

**CORPORATION OF THE
MUNICIPALITY OF BROCKTON**

CONSOLIDATED FINANCIAL REPORT

DECEMBER 31, 2023

DRAFT FOR DISCUSSION

Reviewed with and approved by:

Date _____

CORPORATION OF THE MUNICIPALITY OF BROCKTON

DECEMBER 31, 2023

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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

Chief Financial Officer

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, 2023, and the consolidated statements of operations, change in net debt 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, 2023, 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.

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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 LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

Walkerton, Ontario

CORPORATION OF THE MUNICIPALITY OF BROCKTON

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31

	2023	2022
	\$	\$
		Restated (Note 2)
Financial assets		
Cash (Note 4)	5,569,952	9,545,248
Investments (Note 5)	3,823,348	-
Taxes receivable	695,377	539,334
Accounts receivable	1,053,634	2,292,017
Investment in Westario Power Inc. (Note 6)	2,303,593	2,303,593
Land held for sale	151,929	34,566
Long-term receivable (Note 7)	58,145	74,618
	13,655,978	14,789,376
Liabilities		
Accounts payable and accruals	2,434,128	2,916,749
Deferred revenue - obligatory reserve funds (Note 8)	395,030	793,460
Deferred revenue - other (Note 8)	1,926,696	1,549,707
Loans payable (Note 9)	17,093,597	13,067,549
Employee future benefits (Note 11)	63,989	77,977
Asset retirement obligations (Note 13)	4,065,239	3,913,727
	25,978,679	22,319,169
Net financial liabilities	(12,322,701)	(7,529,793)
Non-financial assets		
Tangible capital assets (Schedule 1, 2 and Note 14)	79,248,685	69,870,246
Prepaid expenses	137,897	503,215
	79,386,582	70,373,461
Accumulated surplus (Note 15)	67,063,881	62,843,668

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 2023	Actual 2023	Actual 2022
	\$	\$	\$
	(Note 16)		Restated (Note 2)
Revenues			
Net property taxation (Note 17)	11,761,998	11,944,223	10,840,434
User charges and fees	6,467,021	6,102,972	6,173,399
Government transfers	2,666,706	2,516,451	2,660,615
Revenue from other municipalities	91,950	1,216,385	526,174
Other (Note 18)	2,608,984	1,305,748	949,922
	23,596,659	23,085,779	21,150,544
Expenses			
General government	2,263,439	2,248,885	2,358,537
Protection services	4,542,486	4,455,475	4,149,812
Transportation services	4,521,238	5,468,328	5,331,450
Environmental services	3,148,336	4,057,665	3,869,493
Social and family services	1,908,496	2,006,582	1,757,343
Health services	312,795	187,166	267,496
Recreation and cultural services	2,341,130	2,646,021	2,213,532
Planning and development	798,894	561,333	520,834
	19,836,814	21,631,455	20,468,497
Net revenues	3,759,845	1,454,324	682,047
Other			
Grants and transfers related to capital			
Government transfers	2,832,455	1,265,944	987,533
Capital contribution	-	62,506	915,580
Gain/(Loss) on disposal of tangible capital assets	-	819,519	411,220
Donations	-	223,124	84,902
Investment income	-	394,796	181,026
	2,832,455	2,765,889	2,580,261
Annual surplus	6,592,300	4,220,213	3,262,308
Accumulated surplus, beginning of year		62,843,668	60,989,286
Change in accounting policy (Note 2)		-	(1,407,926)
Accumulated surplus, end of year (Note 15)		67,063,881	62,843,668

The accompanying notes are an integral part of
these financial statements

CORPORATION OF THE MUNICIPALITY OF BROCKTON

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

	Budget 2023	Actual 2023	Actual 2022
	\$ (Note 16)	\$	\$ Restated (Note 2)
Annual surplus	6,592,300	4,220,213	3,262,308
Acquisition of tangible capital assets	(3,637,660)	(12,347,111)	(10,792,291)
Amortization of tangible capital assets	-	2,503,977	2,225,066
(Gain)/Loss on disposal of tangible capital assets	-	(819,519)	(411,220)
Proceeds on disposal of tangible capital assets	-	1,194,790	456,083
Transfer of land held for sale	-	151,929	-
Change in prepaid expenses	-	365,319	(400,225)
Contributed tangible capital assets	-	(62,506)	(915,580)
Change in net debt	2,954,640	(4,792,908)	(6,575,859)
(Net debt) financial assets, beginning of year, as previously stated		(7,529,793)	1,950,015
Change in accounting policy (Note 2)		-	(2,903,949)
Net debt, end of year		(12,322,701)	(7,529,793)

