

**TOWNSHIP OF NORTH HURON**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**SEEBACH & COMPANY**  
*Chartered Professional Accountants*



## MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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The accompanying financial statements of Township of North 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.

TOWNSHIP OF NORTH HURON

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Dwayne Evans  
Chief Administrative Officer

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Chris Townes  
Director of Finance / Treasurer

November 4, 2024

## INDEPENDENT AUDITOR'S REPORT

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To the Members of Council, Inhabitants and Ratepayers  
of the Corporation of the Township of North Huron

### *Opinion*

We have audited the accompanying financial statements of Corporation of the Township of North Huron ("the Company"), which are comprised of the statement of financial position as at December 31, 2023 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 Company as at December 31, 2023, 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 Company 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company'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 Company'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 Company'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 Company 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  
November 4, 2024

**TOWNSHIP OF NORTH HURON**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

<b>As at December 31</b>	<b>2023</b>	<b>2022 restated (see Note 2)</b>
<b>FINANCIAL ASSETS</b>		
Cash	30,827,775	21,765,862
Taxes receivable	641,038	557,929
Accounts receivable	1,494,158	1,101,029
Long-term receivables (note 4)	-	7,772
Long-term investments (note 5)	1,620,038	1,620,038
	<u>34,583,009</u>	<u>25,052,630</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	1,799,139	2,184,690
Deferred revenue - obligatory reserve funds	2,090,467	1,381,363
Municipal debt (note 8)	230,257	323,579
Asset retirement obligations (note 7)	4,360,595	4,275,097
	<u>8,480,458</u>	<u>8,164,729</u>
<b>NET FINANCIAL ASSETS</b>	<b>\$ 26,102,551</b>	<b>\$ 16,887,901</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets, net (note 9)	<u>52,009,224</u>	<u>52,505,064</u>
<b>ACCUMULATED SURPLUS (note 11)</b>	<b><u>\$ 78,111,775</u></b>	<b><u>\$ 69,392,965</u></b>

The accompanying notes are an integral part of this financial statement

**TOWNSHIP OF NORTH HURON**  
**CONSOLIDATED STATEMENT OF OPERATIONS**

For the year ended December 31	2023 Budget	2023 Actual	2022 Actual restated (see Note 2)
<b>Revenue</b>			
Taxation for municipal purposes	7,348,397	<b>7,284,789</b>	6,917,313
User fees, licences, permits, and donations	4,514,738	<b>5,417,299</b>	4,961,289
Government transfers - Canada and Ontario (note 12)	2,805,639	<b>2,259,059</b>	2,253,077
Government transfers - other municipalities	2,069,081	<b>2,266,784</b>	1,528,774
Investment income	380,900	<b>1,353,624</b>	508,800
Penalties and interest on taxes	60,000	<b>80,126</b>	65,304
Gain (loss) on disposition of tangible capital assets	4,200,000	<b>3,983,071</b>	627,881
	<u>21,378,755</u>	<u><b>22,644,752</b></u>	<u>16,862,438</u>
<b>Expenditure</b>			
General government	1,748,470	<b>1,651,356</b>	1,421,747
Protection to persons and property	2,577,005	<b>1,972,340</b>	2,661,050
Transportation services	2,772,650	<b>2,353,318</b>	2,474,431
Environmental services	2,760,676	<b>2,813,510</b>	2,692,728
Health services	144,286	<b>176,295</b>	129,453
Social and family services	1,577,793	<b>1,806,620</b>	1,496,705
Recreation and cultural services	3,134,068	<b>3,131,543</b>	3,090,135
Planning and development	49,450	<b>20,960</b>	13,441
	<u>14,764,398</u>	<u><b>13,925,942</b></u>	<u>13,979,690</u>
<b>Annual surplus (deficit)</b>	<u>6,614,357</u>	<u><b>8,718,810</b></u>	<u>2,882,748</u>
<b>Accumulated surplus, beginning of year as previously stated</b>	69,392,965	<b>69,392,965</b>	68,476,798
<b>Change in accounting policy (note 2)</b>	-	-	(1,966,581)
<b>Accumulated surplus, beginning of year restated</b>	<u>69,392,965</u>	<u><b>69,392,965</b></u>	<u>66,510,217</u>
<b>Accumulated surplus, end of year</b>	<u><u>\$ 76,007,322</u></u>	<u><u><b>\$ 78,111,775</b></u></u>	<u><u>\$ 69,392,965</u></u>

