

**THE CORPORATION OF THE
MUNICIPALITY OF HURON EAST
FINANCIAL STATEMENTS
DECEMBER 31, 2024**

SEEBACH & COMPANY
Chartered Professional Accountants

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

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

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

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

CORPORATION OF THE MUNICIPALITY OF HURON EAST



Jessica Rudy
Chief Administrative Officer



Denise Feeney, CPA
Director of Finance / Treasurer

October 7, 2025

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, 2024 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, 2024, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAB).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the 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
October 7, 2025

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

As at December 31	2024	2023
FINANCIAL ASSETS		
Cash	2,298,126	3,818,405
Taxes receivable	1,616,413	1,407,459
Accounts receivable	4,470,283	3,453,391
Investments (note 5)	7,363,665	8,208,578
Long-term receivables (note 6)	1,655,253	1,747,526
	<u>17,403,740</u>	<u>18,635,359</u>
LIABILITIES		
Accounts payable and accrued liabilities	2,749,671	3,840,142
Deferred revenue	56,247	22,102
Deferred revenue - obligatory reserve funds	2,440,219	2,290,287
Municipal debt (note 8)	3,154,668	2,715,143
Asset retirement obligation (note 9)	5,506,267	5,405,860
	<u>13,907,072</u>	<u>14,273,534</u>
NET FINANCIAL ASSETS	\$ 3,496,668	\$ 4,361,825
NON-FINANCIAL ASSETS		
Tangible capital assets, net (note 10)	93,453,752	89,814,977
Inventory and prepaid expenses	31,448	24,920
	<u>93,485,200</u>	<u>89,839,897</u>
ACCUMULATED SURPLUS (note 12)	\$ 96,981,868	\$ 94,201,722

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	2024 Budget	2024 Actual	2023 Actual
Revenue			
Taxation for municipal purposes	11,178,756	11,141,952	9,810,937
Government transfers - Canada	311,486	338,838	2,248,312
Government transfers - Ontario	2,435,537	2,462,222	3,877,009
Government transfers - other municipalities	1,368,327	1,578,631	1,377,508
User fees and service charges	6,164,724	6,472,428	5,942,485
Licences, permits, rents, donations, etc.	486,844	512,713	511,574
Investment income	184,559	592,301	400,694
Penalties and interest on taxes	144,826	150,894	101,954
Gain (loss) on disposal of tangible capital assets	-	419,854	1,008,675
	<u>22,275,059</u>	<u>23,669,833</u>	<u>25,279,148</u>
Expenditure			
General government	2,421,922	2,308,637	1,825,203
Protection to persons and property	3,930,606	3,782,837	3,452,142
Transportation services	5,908,147	5,779,175	5,306,380
Environmental services	3,665,891	3,650,338	3,621,876
Health services	333,116	301,980	268,330
Social and family services	1,110,993	1,071,608	812,362
Recreation and cultural services	2,470,191	2,688,996	1,961,092
Planning and development	411,001	1,306,116	916,783
	<u>20,251,867</u>	<u>20,889,687</u>	<u>18,164,168</u>
Annual surplus (deficit)	2,023,192	2,780,146	7,114,980
Accumulated surplus, beginning of year		<u>94,201,722</u>	<u>87,086,742</u>
Accumulated surplus, end of year		<u>\$ 96,981,868</u>	<u>\$ 94,201,722</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	2024 Budget	2024 Actual	2023 Actual
Annual surplus (deficit)	2,023,192	2,780,146	7,114,980
Amortization of tangible capital assets	3,050,479	3,266,658	2,834,300
Net acquisition of tangible capital assets	(5,019,702)	(6,485,579)	(8,309,327)
Loss (gain) on sale of tangible capital assets	-	(419,854)	(1,008,675)
Decrease (increase) in inventory and prepaid expenses	-	(6,528)	(3,469)
	<u>53,969</u>	<u>(865,157)</u>	<u>627,809</u>
Net financial assets, beginning of year		4,361,825	3,734,016
Net financial assets, end of year		<u>\$ 3,496,668</u>	<u>\$ 4,361,825</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	2024	2023
Operating activities		
Annual surplus (deficit)	2,780,146	7,114,980
Amortization expense not requiring cash outlay	3,266,658	2,834,300
Loss (gain) on disposal of tangible capital assets	(419,854)	(1,008,675)
Decrease (increase) in taxes receivable	(208,954)	(246,180)
Decrease (increase) in accounts receivable	(1,016,892)	(1,747,410)
Increase (decrease) in accounts payable and accrued liabilities	(1,090,471)	(1,195,250)
Increase (decrease) in deferred revenue	34,145	9,901
Increase (decrease) in deferred revenue - obligatory reserve funds	149,932	236,975
Increase (decrease) in asset retirement obligations	100,407	105,724
Decrease (increase) in inventory and prepaid expenses	(6,528)	(3,469)
Cash provided by (used for) operating activities	<u>3,588,589</u>	<u>6,100,896</u>
Capital activities		
Net disposals (purchases) of tangible capital assets	(6,485,579)	(8,309,327)
Cash provided by (used for) capital activities	<u>(6,485,579)</u>	<u>(8,309,327)</u>
Investing activities		
Decrease (increase) in investments	844,913	1,134,996
Decrease (increase) in long-term receivables	92,273	14,800
Cash provided by (used for) investing activities	<u>937,186</u>	<u>1,149,796</u>
Financing activities		
Proceeds from long-term debt issued	600,000	1,939,700
Principal repayments on long-term debt	(160,475)	(89,063)
Cash provided by (used for) financing activities	<u>439,525</u>	<u>1,850,637</u>
Increase (decrease) in cash position	(1,520,279)	792,002
Cash (overdraft) beginning of year	3,818,405	3,026,403
Cash (overdraft) end of year	<u>\$ 2,298,126</u>	<u>\$ 3,818,405</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, 2024

