

**CORPORATION OF THE
MUNICIPALITY OF BROCKTON
CONSOLIDATED FINANCIAL REPORT
DECEMBER 31, 2015**

CORPORATION OF THE MUNICIPALITY OF BROCKTON

DECEMBER 31, 2015

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COLLINS BARROW SGB LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the **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, 2015, and the statements of operations, change in net financial assets and cash flow 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 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 auditor's 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 the Corporation of the Municipality of Brockton as at December 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Collins Barrow SGB LLP
Licensed Public Accountants
Walkerton, Ontario
July 14, 2016

CORPORATION OF THE MUNICIPALITY OF BROCKTON

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31

	2015	2014
	\$	\$
Financial assets		
Cash (Note 2)	4,611,200	4,757,985
Taxes receivable	716,791	759,585
Accounts receivable	958,635	737,882
Long-term investments (Note 3)	2,303,593	2,303,593
Land held for sale	33,142	-
	8,623,361	8,559,045
Liabilities		
Accounts payable and accruals	1,011,688	1,511,529
Deferred revenue - obligatory reserve funds (Note 4)	474,128	77,222
Deferred revenue - other (Note 4)	400,195	222,004
Loans payable (Note 5)	4,176,989	4,309,514
Employee future benefits (Note 7)	113,734	108,488
Landfill closure and post-closure liability (Note 8)	412,755	452,662
	6,589,489	6,681,419
Net financial assets	2,033,872	1,877,626
Non-financial assets		
Tangible capital assets (Schedule 1, 2 and Note 9)	50,522,602	49,859,237
Prepaid expenses	30,007	341,796
	50,552,609	50,201,033
Accumulated surplus (Note 10)	52,586,481	52,078,659

Approved _____ Mayor
 _____ 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 2015	Actual 2015	Actual 2014
	\$	\$	\$
	(Note 11)		
Revenues			
Net property taxation (Note 12)	7,268,980	7,226,881	7,128,452
User charges and fees	3,653,861	4,888,148	4,729,089
Government transfers	1,968,464	1,988,844	2,497,779
Revenue from other municipalities	98,500	456,648	467,544
Other (Note 13)	575,666	582,075	708,225
	13,565,471	15,142,596	15,531,089
Expenses			
General government	1,498,619	1,688,803	1,808,054
Protection services	3,492,205	3,518,435	3,873,977
Transportation services	2,510,010	4,009,265	4,496,420
Environmental services	1,994,253	3,094,899	2,910,498
Social and family services	771,824	918,308	764,327
Health services	142,477	137,029	122,250
Recreation and cultural services	1,315,180	1,477,574	1,733,818
Planning and development	566,551	246,486	261,165
	12,291,119	15,090,799	15,970,509
Net revenues (expenses)	1,274,352	51,797	(439,420)
Other			
Grants and transfers related to capital			
Government transfers	350,735	348,842	286,607
Loss on disposal of tangible capital assets	-	(5,294)	(241,103)
Donations	-	85,936	-
Investment income	-	26,541	30,446
	350,735	456,025	75,950
Annual surplus (deficit)	1,625,087	507,822	(363,470)
Accumulated surplus, beginning of year		52,078,659	52,442,129
Accumulated surplus, end of year (Note 10)		52,586,481	52,078,659

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

	2015	2014
	\$	\$
Annual surplus (deficit)	507,822	(363,470)
Acquisition of tangible capital assets	(2,896,351)	(2,720,910)
Amortization of tangible capital assets	2,156,134	2,138,691
Loss on disposal of tangible capital assets	5,294	241,103
Proceeds on disposal of tangible capital assets	60,294	35,399
Transfer of land held for sale	11,264	-
Change in prepaid expenses	311,789	(315,607)
Change in net financial assets	156,246	(984,794)
Net financial assets, beginning of year	1,877,626	2,862,420
Net financial assets, end of year	2,033,872	1,877,626

