

**CORPORATION OF THE
MUNICIPALITY OF BROCKTON**

CONSOLIDATED FINANCIAL REPORT

DECEMBER 31, 2011

CORPORATION OF THE MUNICIPALITY OF BROCKTON

DECEMBER 31, 2011

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GAVILLER & COMPANY LLP
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of **Corporation of the Municipality of Brockton**:

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the Corporation of the Municipality of Brockton, which comprise the statement of financial position as at December 31, 2011, and the statement of operations, statement of change in net financial assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Municipality's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Corporation of the Municipality of Brockton as at December 31, 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Gaviller & Company LLP

Licensed Public Accountants
Walkerton, Ontario
September 10, 2012

CORPORATION OF THE MUNICIPALITY OF BROCKTON

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31

	2011	2010
	\$	\$
Financial assets		
Cash (Note 3)	4,228,289	3,852,293
Taxes receivable	821,040	828,467
Accounts receivable	899,416	1,679,696
Long-term investments (Note 4)	2,303,593	2,303,593
Tile Drain Receivable	13,824	-
	8,266,162	8,664,049
Liabilities		
Accounts payable and accrued liabilities	769,066	1,113,129
Deferred revenue - obligatory reserve funds (Note 6)	45,794	4,683
Deferred revenue - other (Note 6)	119,893	125,141
Long-term (Note 7)	3,752,631	4,686,218
Employee future benefits (Note 8)	109,127	136,484
Landfill closure and post-closure liability (Note 16)	365,898	381,324
	5,162,409	6,446,979
Net financial assets	3,103,753	2,217,070
Non-financial assets		
Tangible capital assets (Schedule 1 and Note 9)	49,556,492	50,392,540
Prepaid expenses	36,734	21,467
	49,593,226	50,414,007
Accumulated surplus (Note 11)	52,696,979	52,631,077

Approved David Lyhin Mayor
Sept 10, 2012 Date

The accompanying notes are an integral part of
these financial statements

CORPORATION OF THE MUNICIPALITY OF BROCKTON

CONSOLIDATED STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31

	Budget 2011	Actual 2011	Actual 2010
	\$	\$	\$
	(Note 10)		
Revenues			
Net municipal taxation (Note 12)	6,068,250	6,026,616	5,711,924
User charges and fees	3,234,835	3,784,669	3,585,748
Government grants	2,504,482	2,727,141	2,514,996
Revenue from other municipalities	32,700	139,341	168,372
Other	500,128	619,066	546,347
	12,340,395	13,296,833	12,527,387
Expenses			
General government	1,460,961	1,522,418	1,535,275
Protection to persons and property	3,420,082	3,348,388	3,161,822
Transportation services	2,211,077	3,542,045	3,498,318
Environmental services	1,565,491	2,310,194	2,180,315
Social and family services	524,966	548,443	516,023
Health services	217,402	296,055	310,475
Recreational and cultural services	1,427,874	2,041,410	1,915,644
Planning and development	143,600	288,550	267,680
	10,971,453	13,897,503	13,385,552
Net revenues (expenses)	1,368,942	(600,670)	(858,165)
Other			
Grants and transfers related to capital			
Government grants	769,327	701,055	603,189
Gain (Loss) on disposal of tangible capital assets	-	(73,944)	198,066
Investment income	-	39,461	33,354
	769,327	666,572	834,609
Annual surplus (deficit)	2,138,269	65,902	(23,556)
Accumulated surplus, beginning of year		52,631,077	52,654,633
Accumulated surplus, end of year (Note 11)		52,696,979	52,631,077

The accompanying notes are an integral part of
these financial statements

CORPORATION OF THE MUNICIPALITY OF BROCKTON

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS FOR THE YEAR ENDED DECEMBER 31

	Budget 2011	Actual 2011	Actual 2010
	\$	\$	\$
	(Note 10)		
Annual surplus (deficit)	2,138,269	65,902	(23,556)
Acquisition of tangible capital assets	-	(1,219,148)	(2,072,015)
Amortization of tangible capital assets	-	1,976,326	1,957,625
(Gain)/loss on disposal of tangible capital assets	-	73,944	(198,066)
Proceeds on disposal of tangible capital assets	-	4,926	285,186
Change in prepaid expenses	-	(15,267)	(11,005)
Change in net financial assets	2,138,269	886,683	(61,831)
Net financial assets, beginning of year		2,217,070	2,278,901
Net financial assets, end of year		3,103,753	2,217,070

