

TOWNSHIP OF NORTH HURON
FINANCIAL STATEMENTS
DECEMBER 31, 2024

SEEBACH & COMPANY
Chartered Professional Accountants



MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

Nelson Santos
Chief Administrative Officer

Annette Fletcher
Director of Finance / Treasurer

October 2, 2026

INDEPENDENT AUDITOR'S REPORT

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, 2024 and the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the 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
October 2, 2026

TOWNSHIP OF NORTH HURON
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31	2024	2023
FINANCIAL ASSETS		
Cash	28,655,233	30,827,775
Taxes receivable	832,369	641,038
Accounts receivable	3,148,095	1,494,158
Long-term investments (note 4)	1,220,356	1,620,038
	<u>33,856,053</u>	<u>34,583,009</u>
LIABILITIES		
Accounts payable and accrued liabilities	2,377,502	1,799,139
Deferred revenue - obligatory reserve funds	1,815,934	2,090,467
Municipal debt (note 7)	141,042	230,257
Asset retirement obligations (note 8)	4,446,094	4,360,595
	<u>8,780,572</u>	<u>8,480,458</u>
NET FINANCIAL ASSETS	\$ 25,075,481	\$ 26,102,551
NON-FINANCIAL ASSETS		
Tangible capital assets, net (note 9)	<u>56,548,363</u>	<u>52,009,224</u>
ACCUMULATED SURPLUS (note 12)	<u>\$ 81,623,844</u>	<u>\$ 78,111,775</u>

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	2024 Budget	2024 Actual	2023 Actual
Revenue			
Taxation for municipal purposes	7,620,024	7,534,833	7,284,789
User fees, licences, permits, and donations	4,286,338	5,151,822	5,417,299
Government transfers - Canada and Ontario (note 10)	2,260,826	2,700,365	2,259,059
Government transfers - other municipalities	1,854,843	2,120,532	2,266,784
Investment income	500,750	1,595,426	1,353,624
Penalties and interest on taxes	60,000	62,057	80,126
Gain (loss) on disposition of tangible capital assets	-	(1,240,535)	3,983,071
	<u>16,582,781</u>	<u>17,924,500</u>	<u>22,644,752</u>
Expenditure			
General government	1,966,711	2,039,362	1,651,356
Protection to persons and property	1,927,861	1,811,542	1,972,340
Transportation services	2,759,398	2,414,308	2,353,318
Environmental services	2,984,975	3,054,833	2,813,510
Health services	147,031	172,391	176,295
Social and family services	2,016,971	1,863,760	1,806,620
Recreation and cultural services	2,937,195	2,755,708	2,845,869
Planning and development	393,011	300,527	306,634
	<u>15,133,153</u>	<u>14,412,431</u>	<u>13,925,942</u>
Annual surplus (deficit)	1,449,628	3,512,069	8,718,810
Accumulated surplus, beginning of year	<u>78,111,775</u>	<u>78,111,775</u>	<u>69,392,965</u>
Accumulated surplus, end of year	<u><u>\$ 79,561,403</u></u>	<u><u>\$ 81,623,844</u></u>	<u><u>\$ 78,111,775</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**

For the year ended December 31	2024 Budget	2024 Actual	2023 Actual
Annual surplus (deficit)	1,449,628	3,512,069	8,718,810
Amortization of tangible capital assets	2,332,681	2,261,850	2,403,512
Net acquisition of tangible capital assets	(4,271,300)	(8,041,524)	2,075,399
Loss (gain) on sale of tangible capital assets	-	1,240,535	(3,983,071)
	(488,991)	(1,027,070)	9,214,650
Net financial assets, beginning of year		26,102,551	16,887,901
Net financial assets, end of year		\$ 25,075,481	\$ 26,102,551

The accompanying notes are an integral part of this financial statement

TOWNSHIP OF NORTH HURON
CONSOLIDATED STATEMENT OF CASH FLOW

For the year ended December 31	2024	2023
Operating activities		
Annual surplus (deficit)	3,512,069	8,718,810
Amortization expense not requiring cash outlay	2,261,850	2,403,512
Loss (gain) on disposition of tangible capital assets	1,240,535	(3,983,071)
Decrease (increase) in taxes receivable	(191,331)	(83,109)
Decrease (increase) in accounts receivable	(1,653,937)	(393,129)
Increase (decrease) in accounts payable and accrued liabilities	578,363	(385,551)
Increase (decrease) in deferred revenue	(274,533)	709,104
Increase (decrease) in asset retirement obligations	85,499	85,498
Cash provided by (used for) operating activities	<u>5,558,515</u>	<u>7,072,064</u>
Capital activities		
Net disposals (purchases) of tangible capital assets	<u>(8,041,524)</u>	<u>2,075,399</u>
Cash provided by (used for) capital activities	<u>(8,041,524)</u>	<u>2,075,399</u>
Investing activities		
Decrease (increase) in long-term receivables	-	7,772
Decrease (increase) in investments	399,682	-
Cash provided by (used for) investing activities	<u>399,682</u>	<u>7,772</u>
Financing activities		
Principal repayments on long-term debt	<u>(89,215)</u>	<u>(93,322)</u>
Cash provided by (used for) financing activities	<u>(89,215)</u>	<u>(93,322)</u>
Increase (decrease) in cash position	(2,172,542)	9,061,913
Cash (overdraft) beginning of year	<u>30,827,775</u>	<u>21,765,862</u>
Cash (overdraft) end of year	<u>\$ 28,655,233</u>	<u>\$ 30,827,775</u>

