

Consolidated Financial Statements of

**THE CORPORATION OF THE
COUNTY OF HURON**

Year ended December 31, 2022

THE CORPORATION OF THE COUNTY OF HURON

Consolidated Financial Statements

Year ended December 31, 2022

Page

Independent Auditor's Report

Consolidated Financial Statements

Consolidated Statement of Financial Position	1
Consolidated Statement of Operations	2
Consolidated Statement of Change in Net Financial Assets	3
Consolidated Statement of Cash Flows	4
Notes to Consolidated Financial Statements	5-16
Schedule 1 Consolidated Schedule of Continuity of Reserves	17
Schedule 2 Consolidated Schedule of Segment Information	18-19



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INDEPENDENT AUDITOR'S 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, 2022
- 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, 2022 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 "**Auditor's Responsibilities for the Audit of the Financial Statements**" section of our auditor's 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.



Page 2

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.

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 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.



Page 3

- 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 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 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Kitchener, Canada

August 28, 2023

THE CORPORATION OF THE COUNTY OF HURON

Consolidated Statement of Financial Position

December 31, 2022, with comparative information for 2021

	2022	2021
Financial Assets		
Cash and short-term investments (note 2)	\$ 90,950,413	\$ 87,337,141
Accounts receivable (note 4)	4,661,567	4,178,324
	<u>95,611,980</u>	<u>91,515,465</u>
Financial Liabilities		
Accounts payable and accrued liabilities	16,307,797	13,347,850
Deferred revenue (note 7)	9,664,783	11,466,939
Post-employment benefits obligation (note 5)	4,113,737	3,957,080
Debenture payable (note 6)	3,815,055	4,015,847
	<u>33,901,372</u>	<u>32,787,716</u>
Net financial assets	61,710,608	58,727,749
Non-financial Assets		
Prepayments and inventory of materials and supplies (note 8)	1,819,807	1,425,329
Tangible capital assets (note 9)	166,950,775	163,213,524
	<u>168,770,582</u>	<u>164,638,853</u>
Accumulated surplus (note 10)	\$ 230,481,190	\$ 223,366,602

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, 2022, with comparative information for 2021

	Budget 2022	Actual 2022	Actual 2021
Revenue:			
Taxation and payments-in-lieu	\$ 46,883,750	\$ 46,987,869	\$ 45,649,410
Government transfers - Canada	5,410,499	3,323,033	3,685,283
- Ontario	50,534,531	53,137,208	43,788,722
- Other municipalities	10,828	881,745	816,685
Rents	4,539,347	2,709,826	2,519,006
User fees, licences, permits, and service charges	6,280,359	6,284,383	6,428,574
Fines	900,000	1,131,138	1,062,387
Investment income	800,600	2,040,665	782,838
Loss on disposal of tangible capital assets	-	(125,705)	(88,715)
Total revenue	115,359,914	116,370,162	104,644,190
Expenses:			
General government	13,904,899	11,152,837	10,727,576
Protection services	972,416	1,213,080	884,216
Transportation services	20,327,409	18,289,142	16,938,359
Environmental services	186,000	161,866	176,592
Health services	25,724,216	24,333,319	24,710,268
Social and family services	35,327,725	37,738,663	33,656,396
Social and public housing	8,179,605	7,806,960	7,735,740
Recreation and cultural services	5,443,346	4,282,122	3,971,381
Planning and development	4,498,333	4,277,585	3,702,822
Total expenses	114,563,949	109,255,574	102,503,350
Annual surplus	795,965	7,114,588	2,140,840
Accumulated surplus, beginning of year	223,366,602	223,366,602	221,225,762
Accumulated surplus, end of year	\$ 224,162,567	\$ 230,481,190	\$ 223,366,602

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, 2022, with comparative information for 2021

	Actual 2022	Actual 2021
Annual surplus	\$ 7,114,588	\$ 2,140,840
Increase in prepayments and inventory	(394,478)	(240,831)
Amortization of tangible capital assets	11,951,198	11,775,178
Acquisition of tangible capital assets	(16,044,353)	(16,320,832)
Loss on disposal of tangible capital assets	125,705	88,715
Net financial assets and prepaid expenses of Health Unit	(17,292)	8,855
Proceeds on sale of tangible capital assets	247,491	635,270
Change in net financial assets	2,982,859	(1,912,805)
Net financial assets, beginning of year	58,727,749	60,640,554
Net financial assets, end of year	\$ 61,710,608	\$ 58,727,749

