

Consolidated Financial Statements of

**THE CORPORATION OF THE
COUNTY OF HURON**

Year ended December 31, 2021

THE CORPORATION OF THE COUNTY OF HURON

Consolidated Financial Statements

Year ended December 31, 2021

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INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of The Corporation of the County of Huron:

Opinion

We have audited the consolidated financial statements of The Corporation of the County of Huron (the Entity), which comprise:

- the consolidated statement of financial position as at December 31, 2021
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of change in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2021 and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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 "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the consolidated 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.



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

In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Auditors' 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 auditors' 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 the financial statements.

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.



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- 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P', with a small upward tick at the end.

Chartered Professional Accountants, Licensed Public Accountants

Kitchener, Canada

August 24, 2022

THE CORPORATION OF THE COUNTY OF HURON

Consolidated Statement of Financial Position

December 31, 2021, with comparative information for 2020

| | 2021 | 2020 |
|---|--------------------|--------------------|
| Financial Assets | | |
| Cash and short-term investments (note 2) | \$ 87,337,141 | \$ 77,120,160 |
| Accounts receivable (note 4) | 4,178,324 | 4,699,064 |
| | <u>91,515,465</u> | <u>81,819,224</u> |
| Financial Liabilities | | |
| Accounts payable and accrued liabilities | 13,347,850 | 10,122,868 |
| Deferred revenue (note 7) | 11,466,939 | 7,790,902 |
| Post-employment benefits obligation (note 5) | 3,957,080 | 3,264,900 |
| Debenture payable (note 6) | 4,015,847 | - |
| | <u>32,787,716</u> | <u>21,178,670</u> |
| Net financial assets | 58,727,749 | 60,640,554 |
| Non-financial Assets | | |
| Prepayments and inventory of materials and supplies (note 8) | 1,425,329 | 1,184,498 |
| Tangible capital assets (note 9) | 163,213,524 | 159,400,710 |
| | <u>164,638,853</u> | <u>160,585,208</u> |
| Accumulated surplus (note 10) | \$ 223,366,602 | \$ 221,225,762 |

The accompanying notes are an integral part of these consolidated financial statements.

Approved by:

_____ Warden

THE CORPORATION OF THE COUNTY OF HURON

Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2021, with comparative information for 2020

| | Budget 2021 | Actual 2021 | Actual 2020 |
|--|-----------------------|--------------------|-----------------------|
| Revenue: | | | |
| Taxation and payments-in-lieu | \$ 45,488,115 | \$ 45,649,410 | \$ 44,568,754 |
| Government transfers - Canada | 2,888,882 | 3,685,283 | 3,920,326 |
| - Ontario | 38,864,538 | 43,788,722 | 43,598,612 |
| - Other municipalities | 230,616 | 816,685 | 130,674 |
| Rents | 4,374,504 | 2,519,006 | 2,669,372 |
| User fees, licences, permits, and service charges | 6,367,467 | 6,428,574 | 6,109,902 |
| Fines | 785,000 | 1,062,387 | 602,124 |
| Investment income | 750,600 | 782,838 | 954,715 |
| Gain (loss) on disposal of tangible capital assets | - | (88,715) | (55,582) |
| Total revenue | 99,749,722 | 104,644,190 | 102,498,897 |
| Expenses: | | | |
| General government | 10,731,795 | 10,727,576 | 9,471,874 |
| Protection services | 946,967 | 884,216 | 737,057 |
| Transportation services | 19,795,308 | 16,938,359 | 17,153,044 |
| Environmental services | 142,000 | 176,592 | 154,473 |
| Health services | 21,110,201 | 24,710,268 | 20,125,704 |
| Social and family services | 33,231,029 | 33,656,396 | 31,590,209 |
| Social and public housing | 8,388,938 | 7,735,740 | 6,938,755 |
| Recreation and cultural services | 5,327,347 | 3,971,381 | 3,623,568 |
| Planning and development | 4,185,844 | 3,702,822 | 3,587,530 |
| Total expenses | 103,859,429 | 102,503,350 | 93,382,214 |
| Annual surplus (before net effect of restructuring gain) | (4,109,707) | 2,140,840 | 9,116,683 |
| Net effect of restructuring gain (note 13) | - | - | 1,303,328 |
| Annual surplus | (4,109,707) | 2,140,840 | 10,420,011 |
| Accumulated surplus, beginning of year | 221,225,762 | 221,225,762 | 210,805,751 |
| Accumulated surplus, end of year | \$ 217,116,055 | 223,366,602 | \$ 221,225,762 |

The accompanying notes are an integral part of these consolidated financial statements.

