

**THE CORPORATION OF THE
MUNICIPALITY OF HURON EAST
FINANCIAL STATEMENTS
DECEMBER 31, 2021**

SEEBACH & COMPANY
Chartered Professional Accountants

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of the Corporation of the Municipality of Huron East ("the Municipality"), which are comprised of the consolidated statement of financial position as at December 31, 2021 and the 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 Municipality as at December 31, 2021, 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 Municipality 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 Municipality'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 Municipality or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Municipality'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 Municipality'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 Municipality'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 Municipality 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
April 13, 2022

**THE CORPORATION OF THE MUNICIPALITY OF HURON EAST
CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

| As at December 31 | 2021 | 2020 |
|---|----------------------|----------------------|
| FINANCIAL ASSETS | | |
| Cash | 1,857,639 | 875,399 |
| Taxes receivable | 979,419 | 1,122,287 |
| Accounts receivable | 3,023,151 | 2,089,738 |
| Investments (note 4) | 7,235,233 | 10,000,062 |
| Long-term receivables (note 5) | 1,867,649 | 1,999,050 |
| | <u>14,963,091</u> | <u>16,086,536</u> |
| LIABILITIES | | |
| Accounts payable and accrued liabilities | 2,338,735 | 2,366,459 |
| Deferred revenue | 32,789 | 1,051,215 |
| Deferred revenue - obligatory reserve funds | 1,695,263 | 1,498,829 |
| Municipal debt (note 7) | 952,844 | 1,039,625 |
| | <u>5,019,631</u> | <u>5,956,128</u> |
| NET FINANCIAL ASSETS | \$ 9,943,460 | \$ 10,130,408 |
| NON-FINANCIAL ASSETS | | |
| Tangible capital assets, net (note 9) | 75,923,496 | 73,484,980 |
| Inventory and prepaid expenses | 325,554 | 13,315 |
| | <u>76,249,050</u> | <u>73,498,295</u> |
| ACCUMULATED SURPLUS (note 11) | \$ 86,192,510 | \$ 83,628,703 |

The accompanying notes are an integral part of this financial statement

**THE CORPORATION OF THE MUNICIPALITY OF HURON EAST
CONSOLIDATED STATEMENT OF OPERATIONS**

| For the year ended December 31 | 2021 Budget | 2021 Actual | 2020 Actual |
|---|-----------------------------|------------------------------------|-----------------------------|
| Revenue | | | |
| Taxation for municipal purposes | 8,157,537 | 8,014,867 | 7,694,911 |
| Government transfers - Canada | 2,432,378 | 1,669,089 | 49,198 |
| Government transfers - Ontario | 1,723,096 | 2,004,408 | 1,855,743 |
| Government transfers - other municipalities | 624,045 | 786,404 | 569,326 |
| User fees and service charges | 4,908,748 | 4,736,869 | 6,741,306 |
| Licences, permits, rents, donations, etc. | 173,237 | 204,494 | 213,729 |
| Investment income | 407,624 | 143,245 | 319,300 |
| Penalties and interest on taxes | 141,000 | 67,260 | 140,832 |
| | <u>18,567,665</u> | <u>17,626,636</u> | <u>17,584,345</u> |
| Expenditure | | | |
| General government | 1,386,324 | 1,416,558 | 1,334,938 |
| Protection to persons and property | 3,361,356 | 3,203,050 | 3,255,070 |
| Transportation services | 4,832,766 | 5,079,531 | 5,319,061 |
| Environmental services | 2,777,711 | 2,772,481 | 2,734,690 |
| Health services | 285,814 | 239,952 | 223,246 |
| Social and family services | 616,540 | 663,033 | 393,598 |
| Recreation and cultural services | 1,523,042 | 1,359,951 | 1,246,291 |
| Planning and development | 320,556 | 328,273 | 503,631 |
| | <u>15,104,109</u> | <u>15,062,829</u> | <u>15,010,525</u> |
| Annual surplus (deficit) | 3,463,556 | 2,563,807 | 2,573,820 |
| Accumulated surplus, beginning of year | <u>83,628,703</u> | <u>83,628,703</u> | <u>81,054,883</u> |
| Accumulated surplus, end of year | <u><u>\$ 87,092,259</u></u> | <u><u>\$ 86,192,510</u></u> | <u><u>\$ 83,628,703</u></u> |

The accompanying notes are an integral part of this financial statement

**THE CORPORATION OF THE MUNICIPALITY OF HURON EAST
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**

| For the year ended December 31 | 2021 Budget | 2021 Actual | 2020 Actual |
|---|----------------------------|-----------------------------------|-----------------------------|
| Annual surplus (deficit) | 3,463,556 | 2,563,807 | 2,573,820 |
| Amortization of tangible capital assets | 2,476,615 | 2,531,483 | 2,421,747 |
| Net acquisition of tangible capital assets | (8,147,684) | (4,969,999) | (3,852,486) |
| Decrease (increase) in inventory and prepaid expenses | - | (312,239) | (10,959) |
| | <u>(2,207,513)</u> | <u>(186,948)</u> | <u>1,132,122</u> |
| Net financial assets, beginning of year | <u>10,130,408</u> | <u>10,130,408</u> | <u>8,998,286</u> |
| Net financial assets, end of year | <u><u>\$ 7,922,895</u></u> | <u><u>\$ 9,943,460</u></u> | <u><u>\$ 10,130,408</u></u> |