The accompanying notes are an integral part of
these financial statements

CORPORATION OF THE MUNICIPALITY OF BROCKTON

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED DECEMBER 31

	2011	2010
	\$	\$
Cash flows from (for):		
Operating activities		
Annual surplus(deficit)	65,902	(23,556)
Non-cash items:		
Amortization expense	1,976,326	1,957,625
(Gain)/ Loss on disposal of tangible capital assets	73,944	(198,066)
	2,116,172	1,736,003
Changes in:		
Taxes receivable	7,428	(138,035)
Accounts receivable	780,279	(1,165,020)
Prepaid expenses	(15,267)	(11,005)
Accounts payable and accrued liabilities	(344,063)	227,373
Tile drain receivable	(13,824)	
Employee future benefits	(27,357)	(1,763)
Landfill closure and post-closure liability	(15,426)	(4,493)
Net change in cash from operations	2,487,942	643,060
Capital activities		
Acquisition of tangible capital assets	(1,219,148)	(2,072,015)
Proceeds on disposal of tangible capital assets	4,926	285,186
Net change in cash from capital	(1,214,222)	(1,786,829)
Financing activities		
Long-term liabilities issued	-	450,000
Long term liabilities repaid	(933,587)	(641,473)
Deferred revenue	35,863	91,651
Net change in cash from financing	(897,724)	(99,822)
Net change in cash position	375,996	(1,243,591)
Cash, beginning of year	3,852,293	5,095,884
Cash and cash equivalents, end of year	4,228,289	3,852,293

The accompanying notes are an integral part of
these financial statements

CORPORATION OF THE MUNICIPALITY OF BROCKTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2011

1. Nature of operations

The Corporation of the Municipality of Brockton ("the Municipality") combines the former town of Walkerton and the townships of Brant and Greenock and is a lower-tier municipality located in the County of Bruce, Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes, such as the Municipal Act, Municipal Affairs Act and related legislation.

2. Summary of significant accounting policies

The consolidated financial statements of the municipality are the representation of management prepared in accordance with local government accounting standards established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants.

The focus of PSAB financial statements is on the financial position of the municipality and the changes thereto. The consolidated statement of financial position includes all the assets and liabilities of the municipality. Financial assets are those assets which could provide resources to discharge existing liabilities or finance future operations. Accumulated surplus represents the financial position and is the difference between assets and liabilities. This provides information about the municipality's overall future revenue requirements and its ability to finance activities and meet its obligations. Significant aspects of the accounting policies adopted by the Municipality are as follows:

(a) Basis of accounting

Sources of financing and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(b) Deferred revenue

Revenue restricted by legislation, regulation, or agreement and not available for general municipal purposes is reported as deferred revenue on the consolidated statement of financial position. The revenue is reported on the consolidated statement of operations in the year in which it is used for the specified purpose.

CORPORATION OF THE MUNICIPALITY OF BROCKTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2011

2. Summary of significant accounting policies (continued)

(c) Basis of consolidation

These consolidated financial statements reflect assets, liabilities, revenues and expenses of the municipality. They include the activities of all committees of Council and the following organizations which are accountable to, and owned or controlled by the municipality:

Walkerton Chamber of Commerce
Bradley Community Centre
Cargill & District Community Fund

Excluded are Funds Held in Trust which are administered by the municipality and reported on separately.

A government partnership exists where the municipality has a shared control over the board or entity. The municipality's pro-rata share of assets, liabilities, revenues and expenses are reflected in the consolidated financial statements using the proportionate consolidation method. The municipality's proportionate interest of the following government partnership are reflected in the consolidated financial statements:

Bruce Area Solid Waste Recycling	13.16%
Elmwood Community Centre	50.0%
Hanover/Walkerton Landfill	50.0%
Paisley & District Area Fire Committee	0%
Saugeen Municipal Airport	42.07%
Elmwood Fire Department	40.66%
Saugeen Mobility & Regional Transit (S.M.A.R.T)	18.9%

All interfund assets and liabilities and sources of financing and expenses have been eliminated.