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

	2023	2022
	\$	\$ Restated (Note 2)
Cash flows from (for):		
Operating activities		
Annual surplus	4,220,213	3,262,308
Non-cash items:		
Amortization of tangible capital assets	2,503,977	2,225,066
(Gain)/Loss on disposal of tangible capital assets	(819,519)	(411,220)
Transfer to land held for sale	151,929	-
Employee future benefits	(13,989)	4,579
Change in asset retirement obligation liability	151,512	104,657
Contributed tangible capital assets	(62,506)	(915,580)
	6,131,617	4,269,810
Changes in:		
Taxes receivable	(156,043)	108,643
Accounts receivable	1,238,383	(88,594)
Prepaid expenses	365,318	(400,225)
Accounts payable and accruals	(848,016)	512,365
Land held for sale	(117,363)	(34,566)
	6,613,896	4,367,433
Capital activities		
Acquisition of tangible capital assets	(12,347,111)	(10,792,291)
Proceeds on disposal of tangible capital assets	1,194,790	456,083
Accounts payable and accruals	365,397	269,381
	(10,786,924)	(10,066,827)
Investing activities		
Long-term receivable	16,473	16,366
Investments	(3,823,348)	-
	(3,806,875)	16,366
Financing activities		
Loans payable issued	7,917,837	6,647,174
Loans payable repaid	(3,891,789)	(846,100)
Change in deferred revenue	(21,441)	467,528
	4,004,607	6,268,602
Net change in cash position	(3,975,296)	585,574
Cash, beginning of year	9,545,248	8,959,674
Cash, end of year	5,569,952	9,545,248

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, 2023

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:

Bradley Community Centre

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	12.87%
Elmwood Community Centre	50.00%
Hanover/Walkerton Landfill	50.00%
Saugeen Municipal Airport	42.00%
Elmwood Fire Department	42.30%
Saugeen Mobility & Regional Transit (S.M.A.R.T)	11.50%

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, 2023

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) Financial instruments

The financial instruments of the Municipality consist of cash and cash equivalents, taxes receivable, accounts receivable, investments, long-term receivable, accounts payable, and long-term liabilities. All financial instruments are recognized at cost, amortized cost, or fair value.

Cash and cash equivalents are recognized at cost. Accounts receivable, accounts payable, deferred revenues and long-term liabilities (excluding derivative financial instruments) are recognized at amortized cost.

Investments include Canadian bonds and principal protected notes (PPNs). Bonds are recorded at fair values as they are quoted in an active market. PPNs have been designated to be recorded at fair value as these are hybrid financial instruments with an embedded derivative that has not been separated from the host contract. Derivatives are recorded at fair value and in determining fair value, the credit risk of both counterparties is considered.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense. Transaction costs are a component of cost for financial instruments measured at cost or amortized cost.

Unrealized gains and losses from the change in fair value of these financial instruments are reflected in the statement of remeasurement gains and losses until disposition. When the asset is sold, the unrealized gains and losses previously recognized in the statement of remeasurement gains and losses are reversed and recognized in the statement of operations.

The Standards require an organization to classify fair value measurements using a fair value hierarchy, which includes three levels of information that may be used to measure fair value:

- Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 - Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

CORPORATION OF THE MUNICIPALITY OF BROCKTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2023

1. Summary of significant accounting policies (continued)

(d) Financial instruments (continued)

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations and any unrealized gain is adjusted through the statement of remeasurement gains and losses.

From time to time, the municipality uses derivative financial instruments, including interest rate swap agreements, in its management of exposures to fluctuations in interest rates. An interest rate swap is a derivative financial contract between two parties who agree to exchange fixed rate interest payments for floating rate payments on a predetermined notional amount and term. Derivatives are recorded at fair value and in determining the fair value, the credit risk of both counterparties is considered.

(e) 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.

(f) 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, 2023

1. Summary of significant accounting policies (continued)

(f) (iv) Intangible assets

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

(g) 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.

(h) 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.

(i) 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.

(j) 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, 2023

1. Summary of significant accounting policies (continued)

(k) 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.

(l) 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.

(m) 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.

(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) Investment in Westario Power Inc.

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, 2023

1. Summary of significant accounting policies (continued)

(p) Asset retirement obligations

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

The liability for closure of operational sites and post-closure care relating to landfill sites has been recognized based on estimated future expenses. An additional liability for the removal of asbestos in several of the buildings owned by the Municipality has also been recognized based on estimated future expenses on closure of the site and post-closure care.

The liability is discounted using a present value calculation, and adjusted yearly for accretion expense. The recognition of a liability resulted in an accompanying increase to the respective tangible capital assets. The increase to the tangible capital assets is being amortized in accordance with the amortization accounting policies outlined in (e).