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

	2015	2014
	\$	\$
Cash flows from (for):		
Operating activities		
Annual surplus (deficit)	507,822	(363,470)
Non-cash items:		
Amortization of tangible capital assets	2,156,134	2,138,691
Loss on disposal of tangible capital assets	5,294	241,103
Transfer to land held for sale	11,264	-
Employee future benefits	5,246	8,858
Landfill closure and post-closure liability	(39,907)	9,661
	2,645,853	2,034,843
Changes in:		
Taxes receivable	42,794	338,775
Accounts receivable	(220,753)	(80,085)
Prepaid expenses	311,789	(315,607)
Accounts payable and accruals	(499,841)	409,415
Land held for sale	(33,142)	51,247
Net change in cash from operations	2,246,700	2,438,588
Capital activities		
Acquisition of tangible capital assets	(2,896,351)	(2,720,910)
Proceeds on disposal of tangible capital assets	60,294	35,399
Net change in cash from capital	(2,836,057)	(2,685,511)
Financing activities		
Loans payable issued	404,691	645,000
Loans payable repaid	(537,216)	(550,155)
Increase in deferred revenue	575,097	87,185
Net change in cash from financing	442,572	182,030
Net change in cash position	(146,785)	(64,893)
Cash, beginning of year	4,757,985	4,822,878
Cash, end of year	4,611,200	4,757,985

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, 2015

Nature of operations

The Corporation of the Municipality of Brockton ("the municipality") 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.

1. 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 Chartered Professional Accountants of Canada.

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 of 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 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 & BIA
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 in the following government partnerships are reflected in the consolidated financial statements:

Bruce Area Solid Waste Recycling	13.03%
Elmwood Community Centre	50.00%
Hanover/Walkerton Landfill	50.00%
Saugeen Municipal Airport	42.07%
Elmwood Fire Department	40.08%
Saugeen Mobility & Regional Transit (S.M.A.R.T)	16.80%

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

CORPORATION OF THE MUNICIPALITY OF BROCKTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2015

1. Summary of significant accounting policies (continued)

(b) Basis of accounting

Sources of revenues 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.

(c) Cash and cash equivalents

Cash and cash equivalents include cash on deposit, short-term deposits with a maturity of less than three months at acquisition and temporary bank overdrafts which form an integral part of the municipality's cash management.

(d) 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.

(e) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the 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
Leasehold improvements	- 10 years
Buildings and improvements	- 40 years
Vehicles, machinery, equipment and furniture	- 5 to 85 years
Water and wastewater infrastructure	- 70 to 80 years
Roads infrastructure	- 7 to 75 years

(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.

CORPORATION OF THE MUNICIPALITY OF BROCKTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2015

1. Summary of significant accounting policies (continued)

(iv) Intangible assets

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

(f) Revenue recognition

User charges and fees and other revenues are recognized when related goods or services are provided and collectibility is reasonably assured.

Investment income is recognized in the period earned. Investment income earned on obligatory reserve funds is added to the fund balance and forms part of the respective deferred revenue balance and is recognized in the period in which eligible expenditures are made.

Donations, sale of goods, revenue from other municipalities and rents are recognized on an accrual basis.

(g) Taxation and related revenues

Property tax billings are prepared by the municipality based on assessment rolls issued by the Municipal Property Assessment Corporation. Tax rates are established annually by municipal council, incorporating amounts to be raised for local services. A normal part of the assessment process is the issue of supplementary assessment rolls, which provide updated information with respect to changes in property assessment. Once a supplementary assessment roll is received, the municipality determines the taxes applicable and renders supplementary tax billings. Taxation revenues are recorded at the time tax billings are issued.

Assessments and the related property taxes are subject to appeal. Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. Taxes receivable are recognized net of allowance for anticipated uncollectable amounts.

The municipality is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are levied.

(h) 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 consolidated financial statements.

(i) Government transfers

Government transfers are recognized in the consolidated financial statements as revenues in the period in which the events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be made. Conditional government transfer revenue is recognized to the extent the conditions imposed on it have been fulfilled. Unconditional transfer revenue is recognized when monies are receivable. Government transfers for acquisition of tangible capital assets are recognized in the period in which eligible expenditures are made.

CORPORATION OF THE MUNICIPALITY OF BROCKTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2015

1. Summary of significant accounting policies (continued)

(j) Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. The municipality's implementation of the Public Sector Handbook PS 3150 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 and employee future benefits (Note 8). Actual results could differ from those estimates.

