

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

VODDEN, BENDER & SEEBACH LLP
Chartered Professional Accountants

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 Corporation of the Municipality of Central Huron, which comprise the consolidated statement of financial position as at December 31, 2015, and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

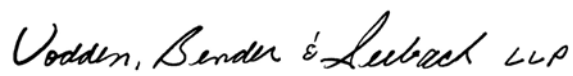
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Corporation of the Municipality of Central Huron as at December 31, 2015 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Chartered Professional Accountants
Licensed Public Accountants

Clinton, Ontario
June 24, 2016

MUNICIPALITY OF CENTRAL HURON
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31	2015	2014
FINANCIAL ASSETS		
Cash and short-term investments	7,396,906	6,950,294
Taxes receivable	1,141,660	1,284,933
Accounts receivable	2,223,033	1,336,440
Long-term receivables (note 4)	94,984	126,240
	<u>10,856,583</u>	<u>9,697,907</u>
LIABILITIES		
Accounts payable and accrued liabilities	1,598,664	875,083
Deferred revenue - obligatory reserve funds	57,734	47,495
Landfill closure and post closure liability (note 6)	2,873,440	2,792,792
Municipal debt (note 7)	6,054,080	6,751,007
	<u>10,583,918</u>	<u>10,466,377</u>
NET FINANCIAL ASSETS	272,665	(768,470)
NON-FINANCIAL ASSETS		
Tangible capital assets, net (note 9)	<u>73,577,846</u>	<u>71,891,078</u>
ACCUMULATED SURPLUS (note 11)	<u>\$ 73,850,511</u>	<u>\$ 71,122,608</u>

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	2015 Budget	2015 Actual	2014 Actual
Revenue			
Taxation for municipal purposes	5,958,813	6,019,270	5,580,268
User fees, licences, permits and donations	3,935,337	4,573,458	3,932,873
Government transfers - Canada and Ontario	3,073,509	2,928,386	3,059,539
Government transfers - other municipalities	524,382	508,121	31,806
Investment income	59,964	109,153	79,570
Penalties and interest on taxes	117,700	131,126	118,770
Gaming Centre and other recoveries	621,000	646,059	604,293
	<u>14,290,705</u>	<u>14,915,573</u>	<u>13,407,119</u>
Expenditure			
General government	1,211,904	1,182,691	1,143,903
Protection to persons and property	2,385,839	2,375,586	2,185,358
Transportation services	3,575,643	3,470,716	3,347,757
Environmental services	2,628,116	2,457,285	2,522,465
Health services	98,217	116,062	96,738
Recreation, parks and culture	1,975,897	1,956,450	1,860,081
Planning and development	735,916	628,880	583,856
	<u>12,611,532</u>	<u>12,187,670</u>	<u>11,740,158</u>
Annual surplus (deficit)	1,679,173	2,727,903	1,666,961
Opening balance	<u>71,122,608</u>	<u>71,122,608</u>	<u>69,455,647</u>
Closing balance	<u>\$ 72,801,781</u>	<u>\$ 73,850,511</u>	<u>\$ 71,122,608</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	2015 Budget	2015 Actual	2014 Actual
Annual surplus (deficit)	1,679,173	2,727,903	1,666,961
Amortization of tangible capital assets	2,542,918	2,562,395	2,523,440
Net acquisition of tangible capital assets	<u>(2,018,055)</u>	<u>(4,249,163)</u>	<u>(1,951,418)</u>
Increase (decrease) in net financial assets	2,204,036	1,041,135	2,238,983
Opening balance	<u>(768,470)</u>	<u>(768,470)</u>	<u>(3,007,453)</u>
Closing balance	<u><u>\$ 1,435,566</u></u>	<u><u>\$ 272,665</u></u>	<u><u>(\$ 768,470)</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	2015	2014
Operating activities		
Annual surplus (deficit)	2,727,903	1,666,961
Amortization expense not requiring cash outlay	2,562,395	2,523,440
Decrease (increase) in taxes receivable	143,273	(283,218)
Decrease (increase) in accounts receivable	(886,593)	69,775
Increase (decrease) in accounts payable	723,581	(686,289)
Increase (decrease) in deferred revenue	10,239	3,030
Increase (decrease) in landfill closure and post closure liability	80,648	113,307
Cash provided by (used for) operating activities	<u>5,361,446</u>	<u>3,407,006</u>
Capital activities		
Net disposals (purchases) of tangible capital assets	<u>(4,249,163)</u>	<u>(1,951,418)</u>
Cash provided by (used for) capital activities	<u>(4,249,163)</u>	<u>(1,951,418)</u>
Investing activities		
Decrease (increase) in long-term receivables	31,256	29,488
Decrease (increase) in investment in government business enter	-	901,412
Cash provided by (used for) investing activities	<u>31,256</u>	<u>930,900</u>
Financing activities		
Proceeds from long-term debt issued	-	1,165,000
Principal repayments on long-term debt	<u>(696,927)</u>	<u>(1,079,802)</u>
Cash provided by (used for) financing activities	<u>(696,927)</u>	<u>85,198</u>
Increase (decrease) in cash position	446,612	2,471,686
Cash (overdraft) beginning of year	<u>6,950,294</u>	<u>4,478,608</u>
Cash (overdraft) end of year	<u><u>\$ 7,396,906</u></u>	<u><u>\$ 6,950,294</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, 2015