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, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 7,114,588	\$ 2,140,840
Items not involving cash:		
Amortization of tangible capital assets	11,951,198	11,775,178
Net effect of change in partnership holdings	(17,292)	8,855
Loss disposal of tangible capital assets	125,705	88,715
Change in interest accrued on debenture payable	(708)	14,171
	19,173,491	14,027,759
Change in non-cash assets and liabilities:		
Accounts receivable	(483,243)	520,740
Accounts payable and accrued liabilities	2,959,947	3,224,982
Deferred revenue	(1,802,156)	3,676,037
Prepayments and inventories of materials and supplies	(394,478)	(240,831)
Post-employment benefit obligation	156,657	692,180
Net change in cash from operating activities	19,610,218	21,900,867
Capital activities:		
Proceeds on disposal of tangible capital assets	247,491	635,270
Cash used to acquire tangible capital assets	(16,044,353)	(16,320,832)
Net change in capital activities	(15,796,862)	(15,685,562)
Financing activities:		
Debenture borrowings	-	4,001,676
Debenture repayments	(200,084)	-
	(200,084)	4,001,676
Increase in cash	3,613,272	10,216,981
Cash and cash equivalents, beginning of year	87,337,141	77,120,160
Cash cash equivalents, end of year	\$ 90,950,413	\$ 87,337,141

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, 2022

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 2022, the County’s share is 43.43% (2021 - 43.11%) based on 2021 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, 2022

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, 2022

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, 2022

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, 2022, 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, 2022

2. Cash and short-term investments:

	2022	2021
Cash	\$ 58,825,675	\$ 70,214,583
Short-term investments	32,124,738	17,122,558
Total	\$ 90,950,413	\$ 87,337,141

The total of short-term investments \$32,127,738 (2021 - \$17,122,558) recorded on the statement of financial position at cost have a market value of \$31,026,587 (2021 - \$16,997,092). Cash is earning interest at a rate of Bank Prime less 1.70%. Short-term investments are earning interest at rates from 2.57% - 4.60%.

3. Trust funds:

Trust funds administered by the County amounting to \$339,772 (2021 - \$337,206) 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 \$3,057,475 (2021 - \$2,891,572) less an allowance for doubtful accounts of \$2,663,323 (2021 - \$2,490,888) calculated on the basis of past experience.

5. Employee benefits and other liabilities:

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

	2022	2021
Accrued benefit obligation:		
Balance, beginning of year	\$ 3,957,080	\$ 3,264,900
Current benefit cost	322,857	874,480
Interest	82,500	81,100
Benefits paid	(248,700)	(263,400)
Post-employment benefits obligation	\$ 4,113,737	\$ 3,957,080

THE CORPORATION OF THE COUNTY OF HURON

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

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, 2022.

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

(a) Interest (discount rate):

The obligation as at December 31, 2022, of the present value of future liabilities and the expense for the 12 months ended December 31, 2022, were determined using a discount rate of 2.2% (2021 - 2.2%).

(b) Medical costs:

Medical costs were assumed to decrease at rates between 7.15% and 4.0%.

(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 2022 was \$3,099,662 (2021 - \$2,999,511). The contribution rate was 9.0% to 14.6% depending on income level for 2022 (2021 - 9.0% - 14.6%). The County's proportionate share of OMERS contributions related to Huron Perth Public Health amounted to approximately \$465,941 (2021 - \$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, 2022. At that time, the Plan reported a \$6.7 billion actuarial deficit (2021 - \$3.1 billion actuarial deficit).

THE CORPORATION OF THE COUNTY OF HURON

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

6. Debenture payable:

Debenture payable outstanding as at December 31, 2022 includes principal and accrued interest of \$13,463 (2021-\$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
2023	\$ 200,084
2024	200,084
2025	200,084
2026	200,084
2027 and thereafter	3,001,256
	\$ 3,801,592

7. Deferred revenue:

	Balance, beginning of year	Amounts related to Huron Perth Public Health	Interest	Contributions	Revenue recognized	Balance, end of year
Reserves and funds:						
Federal gas tax funds	\$ 2,666,578	\$ –	\$ 60,473	\$ 2,663,592	\$ (3,110,040)	\$ 2,280,603
COVID-19 Funding	1,566,811	–	–	581,290	(1,477,309)	670,792
	4,233,389	–	60,473	3,244,882	(4,587,349)	2,951,395
Other:						
Provincial grants	6,282,666	290,765	82,542	42,814,907	(43,154,360)	6,316,520
Federal grants	32,091	18,387	–	494,166	(512,407)	32,237
Rental security deposits	40,622	–	–	–	(294)	40,328
Other	320,405	–	1,222	155,515	(152,839)	324,303
	6,675,784	309,152	83,764	43,464,588	(43,819,900)	6,713,388
Total	\$ 10,909,173	\$ 309,152	\$ 144,237	\$ 46,709,470	\$ (48,407,249)	\$ 9,664,783

