

**TOWNSHIP OF HURON-KINLOSS
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024**

SEEBACH & COMPANY
Chartered Professional Accountants



The Corporation of the Township of Huron-Kinloss

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MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

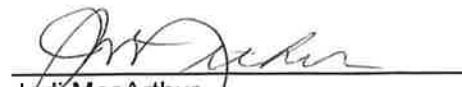
The accompanying consolidated financial statements of The Corporation of the Township of Huron-Kinloss (the "Municipality") are the responsibility of the Municipality's management and have been prepared in accordance with Canadian public sector accounting standards, established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada, as described in Note 1 to the consolidated financial statements.

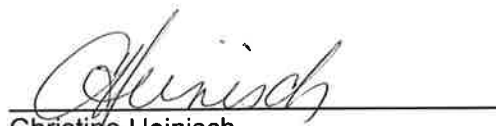
The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Municipality's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded from loss, transactions are properly authorized and recorded, and reliable information is available on a timely basis for preparation of the consolidated financial statements. These statements are monitored and evaluated by the Municipality's management. Council meets with management and the external auditor to review the consolidated financial statements and discuss and significant financial reporting or internal control matters prior to their approval.

The financial statements have been audited by Seebach & Company, independent external auditors appointed by the Municipality. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Municipality's consolidated financial statements.

CORPORATION OF THE TOWNSHIP OF HURON-KINLOSS


Jodi MacArthur
CAO


Christine Heinisch
Treasurer

October 20, 2025

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of the Corporation of the Township of Huron-Kinloss ("the Entity"), which are comprised of the consolidated statement of financial position as at December 31, 2024 and the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PSAB, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT (continued)

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Seebach & Company

Chartered Professional Accountants
Licensed Public Accountants

Clinton, Ontario
October 20, 2025

TOWNSHIP OF HURON-KINLOSS
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31		2024	2023
Financial assets			
Cash and cash equivalents	Note 3	11,070,926	9,125,713
Taxes receivable		1,574,119	1,364,774
Accounts receivable		5,252,338	6,053,842
Long-term receivables	Note 4	288,699	373,522
Long-term investments	Note 5	400,000	770,285
		18,586,082	17,688,136
Liabilities			
Accounts payable and accrued liabilities		2,477,721	3,037,838
Deferred revenue	Schedule 2	623,517	927,877
Municipal debt	Note 7	103,116	134,488
Asset retirement obligations	Note 8	1,644,202	1,625,461
Post-employment benefits liability	Note 9	216,034	221,117
		5,064,590	5,946,781
Net financial assets		13,521,492	11,741,355
Non-financial assets			
Tangible capital assets	Note 10	83,856,979	81,407,102
Prepaid expenses		233,000	388,140
Inventory for resale		10,200	8,073
Accumulated surplus	Note 11	\$ 97,621,671	\$ 93,544,670

The accompanying notes are an integral part of these financial statements

TOWNSHIP OF HURON-KINLOSS
CONSOLIDATED STATEMENT OF OPERATIONS

For the year ended December 31	2024 Budget	2024 Actual	2023 Actual
Revenue			
Taxation for municipal purposes	10,951,613	11,159,332	10,327,707
User fees	5,491,544	6,678,211	10,443,305
Government transfers	Note 12 2,650,576	3,088,581	6,745,043
Other	Note 13 2,169,442	2,296,721	2,400,459
	21,263,175	23,222,845	29,916,514
Expenditure			
General government	2,254,155	2,080,605	2,026,822
Protection services	2,913,387	3,195,789	3,065,839
Roadways	3,550,663	5,081,385	4,883,131
Environmental services	3,315,203	4,472,914	3,886,313
Health services	50,990	86,596	75,036
Recreation and culture	2,138,630	2,253,736	2,104,399
Planning and development	1,181,494	1,974,819	1,597,821
	15,404,522	19,145,844	17,639,361
Annual surplus	5,858,653	4,077,001	12,277,153
Accumulated surplus beginning of year	\$ 93,544,670	\$ 93,544,670	\$ 81,267,517
Accumulated surplus end of year	\$ 99,403,323	\$ 97,621,671	\$ 93,544,670

The accompanying notes are an integral part of these financial statements

TOWNSHIP OF HURON-KINLOSS
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

For the year ended December 31	2024 Actual	2023 Actual
Annual surplus	4,077,001	12,277,153
Amortization of tangible capital assets	3,541,100	3,077,242
Acquisition of tangible capital assets	(6,120,193)	(16,312,038)
Proceeds from sale of tangible capital assets	21,053	365,199
(Gain) loss on disposition of tangible capital assets	108,163	(81,317)
Decrease (increase) in prepaid expenses and inventory for resale	153,013	(207,577)
Increase (decrease) in net financial assets	1,780,137	(881,338)
Net financial assets beginning of year	\$ 11,741,355	\$ 12,622,693
Net financial assets end of year	\$ 13,521,492	\$ 11,741,355

The accompanying notes are an integral part of these financial statements

TOWNSHIP OF HURON-KINLOSS
CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31	2024	2023
Operating activities		
Annual surplus	4,077,001	12,277,153
Decrease (increase) in taxes receivable	(209,345)	(315,939)
Decrease (increase) in accounts receivable	801,504	(1,346,350)
Decrease (increase) in non-financial assets	153,013	(207,577)
Increase (decrease) in accounts payable	(560,117)	(812,505)
Increase (decrease) in deferred revenue	(304,360)	(726,029)
Increase (decrease) in asset retirement obligations	18,741	18,395
Increase (decrease) in post-employment benefits liability	(5,083)	12,337
	(105,647)	(3,377,668)
Non-cash charges to operations		
Amortization	3,541,100	3,077,242
Loss (gain) on disposal of capital assets	108,163	(81,317)
Working capital from operations	3,649,263	2,995,925
	7,620,617	11,895,410
Capital		
Acquisition of tangible capital assets	(6,120,193)	(16,312,038)
Proceeds from sale of tangible capital assets	21,053	365,199
Net investment in tangible capital assets	(6,099,140)	(15,946,839)
Investing activities		
Issuance of loans receivable	-	(123,545)
Repayments of loans receivable	455,108	86,173
Cash provided by (used for) investing activities	455,108	(37,372)
Financing activities		
Loan proceeds	-	52,000
Payments on long-term debt	(31,372)	(35,682)
Cash provided by (used for) financing activities	(31,372)	16,318
Increase (decrease) in cash position	1,945,213	(4,072,483)
Cash beginning of year	9,125,713	13,198,196
Cash end of year	\$ 11,070,926	\$ 9,125,713