The accompanying notes are an integral part of this financial statement

**THE CORPORATION OF THE MUNICIPALITY OF HURON EAST
CONSOLIDATED STATEMENT OF CASH FLOW**

| For the year ended December 31 | 2021 | 2020 |
|--|----------------------------|--------------------------|
| Operating activities | | |
| Annual surplus (deficit) | 2,563,807 | 2,573,820 |
| Amortization expense not requiring cash outlay | 2,531,483 | 2,421,747 |
| Decrease (increase) in taxes receivable | 142,868 | (139,582) |
| Decrease (increase) in accounts receivable | (933,413) | (645,177) |
| Increase (decrease) in accounts payable and accrued liabilities | (27,724) | 407,240 |
| Increase (decrease) in deferred revenue | (1,018,426) | 215,725 |
| Increase (decrease) in deferred revenue - obligatory reserve funds | 196,434 | 287,644 |
| Decrease (increase) in inventory and prepaid expenses | (312,239) | (10,959) |
| Cash provided by (used for) operating activities | <u>3,142,790</u> | <u>5,110,458</u> |
| Capital activities | | |
| Net disposals (purchases) of tangible capital assets | (4,969,999) | (3,852,486) |
| Cash provided by (used for) capital activities | <u>(4,969,999)</u> | <u>(3,852,486)</u> |
| Investing activities | | |
| Decrease (increase) in investments | 2,764,829 | (763,893) |
| Decrease (increase) in long-term receivables | 131,401 | (1,799,786) |
| Cash provided by (used for) investing activities | <u>2,896,230</u> | <u>(2,563,679)</u> |
| Financing activities | | |
| Proceeds from long-term debt issued | - | 847,500 |
| Principal repayments on long-term debt | (86,781) | (9,639) |
| Cash provided by (used for) financing activities | <u>(86,781)</u> | <u>837,861</u> |
| Increase (decrease) in cash position | 982,240 | (467,846) |
| Cash (overdraft) beginning of year | <u>875,399</u> | <u>1,343,245</u> |
| Cash (overdraft) end of year | <u>\$ 1,857,639</u> | <u>\$ 875,399</u> |

The accompanying notes are an integral part of this financial statement

THE CORPORATION OF THE MUNICIPALITY OF HURON EAST
NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2021

1. Accounting policies

The consolidated financial statements of the Corporation of the Municipality of Huron East are the representation of management prepared in accordance with generally accepted accounting principles for local governments 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.

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

a) Reporting entity

The consolidated financial statements reflect the financial assets, liabilities, operating revenues and expenditures, reserves, reserve funds, and changes in investment in tangible capital assets of the reporting entity. The reporting entity is comprised of all organizations and enterprises accountable for the administration of their financial affairs and resources to the Municipality and which are owned or controlled by the municipality. In addition to general government tax-supported operations, they include any water and sewer systems operated by the municipality and the municipality's proportionate share of joint local boards.

The following boards and municipal enterprises owned or controlled by Council have been consolidated:

Seaforth Business Improvement Area

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

The statements exclude trust funds that are administered for the benefit of external parties.

b) Accrual basis of accounting

Sources of financing and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they are earned and measurable, and 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.

c) Long-term investments

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

1. Accounting policies (continued)

d) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year, and are not intended for sale in the ordinary course of operations. 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.

- 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 | 15 years | 25,000 |
| Buildings | 7 - 40 years | 5,000 - 25,000 |
| Machinery and equipment | 5 - 15 years | 5,000 - 25,000 |
| Furniture and fixtures | 5 years | 3,000 |
| Information technology | 3 - 7 years | 3,000 - 5,000 |
| Transportation infrastructure | 15 - 75 years | 5,000 - 100,000 |
| Watermains infrastructure | 15 - 80 years | 15,000 - 100,000 |
| Sewermains infrastructure | 15 - 60 years | 15,000 - 75,000 |

Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized.

The municipality has a capitalized threshold of \$0 - \$100,000 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 cost or net realizable value.

e) Reserves for future expenditures

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

f) Government transfers

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

1. Accounting policies (continued)

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.

h) Landfill site closure and post-closure care

Landfill site closure and post-closure care costs are recognized over the operating life of the landfill site, based on capacity used. The liability is recorded at its discounted value, based on the average long-term borrowing rate of the municipality.

i) Amounts to be recovered in future years

Future years recoveries represent the requirement of the municipality 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.

j) Pensions

The municipality is an employer member of the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer, defined benefit pension plan. The municipality has adopted defined contribution plan accounting principles for this plan because insufficient information is available to apply defined benefit plan accounting principles. The municipality 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.

k) 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, the reported amounts of revenues and expenditures during the period, and the accompanying notes. Due to the inherent uncertainty in making estimates, actual results could differ from those estimates.

2. 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:

| | 2021 | 2020 |
|-----------------|--------------|--------------|
| County of Huron | \$ 6,494,118 | \$ 6,435,557 |
| School Boards | 2,659,025 | 2,740,921 |

3. Trust funds

Trust funds administered by the municipality amounting to \$3,248,478 (2020 : \$3,129,493) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations.

4. Investments

| | 2021 | 2020 |
|-------------------|---------------------|----------------------|
| Money market fund | 57,813 | 1,996,713 |
| Bond fund | <u>7,177,420</u> | <u>8,003,349</u> |
| | <u>\$ 7,235,233</u> | <u>\$ 10,000,062</u> |

The investments have a market value of \$6,900,631 (2020 : \$9,849,811) at the end of the year.