THE CORPORATION OF THE COUNTY OF HURON

Consolidated Statement of Change in Net Financial Assets

Year ended December 31, 2021, with comparative information for 2020

| | Actual 2021 | Actual 2020 |
|--|----------------|----------------|
| Annual surplus | \$ 2,140,840 | \$ 10,420,011 |
| Increase in prepayments and inventory | (240,831) | (15,831) |
| Amortization of tangible capital assets | 11,775,178 | 11,845,136 |
| Acquisition of tangible capital assets | (16,320,832) | (12,171,237) |
| Loss on disposal of tangible capital assets | 88,715 | 55,582 |
| Net effect of restructuring gain | - | (1,303,328) |
| Net financial assets and prepaid expenses of Health Unit | 8,855 | (79,264) |
| Proceeds on sale of tangible capital assets | 635,270 | 84,884 |
| Change in net financial assets | (1,912,805) | 8,835,953 |
| Net financial assets, beginning of year | 60,640,554 | 51,804,601 |
| Net financial assets, end of year | \$ 58,727,749 | \$ 60,640,554 |

The accompanying notes are an integral part of these consolidated financial statements.

THE CORPORATION OF THE COUNTY OF HURON

Consolidated Statement of Cash Flows

Year ended December 31, 2021, with comparative information for 2020

| | 2021 | 2020 |
|--|---------------|---------------|
| Cash provided by (used in): | | |
| Operating activities: | | |
| Annual surplus | \$ 2,140,840 | \$ 10,420,011 |
| Items not involving cash: | | |
| Amortization of tangible capital assets | 11,775,178 | 11,845,136 |
| Net effect of restructuring gain | - | (1,303,328) |
| Net effect of change in partnership holdings | 8,855 | - |
| Loss disposal of tangible capital assets | 88,715 | 55,582 |
| Interest accrued on debenture payable | 14,171 | - |
| | 14,027,759 | 21,017,401 |
| Change in non-cash assets and liabilities: | | |
| Net financial assets and prepaid expenses of Health Unit | - | (79,264) |
| Accounts receivable | 520,740 | (2,390,987) |
| Accounts payable and accrued liabilities | 3,224,982 | (602,865) |
| Deferred revenue | 3,676,037 | 1,550,242 |
| Prepayments and inventories of materials and supplies | (240,831) | (15,831) |
| Post-employment benefit obligation | 692,180 | (283,900) |
| Net change in cash from operating activities | 21,900,867 | 19,194,796 |
| Capital activities: | | |
| Proceeds on disposal of tangible capital assets | 635,270 | 84,884 |
| Cash used to acquire tangible capital assets | (16,320,832) | (12,171,237) |
| Net change in capital activities | (15,685,562) | (12,086,353) |
| Financing activities: | | |
| Debenture borrowings | 4,001,676 | - |
| | 4,001,676 | - |
| Increase in cash | 10,216,981 | 7,108,443 |
| Cash, beginning of year | 77,120,160 | 70,011,717 |
| Cash, end of year | \$ 87,337,141 | \$ 77,120,160 |

The accompanying notes are an integral part of these consolidated financial statements.

THE CORPORATION OF THE COUNTY OF HURON

Notes to Consolidated Financial Statements

Year ended December 31, 2021

The Corporation of the County of Huron (the “County”) is a municipality operating pursuant to the Municipal Act. The County provides municipal services such as ambulance, public works, planning, environmental, health, community housing, cultural services and other general government operations.

1. Significant accounting policies:

The consolidated financial statements of the County are prepared by management in accordance with Canadian generally accepted accounting principles for governments as recommended by the Public Sector Accounting Board (“PSAB”) of the Canadian Institute of Chartered Accountants. Significant accounting policies adopted by the County are as follows:

(a) Basis of consolidation:

(i) Consolidated entities:

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the reporting entity. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the County and which are owned or controlled by the County.

The following boards and operations are included:

Huron County Board of Health
Huron County Library Board

Interdepartmental and inter-organizational transactions and balances between County departments and boards have been eliminated.

Under PSAB standards, the County reports only its share of assets, liabilities and results of operations of any government partnerships in which it participates. The County participates annually in the Huron Perth Public Health to the extent of its share of the prior year’s weighted property assessment totals for the participating municipalities. For 2021, the County’s share is 43.11% (2020 - 43.27%) based on 2020 weighted assessment totals, as stated in the agreement with the other participants, the County of Perth, City of Stratford and the Town of St. Marys.

(ii) Trust funds:

Trust funds and their related operations administered by the County are not included in these consolidated financial statements.

(b) Basis of accounting:

The County follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

THE CORPORATION OF THE COUNTY OF HURON

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

1. Significant accounting policies (continued):

(c) Government transfers:

Government transfers received relate to public works, social services, child care, housing and health programs. Government transfers paid relate to social services programs. 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 of the amounts can be made.

(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.

(i) Tangible capital assets:

Tangible capital assets are recorded at cost which includes 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:

| Asset | Useful Life Years |
|---|----------------------|
| Land | Indefinite |
| Land improvements | 30 years |
| Buildings and building improvements | 20-60 years |
| Transportation infrastructures roads and bridges | 22-75 years |
| Vehicles and heavy equipment | 5-15 years |
| Information technology and equipment | 4 years |
| General equipment, furniture and fixtures | 5 years |
| Library books | 10 years |

Annual amortization is charged in the year following acquisition and in the year of disposal. Assets under construction are not amortized until the year following the year the asset is in service.