The accompanying notes are an integral part of these financial statements

TOWNSHIP OF HURON-KINLOSS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

1. Accounting policies

Management responsibility

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

Significant accounting policies adopted by the township are as follows:

a) Reporting entity

The consolidated financial statements reflect the financial assets, liabilities, operating revenue and expenditures, reserves and reserve funds and changes in investment in tangible capital assets of the reporting entity. The reporting entity is comprised of all organizations, committees and boards which are owned and controlled by the township. In addition to general government tax-supported operations, they include any water systems operated by the township and the township's proportionate share of joint local boards.

These consolidated financial statements include the proportional share of the financial position and operating activities of the following joint local boards:

Bruce Area Solid Waste Recycling - 12.42%
Mid-Huron Landfill Site Board - 4.9%
Saugeen Mobility and Regional Transit - 4.7%
Lucknow and District Fire Department Joint Board of Management - 50%
Lucknow Community Health Centre Board - 50%
Lucknow and District Joint Recreation Board - 50%

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

The statements do not include trust funds that are administered for the benefit of external parties. The financial activity and position of the trust funds are reported separately.

b) Accrual basis of accounting

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

c) Cash and cash equivalents

Cash and cash equivalents are represented by cash on hand, cash on deposit in chartered banks and short term investments.

d) Long-term investments

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

e) Non-financial assets

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

1. Accounting policies (cont'd)

e) cont'd

- Tangible capital assets

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

Category	Amortization Period	Capitalization Threshold
Land	Not applicable	\$ 0
Land improvements	20 years	5,000
Buildings	30 years	5,000
Vehicles and equipment	5 - 20 years	5,000
Transportation roads infrastructure		
Road base and earthwork	100 years	25,000
Road surfaces	8 - 20 years	25,000
Bridges and culverts	40 - 80 years	25,000
Sidewalks	40 years	5,000
Water and sewer underground networks	75 years	25,000
Water and sewer plants and facilities	20 - 90 years	25,000

Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized. Asset retirement obligations are amortized using the same basis and useful life as the underlying asset.

The township has a capitalization threshold of \$0 - \$25,000 dependent on the category, so that individual tangible capital assets of lesser value are expensed, unless they are pooled because, collectively, they have significant value, or for operational reasons. Examples of pooled assets are computer systems, equipment, furniture and fixtures.

- Contribution of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. Similarly, transfers of assets to third parties are recorded as an expense equal to the net book value of the asset as of the date of transfer.

- Leases

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

- Inventories

Inventories held for consumption are recorded at the lower of average cost and net realizable value.

f) Pension and employee benefits

The township is an employer member of the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer, defined benefit pension plan. The township has adopted defined contribution plan accounting principals for this plan because insufficient information is available to apply defined benefit plan accounting principles. The township records as pension expense the current service cost, amortization of past service costs and interest costs related to the future employer contributions to the plan for past employee service.

1. Accounting policies (cont'd)

g) Deferred revenue

Amounts received and required by legislation, regulation or agreement to be set aside for specific, restricted purposes are reported in the consolidated statement of financial position as deferred revenue until the obligation is discharged. These amounts will be recognized as revenues in the period in which related expenditures are incurred or service is performed.

h) Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements, the reported amounts of revenue and expenditures during the period and the accompanying notes. Due to the inherent uncertainty in making estimates, actual results could differ from those estimates.

i) Reserves for future expenditures

Certain amounts, as approved by Council, are set aside in reserves and reserve funds for future operating and capital expenditures. Transfers to or from reserves are reflected as adjustments to the respective appropriated equity.

j) Asset retirement obligations

Asset retirement obligations represent the legal obligations associated with the retirement of a tangible capital asset that result from its acquisition, construction, development, or normal use.

The liability is recorded at an amount that is the best estimate of the expenditure required to retire a tangible capital asset at the financial statement date. This liability is subsequently reviewed at each financial reporting date and adjusted for the passage of time and for any revisions to the timing, amount required to settle the obligation or the discount rate.

Upon the initial measurement of an asset retirement obligation, a corresponding asset retirement cost is added to the carrying value of the related tangible capital asset if it is still in productive use. This cost is amortized over the useful life of the tangible capital asset. If the related tangible capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

k) Amounts to be recovered in future years

Future years recoveries represent the requirement of the township to raise funds in subsequent periods to finance unfunded liabilities. A portion of the amounts to be recovered in future years will be recovered from deferred revenues earned.

l) Revenue recognition

- Tax levies

Tax levies, based on assessment rolls issued by the Municipal Property Assessment Corporation and tax rates established by council, are recognized as revenue when the tax billings are issued.

- Government transfers

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

- User fees and service charges

Revenues are recognized when the services are performed or goods are delivered and there is a reasonable assurance of collection

- Investment income

Revenue earned on operating surplus funds and reserves and reserve funds are recorded as revenue in the period earned.

1. Accounting policies (cont'd)

m) Financial instruments

Financial instruments consist of cash and cash equivalents, investments, taxes receivable, accounts receivable, long-term receivables, accounts payable and accrued liabilities and municipal debt. The township classifies all of its financial instruments as measured at amortized cost. Financial assets measured at cost are recognized initially at fair value plus any directly attributable transaction costs. The carrying amount is subsequently written down to net realizable value when an impairment loss is known and there is no reasonable prospect of recovery.

n) County of Bruce and school board transactions

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

2. Change in Accounting Policy

Change in accounting policies: On January 1, 2024, the Municipality adopted Canadian public sector accounting standard PS 3400 Revenue. The new accounting standard establishes a single framework to categorize revenue to enhance the consistency of revenue recognition and its measurement. As at December 31, 2024 the Township determined that the adoption of this new standard did not have a material impact on the amounts presented in the financial statements.

