

Consolidated Financial Statements of

**THE CORPORATION OF THE  
COUNTY OF HURON**

Year ended December 31, 2024

# THE CORPORATION OF THE COUNTY OF HURON

Consolidated Financial Statements

Year ended December 31, 2024

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**Independent Auditor’s Report**

**Consolidated Financial Statements**

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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, 2024
- 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, 2024 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.



### ***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.

- 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.



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- 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants, Licensed Public Accountants

Kitchener, Canada

June 27, 2025

# THE CORPORATION OF THE COUNTY OF HURON

## Consolidated Statement of Financial Position

December 31, 2024, with comparative information for 2023

	2024	2023
<b>Financial Assets</b>		
Cash and short-term investments (note 2)	\$ 88,900,834	\$ 96,712,013
Accounts receivable (note 4)	5,253,040	4,946,039
	<u>94,153,874</u>	<u>101,658,052</u>
<b>Financial Liabilities</b>		
Bank Indebtedness	-	64,920
Accounts payable and accrued liabilities	22,504,395	19,964,114
Deferred revenue (note 7)	10,689,382	11,128,662
Post-employment benefits obligation (note 5)	4,477,602	4,350,577
Debenture payable (note 6)	5,336,424	5,751,508
Asset retirement obligations liabilities (note 8)	11,213,766	11,221,822
	<u>54,221,569</u>	<u>52,481,603</u>
Net financial assets	39,932,305	49,176,449
<b>Non-financial Assets</b>		
Prepayments and inventory of materials and supplies (note 9)	2,085,071	2,194,394
Tangible capital assets (note 10)	208,129,670	188,155,028
	<u>210,214,741</u>	<u>190,349,422</u>
Accumulated surplus (note 11)	\$ 250,147,046	\$ 239,525,871

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, 2024, with comparative information for 2023

	Budget 2024	Actual 2024	Actual 2023
	(note 15)		
Revenue:			
Taxation and payments-in-lieu	\$ 53,746,607	\$ 53,962,099	\$ 51,466,501
Government transfers - Canada	987,293	1,004,138	4,824,031
- Ontario	64,008,253	62,934,506	53,949,120
- Other municipalities	1,422,470	960,484	962,251
Rents	4,777,588	2,753,334	2,729,496
User fees, licenses, permits, and service charges	7,149,562	7,479,152	6,631,127
Fines	1,050,000	1,559,381	1,331,805
Investment income	3,205,500	3,969,649	4,090,718
Loss on disposal of tangible capital assets	-	(781,606)	(86,512)
Contributed asset	-	-	650,000
Total revenue	136,347,273	133,841,137	126,548,537
Expenses:			
General government	11,924,495	10,831,035	14,425,120
Protection services	1,129,758	1,404,713	1,154,128
Transportation services	20,916,852	20,265,670	18,637,394
Environmental services	198,000	207,980	175,799
Health services	25,517,952	26,021,783	24,007,955
Social and family services	44,521,779	46,001,982	41,808,438
Social and public housing	9,317,270	8,753,771	7,952,594
Recreation and cultural services	5,906,027	4,989,007	4,711,543
Planning and development	5,045,643	4,744,021	4,630,885
Total expenses	124,477,776	123,219,962	117,503,856
Annual surplus	11,869,497	10,621,175	9,044,681
Accumulated surplus, beginning of year	239,525,871	239,525,871	230,481,190
Accumulated surplus, end of year	\$ 251,395,368	\$ 250,147,046	\$ 239,525,871

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, 2024, with comparative information for 2023

	Actual 2024	Actual 2023
Annual surplus	\$ 10,621,175	\$ 9,044,681
Increase in prepayments and inventory	109,323	(374,587)
Amortization of tangible capital assets	13,338,374	13,202,362
Acquisition of tangible capital assets	(34,261,629)	(22,799,346)
Loss on disposal of tangible capital assets	781,606	86,512
Write-off of tangible capital assets	-	26,330
Asset retirement obligations	8,056	(11,221,822)
Contributed asset - land	-	(650,000)
Net financial assets and prepaid expenses of Health Unit	-	24,811
Proceeds on sale of tangible capital assets	158,951	126,900
Change in net financial assets	(9,244,144)	(12,534,159)
Net financial assets, beginning of year	49,176,449	61,710,608
Net financial assets, end of year	\$ 39,932,305	\$ 49,176,449

