

CORPORATION OF THE MUNICIPALITY OF BROCKTON

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31

	2022	2021
	\$	\$
Financial assets		
Cash (Note 2)	9,545,248	8,959,671
Taxes receivable	539,334	647,978
Accounts receivable	2,292,017	2,203,423
Long-term investments (Note 3)	2,303,593	2,303,593
Land held for sale	34,566	-
Long-term receivable (Note 4)	74,618	90,984
	14,789,376	14,205,649
Liabilities		
Accounts payable and accruals	2,916,749	2,135,002
Deferred revenue - obligatory reserve funds (Note 5)	793,460	1,040,462
Deferred revenue - other (Note 5)	1,549,707	835,177
Loans payable (Note 6)	13,067,549	7,266,475
Employee future benefits (Note 9)	77,977	73,398
Landfill closure and post-closure liability (Note 10)	1,069,417	905,121
	19,474,859	12,255,635
Net financial (liabilities) assets	(4,685,483)	1,950,014
Non-financial assets		
Tangible capital assets (Schedule 1, 2 and Note 11)	68,423,370	58,936,281
Prepaid expenses	503,215	102,990
	68,926,585	59,039,271
Accumulated surplus (Note 12)	64,241,102	60,989,285

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 2022	Actual 2022	Actual 2021
	\$	\$	\$
	(Note 13)		
Revenues			
Net property taxation (Note 14)	10,707,263	10,840,434	10,311,587
User charges and fees	6,053,308	6,173,399	5,881,011
Government transfers	2,386,126	2,660,615	2,475,519
Revenue from other municipalities	123,750	526,174	358,678
Other (Note 15)	2,342,556	949,922	717,964
	21,613,003	21,150,544	19,744,759
Expenses			
General government	2,294,109	2,358,537	2,378,688
Protection services	4,027,879	4,149,812	3,889,290
Transportation services	3,946,076	5,325,199	4,758,415
Environmental services	2,834,191	3,888,027	3,457,485
Social and family services	1,719,017	1,757,343	1,597,080
Health services	251,038	267,496	211,421
Recreation and cultural services	2,210,400	2,211,739	1,987,442
Planning and development	641,104	520,834	967,951
	17,923,814	20,478,987	19,247,772
Net revenues	3,689,189	671,557	496,987
Other			
Grants and transfers related to capital			
Government transfers	2,031,457	987,533	2,193,174
Capital contribution	-	915,580	-
Gain/(Loss) on disposal of tangible capital assets	-	411,220	929,341
Donations	-	84,902	3,448
Investment income	-	181,026	55,005
	2,031,457	2,580,261	3,180,968
Annual surplus	5,720,646	3,251,818	3,677,955
Accumulated surplus, beginning of year		60,989,286	57,311,331
Accumulated surplus, end of year (Note 12)		64,241,104	60,989,286

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CORPORATION OF THE MUNICIPALITY OF BROCKTON

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

	Budget 2022	Actual 2022	Actual 2021
	\$ (Note 13)	\$	\$
Annual surplus	5,720,646	3,251,818	3,677,955
Acquisition of tangible capital assets	(3,637,660)	(11,707,871)	(7,351,741)
Amortization of tangible capital assets	-	2,175,918	2,180,979
(Gain)/Loss on disposal of tangible capital assets	-	(411,220)	(929,341)
Proceeds on disposal of tangible capital assets	-	456,083	983,173
Change in prepaid expenses	-	(400,225)	(30,594)
Change in (net debt) financial assets	2,082,986	(6,635,497)	(1,469,569)
Net financial assets, beginning of year		1,950,015	3,419,584
(Net debt) financial assets, end of year		(4,685,482)	1,950,015

