

Consolidated Financial Statements of

**THE CORPORATION OF THE
MUNICIPALITY OF HURON SHORES**

Year ended December 31, 2024

THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

Index to Consolidated Financial Statements

Year ended December 31, 2024

	Page
Management's Responsibility for the Consolidated Financial Statements	
Independent Auditor's Report	
Consolidated Statement of Financial Position	1
Consolidated Statement of Operations and Accumulated Surplus	2
Consolidated Statement of Change in Net Financial Assets	3
Consolidated Statement of Cash Flows	4
Notes to Consolidated Financial Statements	5 - 24

Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of The Corporation of the Municipality of Huron Shores (the "Municipality") are the responsibility of the Municipality's management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of The Chartered Professional Accountants of Canada. A summary of the significant accounting policies are 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, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by Management.

Council meets with Management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by KPMG LLP, 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.

Chief Administrative Office/Clerk

Treasurer



KPMG LLP

480 Pim Street, Unit 1
Sault Ste. Marie, ON P6B 2V4
Canada
Telephone 705 949 5811
Fax 705 949 0911

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of The Corporation of the Municipality of Huron Shores

Opinion

We have audited the consolidated financial statements of The Corporation of the Municipality of Huron Shores (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 changes in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated 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, its consolidated remeasurement of gains and losses, its consolidated changes in net debt 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 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.

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 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.



Page 3

- 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

Sault Ste. Marie, Canada

September 10, 2025

THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

Consolidated Statement of Financial Position

December 31, 2024, with comparative information for 2023

	2024	2023
Financial assets		
Cash	\$ 3,546,682	\$ 2,399,680
Portfolio investments (note 4)	3,987,008	4,640,163
Taxes receivable	924,616	756,142
Accounts receivable (note 5)	424,468	620,987
	<u>8,882,774</u>	<u>8,416,972</u>
Financial liabilities		
Accounts payable and accrued liabilities	654,305	906,173
Deferred revenue - general (note 7)	389,426	291,445
Deferred revenue - obligatory reserve funds (note 8)	511,669	610,307
Long-term liabilities (note 13)	80,069	146,030
Capital lease obligations (note 14)	256,002	339,883
Asset retirement obligations (note 10)	1,853,155	1,770,750
Employee benefits and other liabilities (note 9)	23,672	18,410
	<u>3,768,298</u>	<u>4,082,998</u>
Net financial assets	5,114,476	4,333,974
Non-financial assets		
Tangible capital assets (note 12)	15,308,013	15,265,803
Prepaid expenses	16,577	59,006
	<u>15,324,590</u>	<u>15,324,809</u>
Accumulated surplus (note 18)	<u>\$ 20,439,066</u>	<u>\$ 19,658,783</u>

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

THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2024, with comparative information for 2023

	Budget (note 21)	2024	2023
Revenues:			
Taxation (note 3)	\$ 4,396,362	\$ 4,402,147	\$ 4,078,316
User charges	297,785	284,101	281,668
Government transfers (note 19)	2,062,633	1,948,864	1,811,498
Other:			
Investment income	263,560	203,676	225,363
Penalties and interest on taxes	162,000	171,617	157,588
Donations and other	41,403	52,395	50,508
Total revenues	7,223,743	7,062,800	6,604,941
Expenses:			
Current operations:			
General government	1,355,522	1,426,297	1,226,845
Protection to persons and property	971,620	890,153	892,294
Transportation services	2,137,252	2,034,800	2,051,761
Environmental services	406,068	462,242	435,877
Health services	550,301	536,963	519,040
Social and family services and housing	475,961	475,960	458,737
Recreational and cultural services	223,745	185,007	158,056
Library services	58,368	48,653	48,653
Planning and development	202,340	222,442	307,889
Total expenses	6,381,177	6,282,517	6,099,152
Annual surplus	842,566	780,283	505,789
Accumulated surplus, beginning of year	19,658,783	19,658,783	19,152,994
Accumulated surplus, end of year	\$ 20,501,349	\$ 20,439,066	\$ 19,658,783