5. Long-term receivables

| | 2021 | 2020 |
|---|---------------------|---------------------|
| Due from residents and landowners | 1,866,829 | 1,997,456 |
| Tile loans, 6% - 8%, principal and interest receivable annually, due 2021 through 2030 | <u>820</u> | <u>1,594</u> |
| | <u>\$ 1,867,649</u> | <u>\$ 1,999,050</u> |

Amounts due in the next five years are as follows:

2022: \$67,400 2023: \$67,200 2024: \$69,000 2025: \$70,000 2026: \$71,600

6. Pension agreements

The municipality 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 2021 was \$222,824 (2020 : \$210,531) for current services and is included as an expenditure on the consolidated statement of operations.

The contributions to the Ontario Municipal Employers Retirement System ("OMERS"), a multi-employer defined benefit pension plan, 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 municipality does not recognize any share of the OMERS pension surplus or deficit.

7. Municipal debt

The balance of the municipal debt reported on the consolidated statement of financial position is made up of the following:

| | 2021 | 2020 |
|--|-------------------|---------------------|
| Health services debenture payable to Huron East/Seaforth Community Development Trust, 5% interest, due December 2038 | 183,798 | 190,531 |
| Ontario Infrastructure and Lands Corporation (OILC) loan payable, 1.47% interest, \$45,721 blended payment payable semi-annually, due September 2030 (for transportation purposes) | 768,226 | 847,500 |
| Tile drain loans payable to Ministry of Finance, responsibility for payment of principal and interest charges have been assumed by individuals | <u>820</u> | <u>1,594</u> |
| | <u>\$ 952,844</u> | <u>\$ 1,039,625</u> |

Principal payments for the next five years are as follows:

2022: \$88,300 2023: \$89,100 2024: \$90,600 2025: \$92,300 2026: \$93,900

8. Landfill closure and post-closure cost liability

The municipality will be required under provincial legislation to incur closure and post closure costs when landfill sites reach their capacity. The Seaforth landfill site has now been closed with the expenses of closure reported in 1995 to 2021 as incurred. Further expenditures will be expensed as incurred in 2022, and those amounts have not been accrued since they are not anticipated to be significant. No studies have been conducted on the Walton Landfill sites to determine estimates of closure and post closure costs. It is management's opinion that due to the significant capacity remaining at this site that the present value of any required expenditures would not be significant to these financial statements and therefore no accrual of these future costs has been included in these financial statements.

9. Tangible capital assets

The municipality's policy on accounting for tangible capital assets follows:

- i) Contributed tangible capital assets
The municipality 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 because of the difficulty of determining a tenable valuation.

For additional information, see the Consolidated Schedule of Tangible Capital Assets information on the tangible capital assets of the municipality by major class and by business segment, as well as for accumulated amortization of the assets controlled.

10. Segmented information

The Municipality of Huron East is a diversified municipal government institution that provides a wide range of services to its citizens such as recreational and cultural services, planning and development, fire, and transportation services. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

General Government

This segment relates to the general operations of the municipality itself and cannot be directly attributed to a specific segment.

Protection to Persons and Property

Protection is comprised of fire protection, policing, court services, conservation authorities, protective inspection and control, building permit and inspection services, emergency measures and other protection services.

Transportation Services

Transportation services include road maintenance, winter control services, street light maintenance, parking lots, equipment maintenance and other transportation services.

Environmental Services

Environmental services include the sanitary sewer system, storm sewer system, waterworks, waste collection, waste disposal and recycling.

Health Services

This service area includes cemeteries and other health services.

Social and Family Services

This service area includes childcare and other social services.

Recreational and Cultural Services

This service area provides public services that contribute to the provision of recreation and leisure facilities and programs, the maintenance of parks and open spaces, library services, museums and other cultural services.

10. Segmented information (continued)

Planning and Development

This segment includes matters relating to zoning and site plan controls, land acquisition, development initiatives, agriculture and reforestation, municipal drainage and tile drainage.

For additional information, see the schedule of segmented information.

11. Accumulated surplus

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

| | 2021 | 2020 |
|---|----------------------|----------------------|
| General revenue accumulated surplus | | |
| and invested in tangible capital assets | \$ 73,713,030 | \$ 71,204,745 |
| Reserves and reserve funds | <u>12,479,480</u> | <u>12,423,958</u> |
| | <u>\$ 86,192,510</u> | <u>\$ 83,628,703</u> |

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

12. Financial instrument risk management

Credit risk

The municipality 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 municipality's receivables are from ratepayers and government entities. For trade and other receivables, the municipality 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 municipality will not be able to meet its financial obligations as they fall due. The municipality has a planning and a budgeting process in place to help determine the funds required to support the municipality's normal operating requirements on an ongoing basis. The municipality 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 municipality'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 municipality 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.

13. Budget amounts

Under Canadian public sector accounting standards, budgets amounts are to be reported on the consolidated statement of operations for comparative purposes. The 2021 budget amounts for the Corporation of the Municipality of Huron East 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. Budget amounts were not available for certain boards consolidated by the municipality.

| | |
|---|---------------------|
| Approved budget annual surplus (deficit) | \$ - |
| Acquisition of tangible capital assets | 8,147,684 |
| Amortization of tangible capital assets | (2,531,483) |
| Debt proceeds / repayments | 79,274 |
| Net reserve, reserve fund, and surplus transfers | <u>(2,231,919)</u> |
| Budgeted surplus (deficit) reported on consolidated statement of operations | <u>\$ 3,463,556</u> |

14. Financial impact of COVID-19 pandemic

On March 11, 2020 the World Health Organization declared COVID-19 a global pandemic. Subsequently, the Province of Ontario issued a state of emergency limiting the number of people in a gathering and requiring rolling closures and lockdowns of non-essential business for an indeterminate period of time. The dynamic nature of the COVID-19 crisis makes it impossible to predict the impact this will have on the organization's operations, cash flows and financial position. Management will continue to monitor the situation and reflect the impact in the financial statements as appropriate.