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 - 100%

Mid-Huron Landfill Site Board - 23.3%

Mid-Huron Recycling Centre Board - 33.3%

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
Sewermain 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) Asset retirement obligations

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

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

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

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) Revenue recognition

Tax levies, based on assessment rolls issued by the Municipal Property Assessment Corporation and tax rates established by council, are recognized as revenue when the tax billings are issued. Adjustments to taxation revenue due to changes in assessments are initially recognized based on management's best estimates of the taxes that will be received.

Other revenue is recognized when related services are provided or goods delivered, collectibility is reasonably assured and there are no significant future obligations.

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

l) 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. Change in accounting policy

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

3. Operations of school boards and county

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

	2024	2023
County of Huron	\$ 7,642,807	\$ 7,226,888
School Boards	2,820,087	2,819,583

4. Trust funds

Trust funds administered by the municipality amounting to \$3,375,048 (2023 : \$3,498,770) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations.

5. Investments

	2024	2023
Money market fund	443,632	1,449,494
Bond fund	6,920,033	6,759,084
	<u>\$ 7,363,665</u>	<u>\$ 8,208,578</u>

The investments have a market value of \$6,985,209 (2023 : \$7,688,987) at the end of the year.

6. Long-term receivables

	2024	2023
Due from residents and landowners	1,609,046	1,697,526
Tile loans, 6% principal and interest receivable annually, due 2025 through 2034	46,207	50,000
	<u>\$ 1,655,253</u>	<u>\$ 1,747,526</u>

Amounts due in the next five years are as follows:

2025: \$72,600	2026: \$74,900	2027: \$77,000	2028: \$79,700	2029: \$82,000
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7. 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 2024 was \$415,401 (2023 : \$301,319) 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.