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

THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

Consolidated Statement of Change in Net Financial Assets

Year ended December 31, 2024, with comparative information for 2023

	Budget (note 21)	2024	2023
Annual surplus	\$ 842,566	\$ 780,283	\$ 505,789
Acquisition of tangible capital assets	(2,341,001)	(874,845)	(991,408)
Amortization of tangible capital assets	826,291	826,291	801,595
Proceeds on disposal of tangible capital assets	-	18,640	-
(Gain) loss on disposal of tangible capital assets	-	(12,296)	23,433
	(672,144)	738,073	339,409
Change in prepaid expenses	-	42,429	(33,126)
Change in net financial assets	(672,144)	780,502	306,283
Net financial assets, beginning of year	4,333,974	4,333,974	4,027,691
Net financial assets, end of year	\$ 3,661,830	\$ 5,114,476	\$ 4,333,974

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

THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

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	\$ 780,283	\$ 505,789
Items not involving cash:		
Amortization of tangible capital assets	826,291	801,595
Accretion expense	82,405	78,687
(Gain) loss on disposal of tangible capital assets	(12,296)	23,433
Decrease in employee benefits and other liabilities	5,262	(12,412)
	1,681,945	1,397,092
Change in non-cash assets and liabilities:		
Increase in taxes receivable	(168,474)	(104,229)
Decrease (increase) in accounts receivable	196,519	(16,498)
Decrease (increase) in prepaid expenses	42,429	(33,126)
(Decrease) increase in accounts payable and accrued liabilities	(251,868)	488,996
Increase in deferred revenue - general	97,981	91,785
(Decrease) increase in deferred revenue - obligatory reserve fund	(98,638)	42,937
Net change in cash from operating activities	1,499,894	1,866,957
Financing activities:		
Principal repayments on long-term liabilities and capital lease obligations	(149,842)	(314,167)
Investing activities:		
Purchase of investments	(3,098,877)	(3,151,747)
Proceeds from disposition of investments	3,752,032	2,237,468
Net change in cash from investing activities	653,155	(914,279)
Capital activities:		
Acquisition of tangible capital assets	(874,845)	(508,060)
Proceeds from the disposal of tangible capital assets	18,640	-
	(856,205)	(508,060)
Net change in cash	1,147,002	130,451
Cash, beginning of year	2,399,680	2,269,229
Cash, end of year	\$ 3,546,682	\$ 2,399,680

During the year, capital assets were acquired at an aggregate cost of \$874,845 (2023 - \$991,408) of which \$Nil was acquired through capital lease (2023 - \$483,348).

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

THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

Notes to Consolidated Financial Statements

Year ended December 31, 2024

The Corporation of the Municipality of Huron Shores (the "Municipality") is a municipality in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act and other related legislation.

1. Significant accounting policies:

The consolidated financial statements of the Municipality are prepared by management in accordance with Canadian generally accepted accounting principles for local governments as recommended of the Public Sector Accounting Board and the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Municipality are as follows:

(a) Reporting entity:

- (i) These consolidated financial statements reflect the assets, liabilities, revenues and expenses and include the activities of all committees of Council and the following boards which are under the control of Council:

Huron Shores Cemetery Board

Huron Shores Public Library

All interfund and inter-organizational transactions and balances between these organizations are eliminated.

- (ii) The Municipality collects taxation revenue on behalf of the school boards.

The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards are not reflected in the municipal fund balances on these consolidated financial statements.

- (iii) Trust funds and their related operations administered by the Municipality are not included in these consolidated financial statements but are reported on separately on the Trust Funds Financial Statements (note 17).

(b) Basis of accounting:

The Municipality 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.

(c) Revenue Recognition:

The Municipality prepared tax billings based on assessment rolls issued by the Municipal Property Assessment Corporation, in accordance with rates established and approved annually by Council and the Province of Ontario. Taxation revenue is recognized in the period in which the taxes are levied.

Government transfers are recognized in the consolidated 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.

THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(c) Revenue Recognition (continued):

User fees and other revenues are recognized when the services are performed or goods are delivered, collection of the relevant receivable is probable, persuasive evidence of an arrangement exists and fees are fixed or determinable. Amounts received for future services are deferred until the service is provided.