The accompanying notes are an integral part of this financial statement

**TOWNSHIP OF NORTH HURON****CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**

<b>For the year ended December 31</b>	<b>2023 Budget</b>	<b>2023 Actual</b>	<b>2022 Actual restated (see Note 2)</b>
Annual surplus (deficit)	6,614,357	<b>8,718,810</b>	2,882,748
Amortization of tangible capital assets	2,262,137	<b>2,403,512</b>	2,120,761
Net acquisition of tangible capital assets	(8,130,010)	<b>2,075,399</b>	(2,316,246)
Loss (gain) on sale of tangible capital assets	-	<b>(3,983,071)</b>	(627,881)
	<u>746,484</u>	<u><b>9,214,650</b></u>	<u>2,059,382</u>
<b>Net financial assets, beginning of year as previously stated</b>		<b>16,887,901</b>	18,659,590
<b>Change in accounting policy (note 2)</b>		<u>-</u>	<u>(3,831,071)</u>
<b>Net financial assets, beginning of year restated</b>		<u><b>16,887,901</b></u>	<u>14,828,519</u>
<b>Net financial assets, end of year</b>		<u><b>\$ 26,102,551</b></u>	<u><b>\$ 16,887,901</b></u>

The accompanying notes are an integral part of this financial statement

**TOWNSHIP OF NORTH HURON**  
**CONSOLIDATED STATEMENT OF CASH FLOW**

<b>For the year ended December 31</b>	<b>2023</b>	<b>2022 restated (see Note 2)</b>
<b>Operating activities</b>		
Annual surplus (deficit)	8,718,810	2,882,748
Amortization expense not requiring cash outlay	2,403,512	2,120,761
Loss (gain) on disposition of tangible capital assets	(3,983,071)	(627,881)
Decrease (increase) in taxes receivable	(83,109)	(72,772)
Decrease (increase) in accounts receivable	(393,129)	289,478
Increase (decrease) in accounts payable and accrued liabilities	(385,551)	905,821
Increase (decrease) in deferred revenue	709,104	705,691
Increase (decrease) in asset retirement obligations	85,498	83,826
Cash provided by (used for) operating activities	<u>7,072,064</u>	<u>6,287,672</u>
<b>Capital activities</b>		
Net disposals (purchases) of tangible capital assets	2,075,399	(2,316,246)
Cash provided by (used for) capital activities	<u>2,075,399</u>	<u>(2,316,246)</u>
<b>Investing activities</b>		
Decrease (increase) in long-term receivables	7,772	5,841
Cash provided by (used for) investing activities	<u>7,772</u>	<u>5,841</u>
<b>Financing activities</b>		
Principal repayments on long-term debt	(93,322)	(103,051)
Cash provided by (used for) financing activities	<u>(93,322)</u>	<u>(103,051)</u>
<b>Increase (decrease) in cash position</b>	<b>9,061,913</b>	<b>3,874,216</b>
<b>Cash (overdraft) beginning of year</b>	<b>21,765,862</b>	<b>17,891,646</b>
<b>Cash (overdraft) end of year</b>	<b><u>\$ 30,827,775</u></b>	<b><u>\$ 21,765,862</u></b>

The accompanying notes are an integral part of this financial statement



**TOWNSHIP OF NORTH HURON**  
**NOTES TO FINANCIAL STATEMENTS**

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**For the year ended December 31, 2023**

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**1. Accounting policies**

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

Significant aspects of accounting policies adopted by the Township 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 Township and which are owned or controlled by the Township. In addition to general government tax-supported operations, they include any water and sewer systems operated by the Township and the Township's proportionate share of joint local boards.

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

The statements exclude trust funds that are administered for the benefit of external parties.

b) Accrual basis of accounting

Sources of financing and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they are earned and measurable, and recognizes expenditures as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

c) Long-term investments

Investments are recorded at cost less amounts written off to reflect a permanent decline in value.

1. Accounting policies (continued)

d) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year, and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the change in net financial assets for the year.

- Tangible capital assets

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Category	Amortization Period	Capitalization Threshold
Land	not applicable	\$ 0
Land improvements	15 - 75 years	25,000
Buildings	15 - 90 years	50,000
Machinery and equipment	10 - 20 years	5,000 - 15,000
Vehicles	5 - 15 years	5,000
Information technology	5 - 10 years	5,000
Transportation infrastructure	20 - 100 years	5,000
Watermains infrastructure	75 years	5,000
Sewermain infrastructure	75 years	5,000
Stormsewer infrastructure	50 - 75 years	5,000

Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized.

