

The Corporation of the Municipality of Brockton



By-Law 2022-145

Being a By-Law to Adopt the 2021 Financial Statements for the Municipality of Brockton.

Whereas The Council for The Corporation of the Municipality of Brockton deems it expedient to establish policies;

And Whereas the *Municipal Act 2001, S.O. 2001, c 25, Section 5(3)*, as amended provides that a municipal power, including a municipality's capacity rights, powers and privileges under section 9, shall be exercised by by-law;

And Whereas the Municipality of Brockton wishes to adopt an Internal Complaint Policy;

Now Therefore the Council of The Corporation of the Municipality of Brockton enacts as follows:

- 1.0 That the Corporation of the Municipality of Brockton Council hereby adopts the 2021 Financial Statements for the Corporation of the Municipality of Brockton as prepared by Baker Tilly SGB LLP and attached as Schedule "A";
- 2.0 That the Corporation of the Municipality of Brockton Council hereby adopts the 2021 Financial Statements for the Walkerton Business Improvement Area as prepared by Baker Tilly SGB LLP and attached as Schedule "B";
- 3.0 This By-Law shall come into full force and effect upon final passage.
- 4.0 This By-Law may be cited as the "Adopt 2021 Financial Statements By-Law".

Read, Enacted, Signed and Sealed this 20th day of September, 2022.

Mayor – Chris Peabody

Director of Legislative and Legal Services (Clerk)
– Fiona Hamilton

**CORPORATION OF THE
MUNICIPALITY OF BROCKTON**

CONSOLIDATED FINANCIAL REPORT

DECEMBER 31, 2021

DRAFT FOR DISCUSSION

Reviewed with and approved by:

Date

CORPORATION OF THE MUNICIPALITY OF BROCKTON

DECEMBER 31, 2021

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CORPORATION OF THE MUNICIPALITY OF BROCKTON

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL REPORT

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

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

The Municipality's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded (in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada), and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management. Council meets with management and the external auditor to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by Baker Tilly SGB LLP, independent external auditor appointed by the Municipality. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Municipality's consolidated financial statements.

Chief Administrative Officer

XXXXXXXXXXXXXX

Chief Financial Officer

XXXXXXXXXXXXXX

BAKER TILLY 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:**

Opinion

We have audited the consolidated financial statements of the Corporation of the Municipality of Brockton (the "Municipality"), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statements of operations, change in net financial assets and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Municipality as at December 31, 2021, and its consolidated results of operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Municipality in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Municipality or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Municipality's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

BAKER TILLY SGB LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT CONTINUED

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements Continued

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Municipality's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Baker Tilly SGB

BAKER TILLY SGB LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS
Walkerton, Ontario
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CORPORATION OF THE MUNICIPALITY OF BROCKTON

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31

	2021	2020
	\$	\$
Financial assets		
Cash (Note 2)	8,959,671	10,472,257
Taxes receivable	647,978	372,459
Accounts receivable	2,203,423	905,469
Long-term investments (Note 3)	2,303,593	2,303,593
Long-term receivable (Note 4)	90,984	106,853
	14,205,649	14,160,631
Liabilities		
Accounts payable and accruals	2,135,003	1,293,273
Deferred revenue - obligatory reserve funds (Note 5)	1,040,462	1,129,298
Deferred revenue - other (Note 5)	835,177	577,439
Loans payable (Note 6)	7,266,475	6,858,687
Employee future benefits (Note 8)	73,398	60,245
Landfill closure and post-closure liability (Note 10)	905,121	822,105
	12,255,636	10,741,047
Net financial assets	1,950,013	3,419,584
Non-financial assets		
Tangible capital assets (Schedule 1, 2 and Note 11)	58,936,281	53,819,350
Prepaid expenses	102,990	72,397
	59,039,271	53,891,747
Accumulated surplus (Note 12)	60,989,284	57,311,331