(d) Deferred revenue – obligatory:

The Municipality receives certain sub-divider contributions and other revenues under the authority of legislation. These funds, by their nature, are restricted in their use and, until applied to specific expenses, are recorded as deferred revenue. Amounts applied to qualifying expenses are recorded as revenue in the fiscal period they are expended.

(e) Deferred revenue – other:

The Municipality receives certain amounts pursuant to funding agreements that may only be used in the conduct of certain programs or in the delivery of specific services and transactions. These amounts are recorded as deferred revenue and are recognized as revenue in the fiscal year the eligibility criteria have been met. Also includes user charges and other fees which have been collected but for which the services have yet to be performed. These amounts are recognized as revenues in the fiscal year the services are performed.

(f) Investments and investment income:

Investments consist of authorized investments pursuant to provisions of the Municipal Act and are comprised of short-term instruments in various securities. Investments with original maturity dates between three months and one year are classified as investments in the consolidated statement of financial position and are carried at fair market value.

Investment income earned on surplus funds is reported as revenue in the period earned. Investment income earned on obligatory reserve funds is added to the fund balance and forms part of the deferred revenue balances.

(g) 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 CORPORATION OF THE MUNICIPALITY OF HURON SHORES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(h) Tangible capital assets:

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

Asset	Useful Life - Years
Land improvements	25
Buildings	80
Fixtures, machinery and equipment	4 - 25
Vehicles	5 - 25
Roads infrastructure	10 - 50
Landfill, bridges and culverts infrastructure	20 - 50
Street lighting infrastructure	10

Equipment under capital lease is amortized over the term of the lease.

Annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

(i) 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.

(ii) Natural resources:

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

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

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

(iv) Leased tangible capital assets:

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

THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(i) Financial Instruments:

The Municipality initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Municipality subsequently measures its financial assets and financial liabilities at amortized cost, except for investments in equity securities and bonds that are quoted in an active market or financial assets or liabilities designated to the fair value category, which are subsequently measured at fair value. Unrealized changes in fair value are recognized in the consolidated statement of remeasurement gains and losses.

Financial assets measured at amortized cost include cash, taxes receivable, and accounts receivable.

Financial assets measured at fair value include the pooled funds held within the investment.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, long-term liabilities and capital lease obligations.

(j) Pensions and employee benefits:

The Municipality accounts for its participation in the Ontario Municipal Employee Retirement System ("OMERS"), a multi-employer public sector pension fund, as a deferred contribution plan. Vacation entitlements are accrued for as entitlements are earned. Retirement benefits are accrued where they are vested and are subject to pay out when an employee leaves the Municipality's employment.

(k) Use of estimates:

The preparation of consolidated 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 consolidated financial statements, and the reported amounts of revenues and expenditures during the reporting period. Significant estimates include assumptions used in estimating the historical cost and useful lives of tangible capital assets, provisions for accrued liabilities, asset retirement obligations and in performing actuarial valuations of employee future benefits. Actual results could differ from these estimates.

(l) Asset retirement obligation:

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

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made

THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(I) Asset retirement obligation (continued):

The liability for closure of operational sites and post-closure care relating to landfill sites has been recognized based on estimated future expenses. An additional liability for the removal of asbestos for several buildings owned by the Municipality has also been recognized based on estimated future expenses on closure of the site and post-closure care.

The liability is discounted using a present value calculation and adjusted yearly for accretion expense. The recognition of a liability resulted in an accompanying increase to the respective tangible capital assets. The increase to the tangible capital assets is being amortized in accordance with the depreciation accounting policies outlined in note 1(h).

2. 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 Municipality determined that the adoption of this new standard did not have an impact on the amounts presented in the financial statements.

3. Tax revenues:

Property tax billings are prepared by the Municipality based on an assessment roll prepared by the Municipal Property Assessment Corporation ("MPAC"), an agency of the Ontario government. All assessed property values in the Municipality were reviewed and new values established based on a common valuation date which was used by the Municipality in computing the property tax bills for the current year. However, the property tax revenue and tax receivables of the Municipality are subject to measurement uncertainty as a number of appeals submitted by ratepayers have yet to be heard.

The Municipality has established a contingency reserve for tax appeals and other items in the amount of \$1,428,782 (2023 – \$1,326,432). Any supplementary billing adjustments made necessary by the determination of such changes will be recognized in the fiscal year they are determined.