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, 2022

9. Tangible capital assets:

Cost	Balance at December 31, 2021	Amounts related to Huron Perth Public Health	Additions	Disposals	Transfers	Balance at December 31, 2022
Land	\$ 1,931,111	\$ 199,778	\$ -	\$ -	\$ -	\$ 2,130,889
Land improvements	998,133	-	-	-	-	998,133
Buildings	70,528,369	2,517,483	441,062	(234,626)	43,108	73,295,396
Machinery and equipment	10,606,099	173,024	1,070,698	(4,502,468)	88,186	7,435,539
IT equipment	2,137,348	339,295	237,186	(757,814)	-	1,956,015
Vehicles	12,743,949	-	1,460,118	(1,217,610)	417,308	13,403,765
Roads	442,741,632	-	5,634,948	(3,158,189)	1,813,094	447,031,485
Bridges and culverts	87,627,463	-	3,293,363	(387,200)	59,722	90,593,348
Library books	3,507,708	-	235,106	(757,841)	-	2,984,973
Assets under construction	3,222,557	-	3,468,814	(44,705)	(2,421,418)	4,225,248
Total	\$ 636,044,369	\$ 3,229,580	\$ 15,841,295	\$ (11,060,453)	\$ -	\$ 644,054,791

Accumulated Amortization	Balance at December 31, 2021	Amounts related to Huron Perth Public Health	Amortization	Disposals	Transfers	Balance at December 31, 2022
Land	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Land improvements	260,737	-	33,271	-	-	294,008
Buildings	30,762,884	609,541	2,040,913	(154,545)	-	33,258,793
Machinery and equipment	7,563,269	86,777	807,784	(4,502,468)	-	3,955,362
IT equipments	1,128,597	240,594	372,408	(757,814)	-	983,785
Vehicles	7,291,401	-	1,132,216	(1,186,933)	-	7,236,684
Roads	384,892,684	-	5,563,865	(2,949,700)	-	387,506,849
Bridges and culverts	41,390,002	-	1,427,864	(377,956)	-	42,439,910
Library books	1,871,071	-	315,395	(757,841)	-	1,428,625
Assets under construction	-	-	-	-	-	-
Total	\$ 475,160,645	\$ 936,912	\$ 11,693,716	\$ (10,687,257)	\$ -	\$ 477,104,016

	Net book value, December 31, 2021	Net book value, December 31, 2022
Land	\$ 2,129,417	\$ 2,130,889
Land improvements	737,396	704,125
Buildings	41,635,840	40,036,603
Machinery and equipment	3,130,820	3,480,177
IT equipment	1,181,900	972,230
Vehicles	5,452,548	6,167,081
Roads	57,848,948	59,524,636
Bridges and culverts	46,237,461	48,153,438
Library books	1,636,637	1,556,348
Assets under construction	3,222,557	4,225,248
Total	\$ 163,213,524	\$ 166,950,775

THE CORPORATION OF THE COUNTY OF HURON

Consolidated notes to Financial Statements

Year ended December 31, 2022

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

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

10. Accumulated surplus:

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

	2022	2021
General revenue accumulated deficit	\$ (5,779,592)	\$ (757,124)
Investment in County tangible capital assets	164,658,107	160,883,724
Reserves and reserve funds	69,625,208	61,277,105
Share of Huron Perth Public Health	1,977,467	1,962,897
	<u>\$ 230,481,190</u>	<u>\$ 223,366,602</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, 2022

12. Government Partnership:

The County of Huron is a partner in Huron Perth Public Health. The County provides 43.43% (2021 - 43.11%) 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:

	2022	2021
Financial assets	\$ 2,888,072	\$ 2,711,957
Liabilities	(4,024,830)	(3,731,424)
Non-financial assets	5,689,986	5,572,695
Accumulated surplus	4,553,228	4,553,228
Revenues	22,273,577	23,077,870
Expenses	22,273,577	24,424,804
Annual deficit	–	(1,346,934)
Accumulated surplus, beginning of the year	4,553,228	5,900,162
Accumulated surplus, end of the year	\$ 4,553,228	\$ 4,553,228