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, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 10,621,175	\$ 9,044,681
Items not involving cash:		
Amortization of tangible capital assets	13,338,374	13,202,362
Net effect of change in partnership holdings	-	24,811
Loss disposal of tangible capital assets	781,606	86,512
Contributed asset	-	(650,000)
Write-off of tangible capital assets	-	26,330
	24,741,155	21,734,696
Change in non-cash assets and liabilities:		
Accounts receivable	(307,001)	352,437
Accounts payable and accrued liabilities	2,540,281	3,642,854
Deferred revenue	(439,280)	1,463,879
Prepayments and inventories of materials and supplies	109,323	(374,587)
Post-employment benefit obligation	127,025	236,840
Net change in cash from operating activities	26,771,503	27,056,119
Capital activities:		
Proceeds on disposal of tangible capital assets	158,951	126,900
Cash used to acquire tangible capital assets	(34,261,629)	(22,799,346)
Net change in capital activities	(34,102,678)	(22,672,446)
Financing activities:		
Debenture borrowings	-	2,150,000
Debenture repayments	(415,084)	(200,084)
	(415,084)	1,949,916
Increase (decrease) in cash	(7,746,259)	6,333,589
Cash and cash equivalents, beginning of year	96,647,093	90,313,504
Cash and cash equivalents, end of year	\$ 88,900,834	\$ 96,647,093
Cash and cash equivalents comprise cash, short-term investment and bank overdraft that are repayable on demand.		
Non-cash transactions:		
Asset Retirement Obligations and increase/(decrease) in Tangible Capital Assets	\$ (8,056)	\$ 11,221,822

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, 2024

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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.

Huron County Library Board and its operations are included:

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 2024, the County’s share is 42.96% (2023 – 42.96%) based on 2023 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, 2024

## 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, 2024

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## 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, 2024

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## 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, 2024, the County is not aware of any sites which would meet the criteria, in accordance with PS 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, 2024

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## 1. Significant accounting policies (continued):

### (k) Asset retirement obligation:

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- (a) There is a legal obligation to incur retirement costs in relation to a tangible capital asset and other contract obligations;
- (b) The past transactions or events giving rise to the liability has occurred;
- (c) It is expected that future economic benefits will be given up; and
- (d) a reasonable estimate of the amount can be made.

The asset retirement obligation is based on management's best estimate of the expenditures to settle the obligation. A liability has been recognized based on estimated future expenses on retirement of the tangible capital assets. Under the prospective method, the assumptions used on initial recognition are those as of the date the legal obligation was incurred. Assumptions used in the subsequent calculations are revised yearly.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset (or component thereof). The asset retirement cost is amortized over the useful life of the related asset. Where the obligation relates to an asset which is no longer in service, and not providing economic benefit, the obligation is expensed upon recognition.

At each financial reporting date, the County reviews the carrying amount of the liability. Changes to the liability arising from revisions to either the timing or the amount of the original estimate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset.

The County continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

### (l) Financial instruments:

Financial instruments are recorded at fair value on initial recognition and subsequently recorded at cost or amortized cost, except for equity investments and derivatives which are recorded at fair value. Amortized cost is determined using the effective interest method. Financial assets measured at cost or amortized cost are assessed for indicators of impairment at each financial statement date. Impairment losses are recognized in the statement of operations and accumulated surplus.

# THE CORPORATION OF THE COUNTY OF HURON

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

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## 1. Significant accounting policies (continued):

### (l) Financial instruments (continued):

Financial instruments that are subsequently measured at fair value are classified based on the observability of inputs as follows:

- Level 1 - quoted prices (unadjusted) in active markets;
- Level 2 - inputs other than quoted prices included within Level 1 that are observable, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 - inputs that are not based on observable market data (unobservable inputs)

The County evaluates contractual obligations for the existence of embedded derivatives and separately measures the fair value of the derivative component when characteristics of the derivative are not closely related to the economic characteristics and risks of the contract itself.

Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the statement of remeasurement gains and losses in the period they occur. Once realized, the cumulative gain or loss is reclassified to the statement of operations and accumulated surplus.

### (m) Change in accounting standards:

The County adopted the following accounting standards applicable for fiscal years beginning January 1, 2024:

- (i) PS 3400 Revenue establishes standards on how to account for and report on revenue, specifically differentiating between transactions that include performance obligations (i.e. the payor expects a good or service from the public sector entity), referred to as exchange transactions, and transactions that do not have performance obligations, referred to as non-exchange transactions.
- (ii) PSG-8 Purchased Intangibles provides guidance on the accounting and reporting for purchased intangible assets that are acquired through arm's length exchange transactions between knowledgeable, willing parties that are under no compulsion to act.
- (iii) PS 3160 Public Private Partnerships (P3s) provides specific guidance on the accounting and reporting for public private partnerships between public and private sector entities where the public sector entity procures infrastructure using a private sector partner.

There was no impact on consolidated financial statements of The County as a result of the adoption of these standards.

# THE CORPORATION OF THE COUNTY OF HURON

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

## 2. Cash and short-term investments:

	2024	2023
Cash	\$ 70,233,729	\$ 58,058,427
Short-term investments	18,667,105	38,653,586
Total	\$ 88,900,834	\$ 96,712,013

The total of short-term investments \$18,667,105 (2023 - \$38,653,586) recorded on the statement of financial position at cost have a market value of \$18,725,990 (2023 - \$38,493,033). Cash is earning interest at a rate of Bank Prime less 1.70%. Short-term investments are earning interest at rates from 1.90% - 5.83%.

## 3. Trust funds:

Trust funds administered by the County amounting to \$351,332 (2023 - \$345,506) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations and accumulated surplus.

## 4. Accounts receivable:

Accounts receivable include Provincial Offences fines outstanding of \$3,523,802 (2023 - \$3,289,591) less an allowance for doubtful accounts of \$2,859,814 (2023 - \$2,696,183) calculated on the basis of past experience.

## 5. Employee benefits and other liabilities:

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

	2024	2023
Accrued benefit obligation:		
Balance, beginning of year	\$ 4,350,577	\$ 4,113,737
Current benefit cost	217,125	369,040
Interest	145,800	92,700
Benefits paid	(235,900)	(224,900)
Post-employment benefits obligation	\$ 4,477,602	\$ 4,350,577

### 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, 2023 and extrapolated to 2024.



# THE CORPORATION OF THE COUNTY OF HURON

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

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## 5. Employee benefits and other liabilities (continued):

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

(a) Interest (discount rate):

The obligation as at December 31, 2024, of the present value of future liabilities and the expense for the 12 months ended December 31, 2024, were determined using a discount rate of 4.3% (2023 – 4.3%).

(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 employer contribute jointly to the plan. The amount contributed to OMERS by the municipality for 2024 was \$4,000,753 (2023 - \$3,457,095). The contribution rate was 9% to 14.6% depending on income level for 2024 (2023 - 9.0% - 14.6%). The County's proportionate share of OMERS contributions related to Huron Perth Public Health amounted to approximately \$532,244 (2023 - \$511,556).

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, 2024. At that time, the Plan reported a \$2.9 billion actuarial deficit (2023 - \$4.2 billion actuarial deficit).

# THE CORPORATION OF THE COUNTY OF HURON

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

## 6. Debenture payable:

Debenture payable outstanding as at December 31, 2024 includes principal payable to Ontario Infrastructure and Land Corporation as follows:

	2024	2023
2.81% interest compounded semi-annually, repayable in semi-annual installments of combined equal principal and diminishing interest amounts, due November 15, 2041	\$ 3,401,424	\$ 3,601,508
4.81% interest compounded semi-annually, repayable in semi-annual installments of combined equal principal and diminishing interest amounts, due December 1, 2033	1,935,000	2,150,000
	<b>\$ 5,336,424</b>	<b>\$ 5,751,508</b>