(d) County and school boards

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

(e) Revenue recognition

Tax levies are recognized as revenue when the amounts are levied on the municipality's ratepayers. User fees and other revenues are recognized when related goods or services are provided and collectibility is reasonably assured.

(f) Government grants

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

CORPORATION OF THE MUNICIPALITY OF BROCKTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2011

2. Summary of significant accounting policies (continued)

(g) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. The municipality's implementation of the Public Sector Handbook PS3150 has required management to make estimates of historical cost, useful lives and amortization of tangible capital assets. In addition, estimates have been made of closure and post closure costs related to landfill sites. Actual results could differ from those estimates.

(h) 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 annual surplus, provides the consolidated change in net financial assets for the year.

(i) 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:

Land improvements	-15 to 40 years
Buildings and improvements	- 40 years
Vehicles, machinery, equipment, furniture and fixtures	- 5 to 85 years
Water and wastewater infrastructure	- 70 to 80 years
Roads infrastructure	- 7 to 75years

(ii) Contribution of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

(iii) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of the 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.

(iv) Intangible assets

Intangible assets are not recognized as assets in the financial statements.

CORPORATION OF THE MUNICIPALITY OF BROCKTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2011

2. Summary of significant accounting policies (continued)

(i) Segment disclosures

Municipal services have been segmented by grouping activities that have similar service objectives (by function). Revenues that are directly related to the costs of the function have been attributed to each segment. Municipal taxation revenue and the Ontario Municipal Partnership Fund grant is allocated to general government.

(j) Land held for resale

Land held for resale is recorded at the lower of cost and net realizable value. Cost includes amounts for land acquisition and improvements to prepare the land for sale or servicing.

3. Cash

Cash consists of the following:

	2011	2010
	\$	\$
Unrestricted	4,062,602	3,722,469
Restricted	165,687	129,824
	4,228,289	3,852,293

4. Long-term investments

	2011	2010
	\$	\$
1,261 Common shares, Westario Power Holdings Inc.	2,303,593	2,303,593

The municipality owns 12.61% of the outstanding common shares of Westario Power Holdings Inc. The shares have no fixed maturity dates and are generally not exposed to interest rate risk. The fair value of these shares is not determinable in the absence of published market quotations.

Dividends received during the year totaled \$99,008 (2010 - \$50,471) and are included in other income.

5. Short-term borrowing

Short term borrowing is due on demand and bears interest at the bank's prime rate less 0.5%. An unsecured short term bank line of credit is available to the municipality up to an amount of \$1,500,000. As at December 31, 2011 the Municipality has borrowed \$NIL (2010 - \$NIL).

CORPORATION OF THE MUNICIPALITY OF BROCKTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2011

6. Deferred revenue - obligatory reserve funds

A requirement of the public sector accounting principles of the Canadian Institute of Chartered Accountants is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as provincial legislation restricts how these funds may be used and under certain circumstances these funds may be refunded.

The balance of deferred revenue is made up as follows:

	2011	2010
	\$	\$
Obligatory Reserve Fund		
Recreational land	45,794	4,683
Other		
Government grant funding	9,230	32,042
Deposits	56,143	3,143
Other	54,520	89,956
	119,893	125,141
	165,687	129,824

The net change during the year for the recreational land obligatory reserve fund is made up as follows:

	2011	2010
	\$	\$
Balance, beginning of the year	4,683	4,645
Contributions	40,800	-
Interest earned	311	38
	45,794	4,683

CORPORATION OF THE MUNICIPALITY OF BROCKTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2011

7. Long-term liabilities

(a) Net long-term liabilities consist of the following:

	2011	2010
	\$	\$
Bank loan payable, interest at bank prime rate less .5%, payable \$8,080 monthly principal plus interest	460,549	557,507
Demand bank loan payable, interest at bank prime rate less .5%, payable \$2,760 monthly principal plus interest	-	23,118
Bank loan payable, interest at bank prime rate less .5%, payable \$5,868 monthly principal plus interest	833,263	903,680
Bank loan payable, interest at bank prime rate less .5%, payable \$3,017 monthly principal plus interest	69,383	105,583
Demand bank loan payable, interest at bank prime rate less .5%, payable \$2,662 monthly principal plus interest	61,230	93,176
Demand bank loan payable, interest at bank prime rate less .5%, payable \$7,500 monthly principal plus interest	262,500	352,500
Demand bank loan payable, interest at bank prime rate less .5%, payable \$4,167 monthly principal plus interest	200,000	250,000
Demand bank loan payable, interest at bank prime rate less .5%, payable \$5,000 monthly principal plus interest	344,991	404,991
Demand bank loan payable, interest at bank prime rate less .5%, payable \$3,592 monthly principal plus interest	88,353	131,457
Demand bank loan payable, interest at bank prime rate less .5%, payable \$3,126 monthly principal plus interest	450,181	487,696
Demand bank loan payable, interest at bank prime rate less .5%, payable \$ 7,500 monthly principal and interest	110,000	450,000
Infrastructure Financing Authority (OMEIFA), interest at 2.95%, semi-annual payments beginning January 17, 2005 of \$40,631 principal and interest, due July 15, 2024	872,181	926,510
	3,752,631	4,686,218

(b) Principal payments for the next 5 years and thereafter are as follows:

	\$
2012	662,084
2013	588,067
2014	458,853
2015	375,971
2016	303,545
Thereafter	1,364,111

Long-term liabilities approved after January 1, 1993 have been approved through by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

CORPORATION OF THE MUNICIPALITY OF BROCKTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2011

8. Employee future benefits

The former Police Services Board provided post-employment health and life insurance benefits to eligible retired employees. The Municipality of Brockton's proportionate share of this former joint local board was 46.4%, and as such are responsible for their share of the ongoing benefit payments. Payments for these benefits totaled \$20,610 in 2011 (2010 - \$18,223). The municipality's share of \$9,563 (2010 - \$8,456) is included as an expense on the consolidated statement of operations. The post employment benefit liability was determined using a discount rate of 5% and an annual rate of increase in benefit costs of 6%.

The employees of the Corporation of the Municipality of Brockton participate in the Ontario Municipal Employees Retirement Saving Plan ("OMERS"). Although the plan has a defined retirement benefit for employees, the related obligation of the municipality cannot be identified. The municipality has applied defined contribution plan accounting as it has insufficient information to apply defined benefit plan accounting. The OMERS plan has several unrelated participating municipalities and costs are not specifically attributed to each participant.

The amount contributed to OMERS for the current year was \$128,137 (2010 - \$128,137) for current service.

9. Tangible capital assets

Schedules 1 and 2 provide information on the tangible capital assets of the municipality by major asset class, as well as for accumulated amortization of the assets controlled. The reader should be aware of the following information relating to tangible capital assets.

(a) Work in progress

Work in progress with a value of \$8,477 (2010 - \$NIL) has not been amortized. Amortization of these assets will commence when the asset is put into service.

(b) Contributed tangible capital assets

Contributed capital assets have been recognized at fair market value at the date of contribution. The value of contributed assets received during the year is \$NIL (2010 - \$NIL).

(c) Tangible capital assets disclosed at nominal values

Where an estimate of fair value could not be made, the tangible capital asset was recognized at a nominal value. Land is the only category where nominal values were assigned.

(d) Works of art and historical treasures

No works of arts nor historical treasures are held by the municipality.

CORPORATION OF THE MUNICIPALITY OF BROCKTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2011

10. Budget amounts

The operating budget approved by Council for 2011 is reflected on the consolidated statement of operations. The budgets established for capital investment in tangible capital assets are on a project oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with the current year's actual expenditure amounts. The 2011 budget did not include figures for acquisition nor amortization of tangible capital assets.

11. Accumulated surplus

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

	2011	2010
	\$	\$
Surplus:		
Invested in tangible capital assets	49,556,492	50,392,540
General area taxation	135,474	695,871
Recreation, community centres and arenas	3,619	3,878
Walkerton Chamber of Commerce	1,468	24,686
Saugeen Municipal Airport	(2,147)	(8,961)
Paisley & District Fire Area Committee	-	52
Hanover/Walkerton Landfill	115,274	202,047
Unfunded liabilities	(3,788,767)	(5,204,026)
Total surplus	46,021,413	46,106,087
Reserves set aside for specific purposes by Council		
Current purposes	525,764	394,423
Capital purposes	398,027	331,474
Total reserves	923,791	725,897
Reserve funds set aside for specific purposes by Council		
Capital purposes	5,751,775	5,799,093
Total reserve funds	5,751,775	5,799,093
Total accumulated surplus	52,696,979	52,631,077