2. Changes in accounting policies

(a) *PS 3450 – Financial Instruments and PS 2601 – Foreign Currency Translation*

On January 1, 2023, the Municipality adopted Public Accounting Standards *PS 3450 – Financial Instruments and PS 2601 – Foreign Currency Translation*. The standards were adopted prospectively from the date of adoption. The new standards provide comprehensive requirements for the recognition, measurement, presentation and disclosure of financial instruments and foreign currency transactions.

Under PS 3450, all financial instruments, including derivatives, are included on the statement of financial position and are measured either at fair value or amortized cost based on the characteristics of the instrument and the Municipality's accounting policy choices (see Note 1).

The Municipality undertook a process to identify any and all adjustments required as a result of the adoption of this standard. This process did not yield identification of any such adjustments.

(b) *PS 3280 – Asset Retirement Obligations*

On January 1, 2022, the Municipality also adopted Public Accounting Standard *PS 3280 – Asset Retirement Obligations*. The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in buildings owned by public sector entities. The new accounting standard has resulted in a withdrawal of the existing Section *PS 3270 – Solid Waste Landfill Closure and Post-Closure Liability*. The standard was adopted on the modified retroactive basis at the date of adoption. Under the modified retrospective method, the discount rate and assumptions used on initial recognition are those as of the date of adoption of the standard.

CORPORATION OF THE MUNICIPALITY OF BROCKTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2023

2. Changes in accounting policies (continued)

The Municipality removed the landfill liability that had been recognized to date and recognized an asset retirement obligation upon adoption of PS3280 on January 1, 2022, using the modified retrospective method. The liability represents the required closure and post-closure care for the landfill sites owned and partially owned by the Municipality. The landfill sites were purchased in 1980 and 1981, and the liability was measured as of the date of purchase of the sites, when the liability was assumed.

On January 1, 2022, the Municipality recognized an additional asset retirement obligation relating to several capital assets owned by the Municipality that contain asbestos, gravel pits and underground fuel tanks. The liability was measured as of the date of purchase of the asset or when the liability was obligated by regulations, whichever is the latter. Retirement obligations regulations for asbestos were in effect as of 1985 and gravel pits as of 1990. The assets have various expected useful life, and the estimates has not been changed since purchase.

In accordance with the provisions of this new standard, the Municipality reflected the following adjustments at January 1, 2022 on a consolidated basis:

- Landfill obligation
 - A decrease of \$905,121 to Landfill Liability to remove the liability recognized to date under the old standard, and an accompanying increase of \$905,121 to opening Accumulated Surplus.
 - An increase of \$2,105,598 to the Landfill capital asset account, representing the original estimate of the obligation as of the date of purchase, and an accompanying increase of \$649,452 to Accumulated Amortization, representing the years of increased amortization had the liability originally been recognized.
 - An asset retirement obligation in the amount of \$3,463,523, representing the original \$2,105,598 obligation discounted to the present value.
 - A decrease to Opening Accumulated Surplus of \$1,102,256 as a result of the recognition of the liability and accompanying increase in depreciation expense and accretion expense for the years since purchase.
- Asbestos obligation
 - An increase of \$79,100 to the capital asset account, representing the original estimate of the obligation as of the date of purchase, and an accompanying increase of \$39,224 to Accumulated Amortization, representing the years of increased amortization had the liability originally been recognized.
 - An asset retirement obligation in the amount of \$345,546, representing the original \$79,100 obligation discounted to the present value.
 - A decrease to Opening Accumulated Surplus of \$305,670, as a result of the recognition of the liability and accompanying increase in depreciation expense and accretion expense for the years since purchase.

CORPORATION OF THE MUNICIPALITY OF BROCKTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2023

3. Statement of remeasurement gains and losses

A statement of remeasurement gains and losses has not been provided because there were no remeasurement gains or losses during the year.

4. Cash

Cash consists of the following:

	2023	2022
	\$	\$
Unrestricted	3,248,226	7,202,081
Restricted (Note 8)	2,321,726	2,343,167
	5,569,952	9,545,248

Restricted cash relates to obligatory reserve funds and other deferred revenue as described in Note 8 below.

5. Investments

Investments consist of the following:

	2023	2022
	\$	\$
Government and corporate bonds, with effective yield rates ranging from 1.09% to 3.95%, maturing from June 2024 to November 2033	1,823,348	-
CIBC principal protected notes, maturing from July 2027 to July 2028	2,000,000	-
	3,823,348	-

The nature of the investments is such that the original cost of the investment will be recovered when held to maturity, and may not result in any realized losses.

6. Investment in Westario Power Inc.

Investment consist of the following:

	2023	2022
	\$	\$
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 \$50,436 (2022 - \$100,871) on these shares, and are included in investment income (Note 18).