Future principal payments for debenture payable are as follows:

	Principal
2025	\$ 415,083
2026	415,083
2027	415,083
2028	415,083
2029 and thereafter	3,676,092
	<b>\$ 5,336,424</b>

## 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	\$ 669,960	\$ -	\$ 64,486	\$ 1,957,982	\$ (82,886)	\$ 2,609,542
COVID-19 Funding	532,088	-	-	-	(32,621)	499,467
	1,202,048	-	64,486	1,957,982	(115,507)	3,109,009
Other:						
Provincial grants	9,024,507	287,964	251,578	58,444,236	(60,829,669)	7,178,616
Federal grants	8,435	8,547	-	494,443	(501,145)	10,280
Rental security deposits	49,475	-	-	4,195	-	53,670
Other	378,036	-	3,510	2,621,970	(2,665,709)	337,807
	9,460,453	296,511	255,088	61,564,844	(63,996,523)	7,580,373
<b>Total</b>	<b>\$ 10,662,501</b>	<b>\$ 296,511</b>	<b>\$ 319,574</b>	<b>\$ 63,522,826</b>	<b>\$ (64,112,030)</b>	<b>\$ 10,689,382</b>

# THE CORPORATION OF THE COUNTY OF HURON

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

## 8. Asset retirement obligation:

The County's asset retirement obligations consist of the following:

### (a) Asbestos obligations:

The County owns and operates several buildings and structures that are known to have asbestos, which represents a health hazard upon demolition of the building and there is a legal obligation to remove it.

### (b) Fuel tank obligations:

The County has underground fuel tanks that will require future remediation where there is a legal obligation to remove the tank and remediate the site.

All liabilities for asset retirement obligations are reported at current costs in nominal dollars without discounting.

	Fuel tanks	Asbestos Removal	Total 2024
Balance, beginning of year	\$ 400,250	\$ 10,821,572	\$11,221,822
Disposal during the year	—	(8,056)	(8,056)
Balance, end of year	\$ 400,250	\$ 10,813,516	\$11,213,766

## 9. 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

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

## 10. Tangible capital assets:

Cost	Balance at December 31, 2023	Amounts related to Huron Perth Public Health	Additions	ARO Additions (disposal)	Disposals	Transfers	Balance at December 31, 2024
Land	\$ 2,581,111	\$ 197,616	\$ -	\$ -	\$ -	\$ -	\$ 2,778,727
Land improvements	998,133	-	-	-	-	-	998,133
Buildings	88,507,181	2,647,732	8,145,305	(8,056)	(333,116)	2,572,962	101,532,008
Machinery and equipment	7,166,950	137,567	1,114,344	-	(232,323)	-	8,186,538
IT equipment	1,759,102	137,240	166,411	-	-	763	2,063,516
Vehicles	15,135,883	-	660,321	-	(698,022)	-	15,098,182
Roads	449,126,817	-	4,071,202	-	(653,972)	4,048,609	456,592,656
Bridges and culverts	93,876,136	-	3,085,617	-	(1,145,830)	118,795	95,934,718
Library books	2,879,064	-	251,671	-	(22,835)	-	3,107,900
Assets under construction	8,095,477	-	16,569,479	-	-	(6,741,129)	17,923,827
<b>Total</b>	<b>\$ 670,125,854</b>	<b>\$ 3,120,155</b>	<b>\$ 34,064,350</b>	<b>\$ (8,056)</b>	<b>(3,086,098)</b>	<b>\$ -</b>	<b>\$ 704,216,205</b>