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 2021	Actual 2021	Actual 2020
	\$	\$	\$
	(Note 13)		
Revenues			
Net property taxation (Note 14)	10,130,185	10,311,586	10,014,991
User charges and fees	6,003,435	5,881,011	5,520,991
Government transfers	2,089,062	2,475,519	2,789,493
Revenue from other municipalities	53,350	358,678	356,707
Other (Note 15)	1,225,691	717,963	503,715
	19,501,723	19,744,757	19,185,897
Expenses			
General government	2,170,694	2,378,688	2,505,743
Protection services	3,923,296	3,889,290	3,718,748
Transportation services	3,836,442	4,758,415	4,689,237
Environmental services	2,527,840	3,457,485	3,622,533
Social and family services	1,613,741	1,597,080	964,016
Health services	106,719	211,421	190,509
Recreation and cultural services	1,989,394	1,987,442	1,598,307
Planning and development	758,368	967,951	807,908
	16,926,494	19,247,772	18,097,001
Net revenues (expenses)	2,575,229	496,985	1,088,896
Other			
Grants and transfers related to capital			
Government transfers	5,994,529	2,193,174	393,773
Loss/(Gain) on disposal of tangible capital assets	-	929,341	(347,117)
Donations	-	3,448	139,575
Investment income	-	55,005	89,896
	5,994,529	3,180,968	276,127
Annual surplus	8,569,758	3,677,953	1,365,023
Accumulated surplus, beginning of year		57,311,331	55,946,308
Accumulated surplus, end of year (Note 12)		60,989,284	57,311,331

The accompanying notes are an integral part of
these financial statements

CORPORATION OF THE MUNICIPALITY OF BROCKTON

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

	Budget 2021	Actual 2021	Actual 2020
	\$	\$	\$
Annual surplus	8,569,758	3,677,953	1,365,023
Acquisition of tangible capital assets	(3,637,660)	(7,351,741)	(3,533,185)
Amortization of tangible capital assets	-	2,180,979	2,165,407
Loss/(Gain) on disposal of tangible capital assets	-	(929,341)	347,117
Proceeds on disposal of tangible capital assets	-	983,173	182,177
Change in prepaid expenses	-	(30,594)	(8,065)
Change in net financial assets	4,932,098	(1,469,571)	518,474
Net financial assets, beginning of year		3,419,584	2,901,110
Net financial assets, end of year		1,950,013	3,419,584

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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

	2021	2020
	\$	\$
Cash flows from (for):		
Operating activities		
Annual surplus	3,677,953	1,365,023
Non-cash items:		
Amortization of tangible capital assets	2,180,979	2,165,407
Loss on disposal of tangible capital assets	(929,341)	347,117
Employee future benefits	13,153	(24,539)
Landfill closure and post-closure liability	83,016	133,514
	5,025,760	3,986,522
Changes in:		
Taxes receivable	(275,518)	342,086
Accounts receivable	(1,297,954)	(80,414)
Prepaid expenses	(30,594)	(8,065)
Accounts payable and accruals	841,730	709,043
	4,263,424	4,949,172
Capital activities		
Acquisition of tangible capital assets	(7,351,741)	(3,533,185)
Proceeds on disposal of tangible capital assets	983,173	182,177
	(6,368,568)	(3,351,008)
Investing activities		
Long-term receivable	15,868	31,478
Financing activities		
Loans payable issued	1,610,083	362,460
Loans payable repaid	(1,202,295)	(844,580)
Change in deferred revenue	168,902	506,361
	576,690	24,241
Net change in cash from financing	576,690	24,241
Net change in cash position	(1,512,586)	1,653,883
Cash, beginning of year	10,472,257	8,818,374
Cash, end of year	8,959,671	10,472,257

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, 2021

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	12.75%
Elmwood Community Centre	50.00%
Hanover/Walkerton Landfill	50.00%
Saugeen Municipal Airport	42.00%
Elmwood Fire Department	43.62%
Saugeen Mobility & Regional Transit (S.M.A.R.T)	13.70%

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, 2021

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, 2021

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, 2021

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 at the municipality.

(n) 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, 2021

2. Cash

Cash consists of the following:

	2021	2020
	\$	\$
Unrestricted	7,084,032	8,765,520
Restricted (Note 5)	1,875,639	1,706,737
	8,959,671	10,472,257

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

3. Long-term investments

	2021	2020
	\$	\$
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 (2020 - \$100,871) and are included in investment income.