3. Cash

	2024	2023
Unrestricted	10,057,403	7,881,530
Restricted	623,517	927,876
Cash held by others	<u>390,006</u>	<u>316,307</u>
	\$ <u>11,070,926</u>	\$ <u>9,125,713</u>

4. Long-term receivables

The balance of the long-term receivables reported on the consolidated statement of financial position consists of the following:

	2024	2023
Property owners for capital costs, 4-5% interest, due 2025 through 2028	194,375	258,517
Tile drain loans receivable 6% - 8%, principal and interest payments, due 2025 through 2031	<u>94,324</u>	<u>115,005</u>
	\$ <u>288,699</u>	\$ <u>373,522</u>

Principal payments due in the next five years are as follows:

2025	76,599
2026	70,414
2027	57,381
2028	29,810
2029	24,234
Thereafter	<u>30,261</u>
	\$ <u>288,699</u>

5. Long-term investments

	2024	2023
Note receivable, Westario Power Inc.	-	370,285
Common shares, Westario Power Holdings Inc.	<u>400,000</u>	<u>400,000</u>
	<u>\$ 400,000</u>	<u>\$ 770,285</u>

The township owns 3.18% of the outstanding common shares of Westario Power Holdings Inc., a private company incorporated under the laws of the Province of Ontario. The shares have no fixed maturity dates and are generally not exposed to interest rate risk. The fair value of these shares is not practicable to determine in the absence of published market quotations.

6. Temporary borrowings

The township has an authorized line of credit at Meridian Credit Union. The outstanding amount as of December 31, 2024 was \$ Nil (2023- \$ Nil). The facility is secured by general borrowing by-laws.

7. Municipal debt

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

	2024	2023
Trust fund loans, 4-5% interest, maturing in 2025 through 2028	8,792	19,483
Tile drain loans payable to Ministry of Finance, responsibility for payment of principal and interest charges have been assumed by individuals, 6% - 8%, due 2025 through 2033	<u>94,324</u>	<u>115,005</u>
	<u>\$ 103,116</u>	<u>\$ 134,488</u>

Principal payments due on debt in the next five years are as follows:

2025	19,539
2026	16,891
2027	15,075
2028	13,424
2029	7,926
Thereafter	<u>30,261</u>
	<u>\$ 103,116</u>

8. Asset Retirement Obligations

The Municipality's financial statements include an asset retirement obligation for the Huron Landfill and the Kinloss Landfill. The related asset retirement costs are being amortized on a straight line basis.

The liability for the Huron Landfill has been estimated using a net present value technique with a discount rate of 2% (2023: 2%). The estimated total undiscounted future expenditures are \$783,764 (2023: \$783,764), with closure costs expected to begin in 2030 and liabilities expected to be fully settled in 2049.

The liability for the Kinloss Landfill has been estimated using a net present value technique with a discount rate of 2% (2023: 2%). The estimated total undiscounted future expenditures are \$563,110 (2023: \$563,110), with closure costs expected to begin in 2045 and liabilities expected to be fully settled in 2064.

The liability for the Municipality's share of the Mid-Huron Landfill has been estimated using a net present value technique with a discount rate of 2% (2023: 2%). The estimated total undiscounted future expenditures are \$841,512 (2023: \$841,512), which are to be incurred over 50 years. The liability is expected to be fully settled in 50 years. The Mid-Huron Landfill Site Board has set aside reserve funds to fund post closure costs of which the Municipality's share is \$237,577 (2023: \$236,539). The Municipality has set aside a further reserve of \$3,700 (2023: \$6,150).

8. Asset Retirement Obligations (cont'd)

The Municipality owns facilities which contain asbestos, and therefore, the Municipality is legally required to perform abatement activities upon renovation or demolition of these assets. Abatement activities include handling and disposing of the asbestos in a prescribed manner when it is disturbed. The estimated total undiscounted future expenditures are \$60,221 (2023: \$60,221) and abatement activities are expected to be performed in the next 5 to 10 years. The liability has been estimated using a net present value technique with a discount rate of 2% (2023: 2%).

The Municipality owns a gravel pit and is legally required to rehabilitate the site upon depletion. The estimated total undiscounted future expenditures are \$120,000 (2023: \$120,000). The site is currently depleted and rehabilitation is expected to be performed in 2 years. The liability has been estimated using a net present value technique with a discount rate of 2% (2023: 2%).

The future liability is expected to be funded through budget allocations and reserves.

The carrying amount of the liabilities are as follows:

	Township- Owned Landfills	Share of Mid-Huron Landfill	Asbestos	Gravel Pit	Total
Asset retirement obligation as at December 31, 2023	\$ 927,888	\$ 531,480	\$ 53,015	\$ 113,078	\$ 1,625,461
Increase due to accretion expense	18,561	10,630	1,060	2,262	32,513
Settlements and adjustments		(13,772)			(13,772)
Asset retirement obligation as at December 31, 2024	\$ <u>946,449</u>	\$ <u>528,338</u>	\$ <u>54,075</u>	\$ <u>115,340</u>	\$ <u>1,644,202</u>

9. Post employment benefits liability

Under the sick leave benefit plan, unused sick leave can accumulate and employees may become entitled to a cash payment when they leave the township's employment. The liability for these accumulated days, to the extent that they have vested and could be taken in cash by an employee on termination, amounted to \$216,034 as at the year end (2023: \$221,117).

10. Tangible capital assets

Schedule 3 provides information on the tangible capital assets of the township by major class and by business segment, as well as for accumulated amortization of the assets controlled.

i) Contributed tangible capital assets

The township records all tangible capital assets contributed by external parties at fair value.

ii) Tangible capital assets recognized at nominal value

Certain assets have been assigned a nominal value of \$1 because of the difficulty of determining a tenable valuation.