8. Municipal debt

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

	2024	2023
Health services debenture payable to Huron East/Seaforth Community Development Trust, 5% interest, due December 2038	161,483	169,292
Health services debenture payable to Huron East/Seaforth Community Development Trust, 3.6% interest, due November 2029	590,858	-
Ontario Infrastructure and Lands Corporation (OILC) loan payable, 1.47% interest, \$45,721 blended payment payable semi-annually, due September 2030 (for transportation purposes)	523,316	606,151
Ontario Infrastructure and Lands Corporation (OILC) loan payable, 4.98% interest, \$75,152 blended payment payable semi-annually, due December 2043 (for recreation)	1,832,804	1,889,700
Tile drain loans payable to Ministry of Finance, responsibility for payment of principal and interest charges have been assumed by individuals	46,207	50,000
	<u>\$ 3,154,668</u>	<u>\$ 2,715,143</u>

Principal payments for the next five years are as follows:

2025: \$267,900 2026: \$276,900 2027: \$286,300 2028: \$296,000 2029: \$295,200

9. Asset retirement obligations

The municipality's financial statements include an asset retirement obligation for the landfill and other environmentally hazardous materials. The related asset retirement costs are being amortized on a straight line basis.

The liability for the landfill has been estimated using a net present value technique with a discount rate of 4% (2023 : 4%). The estimated total undiscounted future expenditures are \$33,381,330 (2023 : \$33,408,591), which are to be incurred over 60 years. The liability is expected to be fully settled in 60 years.

Legal liabilities exist for the removal and disposal of asbestos and other environmentally hazardous materials within some municipal owned properties and buildings that will undergo major renovations, upgrades, or demolition in the future. The obligation has been measured at current cost as the timing of future cash flows cannot be reasonably determined.

The carrying amount of the liabilities are as follows:

	2024	2023
Asset retirement obligation, beginning	5,405,860	5,300,136
Accretion expense	100,407	105,724
Asset retirement obligations, ending	<u>\$ 5,506,267</u>	<u>\$ 5,405,860</u>

The liability is expected to be funded through budget allocations to a landfill reserve fund over the remaining life of the related tangible capital asset.

10. 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.

11. 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.

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.

12. Accumulated surplus

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

	2024	2023
General revenue accumulated surplus		
and invested in tangible capital assets	\$ 86,380,324	\$ 86,227,864
Unfinanced asset retirement obligations	(5,506,267)	(5,405,860)
Reserves and reserve funds	<u>16,107,811</u>	<u>13,379,718</u>
	<u>\$ 96,981,868</u>	<u>\$ 94,201,722</u>

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

13. 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.

14. Budget amounts

Under Canadian public sector accounting standards, budgets amounts are to be reported on the consolidated statement of operations for comparative purposes. The 2023 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	5,019,702
Amortization of tangible capital assets	(3,266,658)
Debt principal repayments	267,032
Net reserve, reserve fund, and surplus transfers	83,203
Mid-Huron Landfill Site Board net budget deficit	(81,753)
Mid-Huron Recycle Centre Board net budget surplus	<u>1,666</u>
Budgeted surplus (deficit) reported on consolidated statement of operations	<u>\$ 2,023,192</u>

THE CORPORATION OF THE MUNICIPALITY OF HURON EAST
Consolidated Schedule of Tangible Capital Assets
For the Year Ended December 31, 2024

	Land	Land Improvements	Buildings	Machinery & Equipment	Vehicles	Plants and Facilities	Roads	Underground and other Networks	Bridges and other Structures	Assets Under Construction	TOTAL Net Book Value 2024	TOTAL Net Book Value 2023
Cost												
Balance, beginning of year	884,494	2,697,994	20,337,516	5,516,393	4,923,148	12,071,297	61,326,128	18,802,719	12,914,700	456,653	139,931,042	131,137,325
Add: Additions during the year		108,952	3,168,467	1,629,227	244,498	66,567			68,668	1,831,767	7,118,146	9,567,264
Less: Disposals during the year	(21,943)		(372,956)	(26,869)	(104,117)						(525,885)	(773,547)
Other: WIP transfers			204,738					92,034	342,676	(639,448)	-	-
Other: donations and transfers			(32,787)	32,787							-	-
Balance, end of year	<u>862,551</u>	<u>2,806,946</u>	<u>23,304,978</u>	<u>7,151,538</u>	<u>5,063,529</u>	<u>12,137,864</u>	<u>61,326,128</u>	<u>18,894,753</u>	<u>13,326,044</u>	<u>1,648,972</u>	<u>146,523,303</u>	<u>139,931,042</u>
Accumulated Amortization												
Balance, beginning of year		311,285	5,141,072	2,084,746	2,424,989	5,036,937	24,357,615	5,939,205	4,820,216		50,116,065	47,806,050
Add: Amortization during the year		89,963	517,682	342,675	225,198	240,339	1,409,510	231,837	209,454		3,266,658	2,834,300
Less: Accumulated amortization on disposals			(193,476)	(16,579)	(103,117)						(313,172)	(524,285)
Balance, end of year	<u>-</u>	<u>401,248</u>	<u>5,465,278</u>	<u>2,410,842</u>	<u>2,547,070</u>	<u>5,277,276</u>	<u>25,767,125</u>	<u>6,171,042</u>	<u>5,029,670</u>	<u>-</u>	<u>53,069,551</u>	<u>50,116,065</u>
Net Book Value												
of Tangible Capital Assets	<u>862,551</u>	<u>2,405,698</u>	<u>17,839,700</u>	<u>4,740,696</u>	<u>2,516,459</u>	<u>6,860,588</u>	<u>35,559,003</u>	<u>12,723,711</u>	<u>8,296,374</u>	<u>1,648,972</u>	<u>\$ 93,453,752</u>	<u>\$ 89,814,977</u>