THE CORPORATION OF THE MUNICIPALITY OF HURON EAST
Consolidated Schedule of Tangible Capital Assets
For the Year Ended December 31, 2021

| | Land | Buildings | Machinery & Equipment | Vehicles | Plants and Facilities | Roads | Underground and other Networks | Bridges and other Structures | Assets Under Construction | TOTAL Net Book Value 2021 | TOTAL Net Book Value 2020 |
|--|------------------|-------------------|-----------------------|------------------|-----------------------|-------------------|--------------------------------|------------------------------|---------------------------|--|--|
| Cost | | | | | | | | | | | |
| Balance, beginning of year | 1,629,467 | 10,942,759 | 4,803,352 | 3,761,053 | 10,948,042 | 57,109,107 | 16,665,112 | 10,730,784 | 701,558 | 117,291,234 | 113,845,746 |
| Add: Additions during the year | | 107,596 | 55,853 | 30,528 | | 893,570 | 921,748 | 1,988,310 | 1,025,181 | 5,022,786 | 5,096,922 |
| Less: Disposals during the year | (2) | (6,004) | (193,598) | | (4,418) | (315,921) | (104,967) | (90,952) | | (715,862) | (1,651,434) |
| Balance, end of year | <u>1,629,465</u> | <u>11,044,351</u> | <u>4,665,607</u> | <u>3,791,581</u> | <u>10,943,624</u> | <u>57,686,756</u> | <u>17,481,893</u> | <u>12,628,142</u> | <u>1,726,739</u> | <u>121,598,158</u> | <u>117,291,234</u> |
| Accumulated Amortization | | | | | | | | | | | |
| Balance, beginning of year | | 4,399,842 | 2,096,593 | 1,909,095 | 4,379,625 | 21,313,854 | 5,425,207 | 4,282,038 | | 43,806,254 | 41,791,505 |
| Add: Amortization during the year | | 246,498 | 275,843 | 161,571 | 210,627 | 1,245,687 | 205,841 | 185,416 | | 2,531,483 | 2,421,747 |
| Less: Accumulated amortization on disposals | | (6,004) | (177,219) | | (4,418) | (315,913) | (95,855) | (63,666) | | (663,075) | (406,998) |
| Balance, end of year | <u>-</u> | <u>4,640,336</u> | <u>2,195,217</u> | <u>2,070,666</u> | <u>4,585,834</u> | <u>22,243,628</u> | <u>5,535,193</u> | <u>4,403,788</u> | <u>-</u> | <u>45,674,662</u> | <u>43,806,254</u> |
| Net Book Value of Tangible Capital Assets | <u>1,629,465</u> | <u>6,404,015</u> | <u>2,470,390</u> | <u>1,720,915</u> | <u>6,357,790</u> | <u>35,443,128</u> | <u>11,946,700</u> | <u>8,224,354</u> | <u>1,726,739</u> | <u>\$ 75,923,496</u> | <u>\$ 73,484,980</u> |

THE CORPORATION OF THE MUNICIPALITY OF HURON EAST
Consolidated Schedule of Tangible Capital Assets
For the Year Ended December 31, 2021

| | General Government | Protection | Transportation | Environmental | Health | Recreation and Cultural | Planning and Development | Work in Process | TOTAL Net Book Value 2021 | TOTAL Net Book Value 2020 |
|--|-----------------------|------------------|-------------------|-------------------|------------------|----------------------------|-----------------------------|--------------------|--|---------------------------------|
| Cost | | | | | | | | | | |
| Balance, beginning of year | 2,224,877 | 3,146,342 | 72,996,848 | 28,107,214 | 1,996,882 | 7,285,608 | 831,905 | 701,558 | 117,291,234 | 113,845,746 |
| Add: Additions during the year | 9,847 | 75,456 | 2,881,880 | 921,748 | 28,111 | 80,563 | | 1,025,181 | 5,022,786 | 5,096,922 |
| Less: Disposals during the year | (5,695) | | (594,776) | (109,385) | (305) | (5,701) | | | (715,862) | (1,651,434) |
| Balance, end of year | <u>2,229,029</u> | <u>3,221,798</u> | <u>75,283,952</u> | <u>28,919,577</u> | <u>2,024,688</u> | <u>7,360,470</u> | <u>831,905</u> | <u>1,726,739</u> | <u>121,598,158</u> | <u>117,291,234</u> |
| Accumulated Amortization | | | | | | | | | | |
| Balance, beginning of year | 621,566 | 1,490,405 | 27,969,942 | 9,836,733 | 385,849 | 3,501,759 | - | | 43,806,254 | 41,791,505 |
| Add: Amortization during the year | 86,273 | 99,556 | 1,665,669 | 429,884 | 54,008 | 196,093 | | | 2,531,483 | 2,421,747 |
| Less: Accumulated amortization on disposals | (4,316) | | (552,482) | (100,273) | (305) | (5,699) | | | (663,075) | (406,998) |
| Balance, end of year | <u>703,523</u> | <u>1,589,961</u> | <u>29,083,129</u> | <u>10,166,344</u> | <u>439,552</u> | <u>3,692,153</u> | <u>-</u> | <u>-</u> | <u>45,674,662</u> | <u>43,806,254</u> |
| Net Book Value of Tangible Capital Assets | <u>1,525,506</u> | <u>1,631,837</u> | <u>46,200,823</u> | <u>18,753,233</u> | <u>1,585,136</u> | <u>3,668,317</u> | <u>831,905</u> | <u>1,726,739</u> | <u>\$ 75,923,496</u> | <u>\$ 73,484,980</u> |