The accompanying notes are an integral part of this financial statement

TOWNSHIP OF NORTH HURON
NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2024

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

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. Operations of school boards and county

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

	2024	2023
County of Huron	\$ 2,779,893	\$ 2,641,065
School Boards	1,205,087	1,190,387

3. Trust funds

Trust funds administered by the Township amounting to \$633,859 (2023 : \$602,550) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of financial activities.

4. Long-term investments

	2024	2023
Note receivable, Westario Power Inc.	-	399,682
Common shares, Westario Power Holdings Inc.	<u>1,220,356</u>	<u>1,220,356</u>
	<u>\$ 1,220,356</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 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.

5. 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 2024 was \$328,030 (2023 : \$353,898) 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.

6. 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.

7. Municipal debt

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

	2024	2023
OIPC loan payable, 4.24% interest, \$49,021 blended payment payable semi-annually, due March 2026	<u>\$ 141,042</u>	<u>\$ 230,257</u>

Principal payments recoverable from property owners in the next
five years to finance the bank demand and term loans and municipal debentures are:

2025: \$93,038 2026: \$48,004 2027: \$ nil 2028: \$ nil 2029: \$ nil

8. 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% (2023 : 2%). The estimated total undiscounted future expenditures are \$22,767,404 (2023 : \$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:

	2024	2023
Asset retirement obligation, beginning	4,360,595	4,275,097
Accretion expense	<u>85,499</u>	<u>85,498</u>
Asset retirement obligations, ending	<u>\$ 4,446,094</u>	<u>\$ 4,360,595</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, 2024 is \$880,713 (2023 : \$740,078) 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.

9. 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.

10. Government transfers

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

	2024	2023
Government transfers - Federal		
Investing in Canada Infrastructure Program (ICIP)	469,407	29,243
Canada Community- Building Fund (Gas Tax)	112,865	
Government transfers - Provincial		
Ontario Municipal Partnership Fund (OMPF)	1,256,400	1,283,300
Ontario Community Infrastructure Fund (OCIF)	665,361	667,242
Ontario Ministry of Community Safety and Correctional Services (police funding)	-	24,318
Stewardship Ontario recycling grant	99,973	92,286
Other	96,359	162,670
	<u>\$ 2,700,365</u>	<u>\$ 2,259,059</u>

11. 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.

12. Accumulated surplus

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

	2024	2023
Invested in tangible capital assets	\$ 56,548,363	\$ 52,009,224
General revenue accumulated surplus	5,860,358	1,587,118
Long-term investment in Westario Power	1,220,356	1,620,038
Unfinanced long-term liabilities	(141,042)	(230,257)
Unfinanced asset retirement obligations	(4,446,094)	(4,360,595)
Reserves and reserve funds	<u>22,581,903</u>	<u>27,486,247</u>
	<u>\$ 81,623,844</u>	<u>\$ 78,111,775</u>

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

13. 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.

14. 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.

15. 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 2024 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	4,271,300
Amortization of tangible capital assets	(2,261,850)
Proceeds from debt issue	-
Debt principal repayments	89,216
Net reserve, reserve fund, and surplus transfers	<u>(649,038)</u>
Budgeted surplus (deficit) reported on consolidated statement of operations	<u>\$ 1,449,628</u>