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

	2022	2021
Financial assets	\$ 1,254,290	\$ 1,169,125
Liabilities	(1,747,984)	(1,608,617)
Non-financial assets	2,471,161	2,402,389
Accumulated surplus	\$ 1,977,467	\$ 1,962,897

THE CORPORATION OF THE COUNTY OF HURON

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

For the year ended December 31, 2022, with comparative information for 2021

	Balance, beginning of Year	Revenues and Contributions		Transfers to Operations	Balance, end of Year
		Interest	From Operations		
Reserves and reserve funds:					
Reserves:					
Contingencies	\$ 12,434,262	\$ -	\$ 2,476,000	\$ (2,643,303)	\$ 12,266,959
Committed capital projects	6,065,011	-	7,621,641	(6,044,011)	7,642,641
Committed operating projects	729,388	-	528,100	(668,984)	588,504
Workers' safety and insurance	200,000	-	-	-	200,000
Health services	-	-	-	-	-
Health services and ambulance stations	2,129,528	-	129,104	-	2,258,632
Library books	89,848	-	40,748	-	130,596
	21,648,037	-	10,795,593	(9,356,298)	23,087,332
Reserve Funds:					
Equipment replacement	7,446,964	169,666	2,402,497	(1,820,423)	8,198,704
Global information systems	1,000,000	-	-	-	1,000,000
Facilities capital	7,365,321	167,805	12,243	(144,339)	7,401,030
Transportation services	17,449,625	397,557	3,296,329	-	21,143,511
Waste management planning	500,000	-	-	-	500,000
Homes for the aged	2,455,924	55,953	83,859	-	2,595,736
Social housing	1,041,834	23,736	2,096,307	-	3,161,877
Library CAP	59,805	1,363	-	-	61,168
Economic development	1,309,513	29,835	-	(9,666)	1,329,682
Forestry	218,406	4,976	-	-	223,382
Water source protection	781,676	17,809	123,301	-	922,786
	39,629,068	868,700	8,014,536	(1,974,428)	46,537,876
Total reserve and reserve funds	\$ 61,277,105	\$ 868,700	\$ 18,810,129	\$ (11,330,726)	\$ 69,625,208

THE CORPORATION OF THE COUNTY OF HURON

Schedule 2 - Consolidated Segmented Information

Year ended December 31, 2022

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Social and Public Housing	Recreation and Culture	Planning and Development	2022 Total
Revenues:										
Taxation	\$ 3,739,686	\$ 404,712	\$ 16,527,217	\$ 151,000	\$ 8,612,757	\$ 5,922,354	\$ 3,296,019	\$ 4,901,707	\$ 3,432,417	\$ 46,987,869
User charges	358,992	1,131,138	360,178	-	215,781	5,025,379	2,107,179	169,142	757,558	10,125,347
Government transfers	1,855,492	-	7,022,113	39,823	16,921,534	27,964,723	2,790,467	285,564	462,270	57,341,986
Investment income	2,019,604	-	-	-	17,396	-	3,665	-	-	2,040,665
Other	-	-	(90,922)	-	45,300	(32,783)	(47,300)	-	-	(125,705)
	7,973,774	1,535,850	23,818,586	190,823	25,812,768	38,879,673	8,150,030	5,356,413	4,652,245	116,370,162
Expenses:										
Wages, salaries and benefits	5,538,420	493,634	4,543,729	-	19,491,657	21,198,236	1,379,782	3,294,670	2,976,918	58,917,046
Contract services	2,300,185	539,676	4,678,700	-	3,146,360	8,460,203	2,334,281	407,469	928,106	22,794,980
Supplies, materials and equipment	2,258,327	179,263	923,975	161,866	905,751	7,272,837	3,301,028	234,522	354,781	15,592,350
Amortization of tangible capital assets	1,055,905	507	8,142,738	-	789,551	807,387	791,869	345,461	17,780	11,951,198
	11,152,837	1,213,080	18,289,142	161,866	24,333,319	37,738,663	7,806,960	4,282,122	4,277,585	109,255,574
Annual surplus (deficit) before restructuring gain	\$ (3,179,063)	\$ 322,770	\$ 5,529,444	\$ 28,957	\$ 1,479,449	\$ 1,141,010	\$ 343,070	\$ 1,074,291	\$ 374,660	\$ 7,114,588

THE CORPORATION OF THE COUNTY OF HURON

Schedule 2 - Consolidated Segmented Information

Year ended December 31, 2022

	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