THE CORPORATION OF THE MUNICIPALITY OF HURON EAST
Consolidated Schedule of Continuity of Reserves, Reserve Funds and Deferred Revenue
For the Year Ended December 31, 2021

| | Balance, beginning of year | Revenues and contributions | | | Transfers out Utilized During Year | Balance, end of year |
|--------------------------------------|----------------------------------|----------------------------|--------------------|----------------|--|-----------------------------|
| | | Interest | From Operations | Other | | |
| Reserves and reserve funds | | | | | | |
| Reserves | | | | | | |
| for general government | 1,374,537 | | 542,747 | | (63,970) | 1,853,314 |
| for protection services | 306,097 | | - | | (7,360) | 298,737 |
| for transportation services | 563,155 | | 210,158 | | (12,435) | 760,878 |
| for environmental services | 8,961,540 | | 806,109 | | (1,335,264) | 8,432,385 |
| for health services | 104,184 | | - | | (6,215) | 97,969 |
| for recreation and cultural services | 1,114,445 | | 3,405 | | (82,653) | 1,035,197 |
| | <u>12,423,958</u> | <u>-</u> | <u>1,562,419</u> | <u>-</u> | <u>(1,507,897)</u> | <u>12,478,480</u> |
| Deferred revenue | | | | | | |
| Parkland | 68,499 | 77 | 11,000 | | | 79,576 |
| Brussels Landfill (Morris) | 21,340 | 2,874 | 30,124 | | | 54,338 |
| Walton Landfill | 243,722 | 5,338 | | | | 249,060 |
| Federal Gas Tax Funds | 1,165,268 | 6,529 | | 568,419 | (427,927) | 1,312,289 |
| | <u>1,498,829</u> | <u>14,818</u> | <u>41,124</u> | <u>568,419</u> | <u>(427,927)</u> | <u>1,695,263</u> |
| Total | <u>\$ 13,922,787</u> | <u>14,818</u> | <u>1,603,543</u> | <u>568,419</u> | <u>(1,935,824)</u> | <u>\$ 14,173,743</u> |

THE CORPORATION OF THE MUNICIPALITY OF HURON EAST

Segmented Information

For the Year Ended December 31, 2021

| | General Government | Protective Services | Transportation Services | Environmental Services | Health Services | Social and Family Services | Recreation and Culture | Planning and Development | Total 2021 | Total 2020 |
|-----------------------------------|-----------------------|------------------------|----------------------------|---------------------------|--------------------|-------------------------------|---------------------------|-----------------------------|--------------------------|-------------------|
| Revenue | | | | | | | | | | |
| Taxation | 8,014,867 | - | - | - | - | - | - | - | 8,014,867 | 7,694,911 |
| User charges | 592,388 | 470,667 | 175,790 | 2,857,838 | 274,365 | 142,072 | 339,203 | 89,040 | 4,941,363 | 6,955,035 |
| Government transfers | 1,905,837 | 213,961 | 1,717,017 | 112,849 | 3,256 | 323,269 | 131,006 | 52,706 | 4,459,901 | 2,474,267 |
| Interest and penalties | 210,505 | - | - | - | - | - | - | - | 210,505 | 460,132 |
| | <u>10,723,597</u> | <u>684,628</u> | <u>1,892,807</u> | <u>2,970,687</u> | <u>277,621</u> | <u>465,341</u> | <u>470,209</u> | <u>141,746</u> | <u>17,626,636</u> | <u>17,584,345</u> |
| Operating expenditure | | | | | | | | | | |
| Wages, salaries and benefits | 856,764 | 647,525 | 1,030,162 | 247,605 | 58,273 | 581,457 | 612,722 | 38,012 | 4,072,520 | 3,607,497 |
| Contracted services | 91,941 | 1,606,330 | 252,174 | 1,414,247 | 10,655 | - | 21,394 | 69,310 | 3,466,051 | 3,561,406 |
| Supplies, materials and equipment | 381,580 | 849,639 | 2,131,526 | 680,745 | 117,016 | 81,576 | 529,742 | 220,951 | 4,992,775 | 5,419,875 |
| Amortization | 86,273 | 99,556 | 1,665,669 | 429,884 | 54,008 | - | 196,093 | - | 2,531,483 | 2,421,747 |
| | <u>1,416,558</u> | <u>3,203,050</u> | <u>5,079,531</u> | <u>2,772,481</u> | <u>239,952</u> | <u>663,033</u> | <u>1,359,951</u> | <u>328,273</u> | <u>15,062,829</u> | <u>15,010,525</u> |
| Net revenue (expense) | <u>9,307,039</u> | <u>(2,518,422)</u> | <u>(3,186,724)</u> | <u>198,206</u> | <u>37,669</u> | <u>(197,692)</u> | <u>(889,742)</u> | <u>(186,527)</u> | <u>2,563,807</u> | <u>2,573,820</u> |

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of the trust funds of the Corporation of the Municipality of Huron East ("the Municipality"), which are comprised of the balance sheet as at December 31, 2021 and the statement of operations of trust funds 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 Municipality as at December 31, 2021, 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 Municipality 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 Municipality'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 Municipality or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Municipality'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 Municipality'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 Municipality'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 Municipality 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
April 13, 2022