11. Schedule of accumulated surplus

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

	2024	2023
Invested in tangible capital assets		
Net tangible capital assets	83,856,979	81,407,102
Unexpended capital financing (Unfunded capital assets)	<u>(2,139,231)</u>	<u>(2,159,356)</u>
	81,717,748	79,247,746
Unfunded		
Asset retirement obligations	(1,644,202)	(1,625,461)
Post-employment benefits liability	(216,034)	(221,117)
Other surplus	<u>406,489</u>	<u>425,413</u>
	80,264,001	77,826,581
Reserves	<u>17,357,670</u>	<u>15,718,089</u>
Accumulated surplus	\$ <u>97,621,671</u>	\$ <u>93,544,670</u>

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

12. Government transfers

	2024	2023
Province of Ontario		
Ontario Municipal Partnership Fund	1,134,700	1,197,100
Ontario Community Infrastructure Fund	798,982	710,948
Investing in Canada Infrastructure Program (ICIP)	-	2,803,442
Ontario Trillium Fund	-	300,032
Municipal Modernization Program	-	3,556
Skills Development Fund	32,553	307,885
Ministry of Agriculture, Food & Rural Affairs - municipal drains	36,143	208,452
Other capital	30,642	-
Other operating	<u>289,713</u>	<u>236,977</u>
	<u>2,322,733</u>	<u>5,768,392</u>
Government of Canada		
Canada Community Building Fund	622,222	969,089
Other capital	-	3,562
Other operating	<u>-</u>	<u>4,000</u>
	<u>622,222</u>	<u>976,651</u>
Other municipalities - capital	<u>143,626</u>	<u>-</u>
Total government transfers	\$ <u>3,088,581</u>	\$ <u>6,745,043</u>

13. Other revenue

	2024	2023
Penalties and interest on taxation	179,537	162,253
Investment income	535,964	541,484
Nuclear Waste Management	1,689,383	1,615,405
Gain (loss) on disposal of capital assets	<u>(108,163)</u>	<u>81,317</u>
	\$ 2,296,721	\$ 2,400,459

14. Operations of school boards and county

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

	2024	2023
County of Bruce	\$ 7,709,221	\$ 7,033,720
School Boards	2,792,961	2,540,095

15. Trust funds

Trust funds administered by the township amounting to \$136,695 (2023: \$132,237) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of financial activities.

	2024	2023
Cemetery Care and Maintenance	\$ 134,695	\$ 130,237
MacKenzie Scholarship Trust Fund	2,000	2,000

16. Pension agreements

The township makes contributions to a multi-employer pension plan on behalf of members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. The amount contributed for the year was \$272,776 (2023: \$220,066) for current services and is included as an expenditure on the consolidated statement of financial activities.

The contributions to OMERS are expensed when contributions are due. Any pension surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the township does not recognize any share of the OMERS pension surplus or deficit.

17. Contractual obligation

The township has contracted with Ontario Clean Water Agency for the operation of certain water and sewage systems until December 2029 at an annual fee of \$856,413. plus tax.

The township has contracted with Bruce Area Solid Waste Recycling for garbage collection until March 2026 at an annual fee of \$194,593 plus tax.

18. Contingent liability

In the ordinary course of business, various claims and lawsuits are brought against the township. Because settlement amounts, if any, cannot be determined or because claims are expected to be within the township's insurance coverage, no provision has been made for the contingency in the financial statements.

19. Financial instrument risk management**Credit risk**

The township is exposed to credit risk through its cash, trade and other receivables, loans receivable, and long-term investments. There is the possibility of non-collection of its trade and other receivables. The majority of the township's receivables are from ratepayers and government entities. For trade and other receivables, the township measures impairment based on how long the amounts have been outstanding. For amounts outstanding considered doubtful or uncollectible, an impairment allowance is setup.

Liquidity risk

Liquidity risk is the risk that the township will not be able to meet its financial obligations as they fall due. The township has a planning and a budgeting process in place to help determine the funds required to support the township's normal operating requirements on an ongoing basis. The township ensures that there are sufficient funds to meet its short-term requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents. To achieve this aim, it seeks to maintain an available line of credit balance as approved by the appropriate borrowing bylaw to meet, at a minimum, expected requirements.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates or interest rates will affect the township's income or the value of its holdings of financial instruments. The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing return on investments.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The township is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the variable rate of temporary borrowings and long-term liabilities and the value of fixed rate long-term liabilities.

There has been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure risks.

20. Budget amounts

Under Canadian public sector accounting standards, budget amounts are to be reported on the consolidated statement of change in net financial assets and operations for comparative purposes. The 2023 budget amounts for the Corporation of the Township of Huron-Kinloss approved by Council are unaudited and have been restated to conform to the basis of presentation of the revenues and expenditures on the consolidated statement of operations. As a result, the budget figures presented in the statements of operations and changes in net financial assets represent the budget approved by council with the following adjustments:

Approved budget annual surplus (deficit)	-
Add: Acquisition of tangible capital assets	8,435,000
Net transfers to reserves	(2,576,347)
Unfunded capital projects in process	-
Budgeted surplus reported on statement of operations	\$ <u>5,858,653</u>

21. Segmented information

The township is a diversified municipal government institution that provides a wide range of services to its citizens. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of segments and the activities they encompass are as follows:

General government

General government is comprised of township council, administrative and clerk departments.

Protection services

Protection services department is comprised of police services, fire protection and protective inspection. The police services work to ensure the safety and protection of the citizens and their property. The fire department is responsible to provide fire suppression service, fire prevention programs and education. Protective inspection provides services related to the enforcement of building and construction codes.

Transportation services

Transportation services department is responsible for the delivery of public works services related to maintenance of roadway systems, winter control and street lighting.

Environmental services

Environmental services department consists of water, wastewater and solid waste disposal utilities. The department provides drinking water, collecting and treating wastewater, and providing collection disposal and waste minimization programs and facilities.

Health services

Health services department is responsible for maintaining the township's cemeteries and medical centre.

Social and family services

Social and family services department provides for child care services.

Recreation and cultural services

Recreation and cultural services department is responsible for the delivery and upkeep of all recreation programs and facilities including parks and library.