CORPORATION OF THE MUNICIPALITY OF BROCKTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2023

7. Long-term receivable

Long-term receivable consists of the following:

	2023	2022
	\$	\$
Note receivable, Saugeen Municipal Airport, prime less 0.5%, requires monthly payments of principal and interest of \$1,048 due October 2026	34,245	45,718
Note receivable, Elmwood Community Centre, 0% interest, required annual payments of principal of \$5,000 due April 2031	23,900	28,900
	58,145	74,618

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CORPORATION OF THE MUNICIPALITY OF BROCKTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2023

8. 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:

	2023	2022
	\$	\$
Obligatory Reserve Funds		
Recreational land	81,318	40,410
Federal gas tax	313,712	753,050
	395,030	793,460
Other		
Government grant funding	1,037,131	639,342
Developers deposits	471,769	534,331
Other	417,796	376,034
	1,926,696	1,549,707
	2,321,726	2,343,167

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

	2023	2022
	\$	\$
Balance, beginning of the year	793,460	1,040,462
Revenue recognized	(796,412)	(568,492)
Contributions	353,972	300,057
Interest earned	44,010	21,433
Balance, end of year	395,030	793,460

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

	2023	2022
	\$	\$
Balance, beginning of year	1,549,707	835,177
Restricted funds received	836,052	914,299
Revenue recognized	(459,063)	(199,769)
Balance, end of year	1,926,696	1,549,707

CORPORATION OF THE MUNICIPALITY OF BROCKTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2023

9. Loans payable

(a) Loans payable consist of the following:

	2023	2022
	\$	\$
Demand bank loan payable, interest at bank prime rate less .5%, payable \$5,208 monthly principal plus interest	625,000	687,500
Demand bank loan payable, interest at bank prime rate less .5%, payable \$5,868 monthly principal plus interest	-	58,679
Demand bank loan payable, interest at bank prime rate less .5%, payable \$5,371 monthly principal plus interest	36,320	100,770
Demand bank loan payable, interest at bank prime rate less .5%, payable \$3,126 monthly principal plus interest	-	37,516
Demand bank loan payable, interest at 2.71% annual, payable \$1,048 monthly principal and interest	34,245	45,718
Demand bank loan payable, interest at 4.43% annual, payable \$8,535 monthly principal and interest	712,580	781,760
Demand bank loan payable, interest at 5.46% annual, payable \$8,018 monthly principal and interest	983,655	1,030,471
Demand bank loan payable, interest at 3.04% annual, payable \$4,354 monthly principal and interest	-	260,606
Demand bank loan payable, interest at 5.46% annual, payable \$3,172 monthly principal and interest	292,904	316,116
Demand bank loan payable, interest at 5.46% annual, payable \$1,983 monthly principal and interest	183,065	197,572
Demand bank loan payable, interest at bank prime rate less .5%, payable \$206 monthly principal plus interest	2,059	4,529
Demand bank loan payable, interest at 3.07% annual, payable \$2,247 monthly principal and interest	249,843	268,824
Demand bank loan payable, interest at bank prime rate less .5%, payable \$2,333 monthly principal plus interest	28,000	56,000
Demand bank loan payable, interest at bank prime rate less .5%, payable \$1,230 monthly principal plus interest	88,531	103,286
Demand bank loan payable, interest at bank prime rate less .5%, payable \$1,056 monthly principal plus interest	76,043	88,717
Demand bank loan payable, interest at bank prime rate less .5%, payable \$667 monthly principal plus interest	8,000	16,000
Demand bank loan payable, interest at bank prime rate less .5%, payable \$1,805 monthly principal plus interest	21,664	43,329
Demand bank loan payable, interest at bank prime rate less .5%, payable \$1,944 monthly principal plus interest	139,984	163,315
Demand bank loan payable, interest at 3.16% annual, payable \$1,690 monthly principal and interest	188,247	202,339
Demand bank loan payable, interest at 2.78% annual, payable \$6,949 monthly principal and interest	904,078	961,472