**THE CORPORATION OF THE MUNICIPALITY OF HURON EAST
TRUST FUNDS
BALANCE SHEET**

As at December 31, 2021

| | Brussels | | Grey | | | Seaforth | | McKillop | Egmondville | 2021 | 2020 |
|------------------------------|-------------------|-------------------|---------------------|------------------|--------------------|------------------|---------------------|-----------------|------------------|---------------------|---------------------|
| | Perpetual Care | Hydro | Cranbrook Perpetual | Mount Pleasant | Carnochan Memorial | Heritage | Hydro | Zion Cemetery | Perpetual Care | | |
| Assets | | | | | | | | | | | |
| Cash | 40,416 | 20,322 | 6,765 | 8,177 | | 40,237 | 274,187 | 1,023 | 4,967 | 396,094 | 295,410 |
| Loans receivable | | | | | | | 3,000 | | | 3,000 | - |
| Investments | 194,500 | 525,000 | 7,100 | 45,772 | 25,000 | | 1,149,940 | 7,500 | 60,000 | 2,014,812 | 1,988,554 |
| Tangible capital assets, net | | | | | | | 856,473 | | | 856,473 | 870,558 |
| | <u>\$ 234,916</u> | <u>\$ 545,322</u> | <u>\$ 13,865</u> | <u>\$ 53,949</u> | <u>\$ 25,000</u> | <u>\$ 40,237</u> | <u>\$ 2,283,600</u> | <u>\$ 8,523</u> | <u>\$ 64,967</u> | <u>\$ 3,270,379</u> | <u>\$ 3,154,522</u> |
| Liabilities | | | | | | | | | | | |
| Accounts payable | | | | | | | 21,901 | | | 21,901 | 25,029 |
| Trust fund balance | <u>234,916</u> | <u>545,322</u> | <u>13,865</u> | <u>53,949</u> | <u>25,000</u> | <u>40,237</u> | <u>2,261,699</u> | <u>8,523</u> | <u>64,967</u> | 3,248,478 | 3,129,493 |
| | <u>\$ 234,916</u> | <u>\$ 545,322</u> | <u>\$ 13,865</u> | <u>\$ 53,949</u> | <u>\$ 25,000</u> | <u>\$ 40,237</u> | <u>\$ 2,283,600</u> | <u>\$ 8,523</u> | <u>\$ 64,967</u> | <u>\$ 3,270,379</u> | <u>\$ 3,154,522</u> |

STATEMENT OF OPERATIONS

For the Year Ended December 31, 2021

| | Brussels | | Grey | | | Seaforth | | McKillop | Egmondville | 2021 | 2020 |
|--|-------------------|-------------------|---------------------|------------------|--------------------|------------------|---------------------|-----------------|------------------|---------------------|---------------------|
| | Perpetual Care | Hydro | Cranbrook Perpetual | Mount Pleasant | Carnochan Memorial | Heritage | Hydro | Zion Cemetery | Perpetual Care | | |
| Revenue | | | | | | | | | | | |
| Sale of plots, vaults, opening charges | 5,380 | | | 1,350 | | | | | 1,700 | 8,430 | 6,460 |
| Interest earned | 5,364 | 13,989 | 149 | 321 | 438 | 91 | 32,954 | 206 | 1,746 | 55,258 | 59,161 |
| Rent | | | | | | | 183,053 | | | 183,053 | 185,554 |
| Other | | 55 | | | | | - | | | 55 | - |
| | <u>10,744</u> | <u>14,044</u> | <u>149</u> | <u>1,671</u> | <u>438</u> | <u>91</u> | <u>216,007</u> | <u>206</u> | <u>3,446</u> | <u>246,796</u> | <u>251,175</u> |
| Expenses | | | | | | | | | | | |
| Expenditures | | 13,781 | | | | | 74,439 | | | 88,220 | 76,739 |
| Administration fee | | | | | | | 8,375 | | | 8,375 | 8,325 |
| Transfers to cemetery operating | 5,171 | | 149 | 321 | 438 | | | 206 | 1,750 | 8,035 | 7,797 |
| Community projects | | | | | | | 9,096 | | | 9,096 | 27,626 |
| Amortization | | | | | | | 14,085 | | | 14,085 | 14,085 |
| | <u>5,171</u> | <u>13,781</u> | <u>149</u> | <u>321</u> | <u>438</u> | <u>-</u> | <u>105,995</u> | <u>206</u> | <u>1,750</u> | <u>127,811</u> | <u>134,572</u> |
| Excess of revenue over expenses | <u>5,573</u> | <u>263</u> | <u>-</u> | <u>1,350</u> | <u>-</u> | <u>91</u> | <u>110,012</u> | <u>-</u> | <u>1,696</u> | 118,985 | 116,603 |
| Trust fund balance, beginning of year | <u>229,343</u> | <u>545,059</u> | <u>13,865</u> | <u>52,599</u> | <u>25,000</u> | <u>40,146</u> | <u>2,151,687</u> | <u>8,523</u> | <u>63,271</u> | 3,129,493 | 3,012,890 |
| Trust fund balance, end of year | <u>\$ 234,916</u> | <u>\$ 545,322</u> | <u>\$ 13,865</u> | <u>\$ 53,949</u> | <u>\$ 25,000</u> | <u>\$ 40,237</u> | <u>\$ 2,261,699</u> | <u>\$ 8,523</u> | <u>\$ 64,967</u> | \$ 3,248,478 | <u>\$ 3,129,493</u> |

THE CORPORATION OF THE MUNICIPALITY OF HURON EAST
TRUST FUNDS

NOTES TO FINANCIAL STATEMENTS

2

December 31, 2021

5. Tangible Capital Assets

| | Cost | Accumulated Amortization | Net Book Value 2021 | Net Book Value 2020 |
|-----------|---------------------|-------------------------------------|--------------------------------|--------------------------------|
| Land | 57,001 | - | 57,001 | 57,001 |
| Buildings | <u>997,859</u> | <u>198,387</u> | <u>799,472</u> | <u>813,557</u> |
| | <u>\$ 1,054,860</u> | <u>\$ 198,387</u> | <u>\$ 856,473</u> | <u>\$ 870,558</u> |

MUNICIPALITY OF HURON EAST
REPORT TO COUNCIL
For the year ended December 31, 2021

The financial statements are presented on a consolidated basis and, therefore, include the proportional share of the assets, liabilities, operating revenues and expenditures of the various joint boards which the Municipality of Huron East belongs to.