CORPORATION OF THE MUNICIPALITY OF BROCKTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2011

12. Net municipal taxation

Net municipal taxation consists of:

	2011	2010
	\$	\$
Taxation revenue	11,446,079	11,097,287
Amount levied and remitted to School Boards	(2,387,473)	(2,373,397)
Amount levied and remitted to the County of Bruce	(3,031,990)	(3,011,966)
Net municipal taxation	6,026,616	5,711,924

13. Commitments

(a) Capital commitments of \$NIL (2010 - \$171,387) are not reflected in the financial statements. This amount, for which funding is in place, represents uncompleted portions of contracts, as at December 31, 2011, on major projects and estimated obligation under other various agreements.

(b) The municipality has entered into a yearly renewal operating agreement with Veolia Water Canada Inc. for the operation and maintenance of the Municipality's water and wastewater facilities. Under this agreement Veolia has agreed to operate the facility for a fee of \$474,572 plus an adjustment for inflation for July 1, 2008 and subsequent years.

(c) The municipality currently leases space for its municipal office at a rate \$3,402 per month under a five year lease ending in October 2012. The fee for subsequent years is adjusted for inflation.

Annual payments under an operating lease for computer equipment are \$27,283 ending in December 2014.

The minimum annual lease payments for the next five years for all lease commitments are as follows:

2012	95,742
2013	48,607
2014	48,289
2015	14,320
2016	2,907

(d) On May 14, 2007, Council passed a resolution in which the municipality agreed to act as financial guarantor for the construction of the Brockton Medical Clinic, for the sum of \$2,000,000 for five years and to fund any interest carrying charges to a maximum of \$200,000. Should the fundraising committee fall short of its intended goal, the municipality will be responsible to cover any shortfall. Any amount required to fund this shortfall will be recognized in the financial statements in the year of occurrence.

CORPORATION OF THE MUNICIPALITY OF BROCKTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2011

13. Commitments (continued)

- (e) The Municipality of Brockton and the Town of Hanover are in the process of obtaining approval to expand the Hanover/Walkerton Landfill Site. The Term of Reference for Environmental Assessment (ToR) has been prepared by a contracted engineer and approved by the Ministry of Environment. The ToR sets out the environmental studies and consultation that the municipalities will undertake to support their application under the Environmental Assessment Act. These studies were completed in 2009 and the Municipality of Brockton and the Town of Hanover have contracted an engineer to perform further studies in order to carry out the Technical Approval Process. Brockton's 50% share of expenses incurred to date to complete the Technical Approval Process totaled \$175,340. The remaining cost of these studies are estimated to total \$292,600. No provision for the future costs have been recorded in the financial statements at December 31, 2011.

14. Contingencies

- (a) In the ordinary course of business, various claims and lawsuits are brought against the municipality. It is the opinion of management that the settlement of these actions will not result in any material liabilities beyond any amounts already accrued. No provision has been made for pending expropriations of land beyond the payments already made to affected property owners. Any payment made by the municipality pursuant to claims, lawsuits or expropriations will be charged in the year of settlement.
- (b) Annually, the municipality is unable to estimate its Ontario Provincial Police adjustment. As a result, the expense adjustment is recorded in the year in which it is received. A credit of \$115,158 was received and recorded as a reduction of expenses in net financial assets for services performed in 2010 (2010 - \$175,410 credit).

15. Trust fund

The trust fund administered by the municipality is for Perpetual Care and amounts to \$137,087 (2010 - \$132,931). This has not been included in the consolidated statement of financial position nor have the operations been included in the consolidated statement of operations.

CORPORATION OF THE MUNICIPALITY OF BROCKTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2011

16. Landfill Closure and Post-Closure Liability

Solid waste landfill closure and post-closure care requirements are defined in accordance with industry standards and include final covering and landscaping of the landfill, removal of ground water and leachates and ongoing environmental monitoring, site inspection and maintenance. These costs will be incurred as each landfill site stops accepting waste, with the post-closure care expected to continue for an additional 20 years. The total future closure and post-closure care costs are estimated to be \$550,142.