Planning and development

Planning and development services department provides planning, economic development and maintenance of the township's drains.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. In measuring and reporting segment revenue from transactions with other segments, inter-segment transfers are measured on the basis of the actual cost of services provided. Taxation and grants attributable to a number of segments have been allocated to those segments based on the budgeted net operating revenue for the year.

22. Government partnerships

The following summarizes the financial position and results of operations of the government partnerships. The Township of Huron-Kinloss' pro-rata share of these amounts has been reported in these financial statements using the proportionate consolidation method.

	Mid-Huron Landfill Site Board	Saugeen Mobility and Regional Transit	Bruce Area Solid Waste Recycling Association
Financial assets	5,024,147	183,842	1,901,664
Financial liabilities	<u>10,825,557</u>	<u>282,484</u>	<u>434,979</u>
Net financial asset (debt)	(5,801,410)	(98,642)	1,466,685
Non-financial assets	<u>131,424</u>	<u>757,456</u>	<u>1,675,536</u>
Accumulated surplus	<u>(5,669,986)</u>	<u>757,456</u>	<u>3,142,221</u>
Revenues	431,404	2,224,508	4,621,792
Expenses	<u>307,153</u>	<u>2,084,925</u>	<u>4,194,831</u>
Annual surplus (deficit)	<u>\$124,251</u>	<u>\$ 139,583</u>	<u>\$ 426,861</u>

Mid-Huron Landfill Site Board is a partnership between the Town of Goderich, Township of Huron-Kinloss, Municipality of Central Huron, Municipality of Bluewater, Municipality of Huron East, Township of Ashfield-Colborne-Wawanosh and the Township of Huron-Kinloss to provide garbage disposal services. The landfill is now in the post closure rehabilitation stage.

Saugeen Mobility and Regional Transit (SMART) is a partnership between the Town of Hanover, The Town of Saugeen Shores, Municipality of Brockton, Municipality of West Grey, Municipality of Arran-Elderslie, Township of Southgate, Municipality of Kincardine and the Township of Huron-Kinloss to provide transportation services to the physically disabled. During the year, the township made payments to SMART of \$40,968 (2023: \$40,968) for transportation services.

Bruce Area Solid Waste Recycling Association (BASWRA) is a partnership between the Municipality of South Bruce Peninsula, the Municipality of Arran-Elderslie, the Town of Saugeen Shores, the Municipality of Kincardine, the Township of Huron-Kinloss and others to provide garbage, recycling and cardboard collection services. During the year, the township made payments to BASWRA of \$219,678 (2023: \$57,879) for garbage, recycling and cardboard collection services.

TOWNSHIP OF HURON-KINLOSS
CONSOLIDATED SCHEDULE OF CONTINUITY OF RESERVES AND RESERVE FUNDS

For the Year Ended December 31, 2024

Schedule 1

	Balance, beginning of year	Revenues and contributions				Transfers			Balance, end of year
		Interest	From Operations	Other	Total	To Operations	To Capital Acquisitions	Total	
Reserves									
for general government	1,018,621		786,289		786,289	272,910	670	273,580	1,531,330
for protection services	565,258				-	59,497	232,538	292,035	273,223
for transportation services	1,324,254		208,335		208,335		217,696	217,696	1,314,893
for water and sewer	4,423,881	41,918	885,001		926,919	17,743	716,294	734,037	4,616,763
for landfill sites and recycling	343,921		67,856		67,856	15,245		15,245	396,532
for health services	22,138	5,528			5,528			-	27,666
for social and family services	4,091				-	4,091		4,091	-
for recreation and cultural services	109,048		27,390		27,390			-	136,438
for planning and development	6,339		3,600		3,600	5,924		5,924	4,015
for capital projects	4,447,650		1,364,327		1,364,327	-	796,335	796,335	5,015,642
	12,265,201	47,446	3,342,798	-	3,390,244	375,410	1,963,533	2,338,943	13,316,502
Reserve funds									
for general government	1,218,316	53,200	129,818		183,018	165,632		165,632	1,235,702
for environmental services	2,001,708	101,193	551,398		652,591		82,735	82,735	2,571,564
MidHuron landfill	232,864		1,038		1,038			-	233,902
	3,452,888	154,393	682,254	-	836,647	165,632	82,735	248,367	4,041,168
	15,718,089	201,839	4,025,052	-	4,226,891	541,042	2,046,268	2,587,310	17,357,670

CONSOLIDATED SCHEDULE OF DEFERRED REVENUE

For the Year Ended December 31, 2024

Schedule 2

	Balance, beginning of year	Revenues and contributions				Transfers			Balance, end of year
		Interest	From Operations	Other	Total	To Operations	To Capital Acquisitions	Total	
Canada Community Building Fund	590,086	59,847		246,305	306,152		622,222	622,222	274,016
Parklands and Development	337,791	16,933		6,656	23,589	11,879		11,879	349,501
	927,877	76,780	-	252,961	329,741	11,879	622,222	634,101	623,517

Township of Huron-Kinloss
Consolidated Schedule of Tangible Capital Assets
For the Year Ended December 31, 2024