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 site capacity is used.

The Township has a capitalized threshold of \$0 - \$50,000 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) County and School Board**

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

**g) 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.

**h) Deferred revenue**

Amounts received and required by legislation, regulation or agreement to be set aside for specific, restricted purposes are reported in the consolidated 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 Township 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 Township is an employer member of the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer, defined benefit pension plan. The Township has adopted defined contribution plan accounting principles for this plan because insufficient information is available to apply defined benefit plan accounting principles. The Township 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.

**l) Revenue recognition**

Tax levies, based on assessment rolls issued by the Municipal Property Assessment Corporation and tax rates established by council, are recognized as revenue when the tax billings are issued. Adjustments to taxation revenue due to changes in assessments are initially recognized based on management's best estimates of the taxes that will be received.

Other revenue is recognized when related services are provided or goods delivered, collectibility is reasonably assured and there are no significant future obligations.

Government transfers are recognized in the in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria are met, and reasonable estimates can be made.

**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**

- (a) Effective January 1, 2023 the municipality adopted new Public Sector Accounting Handbook Standard PS 3280 - Asset Retirement Obligations. The standard requires recognition of Asset Retirement Obligations when there is a legal obligation to incur retirement costs. The new standard resulted in the withdrawal of the existing accounting standard PS 3270 Solid Waste Landfill Closure and Post-Closure Liability. As a result of the adoption, the presentation of the financial statements changed from the prior year. This change in accounting policy has been applied using the modified retroactive application with restatement of prior periods.

The municipality removed the landfill liability that had been recognized to date and recognized an asset retirement obligation, and associated tangible capital asset, upon adoption of PS 3280 on January 1, 2022. The liability represents the required closure and post-closure care for the landfill site owned by the municipality.

The impact of adoption of this standard was as follows:

	<b>2022</b>
Increase in tangible capital assets	\$ 1,833,924
Decrease in landfill liability	367,200
Increase in asset retirement obligations	(4,275,097)
Increase to Environmental services expenses	<u>107,392</u>
Decrease in opening accumulated surplus	<u>\$ (1,966,581)</u>

The change in accounting policy resulted in a \$107,192 increase in the previously reported Protection to persons and property expenses for the 2022 year and a corresponding decrease of \$107,192 in the previously reported annual surplus for the 2022 year.

- (b) On January 1, 2022, the municipality adopted the following standards on a prospective basis: PS 1201 Financial Statement Presentation, PS 2601 Foreign Currency Translation, PS 3041 Portfolio Investments and PS 3450 Financial Instruments. The adoption of these standards had no impact on the opening balances.

PS 1201 Financial Statement Presentation replaces PS 1200 Financial Statement Presentation. The standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the statement of remeasurement gains and losses separate from the statement of operations.

PS 2601 Foreign Currency Translation replaces PS 2600 Foreign Currency Translation. The standard requires monetary assets and liabilities denominated in a foreign currency and non-monetary items denominated in a foreign currency that are reported at fair value, to be adjusted to reflect the exchange rates in effect at the financial statement date. Unrealized gains and losses arising from foreign currency changes are presented in the new statement of remeasurement gains and losses.

**2. Change in Accounting Policy (continued)**

PS 3041 Portfolio Investments replaces PS 3040 Portfolio Investments. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 Financial Instruments. The distinction between temporary and portfolio investments has been removed in the new standard, and upon adoption, PS 3030 Temporary Investments no longer applies.

PS 3450 Financial Instruments establishes accounting and reporting requirements for all types of financial instruments including derivatives. The standard requires fair value measurement of derivatives and portfolio investments in equity instruments that are quoted in an active market. All other financial instruments will generally be measured at cost or amortized cost. Unrealized gains and losses arising from changes in fair value are presented in the statement of remeasurement gains and losses.

**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:

	<b>2023</b>	<b>2022</b>
County of Huron	\$ 2,641,065	\$ 2,412,623
School Boards	1,190,387	1,162,569

**4. Trust funds**

Trust funds administered by the Township amounting to \$602,550 (2022 : \$571,887) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of financial activities.