(ii) Contributions of tangible capital assets:

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

(iii) Leases:

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks of ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related payments are charged as expenses as they are incurred.

THE CORPORATION OF THE COUNTY OF HURON

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

1. Significant accounting policies (continued):

(d) Non-financial assets (continued):

(iv) Natural resources:

Natural resources that have not been purchased are not recognized as assets in the financial statements.

(v) Works of art and cultural and historic assets:

Works of art and cultural and historic assets are not recorded as assets in these financial statements.

(vi) Inventories:

Inventories held for consumption are recorded at the lower of cost and replacement cost.

(e) Deferred revenue:

Deferred revenue represents licenses, permits and other fees which have been collected, but for which the related services or inspections have yet to be performed. These amounts will be recognized as revenue in the fiscal year the services are performed.

(f) Cash equivalents:

Cash equivalents include short-term highly liquid investments with a term to maturity of one year or less at acquisition.

(g) Use of estimates:

The preparation of financial statements 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 expenses during the period. Significant estimates include assumptions used in estimating provisions for accrued liabilities and in performing actuarial valuations of employee future benefits.

In addition, the County's implementation of the Public Sector Accounting Handbook PS3150 has required management to make estimates of historical cost and useful lives of tangible capital assets.

Actual results could differ from these estimates.

(h) Investment income:

Investment income is reported as revenue in the period earned. When required by the funding government or related Act, investment income earned on deferred revenue is added to the investment and forms part of the deferred revenue balance.

THE CORPORATION OF THE COUNTY OF HURON

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

1. Significant accounting policies (continued):

(i) Post-employment benefits:

For self-insured retirement and other employee future benefits that vest or accumulate over the periods of service provided by employees, such as retirement gratuities, compensated absences and health, dental and life insurance benefits for retirees, the cost is actuarially determined using the projected benefits method prorated on service. Under this method, the benefit costs are recognized over the expected average service life of the employee group. Any actuarial gains and losses related to the past service of employees are amortized over the expected average remaining service life of the employee group.

(i) For those self-insured benefit obligations that arise from specific events that occur from time to time, such as obligations for workers' compensation and life insurance and health care benefits for those on disability leave, the cost is recognized immediately in the period the events occur. Any actuarial gains and losses that are related to these benefits are recognized immediately in the period they arise.

(ii) The costs of multi-employer defined contribution pension plan benefits, such as the Ontario Municipal Employees Retirement System ("OMERS") pensions, are the employer's contributions due to the plan in the period.

(j) Contaminated sites:

PS 3260 requires that a liability for a contaminated site be recognized when, as at the financial reporting date, all of the following criteria are met with respect to a site or partial site:

- (a) An environmental standard exists;
- (b) Contamination exceeds the environmental standard;
- (c) The government:
 - (i) Is directly responsible; or
 - (ii) Accepts responsibility;
- (d) it is expected that future economic benefits will be given up; and
- (e) a reasonable estimate of the amount can be made.

As at December 31, 2021, the County is not aware of any sites which would meet the criteria, in accordance with PSAB 3260, and therefore no liability is recorded on the statement of financial position.

THE CORPORATION OF THE COUNTY OF HURON

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

2. Cash and short-term investments:

| | 2021 | 2020 |
|------------------------|----------------------|----------------------|
| Cash | \$ 70,214,583 | \$ 56,363,218 |
| Short-term investments | 17,122,558 | 20,756,942 |
| Total | \$ 87,337,141 | \$ 77,120,160 |

The total of short-term investments \$17,122,558 (2020 - \$20,756,942) recorded on the statement of financial position at cost have a market value of \$16,997,092 (2020 - \$20,772,492). Cash is earning interest at a rate of Bank Prime less 1.70%. Short-term investments are earning interest at rates from 2.15% - 2.92%.

3. Trust funds:

Trust funds administered by the County amounting to \$337,206 (2020 - \$336,427) have not been included in the statement of financial position nor have their operations been included in the consolidated statement of financial activities.

4. Accounts receivable:

Accounts receivable include Provincial Offences fines outstanding of \$2,891,572 (2020 - \$2,755,542) less an allowance for doubtful accounts of \$2,490,888 (2020 - \$2,426,883) calculated on the basis of past experience.

5. Employee benefits and other liabilities:

Information about the County's benefit plans is as follows:

| | 2021 | 2020 |
|--|---------------------|---------------------|
| Accrued benefit obligation: | | |
| Balance, beginning of year | \$ 3,264,900 | \$ 3,548,800 |
| Current benefit cost | 874,480 | 190,400 |
| Recognition of curtailment | — | (328,900) |
| Interest | 81,100 | 104,200 |
| Benefits paid | (263,400) | (249,600) |
| Post-employment benefits obligation | \$ 3,957,080 | \$ 3,264,900 |

THE CORPORATION OF THE COUNTY OF HURON

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

5. Employee benefits and other liabilities (continued):

Retiree benefits:

The County pays a percentage of the cost of certain life insurance benefits on behalf of the retired employees as well as extended health and dental benefits for eligible early retirees to age 65. The County recognizes these post-retirement costs in the period in which the employees rendered the services. The most recent actuarial valuation was performed as at December 31, 2021.