Accumulated Amortization	Balance at December 31, 2023	Amounts related to Huron Perth Public Health	Amortization	ARO Amortization	Disposals	Transfers	Balance at December 31, 2024
Land	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Land improvements	327,279	-	33,271	-	-	-	360,550
Buildings	35,344,815	614,058	2,541,847	473,694	(184,317)	-	38,790,097
Machinery and equipment	3,730,936	95,348	979,521	-	(232,072)	-	4,573,733
IT equipment	869,356	114,042	332,356	-	-	-	1,315,754
Vehicles	8,266,195	-	1,348,763	-	(689,784)	-	8,925,174
Roads	391,139,581	-	5,526,782	-	(618,088)	-	396,048,275
Bridges and culverts	43,156,783	-	1,678,806	-	(398,445)	-	44,437,144
Library books	1,375,126	-	283,517	-	(22,835)	-	1,635,808
Assets under construction	-	-	-	-	-	-	-
<b>Total</b>	<b>\$ 484,210,071</b>	<b>\$ 823,448</b>	<b>\$ 12,724,863</b>	<b>\$ 473,694</b>	<b>(2,145,541)</b>	<b>\$ -</b>	<b>\$ 496,086,535</b>

	Net book value, December 31, 2023	Net book value, December 31, 2024
Land	\$ 2,778,727	\$ 2,778,727
Land improvements	670,854	637,583
Buildings	55,084,432	62,741,911
Machinery and equipment	3,447,757	3,612,805
IT equipment	946,705	747,762
Vehicles	6,920,549	6,173,008
Roads	57,987,236	60,544,381
Bridges and culverts	50,719,354	51,497,574
Library books	1,503,938	1,472,092
Assets under construction	8,095,476	17,923,827
<b>Total</b>	<b>\$ 188,155,028</b>	<b>\$ 208,129,670</b>

# THE CORPORATION OF THE COUNTY OF HURON

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

## 10. Tangible capital assets:

Cost	Balance at December 31, 2022	Amounts related to Huron Perth Public Health	Additions	ARO Additions	Disposals	Transfers	Balance at December 31, 2023
Land	\$ 1,931,111	\$ 197,616	\$ 650,000	\$ -	\$ -	\$ -	\$ 2,778,727
Land improvements	998,133	-	-	-	-	-	998,133
Buildings	70,777,913	2,533,350	5,473,987	11,221,822	(449,909)	1,483,367	91,040,530
Machinery and equipment	7,262,515	162,988	971,728	-	(1,011,100)	(56,193)	7,329,938
IT equipment	1,616,720	252,415	342,350	-	(212,483)	12,516	2,011,518
Vehicles	13,403,765	-	1,612,067	-	(271,262)	391,313	15,135,883
Roads	447,031,485	-	4,144,636	-	(2,049,304)	-	449,126,817
Bridges and culverts	90,593,348	-	4,034,619	-	(907,399)	155,569	93,876,137
Library books	2,984,973	-	246,087	-	(351,996)	-	2,879,064
Assets under construction	4,225,248	-	5,856,800	-	-	(1,986,572)	8,095,476
<b>Total</b>	<b>\$ 640,825,211</b>	<b>\$ 3,146,369</b>	<b>\$ 23,332,274</b>	<b>\$ 11,221,822</b>	<b>(5,253,453)</b>	<b>\$ -</b>	<b>\$ 673,272,223</b>

Accumulated Amortization	Balance at December 31, 2022	Amounts related to Huron Perth Public Health	Amortization	ARO Amortization	Disposals	Transfers	Balance at December 31, 2023
Land	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Land improvements	294,008	-	33,271	-	-	-	327,279
Buildings	32,649,252	611,280	2,054,657	918,127	(277,218)	-	35,956,098
Machinery and equipment	3,868,585	100,385	924,311	-	(1,011,100)	-	3,882,181
IT equipment	743,191	195,457	338,648	-	(212,483)	-	1,064,813
Vehicles	7,236,684	-	1,242,243	-	(263,593)	-	8,215,334
Roads	387,506,849	-	5,682,036	-	(2,049,304)	-	391,139,581
Bridges and culverts	42,439,910	-	1,564,891	-	(848,018)	-	43,156,783
Library books	1,428,625	-	298,497	-	(351,996)	-	1,375,126
Assets under construction	-	-	-	-	-	-	-
<b>Total</b>	<b>\$ 476,167,104</b>	<b>\$ 907,122</b>	<b>\$ 12,138,554</b>	<b>\$ 918,127</b>	<b>(5,013,712)</b>	<b>\$ -</b>	<b>\$ 485,117,195</b>