(k) Pension plan

The municipality offers a pension plan for its full-time employees through the Ontario Municipal Employee Retirement System ("OMERS"). OMERS is a multi-employer, contributory, public sector pension fund established for employees of municipalities, local boards and school boards in Ontario. Participating employers and employees are required to make plan contributions based on participating employees' contributory earnings. The municipality accounts for its participation in OMERS as a defined contribution plan and recognizes the expense related to this plan as contributions are made.

(l) Landfill site closure and post-closure care

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

(m) Land held for sale

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

(n) Long-term investments

The investment is recorded as a portfolio investment at cost.

2. Cash

Cash consists of the following:

	2015	2014
	\$	\$
Unrestricted	3,736,877	4,458,760
Restricted	874,323	299,225
	4,611,200	4,757,985

CORPORATION OF THE MUNICIPALITY OF BROCKTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2015

3. Long-term investments

	2015	2014
	\$	\$
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 investment is recorded as a portfolio investment at cost. The fair value of these shares is not determinable in the absence of published market quotations.

Dividends received during the year totaled \$94,568 (2014 - \$88,948) and are included in investment income.

CORPORATION OF THE MUNICIPALITY OF BROCKTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2015

4. Deferred revenue - obligatory reserve funds and other

A requirement of the public sector accounting principles of the Chartered Professional Accountants of Canada 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 as follows:

	2015	2014
	\$	\$
Obligatory Reserve Fund		
Recreational land	72,042	77,222
Community well being	402,086	-
	474,128	77,222
Other		
Government grant funding	38,159	38,575
Deposits	58,090	61,500
Other	303,946	121,929
	400,195	222,004
	874,323	299,226

The net change during the year in the obligatory reserve funds is as follows:

	2015	2014
	\$	\$
Balance, beginning of the year	77,222	56,471
Eligible expenditure	(5,953)	-
Contributions	400,000	20,000
Interest earned	2,859	751
	474,128	77,222

CORPORATION OF THE MUNICIPALITY OF BROCKTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2015

5. Loans payable

(a) Loans payable consist of the following:

	2015	2014
	\$	\$
Demand bank loan payable, interest at bank prime rate less .5%, payable \$8,080 monthly principal plus interest	72,728	169,676
Demand bank loan payable, interest at bank prime rate less .5%, payable \$5,208 monthly principal plus interest	1,125,000	1,187,500
Demand bank loan payable, interest at bank prime rate less .5%, payable \$5,868 monthly principal plus interest	551,597	622,013
Demand bank loan payable, interest at bank prime rate less .5%, payable \$2,579 monthly principal plus interest	402,471	433,352
Demand bank loan payable, interest at bank prime rate less .5%, payable \$2,708 monthly principal plus interest	350,000	-
Demand bank loan payable, interest at bank prime rate less .5%, payable \$4,167 monthly principal plus interest	-	50,033
Demand bank loan payable, interest at bank prime rate less .5%, payable \$5,000 monthly principal plus interest	104,991	164,991
Demand bank loan payable, interest at bank prime rate less .5%, payable \$3,126 monthly principal plus interest	300,121	337,636
Demand bank loan payable, interest at bank prime rate less .5%, payable \$5,375 monthly principal plus interest	580,500	645,000
Infrastructure Financing Authority (OMEIFA), interest at 2.95%, semi-annual payments of \$40,631 principal and interest, due July 15, 2024	638,232	699,313
Saugeen Municipal Airport loan, interest at prime plus 0.25%, payable \$722 monthly plus interest, due on demand	51,349	-
	4,176,989	4,309,514

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

	\$
2016	497,655
2017	411,787
2018	368,721
2019	370,703
2020	370,703
Thereafter	2,157,420

Loans payable approved after January 1, 1993 have been approved through by-law. The annual principal and interest payments required to service these loans 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, 2015

6. 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, 2015 the balance was \$NIL (2014 - \$NIL).

7. 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 \$11,897 in 2015 (2014 - \$11,294) and are included as an expense on the consolidated statement of operations. The post employment benefit liability was determined using a discount rate of 3% and an annual rate of increase in benefit costs of 4%.

The employees 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.

OMERS is a multi-employer plan, therefore any pension plan 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. The plan has a reported \$7.0 billion actuarial deficit at the end of 2015 (2014 - \$7.1 billion), based on actuarial liabilities of \$81.9 billion (2014 - \$76.9 billion) and actuarial assets of \$74.9 billion (2014 - \$69.8 billion).