Schedule 3A

	General				Infrastructure					Total Net Book Value 2024	Total Net Book Value 2023
	Land and land improvements	Buildings	Machinery & Equipment	Vehicles	Roads, Sidewalks Street lights	Bridges and Culverts	Storm Sewers	Water and sewer Plants and Facilities	Underground Networks		
Cost											
Balance, beginning of year	5,532,017	8,258,946	4,573,192	7,886,291	35,519,913	8,430,641	10,447,010	15,765,259	36,079,732	132,493,001	117,263,875
Reallocations and adjustments										-	-
Additions during the year	76,675	822,642	170,181	1,471,731	1,183,263	1,002,722	509,337	137,886	745,756	6,120,193	16,312,038
Disposals and adjustments		(12,000)	(7,877)	(375,870)	(292,704)				(11,380)	(699,831)	(1,082,912)
Balance, end of year	<u>5,608,692</u>	<u>9,069,588</u>	<u>4,735,496</u>	<u>8,982,152</u>	<u>36,410,472</u>	<u>9,433,363</u>	<u>10,956,347</u>	<u>15,903,145</u>	<u>36,814,108</u>	<u>137,913,363</u>	<u>132,493,001</u>
Accumulated amortization											
Balance, beginning of year	1,313,952	4,088,620	2,390,415	3,751,499	16,771,739	4,026,074	1,990,991	5,826,428	10,926,181	51,085,899	48,807,687
Reallocations and adjustments	-	-	-					-		-	-
Amortization during the year	155,073	234,035	234,025	488,273	1,310,422	142,649	183,613	247,876	545,134	3,541,100	3,077,242
Adjustments and accumulated amortization on disposals		(9,190)	(7,877)	(301,053)	(241,115)				(11,380)	(570,615)	(799,030)
Balance, end of year	<u>1,469,025</u>	<u>4,313,465</u>	<u>2,616,563</u>	<u>3,938,719</u>	<u>17,841,046</u>	<u>4,168,723</u>	<u>2,174,604</u>	<u>6,074,304</u>	<u>11,459,935</u>	<u>54,056,384</u>	<u>51,085,899</u>
Net Book Value	<u>4,139,667</u>	<u>4,756,123</u>	<u>2,118,933</u>	<u>5,043,433</u>	<u>18,569,426</u>	<u>5,264,640</u>	<u>8,781,743</u>	<u>9,828,841</u>	<u>25,354,173</u>	<u>\$ 83,856,979</u>	<u>\$ 81,407,102</u>

Township of Huron-Kinloss
Consolidated Schedule of Tangible Capital Assets
For the Year Ended December 31, 2024

Schedule 3B

	General Government	Protection	Roads	Storm Sewers	Water and sewer	Waste collection, disposal	Health	Recreation and Cultural	Planning and Development	Total Net Book Value 2024	Total Net Book Value 2023
Cost											
Balance, beginning of year	1,131,050	4,305,874	51,578,294	10,452,013	53,647,608	1,494,665	627,110	9,230,952	25,435	132,493,001	117,263,875
Reallocations and adjustments	(11,787)							11,787		-	-
Additions during the year	16,139	637,140	3,163,625	509,338	883,643	40,472	603,907	265,929		6,120,193	16,312,038
Disposals during the year			(659,629)		(11,380)	(5,055)		(23,767)		(699,831)	(1,082,912)
Balance, end of year	<u>1,135,402</u>	<u>4,943,014</u>	<u>54,082,290</u>	<u>10,961,351</u>	<u>54,519,871</u>	<u>1,530,082</u>	<u>1,231,017</u>	<u>9,484,901</u>	<u>25,435</u>	<u>137,913,363</u>	<u>132,493,001</u>
Accumulated Amortization											
Balance, beginning of year	582,583	2,173,319	24,053,685	1,990,991	17,144,086	779,442	148,883	4,205,700	7,210	51,085,899	48,807,687
Reallocations and adjustments	(884)							884		-	-
Amortization during the year	40,296	200,156	1,883,960	183,615	846,353	47,985	16,874	321,088	773	3,541,100	3,077,242
Adjustments and accumulated amortization on disposals			(535,582)		(11,380)	(2,696)		(20,957)		(570,615)	(799,030)
Balance, end of year	<u>621,995</u>	<u>2,373,475</u>	<u>25,402,063</u>	<u>2,174,606</u>	<u>17,979,059</u>	<u>824,731</u>	<u>165,757</u>	<u>4,506,715</u>	<u>7,983</u>	<u>54,056,384</u>	<u>51,085,899</u>
Net Book Value	<u>513,407</u>	<u>2,569,539</u>	<u>28,680,227</u>	<u>8,786,745</u>	<u>36,540,812</u>	<u>705,351</u>	<u>1,065,260</u>	<u>4,978,186</u>	<u>17,452</u>	<u>\$ 83,856,979</u>	<u>\$ 81,407,102</u>

Township of Huron-Kinloss
Segmented Information
For the Year Ended December 31, 2024

Schedule 4

	General Government	Police Protection	Fire Protection	Inspections and controls	Other Protection	Roads and Street lights	Water and sewer	Waste Disposal	Health and social	Recreation and Culture	Zoning and Development	Total 2024	Total 2023
Revenue													
Taxation	11,159,332											11,159,332	10,327,707
User fees	37,948		30,836	447,180	35,258	56,770	3,316,562	790,883	43,671	793,553	1,125,550	6,678,211	10,443,305
Government transfers	1,216,246	8,274	-			1,447,129	-	162,704	143,626	30,642	79,960	3,088,581	6,745,043
Other	2,296,721											2,296,721	2,400,459
	<u>14,710,247</u>	<u>8,274</u>	<u>30,836</u>	<u>447,180</u>	<u>35,258</u>	<u>1,503,899</u>	<u>3,316,562</u>	<u>953,587</u>	<u>187,297</u>	<u>824,195</u>	<u>1,205,510</u>	<u>23,222,845</u>	<u>29,916,514</u>
Operating expenditure													
Wages, salaries and benefits	1,257,045	-	320,088	307,430	93,906	1,184,536	28,886	424,144	21,521	945,288	325,985	4,908,829	4,968,137
Contract services	463,381	1,322,375	104,218	44,484	583,560	864,554	1,421,878	559,140	15,627	297,781	925,709	6,602,707	5,291,276
Materials	319,883	1,602	164,376	45,683	7,911	964,720	642,087	502,436	32,573	689,584	722,353	4,093,208	4,302,706
Amortization	40,296	-	196,760	-	3,396	2,067,575	846,357	47,986	16,875	321,083	772	3,541,100	3,077,242
	<u>2,080,605</u>	<u>1,323,977</u>	<u>785,442</u>	<u>397,597</u>	<u>688,773</u>	<u>5,081,385</u>	<u>2,939,208</u>	<u>1,533,706</u>	<u>86,596</u>	<u>2,253,736</u>	<u>1,974,819</u>	<u>19,145,844</u>	<u>17,639,361</u>
Net revenue (expense)	<u>12,629,642</u>	<u>(1,315,703)</u>	<u>(754,606)</u>	<u>49,583</u>	<u>(653,515)</u>	<u>(3,577,486)</u>	<u>377,354</u>	<u>(580,119)</u>	<u>100,701</u>	<u>(1,429,541)</u>	<u>(769,309)</u>	<u>4,077,001</u>	<u>12,277,153</u>