	Net book value, December 31, 2022	Net book value, December 31, 2023
Land	\$ 2,130,889	\$ 2,778,727
Land improvements	704,125	670,854
Buildings	40,036,603	55,084,432
Machinery and equipment	3,480,177	3,447,757
IT equipment	972,230	946,705
Vehicles	6,167,081	6,920,549
Roads	59,524,636	57,987,236
Bridges and culverts	48,153,438	50,719,354
Library books	1,556,348	1,503,938
Assets under construction	4,225,248	8,095,476
<b>Total</b>	<b>\$ 166,950,775</b>	<b>\$ 188,155,028</b>

# THE CORPORATION OF THE COUNTY OF HURON

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

## 11. Accumulated surplus:

The accumulated surplus consists of individual fund surplus amounts and reserve funds as follows:

	2024	2023
General revenue accumulated deficit	\$ (19,500,751)	\$ (17,216,539)
Investment in County tangible capital assets	205,832,961	185,915,781
Reserves and reserve funds	61,863,641	68,810,798
Share of Huron Perth Public Health	1,951,195	2,015,831
	<u>\$ 250,147,046</u>	<u>\$ 239,525,871</u>

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

## 12. 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, 2024

## 13. Government Partnership:

The County of Huron is a partner in Huron Perth Public Health. The County provides 42.96% (2023 – 42.96%) 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:

	2024	2023
Financial assets	\$ 1,770,764	\$ 2,426,690
Liabilities	(2,724,551)	(3,220,668)
Non-Financial assets	5,495,675	5,486,322
Accumulated surplus	4,541,888	4,692,344
Revenues	18,279,884	19,310,035
Expenses	18,430,340	19,170,919
Annual surplus (deficit)	(150,456)	139,116
Accumulated surplus, beginning of the year	4,692,344	4,553,228
Accumulated surplus, end of the year	\$ 4,541,888	\$ 4,692,344

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

	2024	2023
Financial assets	\$ 760,720	\$ 1,042,506
Liabilities	(1,170,467)	(1,383,599)
Non-financial assets	2,360,942	2,356,924
Accumulated surplus	\$ 1,951,195	\$ 2,015,831

# THE CORPORATION OF THE COUNTY OF HURON

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

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## 14. Financial instruments:

The County is exposed to various risks through its financial instruments and continues to monitor, evaluate, and manage these risks. The following analysis provides information about the County's risk exposure and concentration as at December 31, 2024.

### (a) Credit risk:

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The County is exposed to credit risk from its financial assets including cash and cash equivalents, trade and other accounts receivable, loans receivable, and portfolio investments. The carrying amounts of financial assets represent the County's maximum credit exposure. The County manages its exposure to this risk by:

- (i) Maintaining its funds in creditworthy organizations and financial institutions;
- (ii) Requiring minimum S&P credit rating of A- (or equivalent rating) for all portfolio investments;
- (iii) Assessing the quality of its counterparties, taking into account their creditworthiness and reputation, past experience and other factors; and
- (iv) Reviewing collectability and establishing allowances for doubtful accounts.

Accounts receivable of \$2,995,516 (2023 - \$2,766,137) was more than 60 days past due. The County has a broad base of customers which minimizes the concentration of credit risk. Valuation allowances for accounts receivable are disclosed in Note 4. There are no provisions for impairment of portfolio investments or loans receivable.

### (b) Liquidity risk:

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The County is exposed to liquidity risk from accounts payable and accrued liabilities and municipal debt. The County manages its exposure to this risk through monitoring projected and actual cash flows and anticipated investing in order to maintain sufficient funds for meeting obligations as they come due.

Accounts payable and accrued liabilities are generally due within 30 days. The annual repayment obligations for debenture payable are disclosed in Note 6.

### (c) Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk, and other price risk.



# THE CORPORATION OF THE COUNTY OF HURON

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

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## **14. Financial instruments (continued):**

### **(c) Market risk (continued):**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The County is not exposed to significant currency 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 County manages its interest rate risk by maintaining a mix of fixed income investments which meet the criteria outlined in the Investment Policy. The fair value of portfolio investments and debenture payable with fixed rates is directly impacted by changes in market rates. However, the investments are measured at cost or amortized cost so there is no impact on the operational results of the County. Debenture payable has interest rates fixed for long periods of time with the debt intended to be repaid in accordance with the terms of the respective debenture.