**5. Long-term receivables**

	<b>2023</b>	<b>2022</b>
Tile loans, 6% - 8%, principal and interest receivable annually, due 2024 through 2033	\$ -	<u>\$ 7,772</u>
Amounts due in the next five years are as follows:		
2024: \$ nil      2025: \$ nil      2026: \$ nil      2027: \$ nil      2028: \$ nil		

**6. Long-term investments**

	<b>2023</b>	<b>2022</b>
Note receivable, Westario Power Inc.	399,682	399,682
Common shares, Westario Power Holdings Inc.	<u>1,220,356</u>	<u>1,220,356</u>
	<u>\$ 1,620,038</u>	<u>\$ 1,620,038</u>

Effective November 1, 2000, the Township transferred its electrical utilities to Westario Power Inc. The above note receivable and common shares were received in consideration for the transfer.

The note from Westario Power Inc. is receivable on demand, but, since it is not the intention to demand payment within the next fiscal year, it is shown as long-term.

The Township owns 7.715% of the outstanding common shares of Westario Power Holdings Inc., a private company 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.

**7. Pension agreements**

The Township 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 2023 was \$353,898 (2022 : \$281,663) 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 Township does not recognize any share of the OMERS pension surplus or deficit.

**8. Deferred revenue**

Deferred revenue funds include obligatory and non-obligatory funds. The use of obligatory funds, together with earnings thereon, is restricted by legislation. The use of non-obligatory funds is at the discretion of council. These funds are recognized as revenue in the period they are used for the purpose specified.

**9. Municipal debt**

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

	<b>2023</b>	<b>2022</b>
OIPC loan payable, 4.24% interest, \$49,021 blended payment payable semi-annually, due March 2026	230,257	315,807
Tile drain loans payable to Ministry of Finance, responsibility for payment of principal and interest charges have been assumed by individuals, 6% - 8%, due 2024 through 2033	-	7,772
	<u>\$ 230,257</u>	<u>\$ 323,579</u>

Principal payments recoverable from property owners in the next

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

2024: \$89,200    2025: \$93,000    2026: \$48,057    2027: \$ nil    2028: \$ nil

# **10. Asset retirement obligations**

The municipality's financial statements include an asset retirement obligation for the landfills. 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% (2022 : 2%). The estimated total undiscounted future expenditures are \$22,267,840 (2022 : \$22,267,840), which are to be incurred over the next 115 years. The liability is expected to be fully settled 70 years after closure of the landfills.

The carrying amount of the liabilities are as follows:

	<b>2023</b>	<b>2022</b>
Asset retirement obligation, beginning	4,275,097	-
Opening balance adjustment	-	4,191,271
Accretion expense	<u>85,498</u>	<u>83,826</u>
Asset retirement obligations, ending	<u>\$ 4,360,595</u>	<u>\$ 4,275,097</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.

The municipality operates two landfill sites, Wingham and East-Wawanosh, and has closed the East-Wawanosh landfill effective September 2014, and jointly operates a third landfill site, Blyth-Hullett with a neighbouring municipality.

A reserve has been established to partially provide for this sanitary landfill site closure and post-closure liability. The reserve balance at December 31, 2023 is \$740,078 (2022 : \$128,219) for the landfill sites operated by the municipality. The balance of the future liability is expected to be funded through budget allocations to the landfill reserve.

# **11. Tangible capital assets**

The Township's policy on accounting for tangible capital assets follows:

- i) Contributed tangible capital assets  
The Township 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 Township by major class and by business segment, as well as for accumulated amortization of the assets controlled.

**12. Government transfers**

The government transfers recognized in the statement of operations are as follows:

	<b>2023</b>	<b>2022</b>
Government transfers - Federal		
Investing in Canada Infrastructure Program (ICIP)	29,243	-
Government transfers - Provincial		
Ontario Municipal Partnership Fund (OMPF)	1,283,300	1,280,500
Ontario Community Infrastructure Fund (OCIF)	667,242	580,210
Ontario Ministry of Community Safety and Correctional Services (police funding)	24,318	88,989
Stewardship Ontario recycling grant	92,286	62,849
Other	162,670	240,529
	<u>\$ 2,259,059</u>	<u>\$ 2,253,077</u>

**13. Segmented information**

The Township of North 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 Township 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.



