

**THE CORPORATION OF THE MUNICIPALITY OF
BROOKE - ALVINSTON**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2010

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Collins Barrow

Chartered Accountants

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AUDITORS' REPORT

TO THE MEMBERS OF COUNCIL INHABITANTS AND RATEPAYERS OF THE THE CORPORATION OF THE MUNICIPALITY OF BROOKE - ALVINSTON

We have audited the consolidated financial statements of The Corporation of the Municipality of Brooke - Alvinston, which comprise the consolidated statement of financial position as at December 31, 2010 and the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Municipality as at December 31, 2010 and the results of its operations, change in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Report on other Legal and Regulatory Requirements

As required by the Corporations Act of Ontario, we report that, in our opinion, the accounting principles in Canadian general accepted accounting principles have been applied on a basis consistent with that of the preceding year.

Collins Barrow KMP LLP

Chartered Accountants
Licensed Public Accountants
London, Ontario
September 27, 2012

THE CORPORATION OF THE MUNICIPALITY OF BROOKE - ALVINSTON

CONSOLIDATED STATEMENT OF FINANCIAL POSITION At December 31, 2010

	2010 \$	2009 \$
FINANCIAL ASSETS		
Cash	1,298,613	-
Accounts receivable (note 3)	1,157,211	1,928,823
Taxes receivable	417,106	430,674
Investments (note 3)	289,862	244,432
Investment - Bluewater Power Corporation (notes 1 and 9)	364,013	345,862
TOTAL FINANCIAL ASSETS	3,526,805	2,949,791
FINANCIAL LIABILITIES		
Bank overdraft	-	145,827
Short term debt	-	550,000
Accounts payable and accrued liabilities	476,767	440,186
Deferred income	2,100	74,773
Long term debt (note 5)	1,755,480	927,601
TOTAL FINANCIAL LIABILITIES	2,234,347	2,138,387
NET FINANCIAL ASSETS	1,292,458	811,404
NON-FINANCIAL ASSETS		
Tangible capital assets (note 4)	18,766,528	18,842,938
Inventories of supplies and prepaid expenses	77,144	81,832
TOTAL NON-FINANCIAL ASSETS	18,843,672	18,924,770
ACCUMULATED SURPLUS (note 6)	20,136,130	19,736,174

Approved on behalf of the Board:

Mayor 

Treasurer Administrator 

The accompanying notes are an integral part of these financial statements

THE CORPORATION OF THE MUNICIPALITY OF BROOKE - ALVINSTON

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS For the Year Ended December 31, 2010

	Budget (Unaudited) 2010 \$	Actual 2010 \$	Actual 2009 \$
REVENUES			
Property taxation	1,800,447	1,835,054	1,615,235
User charges	611,788	617,088	585,548
Government of Canada	138,501	47,963	619,167
Province of Ontario	1,885,398	1,789,748	2,012,274
Other municipalities	199,228	140,529	88,779
Penalties and interest on taxes	70,000	76,875	79,193
Investment income	13,000	53,513	62,631
Donations	1,100	37,155	85,788
Gain (loss) on sale of tangible capital assets	-	8,125	(5,275)
Share of (net loss) income of Bluewater Power Corporation	-	18,151	(7,244)
Prepaid special charges	-	168,628	209,420
TOTAL REVENUES	4,719,462	4,792,829	5,345,516
EXPENSES			
General government	512,625	501,357	622,928
Protection services	813,161	876,942	846,321
Transportation services	1,070,628	1,371,820	1,495,679
Environmental services	407,788	808,400	993,329
Health services	500	49,282	69,680
Recreation and cultural services	364,590	471,585	438,479
Planning and development	44,350	313,487	36,751
TOTAL EXPENSES	3,213,642	4,392,873	4,503,167
ANNUAL SURPLUS	1,505,820	399,956	842,349
ACCUMULATED SURPLUS - beginning of year	19,736,174	19,736,174	18,893,825
ACCUMULATED SURPLUS - end of year	21,241,994	20,136,130	19,736,174