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

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) Deferred revenue

Amounts received and required by legislation, regulation or agreement to be set aside for specific, restricted purposes are reported in the statement of financial position as deferred revenue until the obligation is discharged.

h) Landfill Site Closure and Post-Closure Care

Landfill site closure and post-closure care costs are recognized over the operating life of the landfill site, based on capacity used. The liability is recorded at its discounted value, based on the average long-term borrowing rate of the municipality.

i) Amounts to be recovered in future years

Future years recoveries represent the requirement of the municipality to raise funds in subsequent periods to finance unfunded liabilities. A portion of the amounts to be recovered in future years will be recovered from deferred revenues earned.

j) Pensions

The municipality is an employer member of the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer, defined benefit pension plan. The municipality has adopted defined contribution plan accounting principles for this plan because insufficient information is available to apply defined benefit plan accounting principles. The municipality records as pension expense the current service cost, amortization of past service costs and interest costs related to the future employer contributions to the plan for past employee service.

k) Adoption of new accounting standards

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

l) Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, the reported amounts of revenues and expenditures during the period, and the accompanying notes. Due to the inherent uncertainty in making estimates, actual results could differ from those estimates.

2. Operations of school boards and county

Taxation levied for school board and county purposes are not reflected in the financial statements. The amounts transferred were:

	2015	2014
County of Huron	\$ 4,713,257	\$ 4,503,754
School Boards	2,360,506	2,286,680

3. Trust funds

Trust funds administered by the municipality amounting to \$268,703 (2014 : \$260,170) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations.

4. Long-term receivables

	2015	2014
Tile loans, 6% - 8%, principal and interest receivable annually, due 2016 through 2025	<u>\$ 94,984</u>	<u>\$ 126,240</u>

Amounts due in the next five years are as follows:

2016: \$22,900 2017: \$18,100 2018: \$18,500 2019: \$11,100 2020: \$11,700

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 2015 was \$191,532 (2014 : \$182,445) 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. Landfill closure and post-closure cost liability

PSAB Handbook Section 3270: Solid Waste Landfill Closure and Post-Closure Liability, sets out the standard for anticipated closure and post-closure costs for existing and closed landfill sites. This liability is the estimated cost to date, based on a volumetric basis, of the expenses relating to those activities required when the site or phase stops accepting waste.

The landfill closure costs include final cover and vegetation, completing facilities for drainage control features, leachate monitoring, water quality monitoring, and monitoring and recovery of gas. Post-closure care activities include all activities related to monitoring the site once it can no longer accept waste, including acquisition of any additional land for buffer zones, treatment and monitoring of leachate, monitoring ground water and surface water, gas monitoring and recovery, and ongoing maintenance of various control systems, drainage systems, and final cover.

The estimated liability for the care of landfill sites is the present value of future cash flows associated with closure and post-closure costs.

Key assumptions in determining the liability at December 31, 2015 for the landfills are as follows:

Remaining site life	3 - 50 years
Discount rate	1.9% - 2%
Estimated time required for post-closure care	25 - 50 years

6. Landfill closure and post-closure cost liability (continued)

A reserve has been established to partially provide for this landfill site closure and post-closure liability. The reserve balance at December 31, 2015 is \$94,729 (2014 : \$94,729). 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 \$2,806,540 (2014 : \$2,727,192). The Mid-Huron Landfill Site Board has set aside reserves and reserve funds of which the municipality's proportionate share is \$1,478,884 (2014 : \$1,422,362). The site has a estimated remaining life of 3 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:

	2015	2014
Ontario Infrastructure Projects Corporation (OIPC) loan payable, 3.25% interest, \$35,475 semi-annual blended payments, due May 2015	-	34,907
Bank of Montreal, loan payable, prime + 0% interest, \$3,366 monthly principle payment plus interest, due March 2016	6,732	47,124
Ontario Infrastructure Projects Corporation (OIPC) loan payable, 4.44% interest, \$125,921 semi-annual blended payments, due August 2036	3,366,582	3,465,638
Ontario Infrastructure Projects Corporation (OIPC) loan payable, 2.69% interest, \$29,288 semi-annual blended payments, due August 2016	28,899	85,552
Ontario Infrastructure Projects Corporation (OIPC) construction loan payable, variable interest, due on demand	-	139,000
Ontario Infrastructure and Lands Corporation (OILC) construction loan payable, variable interest, due on demand	1,345,000	1,555,000
Ontario Infrastructure Projects Corporation (OIPC) loan payable, 3.25% interest, \$63,571 semi-annual blended payments, due March 2027	1,211,883	1,297,546
Tile drain loans payable to Ministry of Finance, responsibility for payment of principal and interest charges have been assumed by individuals, 6% - 8%, due 2016 through 2025	94,984	126,240
	<u>\$6,054,080</u>	<u>\$6,751,007</u>

Principal payments recoverable from property owners in the next

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

2016: \$1,572,600 2017: \$199,500 2018: \$207,400 2019: \$215,500 2020: \$224,000

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:

	2015	2014
Tile drainage loans assumed by individuals	\$94,984	\$126,240

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. 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.

11. Accumulated surplus

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

	2015	2014
General revenue accumulated surplus		
and invested in tangible capital assets	\$ 69,085,859	\$ 66,349,608
Share of Mid-Huron Landfill Site Board general surplus	75,124	83,430
Unfinanced solid waste landfill closure and post-closure liabilities	(2,873,440)	(2,792,792)
Reserves and reserve funds	<u>7,562,968</u>	<u>7,482,362</u>
	<u>\$ 73,850,511</u>	<u>\$ 71,122,608</u>

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

12. 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.

13. 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.

14. Budget amounts

Under Canadian public sector accounting standards, budget amounts are to be reported on the consolidated statement of operations for comparative purposes. The 2015 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	2,018,055
Debt principal repayments	830,671
Net reserve, reserve fund, and surplus transfers	(1,192,335)
Mid-Huron Landfill Site Board net budget deficit	<u>22,782</u>
Budgeted surplus (deficit) reported on consolidated statement of operations	<u>\$ 1,679,173</u>

MUNICIPALITY OF CENTRAL HURON
Consolidated Schedule of Tangible Capital Assets
For the Year Ended December 31, 2015

	Land	Land Improvements	Buildings	Machinery and Equipment	Other	Linear Road Systems	Linear Water Systems	Linear Sewer Systems	Assets Under Construction	TOTAL Net Book Value 2015	TOTAL Net Book Value 2014
Cost											
Balance, beginning of year	1,224,828	1,004,027	17,151,170	6,995,046	313,751	68,961,932	10,461,815	10,675,776	85,146	116,873,491	115,373,195
Add: Additions during the year	254,849	23,503	86,919	303,591	15,968	1,633,245	7,698	5,132	2,195,785	4,526,690	5,540,093
Less: Disposals during the year	(51,000)			(41,078)		(1,281,754)			(212,023)	(1,585,855)	(4,039,797)
Other: donations and transfers			3,095,378	6,151,724		(298,103)	(3,971,549)	(4,977,450)		-	-
Balance, end of year	<u>1,428,677</u>	<u>1,027,530</u>	<u>20,333,467</u>	<u>13,409,283</u>	<u>329,719</u>	<u>69,015,320</u>	<u>6,497,964</u>	<u>5,703,458</u>	<u>2,068,908</u>	<u>119,814,326</u>	<u>116,873,491</u>
Accumulated Amortization											
Balance, beginning of year		383,987	3,424,123	3,431,234	162,481	27,891,476	4,234,454	5,454,659		44,982,414	42,910,095
Add: Amortization during the year		46,494	434,790	411,531	43,835	1,281,868	170,193	173,684		2,562,395	2,523,440
Less: Accumulated amortization on disposals				(28,273)		(1,280,056)				(1,308,329)	(451,121)
Other: donations and transfers			1,457,795	3,732,327		(179,284)	(2,025,083)	(2,985,755)		-	-
Balance, end of year	-	430,481	5,316,708	7,546,819	206,316	27,714,004	2,379,564	2,642,588	-	46,236,480	44,982,414
Net Book Value of Tangible Capital Assets	1,428,677	597,049	15,016,759	5,862,464	123,403	41,301,316	4,118,400	3,060,870	2,068,908	\$ 73,577,846	\$ 71,891,077