4. Long-term receivable

Long-term receivable consists of the following:

	2021	2020
	\$	\$
Note receivable, Saugeen Municipal Airport, prime less 0.5%, requires monthly payments of principal and interest of \$1,048 due October 2026	56,884	67,753
Note receivable, Elmwood Community Centre, 0% interest, required annual payments of principal and interest of \$5,000 due April 2031	34,100	39,100
	90,984	106,853

CORPORATION OF THE MUNICIPALITY OF BROCKTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2021

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:

	2021	2020
	\$	\$
Obligatory Reserve Funds		
Recreational land	39,609	38,225
Community well being	22,088	21,962
Federal gas tax	978,765	1,069,111
Main street revitalization	-	-
	1,040,462	1,129,298
Other		
Government grant funding	7,352	104,408
Deposits	481,824	225,870
Other	346,001	247,161
	835,177	577,439
	1,875,639	1,706,737

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

	2021	2020
	\$	\$
Balance, beginning of the year	1,129,298	887,355
Revenue recognized	(686,217)	(106,911)
Contributions	589,383	340,189
Interest earned	7,998	8,665
Balance, end of year	1,040,462	1,129,298

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

	2021	2020
	\$	\$
Balance, beginning of year	577,439	313,021
Restricted funds received	392,571	493,096
Revenue recognized	(134,833)	(228,678)
Balance, end of year	835,177	577,439

CORPORATION OF THE MUNICIPALITY OF BROCKTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2021

6. Loans payable

(a) Loans payable consist of the following:

	2021	2020
	\$	\$
Demand bank loan payable, interest at bank prime rate less .5%, payable \$5,208 monthly principal plus interest	750,000	812,500
Demand bank loan payable, interest at bank prime rate less .5%, payable \$5,868 monthly principal plus interest	129,096	199,513
Demand bank loan payable, interest at bank prime rate less .5%, payable \$2,579 monthly principal plus interest	-	248,038
Demand bank loan payable, interest at bank prime rate less .5%, payable \$5,371 monthly principal plus interest	165,220	229,670
Demand bank loan payable, interest at bank prime rate less .5%, payable \$3,126 monthly principal plus interest	75,031	112,546
Demand bank loan payable, interest at bank prime rate less .5%, payable \$5,375 monthly principal plus interest	-	258,000
Demand bank loan payable, interest at bank prime rate less .5%, payable \$1,048 monthly principal and interest	56,884	67,753
Demand bank loan payable, interest at bank prime rate less .5%, payable \$7,823 monthly principal and interest	850,236	921,088
Demand bank loan payable, interest at bank prime rate less .5%, payable \$7,291 monthly principal and interest	1,075,444	1,118,644
Demand bank loan payable, interest at bank prime rate less .5%, payable \$4,354 monthly principal and interest	304,205	346,500
Demand bank loan payable, interest at bank prime rate less .5%, payable \$2,981 monthly principal and interest	338,395	359,778
Demand bank loan payable, interest at bank prime rate less .5%, payable \$1,863 monthly principal and interest	211,497	224,861
Demand bank loan payable, interest at bank prime rate less .5%, payable \$206 monthly principal plus interest	7,000	9,471
Demand bank loan payable, interest at 3.07% annual, payable \$2,247 monthly principal and interest	287,234	305,088
Demand bank loan payable, interest at bank prime rate less .5%, payable \$2,333 monthly principal plus interest	84,000	112,000
Demand bank loan payable, interest at bank prime rate less .5%, payable \$1,230 monthly principal plus interest	118,042	132,797
Demand bank loan payable, interest at bank prime rate less .5%, payable \$1,056 monthly principal plus interest	101,391	114,065
Demand bank loan payable, interest at bank prime rate less .5%, payable \$667 monthly principal plus interest	24,000	32,000
Demand bank loan payable, interest at bank prime rate less .5%, payable \$1,805 monthly principal plus interest	64,993	86,658