The main actuarial assumptions employed for the valuations are as follows:

(a) Interest (discount rate):

The obligation as at December 31, 2021, of the present value of future liabilities and the expense for the 12 months ended December 31, 2021, were determined using a discount rate of 2.2 % (2020 - 3.2%).

(b) Medical costs:

Medical costs were assumed to increase at rates between 4.0% and 6.04%.

(c) Dental costs:

Dental costs were assumed to increase at the rate of 4.0% per year.

The County makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS) which is a multi-employer plan, on behalf of members of County of Huron staff. This plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on their length of service and rate of pay. Employees and employers contribute jointly to the plan. The amount contributed to OMERS by the municipality for 2021 was \$2,999,511 (2020 - \$3,034,757). The contribution rate was 9% to 14.6% depending on income level for 2021 (2020 - 9.0% - 14.6%). The County's proportionate share of OMERS contributions related to Huron Perth Public Health amounted to approximately \$486,863.

Because OMERS is a multi-employer pension plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the municipality does not recognize any share of the OMERS pension surplus or deficit. The last available report for the OMERS plan was December 31, 2021. At that time, the Plan reported a \$3.1 billion actuarial deficit (2020 - \$3.2 billion actuarial deficit).

THE CORPORATION OF THE COUNTY OF HURON

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

6. Debenture payable:

Debenture payable outstanding as at December 31, 2021 includes principal and accrued interest of \$14,171 and is payable to Ontario Infrastructure and Land Corporation. The Debenture carries an interest rate of 2.81% (compounded semi-annually), term of 20 years and with a maturity date of November 15, 2041.

Future principal payments for debenture payable are as follows:

| | Principal |
|---------------------|------------------|
| 2022 | \$ 200,084 |
| 2023 | 200,084 |
| 2024 | 200,084 |
| 2025 | 200,084 |
| 2026 and thereafter | 3,201,340 |
| | <u>4,001,676</u> |

7. Deferred revenue:

| | Balance, beginning of year | Amounts related to Huron Perth Public Health | Interest | Contributions | Revenue earned | Balance, end of year |
|----------------------------------|----------------------------------|---|------------------|----------------------|------------------------|----------------------------|
| Obligatory reserve funds: | | | | | | |
| Reserves: | | | | | | |
| Federal gas tax funds | \$ 1,470,065 | \$ — | \$ 17,950 | \$ 3,847,702 | \$ (2,669,139) | \$ 2,666,578 |
| COVID-19 Funding | 1,249,402 | — | — | 734,943 | (417,534) | 1,566,811 |
| | <u>2,719,467</u> | — | 17,950 | 4,582,645 | (3,086,673) | 4,233,389 |
| Other: | | | | | | |
| Provincial grants | 4,826,165 | 308,273 | 12,694 | 34,630,599 | (32,952,489) | 6,825,242 |
| Federal grants | — | 15,190 | — | 542,139 | (510,048) | 47,281 |
| Rental security deposits | 42,879 | — | — | — | (2,257) | 40,622 |
| Other | 202,391 | — | 387 | 261,916 | (144,289) | 320,405 |
| | <u>5,071,435</u> | <u>323,463</u> | <u>13,081</u> | <u>35,434,654</u> | <u>(33,609,083)</u> | <u>7,233,550</u> |
| Total | \$ 7,790,902 | \$ 323,463 | \$ 31,031 | \$ 40,017,299 | \$ (36,695,756) | \$ 11,466,939 |

8. Prepayments and inventory of materials and supplies:

Inventory of materials and supplies is shown at cost and consists of information technology prepaid maintenance contracts, road department fuel, culverts, and other materials; ambulance (EMS) medical supplies and equipment; and economic development signs, training publications and promotional materials.