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these financial statements

CORPORATION OF THE MUNICIPALITY OF BROCKTON

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED DECEMBER 31

	2022	2021
	\$	\$
Cash flows from (for):		
Operating activities		
Annual surplus	3,251,818	3,677,955
Non-cash items:		
Amortization of tangible capital assets	2,175,918	2,180,979
(Gain)/Loss on disposal of tangible capital assets	(411,220)	(929,341)
Employee future benefits	4,579	13,153
Landfill closure and post-closure liability	164,296	83,016
	5,185,391	5,025,762
Changes in:		
Taxes receivable	108,644	(275,519)
Accounts receivable	(88,594)	(1,297,954)
Prepaid expenses	(400,225)	(30,593)
Accounts payable and accruals	781,746	841,730
Land held for sale	(34,566)	-
Net change in cash from operations	5,552,396	4,263,426
Capital activities		
Acquisition of tangible capital assets	(11,707,871)	(7,351,741)
Proceeds on disposal of tangible capital assets	456,083	983,173
Net change in cash from capital	(11,251,788)	(6,368,568)
Investing activities		
Long-term receivable	16,366	15,869
Financing activities		
Loans payable issued	6,647,174	1,610,083
Loans payable repaid	(846,100)	(1,202,295)
Change in deferred revenue	467,528	168,902
Net change in cash from financing	6,268,602	576,690
Net change in cash position	585,576	(1,512,583)
Cash, beginning of year	8,959,674	10,472,257
Cash, end of year	9,545,250	8,959,674

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, 2022

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 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	12.74%
Elmwood Community Centre	50.00%
Hanover/Walkerton Landfill	50.00%
Saugeen Municipal Airport	42.00%
Elmwood Fire Department	42.90%
Saugeen Mobility & Regional Transit (S.M.A.R.T)	11.70%

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, 2022

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 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) Contributed 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, 2022

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, 2022

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. Management has made 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 (Note 10) 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, even though OMERS is itself a defined benefit plan.

(l) Employee future benefits

Employee future benefits other than pension provided by the Municipality include medical, dental and life insurance benefits. These plans provide benefits to employees when they are no longer providing active service. Employee future benefit expense is recognized in the period in which the employees render services on an accrual basis.

The accrued benefit obligations and the current service costs are calculated using the projected benefit method, prorated on service, and based on assumptions that reflect management's best estimates. The current service cost for a period is equal to the actuarial present value of benefits attributed to employees' services rendered in the period. Past service costs arising from plan amendments are amortized on a straight-line basis over the average remaining service period of employees active at the date of amendment. The excess of the net actuarial gains or losses over 10% of the accrued benefit obligation is amortized to expense over the average remaining service period of active employees to full eligibility.

(m) 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 of the municipality.

(n) 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.

(o) Long-term investments

The investment is recorded as a portfolio investment at cost.

CORPORATION OF THE MUNICIPALITY OF BROCKTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2022

2. Cash

Cash consists of the following:

	2022	2021
	\$	\$
Unrestricted	7,202,081	7,084,032
Restricted (Note 5)	2,343,167	1,875,639
	9,545,248	8,959,671

Restricted cash relates to obligatory reserve funds and other deferred revenue as described in Note 5 below.

3. Long-term investments

	2022	2021
	\$	\$
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 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 \$100,871 (2021 - \$100,871) and are included in investment income (Note 15).

4. Long-term receivable

Long-term receivable consists of the following:

	2022	2021
	\$	\$
Note receivable, Saugeen Municipal Airport, prime less 0.5%, requires monthly payments of principal and interest of \$1,048 due October 2026	45,718	56,884
Note receivable, Elmwood Community Centre, 0% interest, required annual payments of principal of \$5,000 due April 2031	28,900	34,100
	74,618	90,984

CORPORATION OF THE MUNICIPALITY OF BROCKTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2022

5. 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:

	2022	2021
	\$	\$
Obligatory Reserve Funds		
Recreational land	40,410	39,609
Community well being	-	22,088
Federal gas tax	753,050	978,765
	793,460	1,040,462
Other		
Government grant funding	639,342	7,352
Developers deposits	534,329	481,822
Other	376,036	346,003
	1,549,707	835,177
	2,343,167	1,875,639

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

	2022	2021
	\$	\$
Balance, beginning of the year	1,040,462	1,129,298
Revenue recognized	(568,492)	(686,217)
Contributions	300,057	589,383
Interest earned	21,433	7,998
Balance, end of year	793,460	1,040,462

The net change during the year for the other deferred revenue is as follows:

	2022	2021
	\$	\$
Balance, beginning of year	835,177	577,439
Restricted funds received	914,299	392,571
Revenue recognized	(199,769)	(134,833)
Balance, end of year	1,549,707	835,177

CORPORATION OF THE MUNICIPALITY OF BROCKTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2022

6. Loans payable

(a) Loans payable consist of the following:

	2022	2021
	\$	\$
Demand bank loan payable, interest at bank prime rate less .5%, payable \$5,208 monthly principal plus interest	687,500	750,000
Demand bank loan payable, interest at bank prime rate less .5%, payable \$5,868 monthly principal plus interest	58,679	129,096
Demand bank loan payable, interest at bank prime rate less .5%, payable \$5,371 monthly principal plus interest	100,770	165,220
Demand bank loan payable, interest at bank prime rate less .5%, payable \$3,126 monthly principal plus interest	37,516	75,031
Demand bank loan payable, interest at 2.71% annual, payable \$1,048 monthly principal and interest	45,718	56,884
Demand bank loan payable, interest at 4.43% annual, payable \$8,535 monthly principal and interest	781,760	850,236
Demand bank loan payable, interest at 4.03% annual, payable \$7,291 monthly principal and interest	1,030,471	1,075,444
Demand bank loan payable, interest at 3.04% annual, payable \$4,354 monthly principal and interest	260,606	304,205
Demand bank loan payable, interest at 4.11% annual, payable \$2,981 monthly principal and interest	316,116	338,395
Demand bank loan payable, interest at 4.11% annual, payable \$1,863 monthly principal and interest	197,572	211,497
Demand bank loan payable, interest at bank prime rate less .5%, payable \$206 monthly principal plus interest	4,529	7,000
Demand bank loan payable, interest at 3.07% annual, payable \$2,247 monthly principal and interest	268,824	287,234
Demand bank loan payable, interest at bank prime rate less .5%, payable \$2,333 monthly principal plus interest	56,000	84,000
Demand bank loan payable, interest at bank prime rate less .5%, payable \$1,230 monthly principal plus interest	103,286	118,042
Demand bank loan payable, interest at bank prime rate less .5%, payable \$1,056 monthly principal plus interest	88,717	101,391
Demand bank loan payable, interest at bank prime rate less .5%, payable \$667 monthly principal plus interest	16,000	24,000
Demand bank loan payable, interest at bank prime rate less .5%, payable \$1,805 monthly principal plus interest	43,329	64,993
Demand bank loan payable, interest at bank prime rate less .5%, payable \$1,944 monthly principal plus interest	163,315	186,646
Demand bank loan payable, interest at 3.16% annual, payable \$1,690 monthly principal and interest	202,339	215,993
Demand bank loan payable, interest at 2.78% annual, payable \$6,949 monthly principal and interest	961,472	1,017,294

CORPORATION OF THE MUNICIPALITY OF BROCKTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2022

6. Loans payable (continued)

	2022	2021
Demand bank loan payable, interest at 2.72% annual, payable \$5,605 monthly principal and interest	531,936	583,937
Demand bank loan payable, interest at bank prime rate less .5%, payable \$795 monthly principal plus interest	88,255	-
Ontario Municipal Economic Infrastructure Financing Authority (OMEIFA), interest at 2.95%, semi-annual payments of \$40,631 principal and interest, due July 15, 2024	156,706	231,684
Saugeen Municipal Airport loan, interest at prime plus 0.25%, payable \$722 monthly plus interest, due on demand	25,939	29,522
Saugeen Municipal Airport loan, interest at prime plus 0.5%, payable \$1,048 monthly plus interest, due on demand	19,202	23,891
Demand bank loan payable, interest at 1.45% annual, payable \$795 monthly principal and interest	27,998	37,064
Demand bank loan payable, interest at 1.70% annual, payable \$1,993 monthly principal and interest	278,772	297,776
Demand bank loan payable, interest at 4.03% annual, payable \$5,927 monthly principal and interest	1,100,201	-
Demand bank loan payable, interest at bank prime rate less .5%, payable \$809 monthly principal plus interest	89,835	-
Ontario Infrastructure and Lands Corporation, construction loan, interest only at 4.15% annual	4,760,212	-
Demand bank loan payable, interest at 5.04% annual, payable \$4,052 monthly principal and interest	503,332	-
Demand bank loan payable, interest at 5.29% annual, payable \$1,206 monthly principal and interest	60,642	-
	13,067,549	7,266,475