CORPORATION OF THE MUNICIPALITY OF BROCKTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2023

9. Loans payable (continued)

	2023	2022
Demand bank loan payable, interest at 2.72% annual, payable \$5,605 monthly principal and interest	478,500	531,936
Demand bank loan payable, interest at bank prime rate less .5%, payable \$795 monthly principal plus interest	78,714	88,255
Demand bank loan payable, interest at 5.53% annual payable \$2,354 monthly principal and interest	103,054	-
Ontario Municipal Economic Infrastructure Financing Authority (OMEIFA), interest at 2.95%, semi-annual payments of \$40,631 principal and interest, due July 15, 2024	79,500	156,706
Saugeen Municipal Airport loan, interest at prime plus 0.25%, payable \$722 monthly plus interest, due on demand	22,355	25,939
Saugeen Municipal Airport loan, interest at prime plus 0.5%, payable \$1,048 monthly plus interest, due on demand	14,383	19,202
Demand bank loan payable, interest at 1.45% annual, payable \$795 monthly principal and interest	18,800	27,998
Demand bank loan payable, interest at 1.70% annual, payable \$1,993 monthly principal and interest	259,442	278,772
Demand bank loan payable, interest at 4.03% annual, payable \$5,927 monthly principal and interest	1,072,856	1,100,201
Demand bank loan payable, interest at bank prime rate less .5%, payable \$809 monthly principal plus interest	80,123	89,835
Ontario Infrastructure and Lands Corporation, construction loan, interest only at 4.15% annual	2,095,585	4,760,212
Demand bank loan payable, interest at 5.04% annual, payable \$4,052 monthly principal and interest	479,541	503,332
Demand bank loan payable, interest at 5.29% annual, payable \$1,206 monthly principal and interest	-	60,642
Ontario Infrastructure and Lands Corporation, interest at 4.34% annual, payable \$11,795 monthly principal and interest	2,346,106	-
Federation of Canadian Municipalities, interest at 4.13% annual, payable \$28,082 semi-annual principal and interest	437,660	-
Demand bank loan payable, interest at 5.49% annual, payable \$745 monthly principal and interest	30,214	-
Demand bank loan payable, interest at 0.99% annual, payable \$1,228 monthly principal and interest	66,027	-
Demand bank loan payable, interest at 0.99% annual, payable \$1,213 monthly principal and interest	65,223	-
Ontario Infrastructure and Lands Corporation debenture, interest at 5.03% annual, payable \$155,545 semi-annual principal and interest	4,791,296	-
	17,093,597	13,067,549

CORPORATION OF THE MUNICIPALITY OF BROCKTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2023

9. Loans payable (continued)

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

	Principal	Interest
	\$	\$
2024	1,325,498	763,950
2025	734,032	624,947
2026	3,181,298	588,465
2027	2,239,673	415,348
2028	335,549	366,455
Thereafter	9,277,547	4,842,789

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 \$505,182 (2022 - 276,032).

10. 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, 2023 the balance was \$NIL (2022 - \$NIL).

11. 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 \$NIL in 2023 (2022 - \$155) 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%.

12. 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 most recent actuarial valuation of the Plan was conducted at December 31, 2023. The results of this valuation disclosed total actuarial liabilities of \$136.1 (2022 - \$130.3) billion in respect of benefits accrued for service with actuarial assets at that date of \$131.9 (2022 - \$123.6) billion, indicating a going concern actuarial deficit of \$4.2 (2022 - \$6.7) billion. The Municipality does not recognize any share of the OMERS pension surplus or deficit.

The amount contributed to OMERS for the current year was \$400,739 (2022 - \$335,345) for current service.

CORPORATION OF THE MUNICIPALITY OF BROCKTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2023

13. Asset retirement obligations

The Municipality's asset retirement obligations consist of several obligations as follows:

(a) Landfill obligation

The Municipality owns and operates a number of landfill sites. The liability for the closure of operational sites and post-closure care has been recognized under PS 3280 – Asset Retirement Obligation. The costs were based upon the presently known obligations that will exist at the estimated year of closure of the sites and for 25 years post this date. The Brant and Greenock landfills had an estimated remaining useful life of 15 and 50 years. Post-closure care is estimated to be required for 25 years (2022 - 20 years) from the date of site closure. These costs were discounted to December 31, 2023 using a discount rate of 2.24% per annum. The Municipality has recognized in the consolidated financial statements an unfunded liability for Brant landfill of \$626,289 (2022 - \$567,017) and the Greenock landfill of \$590,674 (2022 - \$580,353).

Additionally, the Municipality has recognized in the consolidated financial statements an unfunded liability of \$2,481,687 (2022 - \$2,410,446), which represents its 50% ownership of the Hanover/Walkerton Landfill site that is shared with the Town of Hanover. These costs were discounted to December 31, 2023 using a discount rate of 3.37% per annum.

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.

(b) Asbestos obligation

The Municipality owns and operates several buildings that are known to have asbestos, which represents a health hazard upon demolition of the building and there is a legal obligation to remove it. The presence of asbestos is not a current health hazard, and there is no requirement to remove asbestos in these buildings as long as the asbestos is contained and does not pose a public health risk. According to the Canadian Centre of Occupational Health and Safety (CCOHS), there are no significant health risks if the materials containing asbestos in your home or place of work are:

- Tightly bound in the original product, and it is in good condition
- Sealed behind walls and floorboards
- Isolated in an attic
- Left undisturbed

The Municipality assesses spaces for the presence of asbestos prior to any construction or renovation taking place. If any asbestos present would be disturbed due to these activities, it is appropriately abated in a manner that is compliant with relevant legislation and regulations. Remediation activities also occur upon the disposal of a building.