Financial Indicators

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|--|--------------------------|-------------------|-------------------|-------------------|-------------------|
| Cash | 1,857,639 | 875,399 | 1,343,245 | 407,878 | 307,576 |
| Taxes receivable (note 1) | 979,419 | 1,122,287 | 982,705 | 1,036,128 | 1,234,869 |
| Accounts receivable | 3,023,151 | 2,089,738 | 1,444,561 | 1,527,212 | 1,627,132 |
| Investments | 7,235,233 | 10,000,062 | 9,236,169 | 8,574,202 | 7,386,600 |
| Long- term receivables | 1,867,649 | 1,999,050 | 199,264 | 213,462 | 234,675 |
| Inventory and prepaids | 325,554 | 13,315 | 2,356 | 24,956 | 116,247 |
| | <u>15,288,645</u> | <u>16,099,851</u> | <u>13,208,300</u> | <u>11,783,838</u> | <u>10,907,099</u> |
| Accounts payable | 2,338,735 | 2,366,459 | 1,959,219 | 1,043,925 | 1,280,575 |
| Deferred revenue | 32,789 | 1,051,215 | 835,490 | 80,315 | 13,944 |
| Deferred revenue - obligatory reserve funds | 1,695,263 | 1,498,829 | 1,211,185 | 1,292,070 | 1,102,111 |
| Municipal debt | 952,844 | 1,039,625 | 201,764 | 228,217 | 296,406 |
| | <u>5,019,631</u> | <u>5,956,128</u> | <u>4,207,658</u> | <u>2,644,527</u> | <u>2,693,036</u> |
| Net financial assets (note 2) | <u>10,269,014</u> | <u>10,143,723</u> | <u>9,000,642</u> | <u>9,139,311</u> | <u>8,214,063</u> |
| Tangible capital assets | | | | | |
| Net book value beginning of year | 73,484,980 | 72,054,241 | 70,289,242 | 69,905,752 | 68,161,347 |
| Purchases | 5,022,786 | 5,096,922 | 4,851,394 | 2,994,314 | 4,050,958 |
| Disposals and adjustments | (52,787) | (1,244,436) | (760,686) | (353,105) | (177,432) |
| Amortization | (2,531,483) | (2,421,747) | (2,325,709) | (2,257,719) | (2,129,121) |
| Net book value end of year | <u>75,923,496</u> | <u>73,484,980</u> | <u>72,054,241</u> | <u>70,289,242</u> | <u>69,905,752</u> |
| Accumulated surplus (note 3) | | | | | |
| General surplus and net investment in capital assets | 73,713,030 | 71,204,745 | 70,778,239 | 69,089,021 | 68,425,120 |
| Reserves and reserve funds | 12,479,480 | 12,423,958 | 10,276,644 | 10,339,532 | 9,694,695 |
| | <u>86,192,510</u> | <u>83,628,703</u> | <u>81,054,883</u> | <u>79,428,553</u> | <u>78,119,815</u> |
| | - | - | - | - | - |

Note 1: Taxes receivable

| | | | | | |
|--|------|------|------|------|------|
| Current year taxes receivable as percentage of total levy for year | 3.9% | 3.5% | 3.3% | 3.6% | 4.0% |
| Total taxes receivable as percentage of total levy for year | 5.7% | 6.7% | 6.2% | 7.0% | 8.8% |

The municipality has maintained a low rate of arrears throughout the comparison period.

Note 2: Net financial assets

Net financial assets represent the net amount of cash and items that will eventually be turned into cash or paid out in cash and indicates the extent of resources available to finance future operations.

Note 3: Accumulated surplus

Total accumulated surplus indicates the resources available to provide future services. Adequate reserves are an indicator of flexibility and ability to deal with contingencies.

MUNICIPALITY OF HURON EAST
REPORT TO COUNCIL
For the year ended December 31, 2021