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

	Principal	Interest
	\$	\$
2023	2,559,121	524,036
2024	1,047,629	226,401
2025	444,191	188,161
2026	1,673,163	166,296
2027	2,016,868	71,360
Thereafter	5,326,577	165,585

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. Total interest charges on loans payable for the year reported on the consolidated statement of operations are \$276,033 (2021 - 177,013).

CORPORATION OF THE MUNICIPALITY OF BROCKTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2022

7. Short-term borrowing

An unsecured bank line of credit is available to the Municipality up to an amount of \$1,500,000. As at December 31, 2022 the balance was \$NIL (2021 - \$NIL).

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 \$155 in 2022 (2021 - \$1,087) 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%.

9. Pension agreements

The employees of the Municipality 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. The consolidation deficit for OMERS is \$7,159 million (2021 - \$1,021 million). As a result, the Municipality does not recognize any share of the OMERS pension surplus or deficit. The most recent actuarial valuation of the Plan was conducted at December 31, 2021.

The amount contributed to OMERS for the current year was \$335,345 (2021 - \$328,118) for current service.

CORPORATION OF THE MUNICIPALITY OF BROCKTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2022

10. 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 \$4,057,482.

Brant landfill site

As at December 31, 2022, the Municipality has recognized in the consolidated financial statements an unfunded liability of \$249,114. This liability represents 63% of the present value of the estimated costs and is based on a total capacity of 146,480 cubic meters, an inflation rate of 3.00% and a discount rate of 4.00%. The balance of the liability of \$147,071 will be accrued as the remaining capacity of 54,376 cubic meters is utilized, which is expected to be over the next 3 years.

Greenock landfill site

As at December 31, 2022, the Municipality has recognized in the consolidated financial statements an unfunded liability of \$87,162. This liability represents 35% of the present value of the estimated costs and is based on a total capacity of 174,300 cubic meters, an inflation rate of 3.00% and a discount rate of 4.00%. The balance of the liability of \$163,219 will be accrued as the remaining capacity of 113,623 cubic meters is utilized, which is expected to be over the next 50 years.

Hanover/Walkerton landfill site

As at December 31, 2022, the Municipality has recognized in the consolidated financial statements an unfunded liability of \$733,141. This represents 50% of the total liability of \$1,466,282 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 23.6% 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 2.50% and a discount rate of 3.37%.

The balance of the Municipality's share of the liability of \$1,758,542 will be accrued as the remaining capacity of 313,883 cubic metres is utilized over the 29 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.

CORPORATION OF THE MUNICIPALITY OF BROCKTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2022

11. 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 \$6,801,602 (2021 - \$6,663,252) has not been amortized. Amortization of these assets will commence when the asset is put into service.

(b) Contributed tangible capital assets

Contributed tangible 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 (2021 - \$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, 2022

12. Accumulated surplus

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

	2022	2021
	\$	\$
Invested in tangible capital assets		
Tangible capital assets at cost less amortization	68,423,370	58,936,281
Tangible capital assets financed by loans payable and short-term borrowing to be funded in future years	(13,021,842)	(7,209,600)
Total invested in capital assets	55,401,528	51,726,681
Surplus		
Land held for sale	34,566	-
General area taxation	(4,720,701)	(2,848,335)
Walkerton BIA	-	20,479
Bradley Community Centre	6,570	5,570
Saugeen Municipal Airport	(18,105)	(8,637)
Bruce Area Solid Waste Recycling	27,090	31,115
Elmwood Community Centre	(10,403)	(9,560)
Unfunded employee future benefits	(77,977)	(73,398)
Unfunded landfill closure and post-closure liability	(1,069,417)	(905,121)
Total surplus	49,573,151	47,938,794
Reserves set aside for specific purposes by Council		
Current purposes	143,234	143,234
Capital purposes	1,117,224	1,616,241
Total reserves	1,260,458	1,759,475
Reserve funds set aside for specific purposes by Council		
Capital purposes	13,407,493	11,291,016
Total accumulated surplus	64,241,102	60,989,285

13. Budget amounts

The operating budget approved by Council for 2022 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 2022 budget did not include figures for amortization of tangible capital assets.