CORPORATION OF THE MUNICIPALITY OF BROCKTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2023

13. Asset retirement obligations (continued)

The Municipality's asset retirement obligations represent management's best estimate of the present value of the costs that are expected to be incurred for the remediation of asbestos present in some of the Municipality's buildings. Following the adoption of PS3280 – Asset retirement obligations, the Municipality recognized an obligation relating to the removal and post-removal care of the asbestos in these building as estimated at January 1, 2021. The buildings had an estimated useful life of 40 to 50 years. Post-closure care is estimated to extend for up to a year post the closure of the building, while demolition and construction continues. At December 31, 2023, estimated total undiscounted future asset retirement obligations are \$13,603,130 (2022 - \$13,416,165). The Municipality used a discount rate of 3.00% (2022 - 3.00%) which represented the estimated inflation rate.

The transition and recognition of asset retirement obligations involved an accompanying increase to the buildings and landfill and the restatement of prior year numbers (see Note 2).

Changes to the asset retirement obligation in the year are as follows:

Asset retirement obligation (ARO)	Landfill Closure	Asbestos Removal	Balance at December 31, 2023
	\$	\$	\$
Asset retirement obligation balance at beginning of the year	3,557,816	355,911	3,913,727
Accretion expense	107,895	10,678	118,573
Change in estimate	42,930	-	42,930
Asset retirement obligations settled during year	(9,991)	-	(9,991)
Asset retirement obligation balance at end of the year	3,698,650	366,589	4,065,239
<hr/>			
Asset retirement obligation	Landfill Closure	Asbestos Removal	Balance at December 31, 2022
	\$	\$	\$
Asset retirement obligation balance at beginning of the year, as restated	3,463,523	345,546	3,809,069
Accretion expense	104,040	10,365	114,405
Asset retirement obligations settled during the year	(9,747)	-	(9,747)
Asset retirement obligation balance at end of the year	3,557,816	355,911	3,913,727

CORPORATION OF THE MUNICIPALITY OF BROCKTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2023

14. 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 \$395,177 (2022 - \$6,801,602) 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 \$62,506 (2022 - \$915,580).

(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, 2023

15. Accumulated surplus

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

	2023	2022
	\$	\$
Invested in tangible capital assets		
Tangible capital assets at cost less amortization	79,248,685	69,870,246
Tangible capital assets financed by loans payable and short-term borrowing to be funded in future years	(17,059,362)	(13,021,841)
Total invested in capital assets	62,189,323	56,848,405
Surplus		
Land held for sale	151,929	34,566
General area taxation	(3,836,947)	(4,720,701)
Bradley Community Centre	7,154	6,570
Saugeen Municipal Airport	(5,365)	(18,105)
Bruce Area Solid Waste Recycling	(1,149)	27,090
Elmwood Community Centre	(10,403)	(10,403)
Unfunded employee future benefits	(63,989)	(77,977)
Unfunded asset retirement obligation liability	(4,065,239)	(3,913,727)
Total surplus	54,365,314	48,175,718
Reserves set aside for specific purposes by Council		
Current purposes	143,234	143,234
Capital purposes	1,743,315	1,117,223
Total reserves	1,886,549	1,260,457
Reserve funds set aside for specific purposes by Council		
Capital purposes	10,812,018	13,407,493
Total accumulated surplus	67,063,881	62,843,668

16. Budget amounts

The operating budget approved by Council for 2023 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 2023 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, 2023

17. Net property taxation

Net property taxation consists of:

	2023	2022
	\$	\$
Taxation revenue	20,225,495	18,517,276
Amount levied and remitted to school boards	(2,460,461)	(2,390,524)
Amount levied and remitted to the County of Bruce	(5,820,811)	(5,286,318)
Net property taxation	11,944,223	10,840,434

18. Other revenues

Other revenues consist of the following:

	2023 Budget	2023 Actual	2022 Actual
	\$	\$	\$
Penalties and interest on taxation (Note 16)	122,500	87,931	76,343
Rents	321,800	318,000	306,057
Investment income (Note 6)	69,084	58,862	106,255
Donations	16,100	35,219	21,597
Sale of non-TCA assets	2,079,500	805,736	439,670
	2,608,984	1,305,748	949,922

19. Trust fund

The trust fund administered by the municipality is for Cemetery Perpetual Care and Maintenance amounts to \$262,299 (2022 - \$251,899). 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, 2023

20. Commitments

- (a) Capital commitments of \$4,153,729 (2022 - \$7,216,514) 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:

	\$
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:

	\$
2024	202,615
2025	72,309
2026	49,416
2027	32,844
2028	8,247

21. 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 \$39,402 (2022 - \$50,461).
- (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, 2023