MUNICIPALITY OF CENTRAL HURON
Consolidated Schedule of Tangible Capital Assets
For the Year Ended December 31, 2015

	General Government	Protection	Transportation	Environmental	Health	Recreation and Cultural	Planning and Development	Work in Process	TOTAL Net Book Value 2015	TOTAL Net Book Value 2014
Cost										
Balance, beginning of year	1,420,498	2,433,667	73,917,276	21,513,581	42,904	15,471,965	1,988,454	85,146	116,873,491	115,373,195
Add: Additions during the year	270,817	231,528	1,667,673	60,104	23,503	77,280		2,195,785	4,526,690	5,540,093
Less: Disposals during the year	(51,000)		(1,305,012)			(17,820)		(212,023)	(1,585,855)	(4,039,797)
Other: donations and transfers			23,258	(23,258)					-	-
Balance, end of year	<u>1,640,315</u>	<u>2,665,195</u>	<u>74,303,195</u>	<u>21,550,427</u>	<u>66,407</u>	<u>15,531,425</u>	<u>1,988,454</u>	<u>2,068,908</u>	<u>119,814,326</u>	<u>116,873,491</u>
Accumulated Amortization										
Balance, beginning of year	125,929	907,263	30,855,324	9,880,482	21,053	3,112,665	79,698		44,982,414	42,910,095
Add: Amortization during the year	25,850	77,033	1,514,841	375,455	2,697	460,976	105,543		2,562,395	2,523,440
Less: Accumulated amortization on disposals			(1,293,509)			(14,820)			(1,308,329)	(451,121)
Other: donations and transfers			11,806	(11,806)					-	-
Balance, end of year	<u>151,779</u>	<u>984,296</u>	<u>31,088,462</u>	<u>10,244,131</u>	<u>23,750</u>	<u>3,558,821</u>	<u>185,241</u>	<u>-</u>	<u>46,236,480</u>	<u>44,982,414</u>
Net Book Value										
of Tangible Capital Assets	<u>1,488,536</u>	<u>1,680,899</u>	<u>43,214,733</u>	<u>11,306,296</u>	<u>42,657</u>	<u>11,972,604</u>	<u>1,803,213</u>	<u>2,068,908</u>	<u>\$ 73,577,846</u>	<u>\$ 71,891,077</u>

MUNICIPALITY OF CENTRAL HURON
Consolidated Schedule of Continuity of Reserves, Reserve Funds and Deferred Revenue
For the Year Ended December 31, 2015

	Balance, beginning of year	Revenues and contributions			Transfers out Utilized During Year	Balance, end of year
		Interest	From Operations	Other		
Reserves and reserve funds						
Reserves						
for general government	2,306,016		193,980		(124,041)	2,375,955
for protection services	185,672		72,750		(185,073)	73,349
for transportation services	36,781		402,054		(97,595)	341,240
for environmental services	1,517,091		56,522			1,573,613
for recreation and cultural services	537,728		100,092		(32,839)	604,981
	<u>4,583,288</u>	<u>-</u>	<u>825,398</u>	<u>-</u>	<u>(439,548)</u>	<u>4,969,138</u>
Reserve funds						
Rural Water System Upgrades	700,597	8,251	439,456		(92,853)	1,055,451
Wastewater System	976,451	8,763	938,215		(1,891,817)	31,612
Ball's Bridge	171,946	2,557				174,503
Recreation	6,801	101				6,902
Blyth Landfill	135,696	2,069	10,000			147,765
Kinburn Hall	4,621	41				4,662
School on Wheels	6,368	57				6,425
ERTH Corporation put option	886,530	12,497	49,725		(281,725)	667,027
Building Department	-	29	78,867			78,896
Physician recruitment	10,064	146	10,000			20,210
NWMO Community Well-Being	-	377	400,000			400,377
	<u>2,899,074</u>	<u>34,888</u>	<u>1,926,263</u>	<u>-</u>	<u>(2,266,395)</u>	<u>2,593,830</u>
Total reserves and reserve funds	<u>7,482,362</u>	<u>34,888</u>	<u>2,751,661</u>	<u>-</u>	<u>(2,705,943)</u>	<u>7,562,968</u>
Deferred revenue						
Ward 1 Parkland	33,609	493	2,500			36,602
Ward 2 Pit Rehabilitation	12,655	114				12,769
Central Huron Community Complex	957	23	137,991		(138,971)	-
Auburn Playground	216	1				217
Federal Gas Tax Funds	58	310		219,801	(212,023)	8,146
	<u>47,495</u>	<u>941</u>	<u>140,491</u>	<u>219,801</u>	<u>(350,994)</u>	<u>57,734</u>
Total	<u>\$ 7,529,857</u>	<u>35,829</u>	<u>2,892,152</u>	<u>219,801</u>	<u>(3,056,937)</u>	<u>\$ 7,620,702</u>