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of the Trust Funds of the Corporation of the Township of Huron-Kinloss ("the Entity"), which are comprised of the statement of financial position as at December 31, 2024 and the statement of continuity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PSAB, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT (continued)

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Seebach & Company

Chartered Professional Accountants
Licensed Public Accountants

September 15, 2025

TOWNSHIP OF HURON-KINLOSS
TRUST FUNDS

STATEMENT OF CONTINUITY

	Total		Cemetery Perpetual Care		MacKenzie Scholarship Trust Fund	
For the Year Ended December 31	2024	2023	2024	2023	2024	2023
Balance beginning of year	132,237	127,287	130,237	125,287	2,000	2,000
Receipts						
Perpetual care	4,458	4,950	4,458	4,950	-	-
Interest earned	6,708	6,835	6,608	6,735	100	100
	11,166	11,785	11,066	11,685	100	100
Expenditure						
Transfers to cemetery	6,608	6,735	6,608	6,735	-	-
Scholarship	100	100	-	-	100	100
	6,708	6,835	6,608	6,735	100	100
Balance end of year	\$ 136,695	132,237	\$ 134,695	130,237	\$ 2,000	2,000

BALANCE SHEET

	Total		Cemetery Perpetual Care		MacKenzie Scholarship Trust Fund	
As at December 31	2024	2023	2024	2023	2024	2023
Assets						
Cash	132,012	117,489	132,012	117,489	-	-
Investments, cost	8,791	19,483	8,791	19,483	-	-
Due from municipality	2,500	2,000	500	-	2,000	2,000
Liabilities						
Due to cemetery	(6,608)	(6,735)	(6,608)	(6,735)	-	-
Net assets	136,695	132,237	134,695	130,237	2,000	2,000
Trust fund balances	\$ 136,695	132,237	\$ 134,695	130,237	\$ 2,000	2,000

TOWNSHIP OF HURON-KINLOSS
TRUST FUNDS
NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

1. Accounting Policies

Significant aspects of accounting policies adopted by the township are as follows:

a) Management responsibility

The financial statements of the Trust Funds are the representations of management. They have been prepared in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada as prescribed by the Ministry of Municipal Affairs and Housing for municipalities and their related entities.

b) Basis of consolidation

These trust funds have not been consolidated with the financial statements of the Township of Huron-Kinloss.

c) Basis of accounting

Capital receipts and income are reported on the cash basis of accounting. Expenditures are reported on the cash basis of accounting with the exception of administration expenses which are reported on the accrual basis of accounting, which recognizes expenditures as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

d) Investments

Investments are recorded at cost less amounts written off to reflect a permanent decline in value and have a market value approximately equal to cost.

e) Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the period. Actual results could differ from those estimates.

INDEPENDENT AUDITOR'S REPORT

To the Members of the Lucknow and District Fire Department Joint Board of Management, Members of Council, Inhabitants and Ratepayers of the participating municipalities

Opinion

We have audited the accompanying statement of operations of the Lucknow and District Fire Department Joint Board of Management ("the Entity") for the year ended December 31, 2024 and the accompanying notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statement presents fairly, in all material respects, the financial operations of the Entity as at December 31, 2024 in accordance with Canadian public sector accounting standards (PSAB).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PSAB, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT (continued)

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Seebach & Company

Chartered Professional Accountants
Licensed Public Accountants

Clinton, Ontario
October 20, 2025

LUCKNOW AND DISTRICT FIRE DEPARTMENT JOINT BOARD OF MANAGEMENT
STATEMENT OF OPERATIONS

For the year ended December 31	2024 Budget	2024 Actual	2023 Actual
Revenue			
Operating contributions from participating municipalities			
Township of Ashfield-Colborne-Wawanosh	188,450	185,120	175,934
Township of Huron-Kinloss	188,450	185,120	175,934
Fire calls	-	19,700	27,700
County of Bruce Modified First Response grant	5,000	5,000	5,000
Other revenue	-	26,091	17,609
	381,900	421,031	402,177
Expenditure			
Salaries	230,000	216,403	238,907
Vehicle operation	14,000	27,455	39,146
Equipment	45,500	47,994	25,037
Hydrant repairs	4,000	4,030	3,840
Building maintenance	12,200	23,815	18,263
Dispatch service	22,000	34,673	9,625
Training	17,000	10,100	18,176
Telephone	2,000	2,289	2,218
Utilities	10,200	11,622	11,716
Insurance	14,000	17,743	12,060
Licences, fees, administration	11,000	24,907	23,189
	381,900	421,031	402,177
Annual surplus	\$ 0	\$ 0	\$ 0

LUCKNOW AND DISTRICT FIRE DEPARTMENT JOINT BOARD OF MANAGEMENT NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2024

1. Accounting policies

The statement of operations of the Lucknow and District Fire Department Joint Board of Management is the representation of management prepared in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

Significant aspects of accounting policies adopted by the board are as follows:

a) **Basis of accounting**

i) **Accrual basis of accounting**

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

ii) The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts reported in the financial statements and accompanying notes. Due to the inherent uncertainty in making estimates, actual results could differ from those estimates.

2. Participating municipalities

Participating municipalities are the Township of Ashfield-Colborne-Wawanosh and the Township of Huron-Kinloss. The board conducts its operations using tangible capital assets owned by the participating municipalities.

3. Related party transactions

Board administration cost of \$2,500 was paid to the Township of Huron-Kinloss (2023: \$2,500).