THE CORPORATION OF THE COUNTY OF HURON

Consolidated notes to Financial Statements

Year ended December 31, 2021

9. Tangible capital assets:

| Cost | Balance at December 31, 2020 | Amounts related to Huron Perth Public Health | Additions | Disposals | Transfers | Balance at December 31, 2021 |
|---------------------------|------------------------------------|--|----------------------|-----------------------|-------------|------------------------------------|
| Land | \$ 1,931,111 | 198,306 | \$ - | \$ - | \$ - | \$ 2,129,417 |
| Land improvements | 998,133 | - | - | - | - | 998,133 |
| Buildings | 68,482,119 | 2,416,118 | 1,666,427 | (860,502) | 1,240,325 | 72,944,487 |
| Machinery and equipment | 10,787,468 | 147,867 | 986,871 | (1,285,406) | 117,166 | 10,753,966 |
| IT equipment | 1,943,915 | 437,284 | 423,035 | (230,365) | 763 | 2,574,632 |
| Vehicles | 12,551,521 | - | 1,382,081 | (1,189,653) | - | 12,743,949 |
| Roads | 437,127,052 | - | 1,786,968 | (1,446,859) | 5,274,471 | 442,741,632 |
| Bridges and culverts | 81,503,010 | - | 6,595,641 | (711,162) | 239,974 | 87,627,463 |
| Library books | 3,547,610 | - | 339,700 | (379,602) | - | 3,507,708 |
| Assets under construction | 7,378,069 | - | 2,851,326 | (134,139) | (6,872,699) | 3,222,557 |
| Total | \$ 626,250,008 | 3,199,575 | \$ 16,032,049 | \$ (6,237,688) | \$ - | \$ 639,243,944 |

| Accumulated Amortization | Balance at December 31, 2020 | Amounts related to Huron Perth Public Health | Amortization | Disposals | Transfers | Balance at December 31, 2021 |
|-----------------------------|------------------------------------|--|----------------------|-----------------------|-------------|------------------------------------|
| Land | \$ - | - | \$ - | \$ - | \$ - | \$ - |
| Land improvements | 227,466 | - | 33,271 | - | - | 260,737 |
| Buildings | 29,335,277 | 545,763 | 1,887,194 | (459,587) | - | 31,308,647 |
| Machinery and equipment | 8,088,113 | 59,877 | 760,562 | (1,285,406) | - | 7,623,146 |
| IT equipments | 1,005,600 | 264,135 | 348,788 | (225,791) | - | 1,392,732 |
| Vehicles | 7,208,420 | - | 1,146,056 | (1,063,075) | - | 7,291,401 |
| Roads | 380,701,892 | - | 5,634,793 | (1,444,001) | - | 384,892,684 |
| Bridges and culverts | 40,743,575 | - | 1,302,670 | (656,243) | - | 41,390,002 |
| Library books | 1,933,873 | - | 316,800 | (379,602) | - | 1,871,071 |
| Assets under construction | - | - | - | - | - | - |
| Total | \$ 469,244,216 | 869,775 | \$ 11,430,134 | \$ (5,513,705) | \$ - | \$ 476,030,420 |

| | Net book value, December 31, 2020 | Net book value, December 31, 2021 |
|---------------------------|---|---|
| Land | \$ 2,130,152 | \$ 2,129,417 |
| Land improvements | 770,667 | 737,396 |
| Buildings | 41,020,358 | 41,635,840 |
| Machinery and equipment | 2,780,970 | 3,130,820 |
| IT equipment | 1,179,061 | 1,181,900 |
| Vehicles | 5,343,101 | 5,452,548 |
| Roads | 56,425,160 | 57,848,948 |
| Bridges and culverts | 40,759,435 | 46,237,461 |
| Library books | 1,613,737 | 1,636,637 |
| Assets under construction | 7,378,069 | 3,222,557 |
| Total | \$ 159,400,710 | \$ 163,213,524 |

THE CORPORATION OF THE COUNTY OF HURON

Consolidated notes to Financial Statements

Year ended December 31, 2021

9. Tangible capital assets:

| Cost | Balance at December 31, 2019 | Amounts related to Huron Perth Public Health | Additions | Disposals | Transfers | Balance at December 31, 2020 |
|---------------------------|------------------------------------|--|----------------------|-----------------------|-------------|------------------------------------|
| Land | \$ 1,922,494 | 199,043 | \$ 8,615 | \$ - | \$ - | \$ 2,130,152 |
| Land improvements | 998,133 | - | - | - | - | 998,133 |
| Buildings | 70,346,633 | 2,280,395 | 742,235 | (2,633,430) | 12,203 | 70,748,036 |
| Machinery and equipment | 10,668,554 | 174,351 | 867,225 | (732,426) | 8,623 | 10,986,327 |
| IT equipment | 2,449,369 | 385,010 | 346,651 | (817,641) | - | 2,363,389 |
| Vehicles | 12,205,787 | - | 873,369 | (527,635) | - | 12,551,521 |
| Roads | 434,753,085 | - | 3,749,471 | (1,375,504) | - | 437,127,052 |
| Bridges and culverts | 79,609,301 | - | 1,074,851 | (134,475) | 953,333 | 81,503,010 |
| Library books | 3,700,879 | - | 240,800 | (394,069) | - | 3,547,610 |
| Assets under construction | 4,265,893 | - | 4,086,335 | - | (974,159) | 7,378,069 |
| Total | \$ 620,920,128 | 3,038,799 | \$ 11,989,552 | \$ (6,615,180) | \$ - | \$ 629,333,299 |