22. 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
	2023	2023	2023	2023	2023	2023
	\$	\$	\$	\$	\$	\$
Financial assets	1,261,989	23,534	1,530,331	58,291	185,241	301,842
Liabilities	208,967	41,102	5,072,551	158,538	9,358	390,065
Net financial assets (debt)	1,053,022	(17,568)	(3,542,220)	(100,247)	175,883	(88,223)
Non-financial assets	1,662,338	-	6,699,555	755,770	936,187	706,096
Accumulated surplus	2,715,360	(17,568)	3,157,335	655,523	1,112,070	617,873
General surplus	(8,919)	(17,568)	-	(12,775)	-	-
Unfunded liabilities	-	-	(4,977,626)	(87,472)	-	-
Invested in tangible capital assets	1,651,821	-	6,699,555	755,770	935,847	617,873
Reserves and reserve funds	1,072,458	-	1,435,406	-	176,223	-
	2,715,360	(17,568)	3,157,335	655,523	1,112,070	617,873
Revenues	3,829,826	102,965	1,222,529	467,562	283,536	2,158,413
Expenses	4,389,478	99,723	1,272,618	430,161	324,752	1,914,145
Annual surplus (deficit)	(559,652)	3,242	(50,089)	37,401	(41,216)	244,268

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, 2023

23. 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, 2023

23.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.

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**CORPORATION OF THE
MUNICIPALITY OF BROCKTON**

**SCHEDULE 1
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	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	9,654,313	2,556,319	632,745	10,040,200	14,280,989	19,193,394	61,797,351	6,801,602	124,956,913
Asset retirement obligations	42,930	-	-	-	-	-	-	-	42,930
Additions	-	321,323	-	192,385	1,845,670	4,029,312	3,274,218	2,703,779	12,366,687
Disposals	(157,938)	-	-	(3,973)	(448,795)	(202,043)	(239,960)	-	(1,052,709)
Transferred to held for sale	(151,929)	-	-	-	-	-	-	-	(151,929)
Transfers	-	485,746	-	24,448	1,486,546	1,062,169	6,051,295	(9,110,204)	-
Balance, end of year	9,387,376	3,363,388	632,745	10,253,060	17,164,410	24,082,832	70,882,904	395,177	136,161,892
Accumulated amortization									
Balance, beginning of year	1,513,819	658,204	464,397	6,400,723	7,951,664	6,682,702	31,415,159	-	55,086,668
Amortization	159,820	76,528	63,275	171,273	644,611	296,799	1,091,671	-	2,503,977
Disposals	-	-	-	(3,427)	(373,497)	(99,697)	(200,817)	-	(677,438)
Balance, end of year	1,673,639	734,732	527,672	6,568,569	8,222,778	6,879,804	32,306,013	-	56,913,207
Net book value, end of year	7,713,737	2,628,656	105,073	3,684,491	8,941,632	17,203,028	38,576,891	395,177	79,248,685

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, 2022

	Land	Land Improvements	Leasehold Improvements	Buildings and Improvements	Vehicles, Machinery, Equipment and Furniture	Water and Wastewater Infrastructure	Roads Infrastructure	Work in Progress	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Restated (Note 2)									
Cost									
Balance, beginning of year, as previously stated	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
Asset retirement obligation	2,134,558	-	-	50,142	-	-	-	-	2,184,700
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)	2,022
Balance, end of year	9,654,314	2,556,319	632,745	10,040,200	14,280,989	19,193,394	61,797,351	6,801,602	124,958,936
Accumulated amortization									
Balance, beginning of year, as previously stated	714,638	606,229	401,122	6,243,529	8,288,106	6,481,876	30,565,772	-	53,301,272
Asset retirement obligation	651,743	-	-	36,933	-	-	-	-	688,676
Amortization	147,438	51,975	63,275	171,732	569,230	219,987	1,001,429	-	2,225,066
Disposals	-	-	-	(51,471)	(905,672)	(19,161)	(152,042)	-	(1,128,346)
Balance, end of year	1,513,819	658,204	464,397	6,400,723	7,951,664	6,682,702	31,415,159	-	55,086,668
Net book value, end of year	8,140,495	1,898,115	168,348	3,639,477	6,329,325	12,510,692	30,382,192	6,801,602	69,870,246