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

	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	TOTAL Net Book Value 2024	TOTAL Net Book Value 2023
Cost											
Balance, beginning of year	2,648,192	21,427,249	3,377,576	3,472,279	658,154	19,332,263	44,228,876	2,220,539	2,988,184	100,353,312	98,936,442
Add: Additions during the year	55,230	595,739	774,821	56,748		3,699,128	1,772,494	736,909	356,902	8,047,971	2,139,897
Less: Disposals during the year		(202,519)	(17,850)	(13,879)		(77,533)	(161,626)	(1,180,066)	(1,449)	(1,654,922)	(723,027)
WIP transfers	16,873	867,050	428,266	281,441		926,650		290,790	(2,811,070)	-	-
Transfers and reallocations	(3,131)	(607,828)				604,780		6,179		-	-
Balance, end of year	<u>2,717,164</u>	<u>22,079,691</u>	<u>4,562,813</u>	<u>3,796,589</u>	<u>658,154</u>	<u>24,485,288</u>	<u>45,839,744</u>	<u>2,074,351</u>	<u>532,567</u>	<u>106,746,361</u>	<u>100,353,312</u>
Accumulated Amortization											
Balance, beginning of year	829,300	10,418,017	1,993,123	2,102,508	346,828	13,397,868	18,093,824	1,162,620	-	48,344,088	46,431,378
Add: Amortization during the year	51,588	596,174	259,143	181,992	40,446	497,132	608,426	26,949		2,261,850	2,403,512
Less: Accumulated amortization on disposals and transfers		(119,195)	(17,850)	(13,879)		(34,083)	(85,432)	(137,501)		(407,940)	(490,802)
Transfers and reallocations	109,470	(451,230)				338,544		3,216		-	-
Balance, end of year	<u>990,358</u>	<u>10,443,766</u>	<u>2,234,416</u>	<u>2,270,621</u>	<u>387,274</u>	<u>14,199,461</u>	<u>18,616,818</u>	<u>1,055,284</u>	<u>-</u>	<u>50,197,998</u>	<u>48,344,088</u>
Net Book Value of											
Tangible Capital Assets	<u>1,726,806</u>	<u>11,635,925</u>	<u>2,328,397</u>	<u>1,525,968</u>	<u>270,880</u>	<u>10,285,827</u>	<u>27,222,926</u>	<u>1,019,067</u>	<u>532,567</u>	<u>\$ 56,548,363</u>	<u>\$ 52,009,224</u>

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

	General Government	Protection	Transportation	Environmental	Health	Social and Family	Recreation and Cultural	Work in Process	TOTAL Net Book Value 2024	TOTAL Net Book Value 2023
Cost										
Balance, beginning of year	1,239,076	5,648,821	23,084,065	48,702,787	325,323	456,534	17,908,522	2,988,184	100,353,312	98,936,442
Add: Additions during the year	127,491	647,292	5,338,644	631,641			946,001	356,902	8,047,971	2,139,897
Less: Disposals during the year		(13,879)	(1,420,965)	(161,626)		(36,980)	(20,023)	(1,449)	(1,654,922)	(723,027)
WIP transfers	689,104	100,755	686,348	1,166,709			168,154	(2,811,070)	-	-
Transfers and reallocation:				16,689			(16,689)		-	-
Balance, end of year	<u>2,055,671</u>	<u>6,382,989</u>	<u>27,688,092</u>	<u>50,356,200</u>	<u>325,323</u>	<u>419,554</u>	<u>18,985,965</u>	<u>532,567</u>	<u>106,746,361</u>	<u>100,353,312</u>
Accumulated Amortization										
Balance, beginning of year	549,971	2,095,786	16,191,409	19,550,753	96,424	251,247	9,608,498	-	48,344,088	46,431,378
Add: Amortization during the year	53,200	225,767	686,754	731,442	10,288	20,207	534,192		2,261,850	2,403,512
Less: Accumulated amortization on disposals and transfers		(13,879)	(257,757)	(85,433)		(30,848)	(20,023)		(407,940)	(490,802)
Transfers and reallocations				6,159			(6,159)		-	-
Balance, end of year	<u>603,171</u>	<u>2,307,674</u>	<u>16,620,406</u>	<u>20,202,921</u>	<u>106,712</u>	<u>240,606</u>	<u>10,116,508</u>	<u>-</u>	<u>50,197,998</u>	<u>48,344,088</u>
Net Book Value of										
Tangible Capital Assets	<u>1,452,500</u>	<u>4,075,315</u>	<u>11,067,686</u>	<u>30,153,279</u>	<u>218,611</u>	<u>178,948</u>	<u>8,869,457</u>	<u>532,567</u>	<u>\$ 56,548,363</u>	<u>\$ 52,009,224</u>

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

	Balance, beginning of year	Revenues and contributions			Transfers out Utilized During Year	Balance, end of year
		Interest	From Operations	Other		
Reserves and reserve funds						
Reserves						
for general government	11,292,385	326,274	1,113,920		(7,171,152)	5,561,427
for protection services	1,055,193	50,658	608,214		(128,340)	1,585,725
for transportation services	1,106,926	32,248	436,570		(566,300)	1,009,444
for environmental services	12,363,690	33,440	2,377,159		(1,871,615)	12,902,674
for health services	76,811	3,982	50,000		(5,489)	125,304
for social and family services	580,398	18,087	186,258		(55,612)	729,131
for recreation and cultural services	982,488	21,346	439,416		(775,052)	668,198
	<u>27,457,891</u>	<u>486,035</u>	<u>5,211,537</u>	<u>-</u>	<u>(10,573,560)</u>	<u>22,581,903</u>
Reserve funds						
Museum Artifacts Restoration	5,466	102			(5,568)	-
Daycare Equipment	22,890	423			(23,313)	-
	<u>28,356</u>	<u>525</u>	<u>-</u>	<u>-</u>	<u>(28,881)</u>	<u>-</u>
Total reserves and reserve funds	<u>27,486,247</u>	<u>486,560</u>	<u>5,211,537</u>	<u>-</u>	<u>(10,602,441)</u>	<u>\$ 22,581,903</u>