Brant Landfill Site

As at December 31, 2011, the municipality has recognized in the consolidated financial statements a funded liability of \$30,679. This liability represents 41% of the present value of the estimated costs and is based on a total capacity of 146,480 cubic meters and a discount rate of 6.00%. The balance of the liability of \$42,506 will be accrued as the remaining capacity of 85,076 cubic meters is utilized, which is expected to be over the next 12 years.

Greenock Landfill Site

As at December 31, 2011, the municipality has recognized in the consolidated financial statements a funded liability of \$4,239. This liability represents 33% of the present value of the estimated costs and is based on a total capacity of 153,075 cubic meters and a discount rate of 6.00%. The balance of the liability of \$8,582 will be accrued as the remaining capacity of 102,462 cubic meters is utilized, which is expected to be over the next 58 years.

Hanover/Walkerton Landfill Site

As at December 31, 2011, the municipality has recognized in the consolidated financial statements a funded liability of \$330,980. This represents 50% of the total funded liability of \$661,959 shared with the Town of Hanover. This represents 96% of the present value of the estimated costs and is based on a total capacity of 506,000 cubic metres and a discount rate of 4%. The balance of the Municipality's share of the liability of \$13,690 will be accrued as the remaining capacity of 17,000 cubic metres is utilized, which is expected to be over the next 1 to 2 years.

At December 31, 2011, the Walkerton/Hanover solid waste landfill closure and post-closure liability is fully funded. The board of the Hanover/Walkerton Landfill has set aside cash from which the closure and post closure care costs are expected to be funded

Management's estimate for site closure and post-closure care liability is subject to measurement uncertainty. The estimate is based on assumptions contained in engineer's reports as to capacity, site life expectancy and usage. Actual results could differ significantly from these estimates because of the uncertainty related to future cost estimates, future use of the landfill site, etc.

CORPORATION OF THE MUNICIPALITY OF BROCKTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2011

17. Segmented Information

The Municipality of Brockton is a diversified municipal government organization that provides a wide range of services to its citizens such as police, fire, roadways, water, sewer, waste, and recreation and cultural services. Distinguishable functional segments have been separately disclosed in the segmented information. Schedules 3 and 4 provide information on the segmented information of the municipality. The nature of the segments and the activities that they encompass are as follows:

General Government

This segment relates to the revenues and expenses that relate to the operations of the municipality itself and unallocated items that cannot be directly attributed to any specific segment. General administration, council activities and maintenance of municipal buildings are included in the functions of general government.

Protection to Persons and Property

Protection is comprised of police services, fire protection, emergency plan, building inspections, and animal control.

Transportation Services

Transportation is comprised of the municipality's roadways, storm sewers, sidewalks, street lighting, and winter control. It also includes the municipality's proportionate share of the operations of the Saugeen Municipal Airport.

Environmental Services

Environmental is comprised of water and waste water services, where the municipality treats and distributes the municipality's drinking water and ensures that it meets all provincial standards. It also includes the collection and treatment of waste water.

Environmental also consists of providing waste and recycling collection and the municipality's share of the operation of the Hanover/Walkerton joint landfill site.

Health Services

Health services are comprised of support to the medical clinic operations and cemetery.

Recreation and Cultural Services

This service area provides services meant to improve the health and development of the municipality's citizens. The municipality operates and maintains parks, arenas, a swimming pool, and community centres. The municipality also provides library services and recreational programs.

CORPORATION OF THE MUNICIPALITY OF BROCKTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2011

17. Segmented Information (continued)

Planning and Development

This segment is responsible for planning and zoning including the Official plan for residential and commercial, review of property development plans, and economic development services for the municipality.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. In measuring and reporting segment revenue from transactions with other segments, inter-segment transfers are measured on the basis of exchange amount. Amounts that are directly attributable to a number of segments have been allocated on a reasonable basis as follows:

Taxation	Allocated to those segments that are funded by these amounts based on the budget for the year
OMPF Grants	Allocated to segments based on the budget for the year

18. Future accounting pronouncements

In February 2010, the CICA issued Section PS 3510, "Tax Revenue", which establishes recognition, measurement, presentation and disclosure standards relating to tax revenue reported in financial statements. The section is effective for fiscal years beginning on or after January 1, 2013, earlier adoption is encouraged. The new standard is not expected to have a material effect on the consolidated financial statements.