INDEPENDENT AUDITOR'S REPORT

To the Members of the Lucknow Community Health Centre Board , Members of Council, Inhabitants and Ratepayers of the participating municipalities

Opinion

We have audited the accompanying statement of operations of the Lucknow Community Health Centre Board ("the Entity") for the year ended December 31, 2024 and the accompanying notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statement presents fairly, in all material respects, the financial operations of the Entity as at December 31, 2024 in accordance with Canadian public sector accounting standards (PSAB).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PSAB, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT (continued)

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Seebach & Company

Chartered Professional Accountants
Licensed Public Accountants

Clinton, Ontario
October 20, 2025

LUCKNOW COMMUNITY HEALTH CENTRE BOARD
STATEMENT OF OPERATIONS

For the year ended December 31	2024 Budget	2024 Actual	2023 Actual
Revenue			
Rentals	24,490	24,490	23,714
Operating contributions from participating municipalities			
Township of Ashfield-Colborne-Wawanosh	6,320	2,223	553
Township of Huron-Kinloss	6,320	2,223	553
	<u>37,130</u>	<u>28,936</u>	<u>24,820</u>
Expenditure			
Maintenance	18,500	13,909	10,639
Utilities	7,330	6,401	6,101
Property taxes	5,800	5,499	5,304
Insurance	2,500	2,627	2,276
Administration	3,000	500	500
	<u>37,130</u>	<u>28,936</u>	<u>24,820</u>
Annual surplus	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

LUCKNOW COMMUNITY HEALTH CENTRE BOARD

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2024

1. Accounting policies

The statement of operations of the Lucknow Community Health Centre Board is the representation of management prepared in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

Significant aspects of accounting policies adopted by the board are as follows:

a) **Basis of accounting**

i) **Accrual basis of accounting**

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

ii) **The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts reported in the financial statements and accompanying notes. Due to the inherent uncertainty in making estimates, actual results could differ from those estimates.**

2. Participating municipalities

Participating municipalities are the Township of Ashfield-Colborne-Wawanosh and the Township of Huron-Kinloss. The board conducts its operations using tangible capital assets owned by the participating municipalities.

3. Related party transactions

During the year, the board paid property taxes of \$5,304 (2023: \$5,499) and water and sewer charges of \$2,564 (2023: \$2,330) to the Township of Huron-Kinloss, and \$2,969 maintenance charges to the Township of Ashfield-Colborne-Wawanosh (2022: \$2,790).

INDEPENDENT AUDITOR'S REPORT

To the Members of the Lucknow and District Joint Recreation Board , Members of Council, Inhabitants and Ratepayers of the participating municipalities

Opinion

We have audited the accompanying statement of operations of the Lucknow and District Joint Recreation Board ("the Entity") for the year ended December 31, 2024 and the accompanying notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statement presents fairly, in all material respects, the financial operations of the Entity as at December 31, 2024 in accordance with Canadian public sector accounting standards (PSAB).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PSAB, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT (continued)

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Seebach & Company

Chartered Professional Accountants
Licensed Public Accountants

Clinton, Ontario
October 20, 2025

LUCKNOW AND DISTRICT JOINT RECREATION BOARD

STATEMENT OF OPERATIONS

For the year ended December 31	2024 Budget	2024 Actual	2023 Actual
Revenue			
Arena			
Ice rentals	128,000	151,871	121,011
Arena rentals	5,200	5,905	6,566
Bar sales	52,925	60,844	54,934
Public skating	7,000	9,330	9,450
Advertising boards	15,000	15,600	16,524
Grass cutting/watering	17,000	20,249	14,000
Grants	50,000	51,159	-
Donations and other revenue	6,726	8,816	12,418
	281,851	323,774	234,903
Recreation receipts			
Hockey insurance recovery	1,800	1,760	2,080
Skating program	7,500	5,493	9,210
Swimming pool	13,800	17,849	17,069
Baseball	15,000	18,132	18,564
Soccer	10,100	15,665	11,998
Daycamp	10,000	13,581	12,830
Other programs	1,000	1,260	-
	59,200	73,740	71,751
Total rentals and program revenue	341,051	397,514	306,654
Operating contributions from participating municipalities			
Township of Huron-Kinloss	387,487	153,991	174,575
Township of Ashfield-Colborne-Wawanosh	387,487	153,991	174,575
	774,974	307,982	349,149
Total revenue	1,116,025	705,496	655,803
Expenses			
Administration and general			
Salaries	197,000	183,078	180,647
Maintenance	56,200	55,401	40,137
Utilities	60,250	65,497	56,815
Insurance	25,000	23,621	19,877
Administration and training	34,800	17,582	28,043
	373,250	345,179	325,519
Arena and auditorium			
Salaries	144,900	147,591	122,967
Maintenance	374,200	56,302	26,981
Utilities	25,000	16,678	20,306
Bar purchases and profit share	47,250	39,997	40,585
	591,350	260,568	210,839
Recreation programs			
Skating program	2,500	1,447	2,449
Ball and soccer program	7,200	4,947	7,270
Daycamp program	9,350	9,611	8,321
Pool salaries	33,975	21,398	23,844
Pool expenses	32,600	18,101	22,937
Fitness program	800	1,080	-
Parks	65,000	43,165	54,624
	151,425	99,749	119,445
Total expenses	1,116,025	705,496	655,803
Annual surplus	\$ 0	\$ 0	\$ 0

LUCKNOW AND DISTRICT JOINT RECREATION BOARD

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2024

1. Accounting policies

The statement of operations of the Lucknow and District Joint Recreation Board is the representation of management prepared in accordance Canadian public sector accounting standards as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

Significant aspects of accounting policies adopted by the board are as follows:

a) **Basis of accounting**

i) **Accrual basis of accounting**

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

ii) **The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts reported in the financial statements and accompanying notes. Due to the inherent uncertainty in making estimates, actual results could differ from those estimates.**

2. Participating municipalities

Participating municipalities are the Township of Ashfield-Colborne-Wawanosh and the Township of Huron-Kinloss. The board conducts its operations using tangible capital assets owned by the participating municipalities.

3. Related party transactions

Board administration cost of \$ nil (2023: \$5,000) was paid to the Township of Ashfield-Colborne-Wawanosh. Water and sewer fees of \$6,600 (2023: \$5,212) were paid to the Township of Huron-Kinloss.