u>856,942</u>	<u>2,832,182</u>

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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, 2011, 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

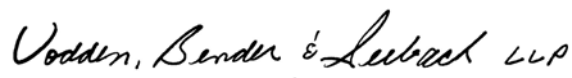
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable 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, 2011 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 20, 2012

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

For the Year Ended December 31, 2011

	Total		Cemetery Perpetual Care		Radar Trust Fund		Woon Trust Fund	
	2011	2010	2011	2010	2011	2010	2011	2010
Balance beginning of year	<u>275,425</u>	<u>275,016</u>	<u>224,458</u>	<u>215,588</u>	<u>3,719</u>	<u>3,694</u>	<u>47,248</u>	<u>55,734</u>
Receipts								
Perpetual care	6,005	8,870	6,005	8,870				
Donations	-	3,741						3,741
Interest earned	2,815	2,446	2,259	2,088	41	25	515	333
	<u>8,820</u>	<u>15,057</u>	<u>8,264</u>	<u>10,958</u>	<u>41</u>	<u>25</u>	<u>515</u>	<u>4,074</u>
Expenditure								
Transfers to cemetery	2,259	2,088	2,259	2,088				
Expenditures	1,556	12,560					1,556	12,560
	<u>3,815</u>	<u>14,648</u>	<u>2,259</u>	<u>2,088</u>	<u>-</u>	<u>-</u>	<u>1,556</u>	<u>12,560</u>
Balance end of year	<u>\$ 280,430</u>	<u>275,425</u>	<u>\$ 230,463</u>	<u>224,458</u>	<u>\$ 3,760</u>	<u>3,719</u>	<u>\$ 46,207</u>	<u>47,248</u>

BALANCE SHEET

As at December 31, 2011

	Total		Cemetery Perpetual Care		Radar Trust Fund		Woon Trust Fund	
	2011	2010	2011	2010	2011	2010	2011	2010
Assets								
Cash	98,083	244,334	48,116	193,367	3,760	3,719	46,207	47,248
Investments, cost	182,347	31,091	182,347	31,091				
Trust fund net assets	<u>\$ 280,430</u>	<u>275,425</u>	<u>\$ 230,463</u>	<u>224,458</u>	<u>\$ 3,760</u>	<u>3,719</u>	<u>\$ 46,207</u>	<u>47,248</u>

MUNICIPALITY OF CENTRAL HURON
TRUST FUNDS
NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2011

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 \$280,430 (2010 : \$275,425).