4. Portfolio investments:

At December 31, 2024, \$3,987,008 (2023 – \$4,640,163) was held in guaranteed investment certificates and high interest deposits carrying an effective interest rate between 3.4% and 3.9% with maturity dates ranging from December 2025 to December 2026. Interest is receivable on an annual basis or on maturity. Carrying value approximates market value.

THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

5. Accounts receivable:

Accounts receivable consist of the following:

	2024	2023
Province of Ontario	\$ 93,145	\$ 246,618
HST recoverable	304,323	323,017
Trade and miscellaneous	27,000	51,352
	\$ 424,468	\$ 620,987

6. Credit facility:

The Municipality has authorized lines of credit available in the amount of \$450,000 bearing interest at rates based on current prime and is secured by a general security agreement. At December 31, 2024, \$Nil (2023 – \$Nil) was outstanding under the facility.

7. Deferred revenue - general:

Deferred revenue, which is reported on the consolidated statement of financial position is further analyzed as follows:

	2024	2023
Tax prepayments	\$ 67,793	\$ 59,441
Deferred revenue other	321,633	232,004
	\$ 389,426	\$ 291,445

Continuity of deferred revenue - general is as follows:

	2024	2023
Balance, beginning of year	\$ 291,445	\$ 199,660
Contributions	159,410	103,428
	450,855	303,088
Contributions used	(61,429)	(11,643)
Balance, end of year	\$ 389,426	\$ 291,445

THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

8. Deferred revenue - obligatory reserve funds:

A requirement of the public sector accounting standards of the Chartered Professional Accountants of Canada is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as legislation restricts how these funds may be used and under certain circumstances these funds may possibly be refunded. The balances in the obligatory funds of the Municipality are as follows:

	2024	2023
Canada-Community Building Fund (formerly gas tax fund)	\$ 390,813	\$ 322,470
Northern Ontario Resource Development Strategy	120,856	287,837
	\$ 511,669	\$ 610,307

Continuity of deferred revenue – obligatory reserve funds is as follows:

	2024	2023
Balance, beginning of year	\$ 610,307	\$ 567,370
Contributions	212,902	206,816
Interest	18,460	24,482
	841,669	798,668
Contributions used	(330,000)	(188,361)
Balance, end of year	\$ 511,669	\$ 610,307

9. Employee benefits and other liabilities:

The Municipality provides certain employee benefits which will require funding in future periods. Employees may become entitled to a cash payment when they leave the Municipality's employment based on total years of service.

	2024	2023
Vacation pay	\$ 14,920	\$ 12,134
Accumulated retirement allowances	8,752	6,276
	\$ 23,672	\$ 18,410

THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

10. Asset retirement obligation:

The Municipality's asset retirement obligation consists of several obligations as follows:

a) Landfill closure:

The Environmental Protection Act sets out the regulatory requirements to properly close and maintain all active and inactive landfill sites. Under environmental law, there is a requirement for closure and post-closure care of solid waste landfill sites. This requirement is to be provided for over the estimated life of the landfill site based on usage.

Landfill closure and post-closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance.

The Municipality owns and operates four landfill sites. The liability for the closure of operational sites and post-closure care has been recognized under PS 3280 Asset Retirement Obligation. The reported liability is based on estimates and assumptions with respect to events extending over a forty-year period using the best information available to management. Future events may result in significant changes to the estimated total expenditures capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

Post-closure care for the landfill sites is estimated to be required for 25 years from the date of site closure. These costs were discounted to December 31, 2024 using a discount rate of 4.73% per annum.

b) Asbestos and other removal obligations:

The Municipality owns and operates several buildings that are known to have asbestos, which represents a health hazard upon demolition of the building and there is a legal obligation to remove or remediate these items. Following the adoption of PS3280 – Asset retirement obligations, the Municipality recognized an obligation relating to the removal and post-removal care of the asbestos and other obligations in these buildings as estimated at January 1, 2022. The obligation is determined based on the estimated undiscounted cash flows that will be required in the future to remove or remediate the asbestos containing material or other obligations in accordance with current legislation.

THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

10. Asset retirement obligation (continued):

Changes to the asset retirement obligation in the year are as follows:

Asset Retirement Obligation	Landfill closure	Asbestos removal and other	Balance at December 31, 2024
Opening balance	\$ 1,744,030	\$ 26,720	\$ 1,770,750
Accretion expense	82,405	—	82,405
Closing balance	\$ 1,826,435	\$ 26,720	\$ 1,853,155

Asset Retirement Obligation	Landfill closure	Asbestos removal and other	Balance at December 31, 2023
Opening balance	\$ 1,665,343	\$ 26,720	\$ 1,692,063
Accretion expense	78,687	—	78,687
Closing balance	\$ 1,744,030	\$ 26,720	\$ 1,770,750

Obligations related to landfill closure will be funded from future taxation revenues. These costs will be funded by levies in the year the expenditures are incurred.

11. Collections for school boards:

The Municipality collected property taxes on behalf of area school boards as follows:

	2024	2023
English public	\$ 441,092	\$ 433,813
English separate	52,945	52,825
French public	1,843	1,920
French separate	10,879	11,192
	\$ 506,759	\$ 499,750

The Municipality is required to levy and collect taxes on behalf of the school boards. These taxes are remitted to the school boards at the amounts levied. The taxes levied over (under) the amounts requisitioned are recorded as accounts payable (receivable).

THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

12. Tangible capital assets:

2024											
	Land	Land improvements	Buildings	Fixtures, machinery and equipment	Vehicles	Roads infrastructure	Landfill , bridges and culverts infrastructure	Street lighting infrastructure	Equipment under capital lease	Construction in progress	Total
Cost											
Balance, beginning of the year	\$ 1,121,827	129,443	2,404,433	1,097,909	3,231,769	13,257,760	7,681,120	424,242	691,204	34,246	\$ 30,073,953
Additions/Transfers	-	-	-	24,168	71,164	488,267	-	-	-	291,246	874,845
Disposals	(1,380)	-	-	-	(232,238)	(5,479)	-	-	-	-	(239,097)
Balance, end of year	\$ 1,120,447	129,443	2,404,433	1,122,077	3,070,695	13,740,548	7,681,120	424,242	691,204	325,492	\$ 30,709,701
Accumulated Amortization											
Balance, beginning of the year	\$ -	(64,389)	(668,501)	(861,312)	(1,668,957)	(7,862,548)	(3,195,760)	(380,186)	(106,497)	-	\$ (14,808,150)
Disposals/Transfers	-	-	-	-	227,274	5,479	-	-	-	-	232,753
Amortization expense	-	(5,822)	(41,709)	(41,902)	(255,152)	(290,281)	(154,036)	(10,506)	(26,883)	-	(826,291)
Balance, end of year	\$ -	(70,211)	(710,210)	(903,214)	(1,696,835)	(8,147,350)	(3,349,796)	(390,692)	(133,380)	-	\$ (15,401,688)
Net book value, end of year	\$ 1,120,447	59,232	1,694,223	218,863	1,373,860	5,593,198	4,331,324	33,550	557,824	325,492	\$ 15,308,013
Net book value, beginning of year	\$ 1,121,827	65,054	1,735,932	236,597	1,562,812	5,395,212	4,485,360	44,056	584,707	34,246	\$ 15,265,803

THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

12. Tangible capital assets:

2023											
	Land	Land improvements	Buildings	Fixtures, machinery and equipment	Vehicles	Roads infrastructure	Landfill , bridges and culverts infrastructure	Street lighting infrastructure	Equipment under capital lease	Construction in progress	Total
Cost											
Balance, beginning of the year	\$ 1,090,585	129,443	2,370,508	1,081,406	3,044,306	13,065,821	7,681,120	424,242	318,971	34,246	\$ 29,240,648
Additions/Transfers	40,742	-	33,925	16,503	209,120	318,885	-	-	372,233	-	991,408
Disposals	(9,500)	-	-	-	(21,657)	(126,946)	-	-	-	-	(158,103)
Balance, end of year	\$ 1,121,827	129,443	2,404,433	1,097,909	3,231,769	13,257,760	7,681,120	424,242	691,204	34,246	\$ 30,073,953
Accumulated Amortization											
Balance, beginning of the year	\$ -	(58,565)	(627,209)	(809,796)	(1,477,164)	(7,705,818)	(3,026,708)	(368,759)	(67,206)	-	\$ (14,141,225)
Disposals/Transfers	-	-	-	-	7,724	126,946	-	-	-	-	134,670
Amortization expense	-	(5,824)	(41,292)	(51,516)	(199,517)	(283,676)	(169,052)	(11,427)	(39,291)	-	(801,595)
Balance, end of year	\$ -	(64,389)	(668,501)	(861,312)	(1,668,957)	(7,862,548)	(3,195,760)	(380,186)	(106,497)	-	\$ (14,808,150)
Net book value, end of year	\$ 1,121,827	65,054	1,735,932	236,597	1,562,812	5,395,212	4,485,360	44,056	584,707	34,246	\$ 15,265,803
Net book value, beginning of year	\$ 1,090,585	70,878	1,743,299	271,610	1,567,142	5,360,003	4,654,412	55,483	251,765	34,246	\$ 15,099,423

THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

13. Long-term liabilities:

	2024	2023
Fire truck loan due in 2025, repayable \$4,689 monthly including interest at 4.75%, secured by specific equipment	\$ 23,245	\$ 77,009
Roads loan due in 2028, repayable \$1,385 monthly including interest at 6.96%, secured by general security agreement	56,824	69,021
	\$ 80,069	\$ 146,030

Principal payments due on long-term liabilities for the next five fiscal years are as follows:

2025	\$ 36,320
2026	14,014
2027	15,021
2028	14,714
2029	—

Interest paid in the year and included in current expenses is \$22,846 (2023 - \$12,355).

14. Capital lease obligation:

In fiscal year 2020, the Municipality entered into 5-year financing agreement with RCAP Leasing Inc. to fund the purchase of self-contained breathing apparatuses and compressor for the fire department. The underlying equipment was received in November 2020. The agreement contains monthly lease payments of \$4,735 plus HST, with a discount rate of 4.75%. At the end of the 5-year lease term, the assets will transfer to the municipality for the nominal fee of \$10.

In fiscal year 2023, the Municipality entered into a 5-year financing agreement with Royal Bank of Canada to fund the purchase of a plow for the roads department. The underlying equipment was received in December 2023. The agreement contains monthly lease payments of \$2,754 plus HST with a discount rate of 5.71% after an initial lease payment of \$181,795 in December 2023. At the end of the 5-year lease term, the assets will transfer to the municipality.

	2024	2023
2024	\$ —	\$ 97,126
2025	97,126	97,126
2026	43,726	43,726
2027	33,046	33,046
2028	33,046	92,477
Minimum lease payments	206,944	363,501
Less amount representing interest ranging from 4.75% to 5.03%	(49,058)	(23,618)
Present value of minimum lease payments	\$ 256,002	\$ 339,883

THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

15. Contributions to unconsolidated joint boards:

The following contributions were made by the Municipality to these unconsolidated boards:

	2024	2023
Algoma District Services Administration Board	\$ 901,367	\$ 874,859
Algoma Health Unit	79,729	75,216
	\$ 981,096	\$ 950,075

16. Pension agreement:

The Municipality makes contributions to the Ontario Municipal Employees' Retirement Fund (OMERS), which is a multi-employer plan, on behalf of all permanent, full-time 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 to OMERS for 2024 was \$89,485 (2023 – \$85,079) is included as an expense on the consolidated statement of financial activities.

17. Trust funds:

Trust Funds administered by the Municipality amounting to \$64,988 (2023 – \$58,722) have not been included on the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations and accumulated surplus.

18. Accumulated surplus:

Accumulated surplus consists of individual fund surplus and reserves and reserve funds as follows:

	2024	2023
Surplus:		
Invested in tangible capital assets	\$ 15,308,013	\$ 15,265,803
Operating surplus	449,993	351,655
Unfunded:		
Asset retirement obligations	(1,853,155)	(1,770,750)
Net long-term liabilities	(336,071)	(485,913)
Employee benefits	(23,672)	(18,410)
Total surplus	13,545,108	13,342,385
Reserve funds set aside for specific purpose by Council:		
Capital	6,012,681	5,442,601
Cash flow reserves	861,514	856,784
Other programs	19,763	17,013
Total reserve funds	6,893,958	6,316,398
	\$ 20,439,066	\$ 19,658,783

THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

19. Government transfers:

The Municipality recognizes the transfer of government funding as expenses or revenues in the period that the events giving rise to the transfer occurred. The transfers reported on the statement of operations are:

	2024	2023
Revenue:		
Provincial grants	\$ 1,588,972	\$ 1,537,525
Federal grants	354,805	271,008
Other grants	5,087	2,965
Total revenue	\$ 1,948,864	\$ 1,811,498

20. Public Sector Salary Disclosure:

During 2024, one employee was paid a salary, as defined in the Public Sector Salary Disclosure Act, 1996, of \$100,000 or more by the Municipality.

21. Budget information:

The operating budget approved by Council for 2024 was prepared for the purpose of establishing the estimated revenues and expenses for fiscal 2024. The budget established does not include a budget for the amortization of tangible capital assets and includes allocations from reserves.

The budget figures presented in the statement of operations and accumulated surplus and the statement of change in net financial assets have been restated to be comparable with the Canadian public sector accounting standards. A reconciliation of the Council approved budget and the budget presented in these financial statements is presented below:

Adopted budget:	
Budget annual surplus for the year	\$ –
Adjustments to adopted budget:	
Provided from reserves	(1,442,091)
Provided for reserves	723,380
Amortization of tangible capital assets	(826,291)
Proceeds from long-term debt	156,567
Repayments of long-term debt	(110,000)
Acquisition of tangible capital assets	2,341,001
Restated budgeted surplus	\$ 842,566

22. Comparative information:

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year annual surplus.

THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

Notes to Consolidated Financial Statements

Year ended December 31, 2024

23. Segmented information:

The Municipality is a diversified municipal government institution that provides a wide range of services to its citizens, including General Government Services, Protection Services, Transportation Services, Environmental Services, Health Services, Social and Family Services, Recreational and Cultural Services and Planning and Development Services. Service areas were created for the purposes of recording specific activities to attain certain objectives in accordance with regulations, restrictions or limitations (see Schedule to note).

Municipal Services are provided by departments and their activities are reported in these Service Areas. Departments disclosed in the Segmented Information, along with the services they provide, are as follows:

General Government Services

The General Government Services oversees the delivery of all government services. The department is responsible for ensuring that there are adequate policies and procedures in place to safeguard assets and to properly report financial activities. In addition, this department includes the governance activities of Council.

Protection Services

Protection to persons and property is comprised of police, fire/emergency, by-law enforcement and building inspections departments. The mandate of the police department is to ensure the safety of the lives and property of citizens, preserve peace and good order; prevent crimes from occurring; detect offenders; and enforce law. The fire/emergency department is responsible to provide fire suppression service; fire prevention programs; training and education related to prevention, detection, or extinguishment of fires. The by-law enforcement and building inspection department ensures properties are in compliance with applicable legislation, by-laws, building standards and construction codes.

Transportation Services

The transportation department is responsible for the delivery of Municipal public works services related to the planning, development, and maintenance of roadway systems, winter control and street lighting.

Environmental Services

The environmental department is involved only with the disposal of solid waste. The department provides waste minimization programs and facilities for solid waste disposal and diversion.

Health Services

Through the Algoma Health Unit, the Municipality contributes to public health services and education, and through the Algoma District Services Administration Board, to ambulance services. In addition, this department oversees the care and maintenance of municipal cemeteries.

THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

23. Segmented information (continued):

Social and Family Services and Social Housing

Through the Algoma District Services Administration Board, the Municipality contributes to the social assistance payments, child care services and social housing. In addition, the Municipality provides alternative residential services for seniors.

Recreation and Cultural Services

The recreation and cultural department provides public services that contribute to neighbourhood development and sustainability through the provision of recreation and leisure services such as parks and fitness programs. It provides public services that contribute to healthy communities through partnerships, promotion, prevention, protection, and enforcement.

Library Services

The library department provides public services that contribute towards the information needs of the Municipality's citizens through the provision of library services.

Planning and Development

The Planning and Development Department provides a diverse bundle of services. It manages development for business, interests, environmental concerns, heritage matters and neighbourhoods through planning and community development activities. It facilitates economic development by providing services for the approval of all land development plans.