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, 2023

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation, Cultural, Social and Family Services	Planning and Development	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Revenues								
Net property taxation	11,944,223	-	-	-	-	-	-	11,944,223
User charges and fees	70,322	534,064	37,643	4,274,889	76,762	1,100,709	8,583	6,102,972
Government transfers	1,591,020	471,896	-	133,178	-	318,357	2,000	2,516,451
Revenue from other municipalities	-	32,921	-	2,337	243,827	937,300	-	1,216,385
Other	166,875	1,568	685	-	11,250	329,885	795,485	1,305,748
	13,772,440	1,040,449	38,328	4,410,404	331,839	2,686,251	806,068	23,085,779
Expenses								
Salaries, wages and benefits	1,478,024	674,506	1,189,047	329,703	54,860	2,922,341	157,551	6,806,032
Interest on loans payable	1,122	1,666	245,448	92,972	-	18,170	141,176	500,554
Materials and supplies	320,903	212,585	2,707,986	1,759,004	39,740	1,049,383	200,380	6,289,981
Contracted services	265,309	3,370,484	4,727	1,114,235	89,130	314,326	27,660	5,185,871
Rents, financial expenses and external transfers	144,695	6,799	(1,720)	-	-	42,127	34,566	226,467
Amortization	38,832	189,435	1,316,616	650,923	3,436	304,735	-	2,503,977
Accretion	-	-	6,224	110,828	-	1,521	-	118,573
	2,248,885	4,455,475	5,468,328	4,057,665	187,166	4,652,603	561,333	21,631,455
Net revenues (expenses)	11,523,555	(3,415,026)	(5,430,000)	352,739	144,673	(1,966,352)	244,735	1,454,324

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, 2023**

	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	-	-	1,169,121	-	-	71,823	25,000	1,265,944
Capital Contribution	-	-	-	8,844	-	53,662	-	62,506
Gain/(Loss) on disposal of tangible capital assets	(19,972)	5,061	(27,954)	(102,516)	-	(7,588)	972,488	819,519
Donations	-	-	1,200	-	-	167,003	54,921	223,124
Investment income	394,796	-	-	-	-	-	-	394,796
	374,824	5,061	1,142,367	(93,672)	-	284,900	1,052,409	2,765,889
Annual surplus (deficit)	11,898,379	(3,409,965)	(4,287,633)	259,067	144,673	(1,681,452)	1,297,144	4,220,213

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, 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	2,784,657	1,738,588	41,387	872,539	343,215	6,403,025
Contracted services	210,885	3,226,793	4,350	1,108,023	175,738	222,347	18,724	4,966,860
Rents, financial expenses and external transfers	153,174	8,414	(850)	-	-	35,242	-	195,980
Amortization	27,756	148,971	1,223,076	553,507	2,855	268,900	-	2,225,065
Accretion	-	-	6,043	106,886	-	1,477	-	114,406
	2,358,537	4,149,812	5,331,450	3,869,493	267,496	3,970,875	520,834	20,468,497
Net revenues (expenses)	10,398,402	(3,275,435)	(5,290,792)	370,049	97,382	(1,683,321)	65,762	682,047

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these financial statements

**CORPORATION OF THE
MUNICIPALITY OF BROCKTON**

**SCHEDULE 4
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)	(4,546,631)	1,325,645	97,382	(1,058,633)	77,757	3,262,308

The accompanying notes are an integral part of
these financial statements

AUDITOR'S COMMENT ON SCHEDULE OF REVENUE AND EXPENDITURES

To the County of Bruce:

The audited financial statements of the Corporation of the Municipality of Brockton as at December 31, 2023 and our report thereon dated ***** are presented in the preceding section of this annual report. The financial information presented hereinafter was derived from the accounting records tested by us as part of the auditing procedures followed in our examination of the financial statements and, in our opinion, it is fairly presented in all material respects in relation to the financial statements taken as a whole.

The schedules have been prepared on the basis of accounting required by the County of Bruce.

Baker Tilly SGB

Draft

Baker Tilly SGB LLP
Licensed Public Accountants
Walkerton, Ontario

CORPORATION OF THE MUNICIPALITY OF BROCKTON

APPENDIX I SCHEDULE OF WALKERTON DAYCARE REVENUE AND EXPENDITURES FOR THE YEAR ENDED DECEMBER 31, 2023

	Budget	2023	2022
	\$	\$	\$
DAYCARE FUNDING REVENUE			
Municipal Grants	330,000	266,544	337,927
Fees - County CWELCC	-	873,068	192,774
Fees - County Other	-	64,231	106,901
Fees - Parent	1,529,950	738,815	955,234
Other	-	1,201	2,813
Total Revenues	1,859,950	1,943,859	1,595,649
EXPENDITURES			
Salaries and Benefits	1,771,526	1,771,373	1,540,954
Maintenance	70,734	94,821	90,354
Utilities	4,000	2,995	3,256
Food	46,500	51,709	36,368
Other	15,736	15,685	16,071
Total Expenditures	1,908,496	1,936,583	1,687,003
Excess (Deficit) of Revenue Over Expenditures	(48,546)	7,276	(91,354)

UNAUDITED - SEE AUDITORS COMMENTS ON SCHEDULE OF REVENUE AND EXPENDITURES