The amount contributed to OMERS for the current year was \$231,087 (2014 - \$228,564) for current service.

8. 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 \$5,167,175.

Brant landfill site

As at December 31, 2015, the municipality has recognized in the consolidated financial statements an unfunded liability of \$78,747. This liability represents 49% 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 \$82,677 will be accrued as the remaining capacity of 75,023 cubic meters is utilized, which is expected to be over the next 9 years.

CORPORATION OF THE MUNICIPALITY OF BROCKTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2015

8. Landfill closure and post-closure liability (continued)

Greenock landfill site

As at December 31, 2015, the municipality has recognized in the consolidated financial statements an unfunded liability of \$11,873. This liability represents 38% 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 \$19,374 will be accrued as the remaining capacity of 94,912 cubic meters is utilized, which is expected to be over the next 52 years.

Hanover/Walkerton landfill site

As at December 31, 2015, the municipality has recognized in the consolidated financial statements a liability of \$322,135. This represents 50% of the total liability of \$748,436 shared with the Town of Hanover. This represents 100% of the present value of the estimated costs related to the phase of the landfill, that was closed in 2014, plus 2.1% of the total estimated costs related to the expansion phase. The liability is based on a total capacity of 917,000 cubic metres, an inflation rate of 2.4% and a discount rate of 3%.

The balance of the municipality's share of the liability of \$1,994,431 will be accrued as the remaining capacity of 402,233 cubic metres is utilized over the 28 years estimated remaining life of the landfill.

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 and future use of the landfill site.

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 \$398,090 (2014 - \$9,373) 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 (2014 - \$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 art nor historical treasures are held by the municipality.

CORPORATION OF THE MUNICIPALITY OF BROCKTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2015

10. Accumulated surplus

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

	2015	2014
	\$	\$
Invested in tangible capital assets		
Tangible capital assets at cost less amortization	50,522,602	49,859,237
Tangible capital assets financed by loans payable and to be funded in future years	(4,176,989)	(4,309,508)
Total invested in capital assets	46,345,613	45,549,729
Surplus		
Land held for sale	33,142	-
General area taxation	(341,452)	76,468
Walkerton Chamber of Commerce & BIA	9,711	22,207
Bradley Community Centre	4,495	3,934
Cargill & District Community Fund	63,060	14,585
Saugeen Municipal Airport	39,038	(7,956)
Bruce Area Solid Waste Recycling	2,544	20,470
Elmwood Community Centre	2,495	(197)
Saugeen Mobility & Regional Transit	472	526
Unfunded employee future benefits	(113,734)	(108,488)
Unfunded landfill closure and post-closure liability	(412,755)	(452,662)
Total surplus	45,632,629	45,118,616
Reserves set aside for specific purposes by Council		
Current purposes	588,146	768,284
Capital purposes	640,012	800,509
Total reserves	1,228,158	1,568,793
Reserve funds set aside for specific purposes by Council		
Capital purposes	5,725,694	5,391,250
Total accumulated surplus	52,586,481	52,078,659

11. Budget amounts

The operating budget approved by Council for 2015 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 2015 budget did not include figures for acquisition nor amortization of tangible capital assets.

CORPORATION OF THE MUNICIPALITY OF BROCKTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2015

12. Net property taxation

Net property taxation consists of:

	2015	2014
	\$	\$
Taxation revenue	13,205,239	12,957,969
Amount levied and remitted to School Boards	(2,450,977)	(2,430,551)
Amount levied and remitted to the County of Bruce	(3,527,381)	(3,398,966)
Net property taxation	7,226,881	7,128,452

13. Other revenues

Other revenues consist of the following:

	2015 Budget	2015 Actual	2014 Actual
		\$	\$
Penalties and interest on taxation	102,800	110,140	112,397
Rents	335,150	326,619	332,730
Investment income	86,382	113,203	105,035
Donations	39,584	23,663	5,571
Sale of non-TCA assets	11,750	8,450	152,492
	575,666	582,075	708,225

14. Trust fund

The trust fund administered by the municipality is for Perpetual Care and amounts to \$200,340 (2014 - \$194,190). 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, 2015