THE CORPORATION OF THE MUNICIPALITY OF HURON EAST
Consolidated Schedule of Tangible Capital Assets
For the Year Ended December 31, 2024

	General Government	Protection	Transportation	Environmental	Health	Recreation and Cultural	Planning and Development	Work in Process	TOTAL Net Book Value 2024	TOTAL Net Book Value 2023
Cost										
Balance, beginning of year	2,265,277	3,660,510	74,974,899	39,289,174	2,035,699	16,600,258	648,572	456,653	139,931,042	131,137,325
Add: Additions during the year	145,078	2,185,014	369,165	129,825		2,317,997	139,300	1,831,767	7,118,146	9,567,264
Less: Disposals during the year	(1,218)	(76,309)		(23,899)		(402,516)	(21,943)		(525,885)	(773,547)
Other: WIP transfers		200,538	342,676	92,034		4,200		(639,448)	-	-
Balance, end of year	<u>2,409,137</u>	<u>5,969,753</u>	<u>75,686,740</u>	<u>39,487,134</u>	<u>2,035,699</u>	<u>18,519,939</u>	<u>765,929</u>	<u>1,648,972</u>	<u>146,523,303</u>	<u>139,931,042</u>
Accumulated Amortization										
Balance, beginning of year	826,935	1,673,771	30,127,470	12,692,206	548,699	4,246,705	279		50,116,065	47,806,050
Add: Amortization during the year	119,134	153,226	1,795,691	672,122	54,726	467,305	4,454		3,266,658	2,834,300
Less: Accumulated amortization on disposals	(1,218)	(70,108)		(23,899)		(217,947)			(313,172)	(524,285)
Balance, end of year	<u>944,851</u>	<u>1,756,889</u>	<u>31,923,161</u>	<u>13,340,429</u>	<u>603,425</u>	<u>4,496,063</u>	<u>4,733</u>	<u>-</u>	<u>53,069,551</u>	<u>50,116,065</u>
Net Book Value										
of Tangible Capital Assets	<u>1,464,286</u>	<u>4,212,864</u>	<u>43,763,579</u>	<u>26,146,705</u>	<u>1,432,274</u>	<u>14,023,876</u>	<u>761,196</u>	<u>1,648,972</u>	<u>\$ 93,453,752</u>	<u>\$ 89,814,977</u>

THE CORPORATION OF THE MUNICIPALITY OF HURON EAST
Consolidated Schedule of Continuity of Reserves and Reserve Funds
For the Year Ended December 31, 2024

	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	1,962,096		2,119,310		(935,837)	3,145,569
for protection services	362,048		424,484		(12,632)	773,900
for transportation services	668,624		200,038		(188,177)	680,485
for environmental services	9,066,377		1,251,574		(381,740)	9,936,211
for health services	161,280		293,835		-	455,115
for recreation and cultural services	1,119,293		1,073,499		(1,153,918)	1,038,874
for planning and development	40,000		60,000		(22,343)	77,657
Total reserves and reserve funds	<u>\$ 13,379,718</u>	<u>-</u>	<u>5,422,740</u>	<u>-</u>	<u>(2,694,647)</u>	<u>\$ 16,107,811</u>