CORPORATION OF THE MUNICIPALITY OF BROCKTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2022

14. Net property taxation

Net property taxation consists of:

	2022	2021
	\$	\$
Taxation revenue	18,517,275	17,496,086
Amount levied and remitted to school boards	(2,390,523)	(2,331,237)
Amount levied and remitted to the County of Bruce	(5,286,318)	(4,853,262)
Net property taxation	10,840,434	10,311,587

15. Other revenues

Other revenues consist of the following:

	2022 Budget	2022 Actual	2021 Actual
	\$	\$	\$
Penalties and interest on taxation	(Note 13) 122,500	76,343	81,747
Rents	334,325	306,057	185,095
Investment income (Note 3)	119,731	106,255	109,671
Donations	11,800	21,597	8,703
Sale of non-TCA assets	1,754,200	439,670	332,747
	2,342,556	949,922	717,963

16. Trust fund

The trust fund administered by the municipality is for Cemetery Perpetual Care and Maintenance amounts to \$251,898 (2021 - \$235,433). 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, 2022

17. Commitments

- (a) Capital commitments of \$7,216,514 (2021 - \$5,789,262) are not reflected in the consolidated financial statements. This amount, for which funding is in place, represents uncompleted portions of contracts, 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 \$727,376 plus an adjustment for inflation for July 1, 2022 and subsequent years. The agreement expires June 30, 2026.

- (c) The Municipality currently leases space for its municipal office under a five year lease ending in October 2027. Annual payments are as follows:
- | | \$ |
|------|--------|
| 2023 | 72,250 |
| 2024 | 74,750 |
| 2025 | 77,250 |
| 2026 | 79,750 |
| 2027 | 82,250 |

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

	\$
2023	238,285
2024	219,362
2025	89,056
2026	66,163
2027	58,291

18. 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) The municipality has received a claim for breach of contract. The claim seeks damages of \$143,412 and the municipality is defending the action. Legal advice obtained as at the time of the financial statements were prepared indicated that it is likely the claim could result in an award.
- (c) The Municipality is contingently liable to the Province of Ontario for long-term liabilities outstanding for tile drainage loans in the amount of \$50,461 (2021 - \$65,122).
- (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, 2022

19. 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
	2022	2022	2022	2022	2022	2022
	\$	\$	\$	\$	\$	\$
Financial assets	1,989,111	24,732	1,195,996	39,858	377,430	231,199
Liabilities	230,105	45,538	1,637,823	176,012	1,759	320,310
Net financial assets (debt)	1,759,006	(20,806)	(441,827)	(136,154)	375,671	(89,111)
Non-financial assets	1,516,006	-	4,585,485	754,276	777,615	462,716
Accumulated surplus	3,275,012	(20,806)	4,143,658	618,122	1,153,286	373,605
General surplus	212,637	20,806	-	(43,106)	-	-
Unfunded liabilities	-	-	(1,478,769)	(107,477)	-	-
Invested in tangible capital assets	1,508,281	-	4,585,485	754,276	777,275	373,605
Reserves and reserve funds	1,554,094	-	1,036,942	14,429	376,011	-
	3,275,012	20,806	4,143,658	618,122	1,153,286	373,605
Revenues	4,000,874	57,041	1,164,591	451,340	512,560	1,554,678
Expenses	4,255,089	58,728	1,137,291	455,608	295,012	1,745,053
Annual surplus (deficit)	(254,215)	(1,687)	27,300	(4,268)	217,548	(190,375)

The Elmwood Community Centre financial statements do not include adjustments for tangible capital assets.

CORPORATION OF THE MUNICIPALITY OF BROCKTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2022

20.Segmented information

The Municipality 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 wastewater 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 wastewater.

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, 2022

20. 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.