| Accumulated Amortization | Balance at December 31, 2019 | Amounts related to Huron Perth Public Health | Amortization | Disposals | Transfers | Balance at December 31, 2020 |
|-----------------------------|------------------------------------|--|----------------------|-----------------------|-------------|------------------------------------|
| Land | \$ - | - | \$ - | \$ - | \$ - | \$ - |
| Land improvements | 194,194 | - | 33,272 | - | - | 227,466 |
| Buildings | 28,913,928 | 397,226 | 1,926,544 | (1,510,020) | - | 29,727,678 |
| Machinery and equipment | 8,055,211 | 102,389 | 774,952 | (727,195) | - | 8,205,357 |
| IT equipments | 1,403,015 | 144,264 | 400,210 | (763,161) | - | 1,184,328 |
| Vehicles | 6,620,750 | - | 1,087,708 | (500,038) | - | 7,208,420 |
| Roads | 376,299,141 | - | 5,773,045 | (1,370,294) | - | 380,701,892 |
| Bridges and culverts | 39,604,144 | - | 1,270,944 | (131,513) | - | 40,743,575 |
| Library books | 1,997,262 | - | 330,680 | (394,069) | - | 1,933,873 |
| Assets under construction | - | - | - | - | - | - |
| Total | \$ 463,087,645 | 643,879 | \$ 11,597,355 | \$ (5,396,290) | \$ - | \$ 469,932,589 |

| | Net book value, December 31, 2019 | Net book value, December 31, 2020 |
|---------------------------|---|---|
| Land | \$ 1,922,494 | \$ 2,130,152 |
| Land improvements | 803,939 | 770,667 |
| Buildings | 41,432,705 | 41,020,358 |
| Machinery and equipment | 2,613,343 | 2,780,970 |
| IT equipment | 1,046,354 | 1,179,061 |
| Vehicles | 5,585,037 | 5,343,101 |
| Roads | 58,453,944 | 56,425,160 |
| Bridges and culverts | 40,005,157 | 40,759,435 |
| Library books | 1,703,617 | 1,613,737 |
| Assets under construction | 4,265,893 | 7,378,069 |
| Total | \$ 157,832,483 | \$ 159,400,710 |

THE CORPORATION OF THE COUNTY OF HURON

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

10. Accumulated surplus:

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

| | 2021 | 2020 |
|---|-----------------------|-----------------------|
| General revenue accumulated (deficit)/surplus | \$ (757,124) | \$ 1,087,778 |
| Investment in County tangible capital assets | 160,883,724 | 157,005,792 |
| Reserves and reserve funds | 61,277,105 | 60,436,877 |
| Share of Huron Perth Public Health | 1,962,897 | 2,695,315 |
| | <u>\$ 223,366,602</u> | <u>\$ 221,225,762</u> |

For additional information, see the consolidated schedule of continuity of reserves, reserve funds, and obligatory deferred revenue.

11. Contingent liability:

The County has been notified of liability claims. Because the claims are either within the County's insurance coverage or the outcome and measurement cannot be reliably determined, no provision has been made for the contingency in the financial statements.

THE CORPORATION OF THE COUNTY OF HURON

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

12. Restructuring Transaction:

Effective January 1, 2020 the Perth District Health Unit and the Corporation of the County of Huron Board of Health amalgamated to form a new organization operating as Huron Perth Public Health. Prior to the amalgamation there was no relationship between these two organizations. Huron Perth Public Health's mission is to work in partnership with the community to foster conditions in which people can be healthy.

Effective January 1, 2020, the County of Huron Board of Health transferred \$21,934 of current assets, \$743,856 of current liabilities, and \$59,709 of furniture and equipment, by way of a settlement payment of \$862,869, resulting in a restructuring loss of \$200,656.

On June 30, 2020, the County of Huron Board of Health transferred property which included land and building, having a carrying amount of \$1,018,717 in exchange for \$2. This resulted in a restructuring loss amounting to \$1,018,715. The property transferred, as at the date of transfer, was estimated to have a fair value of \$3,747,750.

The accumulated surplus of Huron Perth Public Health on January 1, 2020 prior to the transfer of assets amounted to \$1,881,729.

The net consolidated restructuring gain of \$1,303,328 has been recorded as net restructuring gain within the consolidated statement of operations.

| Components of net restructuring gain/(loss) | 2020 |
|--|----------------|
| Disposal of tangible capital assets | \$ (1,078,424) |
| Settlement of financial assets and liabilities transferred | (140,947) |
| Proportionate share of Huron Perth Public Health opening accumulated surplus | 814,224 |
| Proportionate share of restructuring gains realized by Huron Perth Public Health | 1,708,475 |
| Net restructuring gain | \$ 1,303,328 |