CORPORATION OF THE MUNICIPALITY OF BROCKTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2021

6. Loans payable (continued)

	2021	2020
Demand bank loan payable, interest at bank prime rate less .5%, payable \$1,944 monthly principal plus interest	186,646	209,977
Demand bank loan payable, interest at 3.16% annual, payable \$1,690 monthly principal and interest	215,993	229,223
Demand bank loan payable, interest at 2.78% annual, payable \$6,949 monthly principal plus interest	1,017,294	-
Demand bank loan payable, interest at 2.72% annual, payable \$5,605 monthly principal plus interest	583,937	-
Ontario Municipal Economic Infrastructure Financing Authority (OMEIFA), interest at 2.95%, semi-annual payments of \$40,631 principal and interest, due July 15, 2024	231,684	304,498
Saugeen Municipal Airport loan, interest at prime plus 0.25%, payable \$722 monthly plus interest, due on demand	29,522	33,106
Saugeen Municipal Airport loan, interest at prime plus 0.5%, payable \$1,048 monthly plus interest, due on demand	23,891	28,453
Demand bank loan payable, interest at 1.45% annual, payable \$795 monthly principal and interest	37,064	46,000
Demand bank loan payable, interest at 1.70% annual, payable \$1,993 monthly principal and interest	297,776	316,460
	7,266,475	6,858,687

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

	Principal	Interest
	\$	\$
2022	1,583,163	179,244
2023	948,697	153,207
2024	2,349,745	65,004
2025	280,598	54,902
2026	1,502,887	42,422
Thereafter	601,385	91,902

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 \$177,012 (2020 - 202,586).

7. Short-term borrowing

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, 2021 the balance was \$NIL (2020 - \$NIL).

CORPORATION OF THE MUNICIPALITY OF BROCKTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2021

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 \$1,087 in 2021 (2020 - \$1,221) 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. 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 \$328,118 (2020 - \$300,921) for current service.

CORPORATION OF THE MUNICIPALITY OF BROCKTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2021

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 \$3,129,371.

Brant landfill site

As at December 31, 2021, the Municipality has recognized in the consolidated financial statements an unfunded liability of \$175,282. This liability represents 61% 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 \$109,986 will be accrued as the remaining capacity of 56,476 cubic meters is utilized, which is expected to be over the next 4 years.

Greenock landfill site

As at December 31, 2021, the Municipality has recognized in the consolidated financial statements an unfunded liability of \$72,731. This liability represents 38% of the present value of the estimated costs and is based on a total capacity of 153,075 cubic meters, an inflation rate of 3.00% and a discount rate of 4.00%. The balance of the liability of \$118,684 will be accrued as the remaining capacity of 94,912 cubic meters is utilized, which is expected to be over the next 51 years.

Hanover/Walkerton landfill site

As at December 31, 2021, the Municipality has recognized in the consolidated financial statements an unfunded liability of \$657,108. This represents 50% of the total liability of \$1,314,215 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 20.9% 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 \$1,763,089 will be accrued as the remaining capacity of 325,300 cubic metres is utilized over the 30 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, 2021

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 \$6,663,252 (2020 - \$29,578) 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 (2020 - \$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, 2021

12. Accumulated surplus

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

	2021	2020
	\$	\$
Invested in tangible capital assets		
Tangible capital assets at cost less amortization	58,936,281	53,819,350
Tangible capital assets financed by loans payable and short-term borrowing to be funded in future years	(7,209,600)	(6,790,944)
Total invested in capital assets	51,726,681	47,028,406
Surplus		
General area taxation	(2,848,335)	(485,726)
Walkerton BIA	20,479	(7,938)
Bradley Community Centre	5,570	4,743
Saugeen Municipal Airport	(8,637)	(9,455)
Bruce Area Solid Waste Recycling	31,115	18,952
Elmwood Community Centre	(9,560)	(15,245)
Unfunded employee future benefits	(73,398)	(60,245)
Unfunded landfill closure and post-closure liability	(905,121)	(822,105)
Total surplus	47,938,794	45,651,387
Reserves set aside for specific purposes by Council		
Current purposes	143,234	143,234
Capital purposes	1,616,240	943,888
Total reserves	1,759,474	1,087,122
Reserve funds set aside for specific purposes by Council		
Capital purposes	11,291,016	10,572,822
Total accumulated surplus	60,989,284	57,311,331

13. Budget amounts

The operating budget approved by Council for 2021 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 2021 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, 2021

14. Net property taxation

Net property taxation consists of:

	2021	2020
	\$	\$
Taxation revenue	17,496,085	17,026,078
Amount levied and remitted to school boards	(2,331,237)	(2,408,577)
Amount levied and remitted to the County of Bruce	(4,853,262)	(4,602,510)
Net property taxation	10,311,586	10,014,991

15. Other revenues

Other revenues consist of the following:

	2021 Budget	2021 Actual	2020 Actual
	\$	\$	\$
Penalties and interest on taxation	122,500	81,747	70,124
Rents	324,425	185,095	256,424
Investment income (Note 3)	119,466	109,671	113,184
Donations	57,800	8,703	48,003
Sale of non-TCA assets	601,500	332,747	15,980
	1,225,691	717,963	503,715

16. Trust fund

The trust fund administered by the municipality is for Cemetery Perpetual Care and Maintenance amounts to \$235,434 (2020 - \$223,904). 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, 2021

17. Commitments

- (a) Capital commitments of \$5,789,262 (2020 - \$303,141) 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 three year lease ending in October 2022. Annual payments are as follows:
- | | |
|------|--------|
| | \$ |
| 2022 | 60,966 |

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

	\$
2022	229,066
2023	220,873
2024	190,524
2025	60,217
2026	37,325

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 is contingently liable to the Province of Ontario for long-term liabilities outstanding for tile drainage loans in the amount of \$65,122 (2020 - \$76,969).
- (c) 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.
- (d) 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, 2021

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
	2021	2021	2021	2021	2021	2021
	\$	\$	\$	\$	\$	\$
Financial assets	2,438,898	30,737	750,133	46,685	228,730	161,988
Liabilities	354,286	49,856	1,440,017	169,933	1,425	235,349
Net financial assets (debt)	2,084,612	(19,119)	(689,884)	(123,248)	227,305	(73,361)
Non-financial assets	1,444,615	-	4,806,242	745,638	708,433	637,341
Accumulated surplus	3,529,227	(19,119)	4,116,358	622,390	935,738	563,980
General surplus	244,041	(19,119)	-	(20,565)	-	-
Unfunded liabilities	-	-	(1,326,651)	(127,176)	-	-
Invested in tangible capital assets	1,439,175	-	4,806,242	745,638	708,093	563,980
Reserves and reserve funds	1,846,011	-	636,767	24,493	227,645	-
	3,529,227	(19,119)	4,116,358	622,390	935,738	563,980
Revenues	3,608,239	48,465	1,025,544	372,591	270,309	1,615,928
Expenses	3,738,926	37,097	935,440	392,221	268,294	1,522,205
Annual surplus (deficit)	(130,687)	11,368	90,104	(19,630)	2,015	93,723

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, 2021

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, 2021

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.

21. COVID-19

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic and thus had a significant impact on the finances and services of the Municipality. At the time of these consolidated financial statements, the Municipality has undertaken the following in responding to the COVID-19 pandemic:

- COVID-19 financial relief measures (late penalties and interest were temporarily waived)
- Increased effort occurring to get all municipal services and payment options online
- Additional financial impacts due to program cancellation and reduced rentals
- Office closures and restrictions in place as required
- Staff training and regular communications to ensure health guidelines are followed
- Increased policy development and communications to ensure all staff are following provincial legislation and health guidelines
- Daily use of self-screening application
- A work-from-home protocol and all staff working in two teams has continued since the beginning of the pandemic
- All Council and committee meetings are held virtually
- Increased signage regarding health and safety protocols in place at all facilities and parks

At this time COVID-19 continues to impact the Municipality. The extent of the impact, duration and severity on the financial position and operations of the Municipality is unknown at this time.

CORPORATION OF THE MUNICIPALITY OF BROCKTON

SCHEDULE 1 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 2 CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2020

	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	5,672,136	2,379,345	632,745	9,895,839	14,211,421	17,106,331	53,428,699	53,802	103,380,318
Additions	660,888	171,387	-	135,874	463,532	480,842	1,570,336	50,326	3,533,185
Disposals	(2,216)	-	-	(78,019)	(76,831)	(522,027)	(509,834)	-	(1,188,927)
Transfers	-	-	-	-	74,550	-	-	(74,550)	-
Balance, end 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
Accumulated amortization									
Balance, beginning of year	548,818	482,733	274,573	5,998,297	7,710,194	6,092,725	29,292,112	-	50,399,452
Amortization	79,562	65,441	63,274	159,543	596,230	315,097	886,260	-	2,165,407
Disposals	-	-	-	(78,019)	(64,330)	(117,697)	(399,587)	-	(659,633)
Balance, end of year	628,380	548,174	337,847	6,079,821	8,242,094	6,290,125	29,778,785	-	51,905,226
Net book value, end of year	5,702,428	2,002,558	294,898	3,873,873	6,430,578	10,775,021	24,710,416	29,578	53,819,350