CORPORATION OF THE MUNICIPALITY OF BROCKTON

SCHEDULE 1 CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2022

	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	6,400,534	2,550,732	632,745	10,018,822	14,515,550	17,011,856	54,444,062	6,663,252	112,237,553
Additions	1,119,222	5,587	-	22,707	681,001	513,813	643,305	8,722,236	11,707,871
Disposals	-	-	-	(51,471)	(915,562)	(36,282)	(169,895)	-	(1,173,210)
Transfers	-	-	-	-	-	1,704,007	6,879,879	(8,583,886)	-
Balance, end of year	7,519,756	2,556,319	632,745	9,990,058	14,280,989	19,193,394	61,797,351	6,801,602	122,772,214
Accumulated amortization									
Balance, beginning of year	714,638	606,229	401,122	6,243,529	8,288,106	6,481,876	30,565,772	-	53,301,272
Amortization	99,288	51,975	63,275	170,734	569,230	219,987	1,001,429	-	2,175,918
Disposals	-	-	-	(51,471)	(905,672)	(19,161)	(152,042)	-	(1,128,346)
Balance, end of year	813,926	658,204	464,397	6,362,792	7,951,664	6,682,702	31,415,159	-	54,348,844
Net book value, end of year	6,705,830	1,898,115	168,348	3,627,266	6,329,325	12,510,692	30,382,192	6,801,602	68,423,370

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, 2021

	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	6,330,808	2,550,732	632,745	9,953,694	14,672,672	17,065,146	54,489,201	29,578	105,724,576
Additions	74,168	-	-	65,128	394,468	-	184,303	6,633,674	7,351,741
Disposals	(4,442)	-	-	-	(551,590)	(53,290)	(229,442)	-	(838,764)
Transfers	-	-	-	-	-	-	-	-	-
Balance, end of year	6,400,534	2,550,732	632,745	10,018,822	14,515,550	17,011,856	54,444,062	6,663,252	112,237,553
Accumulated amortization									
Balance, beginning of year	628,380	548,174	337,847	6,079,821	8,242,094	6,290,125	29,778,785	-	51,905,226
Amortization	86,258	58,055	63,275	163,708	577,363	219,007	1,013,313	-	2,180,979
Disposals	-	-	-	-	(531,351)	(27,256)	(226,326)	-	(784,933)
Balance, end of year	714,638	606,229	401,122	6,243,529	8,288,106	6,481,876	30,565,772	-	53,301,272
Net book value, end of year	5,685,896	1,944,503	231,623	3,775,293	6,227,444	10,529,980	23,878,290	6,663,252	58,936,281

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 EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2022

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation, Cultural, Social and Family Services	Planning and Development	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Revenues								
Net property taxation	10,840,434	-	-	-	-	-	-	10,840,434
User charges and fees	120,635	574,171	37,643	4,114,187	78,175	1,231,780	16,808	6,173,399
Government transfers	1,629,924	291,884	-	123,443	-	456,845	158,519	2,660,615
Revenue from other municipalities	(31,879)	6,039	-	1,912	249,368	300,734	-	526,174
Other	197,825	2,283	3,015	-	37,335	298,195	411,269	949,922
	12,756,939	874,377	40,658	4,239,542	364,878	2,287,554	586,596	21,150,544
Expenses								
Salaries, wages and benefits	1,482,793	622,110	1,165,776	291,044	47,516	2,554,191	125,349	6,288,779
Interest on loans payable	1,725	3,089	148,398	71,445	-	16,179	33,546	274,382
Materials and supplies	482,204	140,435	2,784,656	1,912,630	41,387	872,539	343,215	6,577,066
Contracted services	210,885	3,226,793	4,351	1,108,025	175,738	222,347	18,724	4,966,863
Rents, financial expenses and external transfers	153,174	8,414	(850)	-	-	35,242	-	195,980
Amortization	27,756	148,971	1,222,868	504,883	2,855	268,584	-	2,175,917
	2,358,537	4,149,812	5,325,199	3,888,027	267,496	3,969,082	520,834	20,478,987
Net revenues (expenses)	10,398,402	(3,275,435)	(5,284,541)	351,515	97,382	(1,681,528)	65,762	671,557