For each reported segment, revenues and expenses include both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in the summary of significant accounting policies.

THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

23. Segmented Information (continued):

	2024									
	General Government Services	Protection Services	Transportation Services	Environmental Services	Health Services	Social & Family Services & Housing	Recreation & Cultural Services	Library Services	Planning and Development	Total
Revenues:										
Taxation	\$ 4,402,147	-	-	-	-	-	-	-	-	\$ 4,402,147
User charges	5,471	51,292	148,952	20,450	8,650	-	19,567	1,694	28,025	284,101
Government of Canada grants	354,805	-	-	-	-	-	-	-	-	354,805
Province of Ontario grants	1,514,290	-	-	62,950	-	-	3,488	8,244	-	1,588,972
Other grants	5,087	-	-	-	-	-	-	-	-	5,087
Other	406,182	-	8,586	-	1,588	-	11,332	-	-	427,688
Total revenues	6,687,982	51,292	157,538	83,400	10,238	-	34,387	9,938	28,025	7,062,800
Expenses:										
Salaries, wages and benefits	783,819	165,672	433,633	112,755	-	-	49,559	31,625	-	1,577,063
Long-term debt charges	-	6,999	15,847	-	-	-	-	-	-	22,846
Rents and financial	116,418	-	-	-	-	-	-	-	-	116,418
Operating materials and supplies	365,523	163,790	992,893	222,901	9,868	-	65,270	13,436	157,236	1,990,917
Contracted services	147,952	436,395	-	84,876	-	-	-	2,636	65,206	737,065
Transfer to other governments and the public	600	749	-	3,992	526,466	475,960	4,150	-	-	1,011,917
Amortization of tangible capital assets	11,985	116,548	592,427	37,718	629	-	63,646	3,338	-	826,291
Total expenses before the undernoted	1,426,297	890,153	2,034,800	462,242	536,963	475,960	182,625	51,035	222,442	6,282,517
Annual surplus (deficit)	\$ 5,261,685	(838,861)	(1,877,262)	(378,842)	(526,725)	(475,960)	(148,238)	(41,097)	(194,417)	\$ 780,283

THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

23. Segmented Information (continued):

	2023									
	General Government Services	Protection Services	Transportation Services	Environmental Services	Health Services	Social & Family Services & Housing	Recreation & Cultural Services	Library Services	Planning and Development	Total
Revenues:										
Taxation	\$ 4,078,316	-	-	-	-	-	-	-	-	\$ 4,078,316
User charges	6,437	65,111	117,547	67,133	3,530	-	7,752	1,694	12,464	281,668
Government of Canada grants	170,000	-	100	-	-	-	-	-	-	170,100
Province of Ontario grants	1,447,399	-	-	61,373	-	-	121,417	8,244	-	1,638,433
Other grants	2,965	-	-	-	-	-	-	-	-	2,965
Other	416,613	-	-	-	1,828	-	15,018	-	-	433,459
Total revenues	6,121,730	65,111	117,647	128,506	5,358	-	144,187	9,938	12,464	6,604,941
Expenses:										
Salaries, wages and benefits	687,370	167,327	449,974	103,640	-	-	29,924	29,382	-	1,467,617
Long-term debt charges	-	11,949	-	-	-	-	-	-	-	11,949
Rents and financial	120,536	-	406	-	-	-	-	-	-	120,942
Operating materials and supplies	291,062	148,270	1,041,167	210,515	6,073	-	54,471	13,613	251,129	2,016,300
Contracted services	116,179	441,289	-	84,004	-	-	-	2,493	56,760	700,725
Transfer to other governments and the public	400	749	-	-	512,338	458,737	7,800	-	-	980,024
Amortization of tangible capital assets	11,298	122,710	560,214	37,718	629	-	65,861	3,165	-	801,595
Total expenses before the undernoted	1,226,845	892,294	2,051,761	435,877	519,040	458,737	158,056	48,653	307,889	6,099,152
Annual surplus (deficit)	\$ 4,894,885	(827,183)	(1,934,114)	(307,371)	(513,682)	(458,737)	(13,869)	(38,715)	(295,425)	\$ 505,789