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, 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
Investment income	109,671	-	-	-	-	-	-	109,671
Other	95,935	1,065	-	-	24,015	177,395	309,882	608,292
	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 3 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
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

SCHEDULE 4 CONSOLIDATED SCHEDULE OF SEGMENTED REVENUES AND EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2020

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation, Cultural, Social and Family Services	Planning and Development	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Revenues								
Net property taxation	10,014,991	-	-	-	-	-	-	10,014,991
User charges and fees	265,631	422,110	36,540	3,665,596	48,140	531,491	551,483	5,520,991
Government transfers	1,892,805	255,303	-	83,730	-	446,827	110,828	2,789,493
Revenue from other municipalities	26,419	22,970	-	-	254,365	52,953	-	356,707
Investment income	113,184	-	-	-	-	-	-	113,184
Other	84,646	268	-	-	-	281,310	24,307	390,531
	12,397,676	700,651	36,540	3,749,326	302,505	1,312,581	686,618	19,185,897
Expenses								
Salaries, wages and benefits	1,411,219	477,503	1,030,761	253,148	44,458	1,642,527	165,738	5,025,354
Interest on loans payable	2,809	5,647	90,336	69,427	-	28,087	6,280	202,586
Materials and supplies	637,109	204,334	2,436,578	1,628,981	24,474	535,405	611,755	6,078,636
Contracted services	271,985	2,871,455	4,547	1,088,867	119,017	67,154	24,135	4,447,160
Rents, financial expenses and external transfers	151,628	2,470	(9,749)	-	-	33,509	-	177,858
Amortization	30,993	157,339	1,136,764	582,110	2,560	255,641	-	2,165,407
	2,505,743	3,718,748	4,689,237	3,622,533	190,509	2,562,323	807,908	18,097,001
Net revenues (expenses)	9,891,933	(3,018,097)	(4,652,697)	126,793	111,996	(1,249,742)	(121,290)	1,088,896

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, 2020

	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	-	-	311,518	-	-	77,100	5,155	393,773
Loss on disposal of tangible capital assets	-	-	-	(347,117)	-	-	-	(347,117)
Donations	101,985	29,500	-	-	-	8,090	-	139,575
Investment income	89,896	-	-	-	-	-	-	89,896
	191,881	29,500	311,518	(347,117)	-	85,190	5,155	276,127
Annual surplus (deficit)	10,083,814	(2,988,597)	(4,341,179)	(220,324)	111,996	(1,164,552)	(116,135)	1,365,023

The accompanying notes are an integral part of
these financial statements

**WALKERTON BUSINESS
IMPROVEMENT AREA**

FINANCIAL REPORT

DECEMBER 31, 2021

Draft

WALKERTON BUSINESS IMPROVEMENT AREA

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BAKER TILLY SGB LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of **Walkerton Business Improvement Area**:

Opinion

We have audited the financial statements of **Walkerton Business Improvement Area** (the BIA), which comprise the statement of financial position as at December 31, 2021 and the statements of operations and changes in net debts and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the BIA as at December 31, 2021, and results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the BIA in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the BIA's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the BIA or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the BIA's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

BAKER TILLY SGB LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT CONTINUED

Auditor's Responsibilities for the Audit of the Financial Statements Continued

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the BIA's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the BIA's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the BIA to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



BAKER TILLY SGB LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS
Walkerton, Ontario

WALKERTON BUSINESS IMPROVEMENT AREA

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2021

	2021	2020
	\$	\$
Financial assets		
Cash	131,472	113,419
Accounts receivable (Net of Allowance for Doubtful Accounts of \$1,903 / 2020 \$2,372)	28,130	11,383
	159,602	124,802
Liabilities		
Accounts payable and accruals	23,334	24,206
Deferred revenue (Note 3)	117,315	111,525
	140,649	135,731
Net financial assets (liabilities)	18,953	(10,929)
Non-financial assets		
Tangible capital assets (Schedule 1 and Note 4)	456	3,466
Prepaid and sundry	1,526	2,991
	1,982	6,457
Accumulated surplus (deficit) (Note 6)	20,935	(4,472)