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 EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2022

	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	59,361	-	679,860	62,706	-	185,606	-	987,533
Capital Contribution	-	-	-	910,011	-	5,569	-	915,580
Gain/(Loss) on disposal of tangible capital assets	2,898	(464)	62,301	(17,121)	-	363,606	-	411,220
Donations	-	1,000	2,000	-	-	69,907	11,995	84,902
Investment income	181,026	-	-	-	-	-	-	181,026
	243,285	536	744,161	955,596	-	624,688	11,995	2,580,261
Annual surplus (deficit)	10,641,687	(3,274,899)	(4,540,380)	1,307,111	97,382	(1,056,840)	77,757	3,251,818

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 EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2021

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation, Cultural, Social and Family Services	Planning and Development	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Revenues								
Net property taxation	10,311,586	-	-	-	-	-	-	10,311,586
User charges and fees	279,792	581,179	36,905	3,844,684	54,933	1,061,700	21,818	5,881,011
Government transfers	1,651,989	317,434	-	96,084	-	376,599	33,413	2,475,519
Revenue from other municipalities	-	30,674	-	2,146	202,279	123,579	-	358,678
Other	205,606	1,065	-	-	24,015	177,395	309,882	717,963
	12,448,973	930,352	36,905	3,942,914	281,227	1,739,273	365,113	19,744,757
Expenses								
Salaries, wages and benefits	1,495,554	422,292	1,075,846	249,463	46,744	2,331,084	184,175	5,805,158
Interest on loans payable	1,786	3,258	90,689	61,031	-	15,642	4,606	177,012
Materials and supplies	487,151	158,999	2,351,335	1,592,994	25,533	670,483	430,713	5,717,208
Contracted services	226,547	3,153,155	5,168	1,061,778	136,584	271,091	39,812	4,894,135
Rents, financial expenses and external transfers	135,783	5,127	(14,170)	-	-	37,894	308,645	473,279
Amortization	31,867	146,459	1,249,547	492,219	2,560	258,328	-	2,180,980
	2,378,688	3,889,290	4,758,415	3,457,485	211,421	3,584,522	967,951	19,247,772
Net revenues (expenses)	10,070,285	(2,958,938)	(4,721,510)	485,429	69,806	(1,845,249)	(602,838)	496,985

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 EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2021

	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	-	-	2,190,874	-	-	2,300	-	2,193,174
Gain/(Loss) on disposal of tangible capital assets	273	-	39,008	(33,725)	1,370	(3,986)	926,401	929,341
Donations	-	-	-	-	-	3,448	-	3,448
Investment income	55,005	-	-	-	-	-	-	55,005
	55,278	-	2,229,882	(33,725)	1,370	1,762	926,401	3,180,968
Annual surplus (deficit)	10,125,563	(2,958,938)	(2,491,628)	451,704	71,176	(1,843,487)	323,563	3,677,953

The accompanying notes are an integral part of
these financial statements

CORPORATION OF THE MUNICIPALITY OF BROCKTON

APPENDIX I SCHEDULE OF WALKERTON DAYCARE REVENUE AND EXPENDITURES FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget	2022	2021
	\$	\$	\$
DAYCARE FUNDING REVENUE			
Municipal Grants	280,000	337,927	336,114
Fees - County CWELCC	-	192,774	-
Fees - County Other	-	106,901	120,845
Fees - Parent	1,383,250	955,234	896,698
Other	-	2,813	4,756
Total Revenues	1,663,250	1,595,649	1,358,413
EXPENDITURES			
Salaries and Benefits	1,590,562	1,540,954	1,399,133
Maintenance	69,894	90,354	87,692
Utilities	3,500	3,256	3,091
Food	41,000	36,368	27,254
Other	14,061	16,071	16,636
Total Expenditures	1,719,017	1,687,003	1,533,806
Excess (Deficit) of Revenue Over Expenditures	(55,767)	(91,354)	(175,393)

**UNAUDITED - SEE AUDITORS COMMENTS ON SCHEDULE OF REVENUE AND
EXPENDITURES**