CORPORATION OF THE MUNICIPALITY OF BROCKTON

SCHEDULE 1 CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2011

	Land	Land Improvement	Buildings and Improvements	Vehicles, Machinery, Equipment and Furniture	Water and Wastewater Infrastructure	Roads Infrastructure	Work in Progress	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Cost								
Balance, beginning of year	3,821,816	486,612	8,517,306	8,947,647	15,961,258	49,059,709	-	86,794,348
Additions	211,604	75,000	20,934	312,472	81,706	508,955	8,477	1,219,148
Disposals	-	(31,134)	(202)	(172,045)	(26,147)	(223,480)	-	(453,008)
Balance, end of year	4,033,420	530,478	8,538,038	9,088,074	16,016,817	49,345,184	8,477	87,560,488
Accumulated amortization								
Balance, beginning of year	52,184	208,544	4,676,417	4,860,973	3,871,657	22,732,033	-	36,401,808
Amortization	6,887	20,612	198,416	427,374	203,696	1,119,341	-	1,976,326
Disposals	-	(23,296)	(81)	(147,714)	(10,077)	(192,970)	-	(374,138)
Balance, end of year	59,071	205,860	4,874,752	5,140,633	4,065,276	23,658,404	-	38,003,996
Net book value, end of year	3,974,349	324,618	3,663,286	3,947,441	11,951,541	25,686,780	8,477	49,556,492

The accompanying notes are an integral part of
these financial statements

CORPORATION OF THE MUNICIPALITY OF BROCKTON

SCHEDULE 2 CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2010

	Land	Land Improvements	Buildings and Improvements	Vehicles, Machinery, Equipment and Furniture	Water and Wastewater Infrastructure	Roads Infrastructure	Total
	\$	\$	\$	\$	\$	\$	\$
Cost							
Balance, beginning of year	3,687,050	486,612	8,555,363	8,362,875	15,952,274	47,845,540	84,889,714
Additions	216,947	-	3,743	601,689	8,984	1,240,652	2,072,015
Disposals	(82,181)	-	(41,800)	(16,917)	-	(26,483)	(167,381)
Balance, end of year	3,821,816	486,612	8,517,306	8,947,647	15,961,258	49,059,709	86,794,348
Accumulated amortization							
Balance, beginning of year	52,184	199,471	4,523,258	4,381,758	3,575,958	21,791,816	34,524,445
Amortization	-	9,073	194,959	495,864	295,699	962,029	1,957,624
Disposals	-	-	(41,800)	(16,649)	-	(21,812)	(80,261)
Balance, end of year	52,184	208,544	4,676,417	4,860,973	3,871,657	22,732,033	36,401,808
Net book value, end of year	3,769,632	278,068	3,840,889	4,086,674	12,089,601	26,327,676	50,392,540

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these financial statements

CORPORATION OF THE MUNICIPALITY OF BROCKTON

SCHEDULE 3 CONSOLIDATED SCHEDULE OF SEGMENTED REVENUES AND EXPENDITURES ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2011

	Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Recreational, Social and Cultural Services	Planning and Development	
	\$	\$	\$	\$	\$	\$	\$	\$
Revenues								
Property taxation	5,957,918	-	-	-	-	-	-	5,957,918
Payments in lieu of taxation	68,698	-	-	-	-	-	-	68,698
User charges and fees	110,240	306,200	95,375	2,219,345	45,709	961,651	46,149	3,784,669
Government grants	2,488,725	44,224	-	77,295	-	105,945	10,952	2,727,141
Revenue from other municipalities	-	-	-	-	139,341	-	-	139,341
Investment income	106,012	-	-	-	-	-	329	106,341
Other	123,974	-	-	-	7,534	381,217	-	512,725
	8,855,567	350,424	95,375	2,296,640	192,584	1,448,813	57,430	13,296,833
Expenses								
Salaries, wages and benefits	907,779	413,181	867,889	196,342	31,740	1,106,205	81,135	3,604,271
Interest on long-term liabilities	10,876	25,048	33,587	27,822	5,875	-	6,566	109,774
Materials and supplies	257,561	121,651	1,332,221	555,127	17,653	1,262,930	175,744	3,722,887
Contracted services	112,631	2,592,291	-	1,098,044	220,634	101,693	28,730	4,154,023
Rents, financial expenses and external transfers	107,758	104,627	110,525	-	-	7,312	-	330,222
Amortization	26,915	116,638	1,231,410	460,681	26,028	111,713	2,941	1,976,326
	1,423,520	3,373,436	3,575,632	2,338,016	301,930	2,589,853	295,116	13,897,503