The accompanying notes are an integral part of these financial statements

THE CORPORATION OF THE MUNICIPALITY OF BROOKE - ALVINSTON

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS For the Year Ended December 31, 2010

	Budget (Unaudited) 2010 \$	Actual 2010 \$	Actual 2009 \$
ANNUAL SURPLUS	1,505,820	399,956	842,349
Amortization of tangible capital assets	864,765	864,765	848,848
Acquisition of tangible capital assets	(1,069,016)	(1,069,016)	(2,013,056)
Loss/(gain) on disposal of tangible capital assets	-	(8,125)	5,467
Proceeds on sale of tangible capital assets	-	84,404	68,817
Write-down of tangible capital assets	-	204,382	-
(Increase)/decrease in inventories of supplies and prepaid expenses	-	4,688	(17,996)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	1,301,569	481,054	(265,571)
NET FINANCIAL ASSETS - beginning of year	811,404	811,404	1,076,975
NET FINANCIAL ASSETS - end of year	2,112,973	1,292,458	811,404

The accompanying notes are an integral part of these financial statements

THE CORPORATION OF THE MUNICIPALITY OF BROOKE - ALVINSTON

CONSOLIDATED STATEMENT OF CASH FLOWS For the Year Ended December 31, 2010

	2010 \$	2009 \$
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Annual surplus	399,956	842,349
(Increase)/decrease in accounts receivable	771,612	(473,926)
Decrease in taxes receivable	13,568	199,107
(Increase)/decrease in investments	(45,430)	21,090
(Increase)/decrease in investment - Bluewater Power Corporation	(18,151)	7,244
(Increase)/decrease in inventories of supplies and prepaid expenses	4,688	(17,996)
Increase/(decrease) in short term debt	(550,000)	540,000
Increase/(decrease) in accounts payable and accrued liabilities	36,581	(48,195)
Decrease in deferred income	(72,673)	(107,847)
Non-cash charges to operations		
Amortization of tangible capital assets	864,765	848,848
Loss/(gain) on disposal of tangible capital assets	(8,125)	5,467
Write down of tangible capital assets	204,382	-
Net increase in cash from operating transactions	1,601,173	1,816,141
CAPITAL		
Acquisition of tangible capital assets	(1,069,016)	(2,013,056)
Proceeds on disposal of tangible capital assets	84,404	68,817
Net decrease in cash from capital transactions	(984,612)	(1,944,239)
FINANCING		
Debt principal repayments	(89,096)	(67,111)
Long term debt issued	916,975	-
Net increase/(decrease) in cash from financing transactions	827,879	(67,111)
	1,444,440	(195,209)
CASH AND CASH EQUIVALENTS - beginning of year	(145,827)	49,382
CASH AND CASH EQUIVALENTS - end of year	1,298,613	(145,827)

The accompanying notes are an integral part of these financial statements

THE CORPORATION OF THE MUNICIPALITY OF BROOKE - ALVINSTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2010

The Brooke - Alvinston is a lower tier municipality in the 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. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements of Brooke - Alvinston have been prepared in accordance with Canadian Public Sector Accounting Standards as recommended by the Canadian Institute of Chartered Accountants. Significant accounting policies adopted by the municipality are as follows:

(a) Reporting Entity

These consolidated financial statements reflect the assets, liabilities, revenues and expenses and accumulated surplus of the reporting entity.

The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Municipality and which are owned and controlled by the Municipality. These financial statements include:

- Alvinston Cemetery Board
- Inwood Community Centre Board
- Alvinston Electricity Holdings Inc.

All interfund assets and liabilities and revenues and expenses are eliminated.

Alvinston Electricity Holdings Inc. holds the Township's interest in BlueWater Power Corporation, a government business enterprise which is accounted for on the modified equity basis.