## **15. Budget information:**

The budget information reflected in these consolidated financial statements are those approved by Council at a meeting on March 6, 2024.

# THE CORPORATION OF THE COUNTY OF HURON

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

For the year ended December 31, 2024, with comparative information for 2023

	Balance, beginning of Year	Revenues and Contributions		Transfers to Operations	Balance, end of Year
		Interest	From Operations		
<b>Reserves and reserve funds:</b>					
Reserves:					
Contingencies	\$ 10,736,335	\$ -	\$ 2,089,417	\$ (2,006,971)	\$ 10,818,781
Committed capital projects	5,631,880	-	5,468,485	(6,405,458)	4,694,907
Committed operating projects	1,023,784	-	538,499	(678,543)	883,740
Workers' safety and insurance	200,000	-	-	-	200,000
Health services and ambulance stations	2,387,736	-	129,104	-	2,516,840
Library books	160,260	-	851	-	161,111
	20,139,995	-	8,226,356	(9,090,972)	19,275,379
Reserve Funds:					
Equipment replacement	9,055,309	436,861	2,055,326	(1,152,675)	10,394,821
Insurance	1,000,000	-	-	-	1,000,000
Facilities capital	8,318,243	401,302	143,882	(7,629,158)	1,234,269
Transportation services	21,900,614	1,056,565	1,286,912	(5,699,595)	18,544,496
Waste management planning	500,000	-	-	-	500,000
Homes for the aged	2,825,767	136,325	-	-	2,962,092
Social housing	2,354,064	113,569	2,713,885	-	5,181,518
Library CAP	63,780	3,077	-	-	66,857
Economic development	1,365,513	65,877	-	(10,271)	1,421,119
Forestry	247,922	11,961	29,000	(22,972)	265,911
Water source protection	1,039,591	50,154	37,434	(110,000)	1,017,179
	48,670,803	2,275,691	6,266,439	(14,624,671)	42,588,262
Total reserve and reserve funds	\$ 68,810,798	\$ 2,275,691	\$ 14,492,795	\$ (23,715,643)	\$ 61,863,641

# THE CORPORATION OF THE COUNTY OF HURON

Schedule 2 - Consolidated Segmented Information

Year ended December 31, 2024

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Social and Public Housing	Recreation and Culture	Planning and Development	2024 Total
Revenues:										
Taxation	\$ 3,753,451	\$ 143,394	\$ 18,232,666	\$ -	\$ 10,199,855	\$ 8,423,547	\$ 4,252,943	\$ 5,294,666	\$ 3,661,577	\$ 53,962,099
Government transfers - Canada	-	-	82,739	-	27,751	-	558,235	55,375	280,038	1,004,138
- Ontario	646,333	32,621	-	100	15,192,046	33,605,940	6,230,228	209,616	7,017,622	62,934,506
- Other municipalities	-	-	120,276	-	828,942	-	-	11,266	-	960,484
User fees, Licences, Permits & Service Charges	95,227	28,415	623,964	54,121	130,617	5,591,794	172,714	285,814	496,486	7,479,152
Rents	253,484	-	-	-	-	411,282	2,085,085	3,483	-	2,753,334
Fines	-	1,559,381	-	-	-	-	-	-	-	1,559,381
Investment income	3,939,464	-	-	-	23,291	-	6,894	-	-	3,969,649
Gain (loss) on disposal of TCA	(14,152)	-	(670,615)	-	37,808	(22,239)	(112,408)	-	-	(781,606)
	8,673,807	1,763,811	18,389,030	54,221	26,440,310	48,010,324	13,193,691	5,860,220	11,455,723	133,841,137
Expenses:										
Wages, salaries and benefits	5,715,830	470,598	4,739,694	-	21,486,645	25,551,580	1,839,016	3,905,333	3,422,794	67,131,490
Interest on Long Term Debt	-	-	99,354	-	-	100,256	63,792	-	-	263,402
Materials	2,037,409	558,573	4,449,539	-	1,821,258	11,816,348	2,549,486	487,232	1,092,940	24,812,785
Contract services	2,071,397	211,403	2,083,226	207,980	1,220,292	3,390,491	3,031,899	249,383	192,987	12,659,058
Rents and Financial Expenses	9,197	163,631	41,702	-	656,979	15,199	41,267	3,139	3,696	934,810
External Transfers	66,000	-	-	-	-	4,014,043	-	-	-	4,080,043
Amortization of tangible capital assets	931,202	508	8,852,155	-	836,609	1,114,065	1,228,311	343,920	31,604	13,338,374
	10,831,035	1,404,713	20,265,670	207,980	26,021,783	46,001,982	8,753,771	4,989,007	4,744,021	123,219,962
Annual surplus (deficit) before restructuring gain	\$ (2,157,228)	\$ 359,098	\$ (1,876,640)	\$ (153,759)	\$ 418,527	\$ 2,008,342	\$ 4,439,920	\$ 871,213	\$ 6,711,702	\$ 10,621,175