15. Commitments

- (a) Capital commitments of \$1,357,722 (2014 - \$309,316) are not reflected in the financial statements. This amount, for which funding is in place, represents uncompleted portions of contracts, as at December 31, 2015, on major projects and estimated obligations 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 \$611,000 plus an adjustment for inflation for July 1, 2011 and subsequent years. The agreement expires June 30, 2016.
- (c) The municipality currently leases space for its municipal office under a five year lease ending in October 2017. Annual payments are as follows:

2016	58,760
2017	61,585

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

2016	19,719
2017	8,652
2018	665
2019	665

16. 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 \$113,623 was received in 2015 and recorded as a reduction of expenses in net financial assets for services performed in the prior year (2014 - \$106,508 credit).
- (c) The municipality is contingently liable to the Province of Ontario for long-term liabilities outstanding for tile drainage loans in the amount of \$333,447 (2014 - \$366,341).
- (d) Appeals of the current value assessment of properties in the municipality may be in process. The impact on taxation revenue as a result of settlement of these appeals is not determinable at this time. The effect on taxation of the settlement of these appeals will be recorded in the fiscal year in which they can be determined.
- (e) Applications for property tax rebates for vacant commercial and industrial buildings may be in process. The impact on taxation revenue as a result of these rebates is not determinable at this time. The effect on taxation of these rebates will be recorded in the fiscal year in which they can be determined.

CORPORATION OF THE MUNICIPALITY OF BROCKTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2015

17. Government partnerships

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

	Bruce Area Solid Waste Recycling	Elmwood Community Centre	Hanover/ Walkerton Landfill	Saugeen Municipal Airport	Elmwood Fire Department	Saugeen Mobility & Regional Transit
	2015	2015	2015	2015	2015	2015
	\$	\$	\$	\$	\$	\$
Financial assets	2,348,353	17,474	235,333	152,100	130,997	240,314
Liabilities	140,174	12,485	770,191	143,570	1,851	269,489
Net financial assets	2,208,179	4,989	(534,858)	8,530	129,146	(29,175)
Non-financial assets	1,778,712	-	4,686,572	773,222	857,784	596,074
Accumulated surplus	3,986,891	4,989	4,151,714	781,752	986,930	566,899
General surplus (deficit)	19,527	4,989	-	92,793	-	2,812
Unfunded liabilities	-	-	(650,858)	-	-	-
Invested in tangible capital assets	1,774,986	-	4,686,572	651,166	857,444	564,087
Reserves and reserve funds	2,192,378	-	116,000	37,793	129,486	-
	3,986,891	4,989	4,151,714	781,752	986,930	566,899
Revenues	2,564,557	59,615	935,018	173,593	306,375	1,372,543
Expenses	2,545,030	61,233	798,287	192,508	226,367	1,477,922
Annual surplus (deficit)	19,527	(1,618)	136,731	(18,915)	80,008	(105,379)

The Elmwood Community Centre financial statements do not include adjustments for tangible capital assets. These amounts have been consolidated separately.

CORPORATION OF THE MUNICIPALITY OF BROCKTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2015

18.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 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. Municipal taxation revenue and the Ontario Municipal Partnership Fund grant is allocated to general government. 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 services

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

Transportation services

Transportation services are 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 and Saugeen Mobility & Regional Transit.

Environmental services

Environmental services are 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 and Bruce Area Solid Waste Recycling.

Social and family services

Social and family services are comprised of daycare services, where the municipality provides child care to families in the municipality.

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, 2015

18. 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.

19. Future accounting pronouncements

The PSAB issued Section PS 3450, "Financial Instruments", which establishes recognition, measurement, presentation and disclosure standards relating to financial instruments such as receivables, payables, and equity instruments. The section is effective for governments for fiscal years beginning on or after April 1, 2015; the municipality is required to adopt this section for its fiscal year beginning January 1, 2016. Earlier adoption is allowed. The new standard is not expected to have a material effect on the consolidated financial statements.

The PSAB issued Section PS 3041, "Portfolio Investments", which replaces Section PS 3040. The new section establishes recognition, measurement, presentation and disclosure standards relating to investments in organization that do not form part of the government reporting entity. This section must be implemented upon the adoption of Section PS 3450.