THE CORPORATION OF THE MUNICIPALITY OF HURON EAST
Consolidated Schedule of Continuity of Deferred Revenue
For the Year Ended December 31, 2024

	Balance, beginning of year	Revenues and contributions			Transfers out Utilized During Year	Balance, end of year
		Interest	From Operations	Other		
Deferred revenue						
Parkland	110,536	5,030	6,750		(18,613)	103,703
Brussels Landfill (Morris)	55,511					55,511
Walton Landfill	284,008		30,000			314,008
Federal Gas Tax Funds	1,840,232	87,924		303,573	(264,732)	1,966,997
	<u>\$ 2,290,287</u>	<u>92,954</u>	<u>36,750</u>	<u>303,573</u>	<u>(283,345)</u>	<u>\$ 2,440,219</u>

THE CORPORATION OF THE MUNICIPALITY OF HURON EAST

Segmented Information

For the Year Ended December 31, 2024

	General Government	Protective Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Culture	Planning and Development	Total 2024	Total 2023
Revenue										
Taxation	11,141,952	-	-	-	-	-	-	-	11,141,952	9,810,937
User charges	534,467	98,373	133,166	3,832,439	305,469	220,177	809,934	538,403	6,472,428	6,454,059
Government transfers	1,299,309	573,111	1,412,911	-	(1,922)	725,756	194,423	176,103	4,379,691	7,502,829
Interest and penalties	743,195	-	-	-	-	-	-	-	743,195	502,648
Other	567,242	25,316	436	(48,537)	18,591	7,766	351,413	10,340	932,567	1,008,675
	<u>14,286,165</u>	<u>696,800</u>	<u>1,546,513</u>	<u>3,783,902</u>	<u>322,138</u>	<u>953,699</u>	<u>1,355,770</u>	<u>724,846</u>	<u>23,669,833</u>	<u>25,279,148</u>
Operating expenditure										
Wages, salaries and benefits	1,332,520	1,009,749	1,240,839	449,133	104,208	939,635	1,157,801	239,530	6,473,415	5,351,770
Contracted services	694,168	1,951,780	364,151	1,348,599	20,097	-	102,434	6,076	4,487,305	4,625,598
Supplies, materials and equipment	162,815	668,082	2,378,494	1,180,484	122,949	131,973	961,456	1,056,056	6,662,309	5,352,500
Amortization	119,134	153,226	1,795,691	672,122	54,726	-	467,305	4,454	3,266,658	2,834,300
	<u>2,308,637</u>	<u>3,782,837</u>	<u>5,779,175</u>	<u>3,650,338</u>	<u>301,980</u>	<u>1,071,608</u>	<u>2,688,996</u>	<u>1,306,116</u>	<u>20,889,687</u>	<u>18,164,168</u>
Net revenue (expense)	<u>11,977,528</u>	<u>(3,086,037)</u>	<u>(4,232,662)</u>	<u>133,564</u>	<u>20,158</u>	<u>(117,909)</u>	<u>(1,333,226)</u>	<u>(581,270)</u>	<u>2,780,146</u>	<u>7,114,980</u>

**THE CORPORATION OF THE
MUNICIPALITY OF HURON EAST
TRUST FUNDS
FINANCIAL STATEMENTS
DECEMBER 31, 2024**

SEEBACH & COMPANY
Chartered Professional Accountants

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, 2024 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, 2024, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAB).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the 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
October 7, 2025