# THE CORPORATION OF THE COUNTY OF HURON

Schedule 2 - Consolidated Segmented Information

Year ended December 31, 2024

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Social and Public Housing	Recreation and Culture	Planning and Development	2023 Total
Revenues:										
Taxation	\$ 4,447,042	\$ 407,146	\$ 17,013,078	\$ 151,000	\$ 9,596,283	\$ 7,557,864	\$ 3,708,492	\$ 5,039,009	\$ 3,546,587	\$ 51,466,501
Government transfers - Canada	37,891	-	3,663,256	-	39,792	-	609,696	91,727	381,669	4,824,031
- Ontario	811,413	99,621	3,868,785	32,333	14,937,117	30,113,024	3,611,432	219,616	255,779	53,949,120
- Other municipalities	-	-	194,659	-	738,166	600	15,086	13,740	-	962,251
User fees, Licences, Permits & Service Charges	110,958	-	202,606	9,600	144,769	5,277,357	269,164	179,731	436,942	6,631,127
Rents	253,484	-	121,960	-	-	369,475	1,981,194	3,383	-	2,729,496
Fines	-	1,331,805	-	-	-	-	-	-	-	1,331,805
Investment income	4,061,557	-	-	-	18,304	-	10,857	-	-	4,090,718
Gain (loss) on disposal of TCA	(23,715)	-	19,889	-	38,389	(58,918)	(62,157)	-	-	(86,512)
Contributed asset	650,000	-	-	-	-	-	-	-	-	650,000
	10,348,630	1,838,572	25,084,233	192,933	25,512,820	43,259,402	10,143,764	5,547,206	4,620,977	126,548,537
Expenses:										
Wages, salaries and benefits	5,849,443	511,486	4,162,768	-	19,658,420	22,898,793	1,546,795	3,689,356	3,157,025	61,474,086
Interest on Long Term Debt	-	-	113,199	-	-	-	90,987	-	-	204,186
Materials	2,627,238	407,007	4,320,853	16,585	2,062,225	4,425,005	2,367,276	439,413	1,193,287	17,858,889
Contract services	2,079,585	202,267	1,402,443	159,214	1,232,573	9,884,833	2,677,145	218,153	237,199	18,093,412
Rents and Financial Expenses	49,329	32,860	28,276	-	307,517	28,691	116,265	20,132	10,798	593,868
External Transfers	2,535,967	-	-	-	-	3,541,086	-	-	-	6,077,053
Amortization of tangible capital assets	1,283,558	508	8,609,855	-	747,220	1,030,030	1,154,126	344,489	32,576	13,202,362
	14,425,120	1,154,128	18,637,394	175,799	24,007,955	41,808,438	7,952,594	4,711,543	4,630,885	117,503,856
Annual surplus (deficit) before restructuring gain	\$ (4,076,490)	\$ 684,444	\$ 6,446,839	\$ 17,134	\$ 1,504,865	\$ 1,450,964	\$ 2,191,170	\$ 835,663	\$ (9,908)	\$ 9,044,681