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these financial statements

CORPORATION OF THE MUNICIPALITY OF BROCKTON

SCHEDULE 3 CONSOLIDATED SCHEDULE OF SEGMENTED REVENUES AND EXPENDITURES ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2011

	Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Recreational, Social and Cultural Services	Planning and Development	
	\$	\$	\$	\$	\$	\$	\$	\$
Other								
Grants and transfers related to capital								
Government grants	-	-	295,738	-	-	405,318	-	701,055
Sale of assets	-	(19,101)	(30,631)	(16,070)	-	(7,838)	(304)	(73,944)
Investment income	39,461	-	-	-	-	-	-	39,461
	39,461	(19,101)	265,107	(16,070)	-	397,480	(304)	666,572
Annual surplus (deficit)	7,471,508	(3,042,113)	(3,215,150)	(57,446)	(109,346)	(743,560)	(237,990)	65,902

The accompanying notes are an integral part of
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CORPORATION OF THE MUNICIPALITY OF BROCKTON

SCHEDULE 4 CONSOLIDATED SCHEDULE OF SEGMENTED REVENUES AND EXPENDITURES ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2010

	Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Recreational, Social and Cultural Services	Planning and Development	
	\$	\$	\$	\$	\$	\$	\$	\$
Revenues								
Property taxation	5,646,570	-	-	-	-	-	-	5,646,570
Payments in lieu of taxation	65,354	-	-	-	-	-	-	65,354
User charges and fees	60,571	406,392	13,214	1,969,451	16,197	992,154	127,769	3,585,748
Government grants	2,277,300	28,243	31,823	91,200	-	86,430	-	2,514,996
Revenue from other municipalities	-	-	-	-	168,372	-	-	168,372
Investment income	55,614	-	-	-	-	-	192	55,806
Other Income	116,948	4,472	-	-	9,016	360,105	-	490,541
Gain on disposal of tangible capital assets	-	135,676	(4,671)	-	-	67,204	(143)	198,066
	8,222,357	574,783	40,366	2,060,651	193,585	1,505,893	127,818	12,725,453
Expenses								
Salaries, wages and benefits	928,551	402,183	825,391	197,240	30,553	1,338,509	75,818	3,798,245
Interest on long-term liabilities	11,330	27,148	36,529	32,923	-	-	7,533	115,463
Materials and supplies	368,142	231,211	1,204,654	806,599	9,036	938,399	160,241	3,718,282
Contracted services	30,224	2,295,458	-	774,825	252,657	29,001	28,629	3,410,794
Rents, financial expenses and external transfers	68,620	151,085	126,658	32,923	-	5,857	-	385,143
Amortization expense	24,275	81,885	1,341,615	368,728	18,229	119,901	2,992	1,957,625
	1,431,142	3,188,970	3,534,847	2,213,238	310,475	2,431,667	275,213	13,385,552
Net revenues (expenses)	6,791,215	(2,614,187)	(3,494,481)	(152,587)	(116,890)	(925,774)	(147,395)	(660,099)

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CORPORATION OF THE MUNICIPALITY OF BROCKTON

SCHEDULE 4 CONSOLIDATED SCHEDULE OF SEGMENTED REVENUES AND EXPENDITURES ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2010

	Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Recreational, Social and Cultural Services	Planning and Development	
	\$	\$	\$	\$	\$	\$	\$	\$
Other								
Grants and transfers related to capital								
Government grants	-	-	265,320	-	-	337,869	-	603,189
Investment income	33,354	-	-	-	-	-	-	33,354
	33,354	-	265,320	-	-	337,869	-	636,543
Annual surplus (deficit)	6,824,569	(2,614,187)	(3,229,161)	(152,587)	(116,890)	(587,905)	(147,395)	(23,556)

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