Five Year Comparison of Operating Revenue Expenses

| | 2021 Budget | 2021 Actual | 2020 Actual | 2019 Actual | 2018 Actual | 2017 Actual |
|--|------------------------|--------------------------|------------------------|------------------------|------------------------|------------------------|
| Revenue | | | | | | |
| Taxation | 8,157,537 | 8,014,867 | 7,694,911 | 7,075,430 | 6,553,349 | 6,195,745 |
| Grants | | | | | | |
| OMPF grant | 1,065,400 | 1,065,400 | 1,156,100 | 1,319,700 | 1,499,600 | 1,730,600 |
| Gas tax grant | 289,813 | 427,926 | 33,742 | 695,580 | 138,742 | 233,734 |
| OCIF grant | 431,716 | 431,716 | 431,716 | 430,805 | 286,231 | 1,004,056 |
| CWWF grants | - | - | - | - | - | 186,188 |
| Investing in Canada Infrastructure (ICIP) | 2,136,665 | 1,179,131 | - | - | - | - |
| Safe restart funding | 75,700 | 333,200 | 20,996 | - | - | - |
| Provincial drainage grants | 32,200 | 37,428 | 41,432 | 32,487 | 76,898 | 38,470 |
| Fire revenue from other municipalities | 162,679 | 151,867 | 150,624 | 138,582 | 107,577 | 299,152 |
| County of Huron- daycare revenue | 301,701 | 460,929 | 273,313 | 275,419 | 296,622 | 272,559 |
| Modernization funding | - | - | - | 604,816 | - | - |
| Aggregate resources grant | 102,200 | 99,576 | 92,327 | 112,100 | 49,022 | 43,111 |
| Other government grants | 181,445 | 272,728 | 274,017 | 333,266 | 173,720 | 233,532 |
| User fees | | | | | | |
| Water and sewer | 2,881,534 | 2,750,004 | 4,796,739 | 2,655,032 | 2,519,653 | 2,772,565 |
| Garbage collection and disposal | 229,789 | 220,223 | 217,367 | 196,988 | 163,764 | 86,457 |
| Road charges and recoveries | 55,900 | 175,790 | 92,643 | 76,218 | 97,753 | 290,126 |
| Recreation | 430,851 | 342,932 | 375,288 | 819,296 | 783,674 | 812,074 |
| Daycare | 201,379 | 141,938 | 79,632 | 198,635 | 206,555 | 160,230 |
| Protective services permits and fees | 385,740 | 509,089 | 382,646 | 480,014 | 401,301 | 275,996 |
| Health care centre | 256,867 | 254,807 | 256,356 | 256,654 | 252,980 | 231,426 |
| Municipal drains | 55,870 | 17,351 | 99,228 | 57,368 | 126,560 | 161,224 |
| Wind turbine vibrancy funds | 218,568 | 219,083 | 218,568 | 218,608 | 217,605 | 200,744 |
| Gain (loss) on disposal of assets | 13,000 | (44,788) | 10,774 | (474,760) | (157,492) | 118,833 |
| Other fees and charges | 179,250 | 150,440 | 212,065 | 165,233 | 205,001 | 194,543 |
| Other income | | | | | | |
| Bank interest and penalties on taxes | 548,624 | 210,505 | 460,132 | 392,775 | 506,547 | 386,808 |
| Licenses, permits, rents, donations etc. | 173,237 | 204,494 | 213,729 | 265,763 | 172,014 | 193,575 |
| Total revenue per financial statements | <u>18,567,665</u> | <u>17,626,636</u> | <u>17,584,345</u> | <u>16,326,009</u> | <u>14,677,676</u> | <u>16,121,748</u> |
| Expenditures (line items exclude depreciation and capital) | | | | | | |
| Council | 151,213 | 147,387 | 138,821 | 164,604 | 142,997 | 150,353 |
| Other general government | 1,161,598 | 1,171,454 | 1,040,555 | 977,468 | 894,920 | 881,199 |
| Fire | 894,740 | 763,472 | 841,804 | 877,681 | 825,371 | 733,940 |
| Policing | 1,690,599 | 1,697,160 | 1,700,850 | 1,623,978 | 1,543,942 | 1,530,442 |
| Conservation authority | 242,895 | 241,360 | 232,456 | 217,512 | 201,337 | 236,417 |
| Building, water quality, and other protective serv | 433,012 | 403,699 | 385,735 | 308,080 | 298,155 | 307,592 |
| Roads and streetlights | 3,190,125 | 3,423,751 | 3,724,540 | 3,042,509 | 2,762,475 | 2,819,600 |
| Water and sewer | 1,623,597 | 1,601,744 | 1,620,948 | 1,607,179 | 1,497,721 | 1,495,502 |
| Waste collection and disposal | 732,232 | 740,853 | 699,861 | 808,593 | 591,335 | 369,292 |
| Cemeteries and other health and social services | 240,627 | 187,116 | 194,204 | 218,467 | 201,199 | 224,848 |
| Day care | 616,540 | 663,033 | 393,598 | 563,714 | 581,986 | 519,945 |
| Recreation | 1,329,761 | 1,162,044 | 1,111,775 | 1,437,596 | 1,372,777 | 1,414,544 |
| Municipal drains | 120,270 | 72,185 | 273,773 | 346,728 | 33,970 | 331,229 |
| Planning and development | 200,286 | 256,088 | 229,858 | 179,861 | 163,034 | 266,779 |
| Capital expenditures | 8,147,684 | 5,022,786 | 5,096,922 | 4,851,394 | 2,994,314 | 4,050,958 |
| Net transfers to (from) reserves | (2,185,177) | 257,689 | 2,441,368 | (127,841) | 884,422 | 1,110,352 |
| Total expenditures | 18,590,001 | 17,811,821 | 20,127,068 | 17,097,523 | 14,989,955 | 16,442,992 |
| Less: capital expenditures | (8,147,684) | (5,022,786) | (5,096,922) | (4,851,394) | (2,994,314) | (4,050,958) |
| net transfers to (from) reserves | 2,185,177 | (257,689) | (2,441,368) | 127,841 | (884,422) | (1,110,352) |
| Add: amortization and writedowns | 2,476,615 | 2,531,483 | 2,421,747 | 2,325,709 | 2,257,719 | 2,129,121 |
| Total expenditures per financial statements | <u>15,104,109</u> | <u>15,062,829</u> | <u>15,010,525</u> | <u>14,699,679</u> | <u>13,368,938</u> | <u>13,410,803</u> |
| Net surplus (deficit) per financial statements | <u>3,463,556</u> | <u>2,563,807</u> | <u>2,573,820</u> | <u>1,626,330</u> | <u>1,308,738</u> | <u>2,710,945</u> |