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

As at December 31, 2024

	Brussels		Grey			Seaforth		McKillop	Egmondville		
	Perpetual Care	Hydro	Cranbrook Perpetual	Mount Pleasant	Carnochan Memorial	Heritage	Hydro	Zion Cemetery	Perpetual Care	2024	2023
Assets											
Cash	21,935	18,659	2,765	9,687		45,199	117,217	1,037	8,365	224,864	212,786
Accounts receivable	1,300			740						2,040	24,766
Investments	229,500	540,000	11,100	54,785	25,000		1,585,567	7,500	60,000	2,513,452	2,616,953
Prepaid expenses							50,000			50,000	50,000
Tangible capital assets, net							600,271			600,271	610,719
	<u>\$ 252,735</u>	<u>\$ 558,659</u>	<u>\$ 13,865</u>	<u>\$ 65,212</u>	<u>\$ 25,000</u>	<u>\$ 45,199</u>	<u>\$ 2,353,055</u>	<u>\$ 8,537</u>	<u>\$ 68,365</u>	<u>\$ 3,390,627</u>	<u>\$ 3,515,224</u>
Liabilities											
Accounts payable							15,579			15,579	16,454
							15,579			15,579	16,454
Trust fund balance	252,735	558,659	13,865	65,212	25,000	45,199	2,337,476	8,537	68,365	3,375,048	3,498,770
	<u>\$ 252,735</u>	<u>\$ 558,659</u>	<u>\$ 13,865</u>	<u>\$ 65,212</u>	<u>\$ 25,000</u>	<u>\$ 45,199</u>	<u>\$ 2,353,055</u>	<u>\$ 8,537</u>	<u>\$ 68,365</u>	<u>\$ 3,390,627</u>	<u>\$ 3,515,224</u>

STATEMENT OF OPERATIONS

For the Year Ended December 31, 2024

	Brussels		Grey			Seaforth		McKillop	Egmondville		
	Perpetual Care	Hydro	Cranbrook Perpetual	Mount Pleasant	Carnochan Memorial	Heritage	Hydro	Zion Cemetery	Perpetual Care	2024	2023
Revenue											
Sale of plots, vaults, opening charges	11,335			3,740					1,800	16,875	8,008
Interest earned	7,840	14,917	401	2,871	439	2,152	74,354	164	942	104,080	101,497
Rent							79,054			79,054	79,297
Other										-	261,944
	<u>19,175</u>	<u>14,917</u>	<u>401</u>	<u>6,611</u>	<u>439</u>	<u>2,152</u>	<u>153,408</u>	<u>164</u>	<u>2,742</u>	<u>200,009</u>	<u>450,746</u>
Expenses											
Expenditures							213,067			213,067	63,106
Administration fee							8,925			8,925	8,850
Transfers to cemetery operating	7,553	9,064	401	1,758	439			150	1,322	20,687	13,601
Community projects							70,604			70,604	30,275
Amortization							10,448			10,448	10,448
	<u>7,553</u>	<u>9,064</u>	<u>401</u>	<u>1,758</u>	<u>439</u>	<u>-</u>	<u>303,044</u>	<u>150</u>	<u>1,322</u>	<u>323,731</u>	<u>126,280</u>
Excess of revenue over expenses	11,622	5,853	-	4,853	-	2,152	(149,636)	14	1,420	(123,722)	324,466
Trust fund balance, beginning of year	241,113	552,806	13,865	60,359	25,000	43,047	2,487,112	8,523	66,945	3,498,770	3,174,304
Trust fund balance, end of year	<u>\$ 252,735</u>	<u>\$ 558,659</u>	<u>\$ 13,865</u>	<u>\$ 65,212</u>	<u>\$ 25,000</u>	<u>\$ 45,199</u>	<u>\$ 2,337,476</u>	<u>\$ 8,537</u>	<u>\$ 68,365</u>	<u>\$ 3,375,048</u>	<u>\$ 3,498,770</u>

For the Year Ended December 31, 2024

Trust fund investments have a market value equal to cost of \$2,513,452 (2023 : \$2,616,953).

THE CORPORATION OF THE MUNICIPALITY OF HURON EAST
TRUST FUNDS

NOTES TO FINANCIAL STATEMENTS

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December 31, 2024

5. Tangible Capital Assets

	Cost	Accumulated Amortization	Net Book Value 2024	Net Book Value 2023
Land	57,000	-	57,000	57,000
Buildings	<u>627,959</u>	<u>84,688</u>	<u>543,272</u>	<u>553,719</u>
	<u>\$ 684,959</u>	<u>\$ 84,688</u>	<u>\$ 600,271</u>	<u>\$ 610,719</u>