#### 14. Accumulated surplus

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

	2023	2022
Invested in tangible capital assets	\$ 52,009,224	\$ 52,505,064
General revenue accumulated surplus	1,587,118	411,314
Long-term investment in Westario Power	1,620,038	1,620,038
Unfinanced long-term liabilities	(230,257)	(315,807)
Unfinanced asset retirement obligations	(4,360,595)	(4,275,097)
Reserves and reserve funds	<u>27,486,247</u>	<u>19,447,453</u>
	<u>\$ 78,111,775</u>	<u>\$ 69,392,965</u>

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

#### 15. Financial instrument risk management

##### Credit risk

The Township 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 Township's receivables are from ratepayers and government entities. For trade and other receivables, the Township 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 Township will not be able to meet its financial obligations as they fall due. The Township has a planning and a budgeting process in place to help determine the funds required to support the Township's normal operating requirements on an ongoing basis. The Township 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 Township'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 Township 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.

#### 16. Contingent liability

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

**17. Budget amounts**

Under Canadian public sector accounting standards, budget amounts are to be reported on the consolidated statement of financial activities for comparative purposes. The 2023 budget amounts for the Corporation of the Township of North 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 Township. The budget figures have not been audited.

Approved budget annual surplus (deficit)	\$ -
Acquisition of tangible capital assets	8,130,010
Amortization of tangible capital assets	(2,403,512)
Proceeds from debt issue	-
Debt principal repayments	85,550
Net reserve, reserve fund, and surplus transfers	<u>(802,309)</u>
Budgeted surplus (deficit) reported on consolidated statement of operations	<u>\$ 6,614,357</u>

**TOWNSHIP OF NORTH HURON**  
**Consolidated Schedule of Tangible Capital Assets**  
For the Year Ended December 31, 2023

	Land and Land Improvements	Buildings	Machinery and Equipment	Vehicles	Information Technology	Roads and Land Improvements	Underground and other Networks	Bridges and other Structures	Assets Under Construction	<b>TOTAL Net Book Value 2023</b>	<b>TOTAL Net Book Value 2022</b>
<b>Cost</b>											
Balance, beginning of year	3,073,828	21,475,788	3,192,187	3,590,122	658,154	19,332,263	44,228,876	2,220,539	1,164,685	<b>98,936,442</b>	96,588,200
Add: Additions during the year	19,238	65,076	199,927	32,157					1,823,499	<b>2,139,897</b>	3,073,588
Less: Disposals during the year	(444,874)	(113,615)	(14,538)	(150,000)						<b>(723,027)</b>	(725,346)
Balance, end of year	<u>2,648,192</u>	<u>21,427,249</u>	<u>3,377,576</u>	<u>3,472,279</u>	<u>658,154</u>	<u>19,332,263</u>	<u>44,228,876</u>	<u>2,220,539</u>	<u>2,988,184</u>	<b><u>100,353,312</u></b>	<u>98,936,442</u>
<b>Accumulated Amortization</b>											
Balance, beginning of year	1,003,632	9,917,936	1,801,064	1,691,387	305,468	13,082,085	17,492,952	1,136,854	-	<b>46,431,378</b>	44,906,502
Add: Amortization during the year	59,970	592,137	206,597	561,027	41,360	315,783	600,872	25,766		<b>2,403,512</b>	2,120,761
Less: Accumulated amortization on disposals and transfers	(234,302)	(92,056)	(14,538)	(149,906)						<b>(490,802)</b>	(595,885)
Balance, end of year	<u>829,300</u>	<u>10,418,017</u>	<u>1,993,123</u>	<u>2,102,508</u>	<u>346,828</u>	<u>13,397,868</u>	<u>18,093,824</u>	<u>1,162,620</u>	<u>-</u>	<b><u>48,344,088</u></b>	<u>46,431,378</u>
<b>Net Book Value of</b>											
<b>Tangible Capital Assets</b>	<u>1,818,892</u>	<u>11,009,232</u>	<u>1,384,453</u>	<u>1,369,771</u>	<u>311,326</u>	<u>5,934,395</u>	<u>26,135,052</u>	<u>1,057,919</u>	<u>2,988,184</u>	<b><u>\$ 52,009,224</u></b>	<b><u>\$ 52,505,064</u></b>

**TOWNSHIP OF NORTH HURON**  
**Consolidated Schedule of Tangible Capital Assets**  
For the Year Ended December 31, 2023