The PSAB issued Section PS 1201, "Financial Statement Preparation", which replaces Section 1200. The new section establishes reporting principles and standards for the disclosure of information in government financial statements. This section establishes the requirement of the municipality's financial statements to include a statement of financial position, statement of operations, statement of remeasurement gains and losses, a statement of change in net debt and a statement of cash flow. This section must be implemented upon the adoption of Section PS 3450.

CORPORATION OF THE MUNICIPALITY OF BROCKTON

SCHEDULE 1 CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2015

	Land	Land Improvements	Leasehold Improvements	Buildings and Improvements	Vehicles, Machinery, Equipment and Furniture	Water and Wastewater Infrastructure	Roads Infrastructure	Work in Progress	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost									
Balance, beginning of year	5,703,455	515,302	632,745	8,474,975	11,390,034	16,061,907	50,624,594	9,373	93,412,385
Additions	69,588	-	-	5,770	1,070,405	15,019	1,337,479	398,090	2,896,351
Disposals	-	-	-	(28,665)	(543,909)	-	(241,003)	-	(813,577)
Transfers	(11,264)	-	-	-	-	-	9,373	(9,373)	(11,264)
Balance, end of year	5,761,779	515,302	632,745	8,452,080	11,916,530	16,076,926	51,730,443	398,090	95,483,895
Accumulated amortization									
Balance, beginning of year	151,947	267,638	21,092	5,322,096	6,220,219	4,779,805	26,790,351	-	43,553,148
Amortization	79,769	24,117	63,275	177,891	476,728	297,284	1,037,070	-	2,156,134
Disposals	-	-	-	(16,424)	(491,855)	-	(239,710)	-	(747,989)
Balance, end of year	231,716	291,755	84,367	5,483,563	6,205,092	5,077,089	27,587,711	-	44,961,293
Net book value, end of year	5,530,063	223,547	548,378	2,968,517	5,711,438	10,999,837	24,142,732	398,090	50,522,602

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, 2014

	Land	Land Improvements	Leasehold Improvements	Buildings and Improvements	Vehicles, Machinery, Equipment and Furniture	Water and Wastewater Infrastructure	Roads Infrastructure	Work in Progress	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost									
Balance, beginning of year	5,680,598	530,478	-	8,479,517	9,855,886	16,349,836	50,393,218	-	91,289,533
Additions	22,857	-	632,745	41,654	1,615,252	97,459	301,570	9,373	2,720,910
Disposals	-	(15,176)	-	(46,196)	(81,104)	(385,388)	(70,194)	-	(598,058)
Balance, end of year	5,703,455	515,302	632,745	8,474,975	11,390,034	16,061,907	50,624,594	9,373	93,412,385
Accumulated amortization									
Balance, beginning of year	72,865	257,246	-	5,189,975	5,873,912	4,623,324	25,718,691	-	41,736,013
Amortization	79,082	25,484	21,092	178,317	427,012	298,158	1,109,546	-	2,138,691
Disposals	-	(15,092)	-	(46,196)	(80,705)	(141,677)	(37,886)	-	(321,556)
Balance, end of year	151,947	267,638	21,092	5,322,096	6,220,219	4,779,805	26,790,351	-	43,553,148
Net book value, end of year	5,551,508	247,664	611,653	3,152,879	5,169,815	11,282,102	23,834,243	9,373	49,859,237

The accompanying notes are an integral part of
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, 2015

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation, Cultural, Social and Family Services	Planning and Development	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Revenues								
Net property taxation	7,075,879	-	-	-	-	-	-	7,075,879
Payments in lieu of taxation	151,002	-	-	-	-	-	-	151,002
User charges and fees	276,098	774,756	110,573	2,556,832	17,595	1,139,623	12,671	4,888,148
Government transfers	1,701,609	19,884	-	74,923	-	183,890	8,538	1,988,844
Revenue from other municipalities	45,000	30,500	148,990	-	20,075	212,083	-	456,648
Investment income	113,203	-	-	-	-	-	-	113,203
Other	110,140	-	570	200	9,990	347,972	-	468,872
	9,472,931	825,140	260,133	2,631,955	47,660	1,883,568	21,209	15,142,596
Expenses								
Salaries, wages and benefits	1,063,326	448,398	902,790	234,179	33,390	1,462,839	82,932	4,227,854
Interest on loans payable	12,422	13,607	18,002	35,444	-	14,222	10,782	104,479
Materials and supplies	440,098	180,074	1,375,195	522,942	15,175	703,016	152,772	3,389,272
Contracted services	76,541	2,630,010	287,149	1,713,187	81,994	56,045	-	4,844,926
Rents, financial expenses and external transfers	79,626	144,908	143,600	-	-	-	-	368,134
Amortization	16,790	101,438	1,282,529	589,147	6,470	159,760	-	2,156,134
	1,688,803	3,518,435	4,009,265	3,094,899	137,029	2,395,882	246,486	15,090,799
Net revenues (expenses)	7,784,128	(2,693,295)	(3,749,132)	(462,944)	(89,369)	(512,314)	(225,277)	51,797