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

	Balance, beginning of year	Revenues and contributions			Transfers out Utilized During Year	Balance, end of year
		Interest	From Operations	Other		
Deferred revenue						
Development Charges Act	1,200,821	25,033	57,762		(500,000)	783,616
Parkland	-	1,556	47,156			48,712
Building Code Act	60,575	1,999				62,574
Federal Gas Tax Funds	829,071	43,554		161,272	(112,865)	921,032
	<u>2,090,467</u>	<u>72,142</u>	<u>104,918</u>	<u>161,272</u>	<u>(612,865)</u>	<u>\$ 1,815,934</u>

TOWNSHIP OF NORTH HURON
Segmented Information
For the Year Ended December 31, 2024

	General Government	Protective Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Culture	Planning and Development	Total 2024	Total 2023
Revenue										
Taxation	7,534,833								7,534,833	7,284,789
User charges	148,627	70,598	27,262	3,457,836	87,870	520,393	823,631	15,605	5,151,822	5,417,299
Government transfers	1,256,400	546,124	778,226	135,238		1,479,788	593,063	32,058	4,820,897	4,525,843
Interest and penalties	1,657,483								1,657,483	1,433,750
Other	(1,240,535)								(1,240,535)	3,983,071
	<u>9,356,808</u>	<u>616,722</u>	<u>805,488</u>	<u>3,593,074</u>	<u>87,870</u>	<u>2,000,181</u>	<u>1,416,694</u>	<u>47,663</u>	<u>17,924,500</u>	<u>22,644,752</u>
Operating expenditure										
Wages, salaries and benefits	1,276,948	557,041	800,364	168,947	124,373	1,678,405	1,395,259	94,791	6,096,128	5,336,933
Interest on long term debt	1,978	6,849	-	-	-	-	-	-	8,827	12,494
Materials	351,469	252,782	583,473	588,529	13,033	128,173	666,041	162,899	2,746,399	4,185,519
Contracted services	346,915	655,151	342,750	1,557,876	23,005	16,835	156,392	42,837	3,141,761	1,973,565
Rents	8,852	113,952	967	8,039	1,692	20,140	3,824	-	157,466	13,919
Amortization	53,200	225,767	686,754	731,442	10,288	20,207	534,192	-	2,261,850	2,403,512
	<u>2,039,362</u>	<u>1,811,542</u>	<u>2,414,308</u>	<u>3,054,833</u>	<u>172,391</u>	<u>1,863,760</u>	<u>2,755,708</u>	<u>300,527</u>	<u>14,412,431</u>	<u>13,925,942</u>
Net revenue (expense)	<u>7,317,446</u>	<u>(1,194,820)</u>	<u>(1,608,820)</u>	<u>538,241</u>	<u>(84,521)</u>	<u>136,421</u>	<u>(1,339,014)</u>	<u>(252,864)</u>	<u>3,512,069</u>	<u>8,718,810</u>

**TOWNSHIP OF NORTH HURON
TRUST FUNDS
FINANCIAL STATEMENTS
DECEMBER 31, 2024**

SEEBACH & COMPANY
Chartered Professional Accountants

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers
of the Corporation of the 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, 2024 and the statement of continuity of trust funds for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the 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
October 2, 2026

**TOWNSHIP OF NORTH HURON
TRUST FUNDS**

BALANCE SHEET

As at December 31

	Cemetery Perpetual Care	
	2024	2023
Assets		
Cash	622,796	602,550
Investments, cost		
Due from general fund	11,063	-
Net trust fund balance	<u>\$ 633,859</u>	<u>\$ 602,550</u>

STATEMENT OF CONTINUITY

For the Year Ended December 31

	Cemetery Perpetual Care	
	2024	2023
Revenue		
Perpetual care	16,572	20,684
Interest earned	35,538	30,031
	<u>52,110</u>	<u>50,715</u>
Expenses		
Transfers to cemetery	20,801	20,052
	<u>20,801</u>	<u>20,052</u>
Excess of revenue over expenses for the year	31,309	30,663
Fund balance, beginning of year	<u>602,550</u>	<u>571,887</u>
Fund balance, end of year	<u>\$ 633,859</u>	<u>\$ 602,550</u>

TOWNSHIP OF NORTH HURON
TRUST FUNDS
NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

1. Accounting Policies

Significant aspects of accounting policies adopted by the 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.