	General Government	Protection	Transportation	Environmental	Health	Social and Family	Recreation and Cultural	Work in Process	<b>TOTAL Net Book Value 2023</b>	<b>TOTAL Net Book Value 2022</b>
<b>Cost</b>										
Balance, beginning of year	1,239,076	5,616,664	23,795,944	48,617,602	325,323	417,944	17,759,204	1,164,685	<b>98,936,442</b>	96,588,200
Add: Additions during the year		32,157		85,185		38,590	160,466	1,823,499	<b>2,139,897</b>	3,073,588
Less: Disposals during the year			(711,879)				(11,148)		<b>(723,027)</b>	(725,346)
Balance, end of year	<u>1,239,076</u>	<u>5,648,821</u>	<u>23,084,065</u>	<u>48,702,787</u>	<u>325,323</u>	<u>456,534</u>	<u>17,908,522</u>	<u>2,988,184</u>	<b><u>100,353,312</u></b>	<u>98,936,442</u>
<b>Accumulated Amortization</b>										
Balance, beginning of year	509,205	1,500,269	16,148,830	18,831,988	86,136	230,816	9,124,134	-	<b>46,431,378</b>	44,906,502
Add: Amortization during the year	40,766	595,517	522,233	718,765	10,288	20,431	495,512		<b>2,403,512</b>	2,120,761
Less: Accumulated amortization on disposals and transfers			(479,654)				(11,148)		<b>(490,802)</b>	(595,885)
Balance, end of year	<u>549,971</u>	<u>2,095,786</u>	<u>16,191,409</u>	<u>19,550,753</u>	<u>96,424</u>	<u>251,247</u>	<u>9,608,498</u>	<u>-</u>	<b><u>48,344,088</u></b>	<u>46,431,378</u>
<b>Net Book Value of Tangible Capital Assets</b>	<u>689,105</u>	<u>3,553,035</u>	<u>6,892,656</u>	<u>29,152,034</u>	<u>228,899</u>	<u>205,287</u>	<u>8,300,024</u>	<u>2,988,184</u>	<b><u>\$ 52,009,224</u></b>	<b><u>\$ 52,505,064</u></b>

**TOWNSHIP OF NORTH HURON**  
**Consolidated Schedule of Continuity of Reserves and Reserve Funds**  
For the Year Ended December 31, 2023

	Balance, beginning of year	Revenues and contributions			Transfers out Utilized During Year	Balance, end of year
		Interest	From Operations	Other		
<b>Reserves and reserve funds</b>						
Reserves						
for general government	8,001,277		6,950,433		(3,659,325)	<b>11,292,385</b>
for protection services	346,329		751,469		(42,605)	<b>1,055,193</b>
for transportation services	127,475		1,003,670		(24,219)	<b>1,106,926</b>
for environmental services	10,244,338		2,119,352		-	<b>12,363,690</b>
for health services	6,140		70,671		-	<b>76,811</b>
for social and family services	500,909		109,600		(30,111)	<b>580,398</b>
for recreation and cultural services	193,639		850,375		(61,526)	<b>982,488</b>
for planning and development	284		-		(284)	<b>-</b>
	<u>19,420,391</u>	<u>-</u>	<u>11,855,570</u>	<u>-</u>	<u>(3,818,070)</u>	<u><b>27,457,891</b></u>
Reserve funds						
Museum Artifacts Restoration	5,330	136				<b>5,466</b>
Daycare Equipment	21,732	1,158				<b>22,890</b>
	<u>27,062</u>	<u>1,294</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u><b>28,356</b></u>
Total reserves and reserve funds	<u>19,447,453</u>	<u>1,294</u>	<u>11,855,570</u>	<u>-</u>	<u>(3,818,070)</u>	<u><b>\$ 27,486,247</b></u>

**TOWNSHIP OF NORTH HURON**  
**Consolidated Schedule of Continuity of Deferred Revenue**  
For the Year Ended December 31, 2023

	Balance, beginning of year	Revenues and contributions			Transfers out Utilized During Year	Balance, end of year
		Interest	From Operations	Other		
<b>Deferred revenue</b>						
Development Charges Act	650,056	33,607	517,158			<b>1,200,821</b>
Building Code Act	101,163				(40,588)	<b>60,575</b>
Federal Gas Tax Funds	630,144	35,707		163,220		<b>829,071</b>
	<u>1,381,363</u>	<u>69,314</u>	<u>517,158</u>	<u>163,220</u>	<u>(40,588)</u>	<u><b>\$ 2,090,467</b></u>