THE CORPORATION OF THE COUNTY OF HURON

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

13. Government Partnership:

The County of Huron is a partner in Huron Perth Public Health. The County provides 43.11% (2020 - 43.27% of the municipal funding for the Cost Shared Mandatory related programs. The County's share of the results of Huron Perth Public Health's financial results from operations for the year and its financial position at year-end have been consolidated within these financial statements. Huron Perth Public Health's financial results and financial performance are as follows:

| | 2021 | 2020 |
|---|--------------|--------------|
| Financial assets | \$ 2,711,957 | \$ 2,756,590 |
| Liabilities | (3,731,424) | (2,233,731) |
| Non-financial assets | 5,572,695 | 5,706,203 |
| Accumulated surplus | 4,553,228 | 6,229,062 |
| Revenues | 23,077,870 | 18,770,997 |
| Expenses | 24,424,804 | 18,372,070 |
| Annual (deficit) surplus (before restructuring gains) | (1,346,934) | 398,927 |
| Restructuring gains | – | 3,948,406 |
| Annual (deficit) / surplus | (1,346,934) | 4,347,333 |

The County's share of Huron Perth Public Health's assets, liabilities and accumulated surplus are as follows:

| | 2021 | 2020 |
|----------------------|--------------|--------------|
| Financial assets | \$ 1,169,125 | \$ 1,192,777 |
| Liabilities | (1,608,617) | (966,535) |
| Non-financial assets | 2,402,389 | 2,469,073 |
| Accumulated surplus | \$ 1,962,897 | \$ 2,695,315 |

THE CORPORATION OF THE COUNTY OF HURON

Schedule 1 - Consolidated Schedule of Continuity of Reserves, Reserve Funds

For the year ended December 31, 2021, with comparative information for 2020

| | Balance, beginning of Year | Revenues and Contributions | | Transfers to Operations | Balance, end of Year |
|---|----------------------------------|----------------------------|----------------------|-------------------------------|----------------------------|
| | | Interest | From Operations | | |
| Reserves and reserve funds: | | | | | |
| Reserves: | | | | | |
| Working funds | \$ - | \$ - | \$ - | \$ - | \$ - |
| Contingencies | 11,677,843 | - | 3,478,419 | (2,722,000) | 12,434,262 |
| Committed capital projects | 9,595,930 | - | 6,065,011 | (9,595,930) | 6,065,011 |
| Committed operating projects | 245,785 | - | 683,984 | (200,381) | 729,388 |
| Workers' safety and insurance | 200,000 | - | - | - | 200,000 |
| Health services | - | - | - | - | - |
| Health services and ambulance stations | - 2,000,424 | - - | - 129,104 | - - | - 2,129,528 |
| Library books | 106,754 | - | 46,794 | (63,700) | 89,848 |
| | 23,826,736 | - | 10,403,312 | (12,582,011) | 21,648,037 |
| Reserve Funds: | | | | | |
| Equipment replacement | 7,316,183 | 69,460 | 1,269,729 | (1,208,408) | 7,446,964 |
| Global information systems | - | - | - | - | - |
| Insurance | 1,000,000 | - | - | - | 1,000,000 |
| Facilities capital | 6,675,904 | 63,381 | 626,034 | - | 7,365,319 |
| Accessibility | - | - | - | - | - |
| Huron Heritage expenditures | - | - | - | - | - |
| Transportation services | 15,293,052 | 145,193 | 2,011,382 | - | 17,449,627 |
| Waste management planning | 500,000 | - | - | - | 500,000 |
| Homes for the aged | 2,822,772 | 26,800 | 259,955 | (653,602) | 2,455,925 |
| Social housing | 760,916 | 7,224 | 273,695 | - | 1,041,835 |
| Library CAP | 59,242 | 562 | - | - | 59,804 |
| Economic development | 1,334,935 | 12,674 | - | (38,097) | 1,309,512 |
| Forestry | 165,148 | 1,568 | 51,689 | - | 218,405 |
| Water source protection | 681,989 | 6,475 | 93,213 | - | 781,677 |
| | 36,610,141 | 333,337 | 4,585,697 | (1,900,107) | 39,629,068 |
| Total reserve and reserve funds | \$ 60,436,877 | \$ 333,337 | \$ 14,989,009 | \$ (14,482,118) | \$ 61,277,105 |