The accompanying notes are an integral part of
these financial statements

WALKERTON BUSINESS IMPROVEMENT AREA

STATEMENT OF OPERATIONS AS AT DECEMBER 31, 2021

	Budget 2021	Actual 2021	Actual 2020
	\$	\$	\$
	(Note 5)		
Revenues			
Taxation	83,800	83,800	83,800
Grants - Municipality of Brockton	-	-	10,000
Grants-Government of Ontario	-	-	-
Fundraising and promotion	69,050	122,747	72,265
Interest income	225	711	495
	153,075	207,258	166,560
Expenses			
Promotion	151,575	182,124	153,342
Visitor information office	-	-	16,979
Image expenses	1,500	-	1,920
	153,075	182,124	172,241
Other			
Grants and transfers related to capital			
Loss on disposal of tangible capital assets	-	273	-
Annual surplus (deficit)	-	25,407	(5,681)
Accumulated (deficit) surplus, beginning of year	(4,472)	(4,472)	1,209
Accumulated surplus (deficit), end of year (Note 6)	(4,472)	20,935	(4,472)

The accompanying notes are an integral part of
these financial statements

WALKERTON BUSINESS IMPROVEMENT AREA

STATEMENT OF CHANGE IN NET FINANCIAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2021

	Actual 2021	Actual 2020
	\$	\$
Annual surplus (deficit)	25,407	(5,681)
Acquisition of tangible capital assets		(560)
Amortization of tangible capital assets	283	1,162
Gain on sale of tangible capital assets	(273)	-
Proceeds on sale of tangible capital assets	3,000	-
Change in prepaid expense	1,465	-
Change in net financial assets (debt)	29,882	(5,079)
Net debt, beginning of year	(10,929)	(5,850)
Net financial assets (debt), end of year	18,953	(10,929)

The accompanying notes are an integral part of
these financial statements

WALKERTON BUSINESS IMPROVEMENT AREA

STATEMENT OF CASH FLOW AS AT DECEMBER 31, 2021

	2021	2020
	\$	\$
Cash flows from (for):		
Operating activities		
Annual surplus(deficit)	25,407	(5,681)
Non-cash items:		
Amortization	283	1,162
Gain on disposal of tangible capital assets	(273)	-
	25,417	(4,519)
Changes in:		
Accounts receivable	(16,747)	71,543
Prepaid and sundry	1,465	-
Accounts payable and accruals	(872)	(3,709)
Net change in cash from operations	9,263	63,315
Acquisition of tangible capital assets	-	(560)
Proceeds on disposal of tangible capital assets	3,000	-
Net change in cash from capital	3,000	(560)
Financing activities		
Deferred revenue	5,790	37,805
Net change in cash position	18,053	100,560
Cash position, beginning of year	113,419	12,859
Cash, end of year	131,472	113,419

The accompanying notes are an integral part of
these financial statements

WALKERTON BUSINESS IMPROVEMENT AREA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2021

Nature of Business

The Walkerton Business Improvement Area ("the BIA") works to promote business, shopping and service destination within Walkerton, while also striving to improve, beautify and maintain the area within the BIA.

1. Summary of significant accounting policies

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

The focus of PSAB financial statements is on the financial position of the BIA and the changes thereto. The statement of financial position includes all the assets and liabilities of the BIA. 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 BIA's overall future revenue requirements and its ability to finance activities and meet its obligations.

(a) Revenue recognition

Tax levies are recognized as revenue when the amounts are levied on the municipality's ratepayers. Government grants are recognized in the financial statements as revenues in the period in which the events giving rise to the grants occur, providing the grants are approved, any eligibility criteria have been met, and reasonable estimates of the amounts can be made. Memberships and other revenues are recognized when related goods or services are provided and collectibility is reasonably assured.

(b) 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 BIA's cash management.

(c) Deferred revenue

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

(d) Use of estimates

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

WALKERTON BUSINESS IMPROVEMENT AREA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2021

1. Summary of significant accounting policies (continued)

(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 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:

Computer	- 3 years
Office Furniture	- 15 years
Equipment	- 10 years
Leaseholds	- 4 years
Signs & Displays	- 5 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.

(f) Segment disclosures

The BIA has adopted the Public Sector Accounting Board standard requiring financial information to be provided on a segmented basis (PSAB 2700). BIA services have been segmented by grouping activities that have similar service objectives (by function). Revenues that are directly related to the costs of the function have been attributed to each segment.