**TOWNSHIP OF NORTH HURON**

**Segmented Information**

**For the Year Ended December 31, 2023**

	General Government	Protective Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Culture	Planning and Development	<b>Total 2023</b>	Total 2022
<b>Revenue</b>										
Taxation	7,284,789								<b>7,284,789</b>	6,917,313
User charges	713,524	84,969	2,357	3,161,124	66,601	592,756	788,184	7,784	<b>5,417,299</b>	4,961,289
Government transfers	2,628,385	766,094	830,462	121,529		73,950	105,423		<b>4,525,843</b>	3,781,851
Interest and penalties	1,433,750								<b>1,433,750</b>	574,104
Other	3,983,071								<b>3,983,071</b>	627,881
	<u>16,043,519</u>	<u>851,063</u>	<u>832,819</u>	<u>3,282,653</u>	<u>66,601</u>	<u>666,706</u>	<u>893,607</u>	<u>7,784</u>	<b><u>22,644,752</u></b>	<u>16,862,438</u>
<b>Operating expenditure</b>										
Wages, salaries and benefits	1,101,124	311,077	407,577	284,419	83,048	1,619,146	1,529,457	1,085	<b>5,336,933</b>	5,025,401
Contract services	36,049	535,498	276,671	875,126	65,223	23,474	144,832	16,692	<b>1,973,565</b>	3,392,555
Supplies, materials and equipment	473,417	530,248	1,146,837	935,200	17,736	143,569	961,742	3,183	<b>4,211,932</b>	3,440,973
Amortization	40,766	595,517	522,233	718,765	10,288	20,431	495,512	-	<b>2,403,512</b>	2,120,761
	<u>1,651,356</u>	<u>1,972,340</u>	<u>2,353,318</u>	<u>2,813,510</u>	<u>176,295</u>	<u>1,806,620</u>	<u>3,131,543</u>	<u>20,960</u>	<b><u>13,925,942</u></b>	<u>13,979,690</u>
<b>Net revenue (expense)</b>	<u>14,392,163</u>	<u>(1,121,277)</u>	<u>(1,520,499)</u>	<u>469,143</u>	<u>(109,694)</u>	<u>(1,139,914)</u>	<u>(2,237,936)</u>	<u>(13,176)</u>	<b><u>8,718,810</u></b>	<u>2,882,748</u>

**TOWNSHIP OF NORTH HURON  
TRUST FUNDS  
FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**SEEBACH & COMPANY**  
*Chartered Professional Accountants*

## INDEPENDENT AUDITOR'S REPORT

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To the Members of Council, Inhabitants and Ratepayers  
of the Corporation of the Township of North Huron

### *Opinion*

We have audited the accompanying financial statements of the trust funds of the Corporation of the Township of North Huron ("the Company"), which are comprised of the balance sheet as at December 31, 2023 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 Company as at December 31, 2023, 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 Company 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company'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 Company'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 Company'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 Company 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  
November 4, 2024

**TOWNSHIP OF NORTH HURON  
TRUST FUNDS**

**BALANCE SHEET**

As at December 31

	<b>Cemetery Perpetual Care</b>	
	<b>2023</b>	<b>2022</b>
<b>Assets</b>		
Cash	602,550	571,887
<b>Liabilities</b>		
Due to general fund	-	-
<b>Net trust fund balance</b>	<u><u>\$ 602,550</u></u>	<u><u>\$ 571,887</u></u>

**STATEMENT OF CONTINUITY**

For the Year Ended December 31

	<b>Cemetery Perpetual Care</b>	
	<b>2023</b>	<b>2022</b>
<b>Revenue</b>		
Perpetual care	20,684	19,304
Interest earned	30,031	11,654
	<u>50,715</u>	<u>30,958</u>
<b>Expenses</b>		
Transfers to cemetery	20,052	7,876
<b>Excess of revenue over expenses for the year</b>	<b>30,663</b>	<b>23,082</b>
<b>Fund balance, beginning of year</b>	<u>571,887</u>	<u>548,805</u>
<b>Fund balance, end of year</b>	<u><u>\$ 602,550</u></u>	<u><u>\$ 571,887</u></u>

**TOWNSHIP OF NORTH HURON**  
**TRUST FUNDS**  
**NOTES TO FINANCIAL STATEMENTS**

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**For the Year Ended December 31, 2023**

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**1. Accounting Policies**

Significant aspects of accounting policies adopted by the Township 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 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 Township of North Huron.

c) Basis of accounting

Sources of financing and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized 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.