The accompanying notes are an integral part of
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, 2015

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation, Cultural, Social and Family Services	Planning and Development	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Other								
Grants and transfers related to capital								
Government transfers	-	-	348,842	-	-	-	-	348,842
Loss on disposal of tangible capital assets	-	7,083	(13,534)	3,572	5,500	(7,915)	-	(5,294)
Donations	-	28,913	-	-	-	57,023	-	85,936
Investment income	26,541	-	-	-	-	-	-	26,541
	26,541	35,996	335,308	3,572	5,500	49,108	-	456,025
Annual surplus (deficit)	7,810,669	(2,657,299)	(3,413,824)	(459,372)	(83,869)	(463,206)	(225,277)	507,822

The accompanying notes are an integral part of
these financial statements

CORPORATION OF THE MUNICIPALITY OF BROCKTON

SCHEDULE 4 CONSOLIDATED SCHEDULE OF SEGMENTED REVENUES AND EXPENDITURES ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2014

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation, Cultural, Social and Family Services	Planning and Development	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Revenues								
Net property taxation	6,936,816	-	-	-	-	-	-	6,936,816
Payments in lieu of taxation	191,636	-	-	-	-	-	-	191,636
User charges and fees	241,202	651,626	129,291	2,673,648	12,663	1,006,324	14,335	4,729,089
Government transfers	2,129,264	68,854	7,901	57,684	-	227,878	6,198	2,497,779
Revenue from other municipalities	48,305	29,700	229,038	-	26,325	134,176	-	467,544
Investment income	105,035	-	-	-	-	-	-	105,035
Other	112,397	5,574	-	-	-	485,219	-	603,190
	9,764,655	755,754	366,230	2,731,332	38,988	1,853,597	20,533	15,531,089
Expenses								
Salaries, wages and benefits	983,054	396,012	891,470	227,582	33,915	1,363,131	78,542	3,973,706
Interest on loans payable	7,949	16,501	21,916	41,833	-	-	13,724	101,923
Materials and supplies	578,462	211,717	2,083,043	795,222	13,364	983,351	168,899	4,834,058
Contracted services	139,140	3,011,056	-	1,311,902	65,548	42,191	-	4,569,837
Rents, financial expenses and external transfers	82,184	140,645	129,465	-	-	-	-	352,294
Amortization expense	17,265	98,046	1,370,526	533,959	9,423	109,472	-	2,138,691
	1,808,054	3,873,977	4,496,420	2,910,498	122,250	2,498,145	261,165	15,970,509
Net revenues (expenses)	7,956,601	(3,118,223)	(4,130,190)	(179,166)	(83,262)	(644,548)	(240,632)	(439,420)

The accompanying notes are an integral part of
these financial statements

CORPORATION OF THE MUNICIPALITY OF BROCKTON

SCHEDULE 4 CONSOLIDATED SCHEDULE OF SEGMENTED REVENUES AND EXPENDITURES ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2014

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation, Cultural, Social and Family Services	Planning and Development	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Other								
Grants and transfers related to capital								
Government transfers	-	-	273,107	-	-	13,500	-	286,607
Loss on disposal of tangible capital assets	-	-	2,692	(243,711)	-	(84)	-	(241,103)
Investment income	30,446	-	-	-	-	-	-	30,446
	30,446	-	275,799	(243,711)	-	13,416	-	75,950
Annual surplus (deficit)	7,987,047	(3,118,223)	(3,854,391)	(422,877)	(83,262)	(631,132)	(240,632)	(363,470)

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