THE CORPORATION OF THE COUNTY OF HURON

Schedule 2 - Consolidated Segmented Information

Year ended December 31, 2021

| | General Government | Protection Services | Transportation Services | Environmental Services | Health Services | Social and Family Services | Social and Public Housing | Recreation and Culture | Planning and Development | 2021 | Total |
|---|-----------------------|------------------------|----------------------------|---------------------------|-------------------|-------------------------------|---------------------------------|---------------------------|-----------------------------|-----------|------------------|
| Revenues: | | | | | | | | | | | |
| Taxation | \$ 3,650,684 | \$ 327,083 | \$ 16,600,715 | \$ 107,000 | \$ 8,236,932 | \$ 5,329,940 | \$ 3,342,757 | \$ 4,716,471 | \$ 3,337,828 | \$ | 45,649,410 |
| User charges | 425,346 | 1,060,555 | 244,160 | - | 272,949 | 5,293,230 | 2,020,282 | 88,466 | 604,979 | | 10,009,967 |
| Government transfers | 1,843,170 | - | 2,659,876 | 28,183 | 16,433,604 | 23,551,272 | 2,865,487 | 411,622 | 497,476 | | 48,290,690 |
| Investment income | 782,537 | - | - | - | 301 | - | - | - | - | | 782,838 |
| Other | 388,639 | - | (117,010) | - | 15,908 | (376,252) | - | - | - | | (88,715) |
| | 7,090,376 | 1,387,638 | 19,387,741 | 135,183 | 24,959,694 | 33,798,190 | 8,228,526 | 5,216,559 | 4,440,283 | | 104,644,190 |
| Expenses: | | | | | | | | | | | |
| Wages, salaries and benefits | 4,798,545 | 353,314 | 4,185,172 | - | 20,389,618 | 18,362,286 | 1,403,334 | 3,052,787 | 2,691,215 | | 55,236,271 |
| Contract services | 2,127,466 | 129,143 | 1,128,331 | 176,592 | 838,616 | 8,358,762 | 3,154,227 | 245,222 | 234,964 | | 16,393,323 |
| Supplies, materials and equipment | 2,787,700 | 401,755 | 3,634,053 | - | 2,531,874 | 6,255,516 | 2,407,212 | 328,872 | 751,596 | | 19,098,578 |
| Amortization of tangible capital assets | 1,013,865 | 4 | 7,990,803 | - | 950,160 | 679,832 | 770,967 | 344,500 | 25,047 | | 11,775,178 |
| | 10,727,576 | 884,216 | 16,938,359 | 176,592 | 24,710,268 | 33,656,396 | 7,735,740 | 3,971,381 | 3,702,822 | | 102,503,350 |
| Annual surplus (deficit) before restructuring gain | \$ (3,637,200) | \$ 503,422 | \$ 2,449,382 | \$ (41,409) | \$ 249,426 | \$ 141,794 | \$ 492,786 | \$ 1,245,178 | \$ 737,461 | \$ | 2,140,840 |

THE CORPORATION OF THE COUNTY OF HURON

Schedule 2 - Consolidated Segmented Information

Year ended December 31, 2021

| | General Government | Protection Services | Transportation Services | Environmental Services | Health Services | Social and Family Services | Social and Public Housing | Recreation and Culture | Planning and Development | 2020 | Total |
|---|-----------------------|------------------------|----------------------------|---------------------------|---------------------|-------------------------------|---------------------------------|---------------------------|-----------------------------|-----------|------------------|
| Revenues: | | | | | | | | | | | |
| Taxation | \$ 3,024,505 | \$ 323,784 | \$ 16,608,266 | \$ 100,000 | \$ 8,153,614 | \$ 5,301,317 | \$ 3,293,759 | \$ 4,553,850 | \$ 3,209,659 | \$ | 44,568,754 |
| User charges | 155,684 | 599,579 | 285,241 | - | 624,019 | 5,257,861 | 1,917,715 | 41,232 | 500,067 | | 9,381,398 |
| Government transfers | 1,989,915 | - | 5,708,210 | 37,432 | 13,240,395 | 22,923,482 | 3,039,225 | 337,061 | 373,892 | | 47,649,612 |
| Investment income | 951,240 | - | - | - | 3,059 | - | 416 | - | - | | 954,715 |
| Other | 40,410 | - | 49,111 | - | (59,710) | (15,419) | (69,974) | - | - | | (55,582) |
| | 6,161,754 | 923,363 | 22,650,828 | 137,432 | 21,961,377 | 33,467,241 | 8,181,141 | 4,932,143 | 4,083,618 | | 102,498,897 |
| Expenses: | | | | | | | | | | | |
| Wages, salaries and benefits | 4,023,201 | 326,229 | 4,177,675 | - | 16,645,511 | 17,764,875 | 1,235,194 | 2,760,991 | 2,517,116 | | 49,450,792 |
| Contract services | 1,759,532 | 156,123 | 1,094,618 | 154,473 | 317,739 | 2,996,644 | 2,039,973 | 184,654 | 175,379 | | 8,879,135 |
| Supplies, materials and equipment | 2,874,679 | 173,786 | 3,764,594 | - | 1,269,894 | 9,974,675 | 2,609,933 | 277,939 | 822,447 | | 21,767,947 |
| Amortization of tangible capital assets | 805,072 | 2,308 | 8,088,072 | - | 896,837 | 842,544 | 773,914 | 395,710 | 40,679 | | 11,845,136 |
| Other | 9,390 | 78,611 | 28,085 | - | 995,723 | 11,471 | 279,741 | 4,274 | 31,909 | | 1,439,204 |
| | 9,471,874 | 737,057 | 17,153,044 | 154,473 | 20,125,704 | 31,590,209 | 6,938,755 | 3,623,568 | 3,587,530 | | 93,382,214 |
| Annual surplus (deficit) before restructuring gain | \$ (3,310,120) | \$ 186,306 | \$ 5,497,784 | \$ (17,041) | \$ 1,835,673 | \$ 1,877,032 | \$ 1,242,386 | \$ 1,308,575 | \$ 496,088 | \$ | 9,116,683 |