MUNICIPALITY OF CENTRAL HURON

Segmented Information

For the Year Ended December 31, 2015

	General Government	Protective Services	Transportation Services	Environmental Services	Health Services	Recreation and Culture	Planning and Development	Total 2015	Total 2014
Revenue									
Taxation	6,019,270							6,019,270	5,580,268
User charges, licences, donations	1,763,098	84,933	63,038	2,340,128	49,084	195,096	78,081	4,573,458	3,932,873
Government transfers	2,045,572	6,750	535,964	749,452		74,765	24,004	3,436,507	3,091,345
Interest and penalties	240,279							240,279	198,340
Other	-						646,059	646,059	604,293
	<u>10,068,219</u>	<u>91,683</u>	<u>599,002</u>	<u>3,089,580</u>	<u>49,084</u>	<u>269,861</u>	<u>748,144</u>	14,915,573	13,407,119
Operating expenditure									
Wages, salaries and benefits	830,452	317,028	680,425	628,338	64,255	427,008	53,494	3,001,000	2,916,489
Contract services	28,325	1,559,345	645,751	863,226	16,199	258,053	263,956	3,634,855	3,263,512
Supplies, materials, equipment and other	298,064	422,180	629,699	590,266	32,911	810,413	205,887	2,989,420	3,036,717
Amortization	25,850	77,033	1,514,841	375,455	2,697	460,976	105,543	2,562,395	2,523,440
	<u>1,182,691</u>	<u>2,375,586</u>	<u>3,470,716</u>	<u>2,457,285</u>	<u>116,062</u>	<u>1,956,450</u>	<u>628,880</u>	12,187,670	11,740,158
Net revenue (expense)	<u>8,885,528</u>	<u>(2,283,903)</u>	<u>(2,871,714)</u>	<u>632,295</u>	<u>(66,978)</u>	<u>(1,686,589)</u>	<u>119,264</u>	2,727,903	1,666,961

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, 2015, and the statement of continuity of trust funds for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

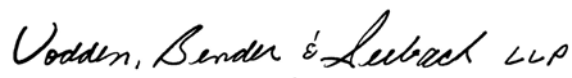
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the trust funds of the Corporation of the Municipality of Central Huron as at December 31, 2015 and the continuity of trust funds for the year then ended in accordance with Canadian public sector accounting standards.



Vodden, Bender & Seebach LLP
Chartered Professional Accountants
Licensed Public Accountants

Clinton, Ontario
June 24, 2016

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

For the Year Ended December 31, 2015

	Total		Cemetery Perpetual Care		Radar Trust Fund		Woon Trust Fund	
	2015	2014	2015	2014	2015	2014	2015	2014
Balance beginning of year	260,170	261,551	251,552	245,953	3,413	3,363	5,205	12,235
Receipts								
Perpetual care	8,298	5,599	8,298	5,599				
Interest earned	4,326	5,039	4,091	4,816	51	50	184	173
	12,624	10,638	12,389	10,415	51	50	184	173
Expenditure								
Transfers to cemetery	4,091	4,816	4,091	4,816				
Expenditures	-	7,203						7,203
	4,091	12,019	4,091	4,816	-	-	-	7,203
Balance end of year	\$ 268,703	260,170	\$ 259,850	251,552	\$ 3,464	3,413	\$ 5,389	5,205

BALANCE SHEET

As at December 31, 2015

	Total		Cemetery Perpetual Care		Radar Trust Fund		Woon Trust Fund	
	2015	2014	2015	2014	2015	2014	2015	2014
Assets								
Cash	7,906	4,061	7,200	3,590	114	63	592	408
Investments, cost	268,000	268,000	252,650	252,650	3,350	3,350	12,000	12,000
Liabilities								
Due to general fund	(7,203)	(11,891)		(4,688)			(7,203)	(7,203)
Trust fund net assets	\$ 268,703	260,170	\$ 259,850	251,552	\$ 3,464	3,413	\$ 5,389	5,205

MUNICIPALITY OF CENTRAL HURON
TRUST FUNDS
NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2015

1. Accounting Policies

Significant aspects of accounting policies adopted by the municipality are as follows:

a) Management responsibility

The financial statements of the Trust Funds are the representations of management. They have been prepared in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada 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 \$268,703 (2014 : \$260,170).