(g) Financial instruments

The BIA considers any contract that creates a financial asset, a financial liability or equity instrument as a financial instrument, except in limited items such as leases and loan commitments.

Initial recognition and measurement

A financial asset or a financial liability is recognized when the organization becomes a party to the contractual provisions of the financial instrument. Financial assets originated or acquired or financial liabilities issued or assumed in an arm's length transaction, are initially measured at their fair value.

Subsequent measurement

Changes in fair value of investments in equity instruments are recognized in net income in the period incurred. All other financial assets and financial liabilities are measured at amortized cost.

Impairment

At the end of each reporting period, the organization assesses whether there are any indications that financial assets measured at cost or amortized cost may be impaired.

WALKERTON BUSINESS IMPROVEMENT AREA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2021

2. Related party transactions

Invoices in the amount of \$240 (2020 - \$904) were paid to businesses related to Board members, the transactions were in the normal course of operations and recorded at the exchange amount which is the amount agreed upon between the parties.

3. Deferred revenue

Deferred revenue is the amount of Walkerton dollars sold that are still outstanding. This program is open to anyone to purchase Walkerton dollars at the BIA, that can be spent at participating Walkerton businesses.

4. Tangible capital assets

Schedule 1 provides information on the tangible capital assets of the BIA by major asset class, as well as accumulated amortization of the assets controlled.

5. Budget amounts

Under Canadian generally accepted accounting principles, budget amounts are to be reported on the statement of financial activities for comparative purposes. The 2021 budget amounts for the BIA approved by the Board of Directors and Brockton Council have been restated to conform to the basis of preparation of the revenues and expenditures on the statement of financial activities. The budget numbers have not been audited.

6. Accumulated surplus

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

	2021	2020
	\$	\$
Surplus:		
Invested in tangible capital assets	456	3,466
General area	20,479	(7,938)
Total accumulated surplus	20,935	(4,472)

7. Subsequent event

Prior to approval of financial statements, Council of Brockton Municipality has approved to the dissolution of the BIA. Brockton will continue the administration of Walkerton dollars and will continue some of the events the BIA hosted.

WALKERTON BUSINESS IMPROVEMENT AREA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2021

8. COVID pandemic

On March 17, 2020, the Ontario government enacted a declaration of emergency to protect the public and ordered specific businesses to close and on March 23, 2020 ordered mandatory closure of all non-essential workplaces to fight the spread of Covid-19. Early May 2020, the Ontario government implemented a Covid-19 response framework including regional restrictions and sector specific guidelines to limit the transmission and allow businesses to reopen in phases. Most businesses were able to reopen by mid-spring of 2020 operating under public health guidelines. A second province wide shutdown of all non-essential workplaces was implemented effective December 26, 2020.

In response to the pandemic during 2021, the BIA:

- Closed the office at initial onset of pandemic;
- Re-opened the main office at 50% of capacity;
- Cancelled many promotional events throughout the year or ensured events were completed safely

The pandemic and temporary lockdowns continue. The extent of operations is dependent on government pandemic guidelines. The full impact of the Covid-19 outbreak continues to evolve at the date of this report. The BIA continues to operate with modified operations. An estimate of the financial effect on the BIA is not considered to be significant.

WALKERTON BUSINESS IMPROVEMENT AREA

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

	Computer	Office Furniture	Equipment	Leaseholds	Signs & Displays	2021 Total	2020 Total
	\$	\$	\$	\$	\$	\$	\$
Cost							
Balance, beginning of year	11,481	9,101	6,462	6,462	40,883	74,389	73,829
Additions	-	-	-	-	-	-	560
Disposals	(5,862)	(9,101)	(4,215)	(6,462)	-	(25,640)	-
Balance, end of year	5,619	-	2,247	-	40,883	48,749	74,389
Accumulated amortization							
Balance, beginning of year	11,014	7,118	5,446	6,462	40,883	70,923	69,761
Amortization	187	-	96	-	-	283	1,162
Disposals	(5,861)	(7,118)	(3,472)	(6,462)	-	(22,913)	-
Balance, end of year	5,340	-	2,070	-	40,883	48,293	70,923
Net book value, end of year	279	-	177	-	-	456	3,466

The accompanying notes are an integral part of
these financial statements