(b) Trust Funds

Trust funds and their related operations administered by the Municipality are not included in these consolidated financial statements but are reported on separately on the Trust Funds Statement of Continuity and Statement of Financial Position.

THE CORPORATION OF THE MUNICIPALITY OF BROOKE - ALVINSTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2010

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(c) 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, if any, of tangible capital assets is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

Land improvements	10 years
Buildings	50 years
Roadways	7-50 years
Water and sewer	50-75 years
Vehicles	5-15 years
Furniture and fixtures	5 years

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

Tangible capital assets categorized as assets under construction are not amortized until they are put into service.

(d) Recognition of Revenues and Expenses

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which the transactions or events occurred that give rise to the revenue; expenses are recognized in the period the goods or services are acquired and a legal liability is incurred or transfers are due.

(e) Non-financial Assets

Tangible capital and other non-financial assets are accounted for as assets by the Municipality because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the Municipality unless they are sold.

(f) Reserves and Reserve Funds

Certain amounts, as approved by Council, are set aside in reserves and reserve funds for future operating and capital purposes. Transfers to and/or from reserves and reserve funds are an adjustment to the respective fund when approved.

(g) Government Funding

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

THE CORPORATION OF THE MUNICIPALITY OF BROOKE - ALVINSTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2010

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(h) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions on such areas as allowance for doubtful accounts. These estimates and assumptions 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 revenue and expenses during the period and are based on the Enter description best information and judgment. Actual results could differ from these estimates.

(i) Inventories

Inventories held for consumption are recorded at the lower of cost and replacement value.

(j) Investments

Investments consist of municipal debentures and are recorded at the lower of cost and market value. Investment income is reported as revenue in the period earned.

2. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF LAMBTON

During 2010, requisitions were made by the County of Lambton and School Boards requiring the Municipality to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are as follows:

	School Boards \$	County \$
Property taxes	1,142,723	1,174,541
Amounts requisitioned and remitted	1,142,723	1,174,541

These amounts have not been included in the Consolidated Statement of Operations and Accumulated Surplus.

3. INVESTMENTS

The investments in the amount of \$289,862 (2009 - \$244,432) have a market value of \$289,862 (2009 - \$244,432) as at December 31, 2010. Investments are comprised of money market funds and municipal debentures.

THE CORPORATION OF THE MUNICIPALITY OF BROOKE - ALVINSTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2010

4. TANGIBLE CAPITAL ASSETS

The net book value of the Municipality's tangible capital assets are:

	2010 \$	2009 \$
General		
Land	81,118	81,118
Land improvement	153,762	147,723
Buildings	1,408,538	1,403,827
Vehicles and equipment	1,221,702	1,291,444
Infrastructure		
Transportation	6,372,865	6,467,714
Environmental	9,380,522	9,376,022
	18,618,507	18,767,848
Assets under construction	148,021	75,090
	18,766,528	18,842,938

For additional information, see the Consolidated Schedule of Tangible Capital Assets.

During the year there were \$204,382 in write-downs of assets (2009 - \$Nil) and no interest capitalized (2009 - \$Nil).

THE CORPORATION OF THE MUNICIPALITY OF BROOKE - ALVINSTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2010

5. LONG TERM DEBT

- (a) The balance of long term debt reported on the Consolidated Statement of Financial Position is made up of the following:

	2010 \$	2009 \$
Waterline debentures, interest rates from 7.00% to 8.25%, maturing 2010 to 2017	31,104	42,801
OSIFA waterline debenture, interest rate of 2.54%, maturing 2035	724,352	744,880
OSIFA sewer debenture, interest rate of 2.28%, maturing 2020	105,549	114,847
Arena debentures, interest rate of 7.00%, maturing 2010	-	25,073
Tile drainage loans, interest rates at 8.00%, maturing 2009 to 2018	249,070	216,420
Of the long term liabilities shown above, the responsibility for payment of principal and interest charges for tile drainage assistance loans has been assumed by individuals	(249,070)	(216,420)
OIPC sewer debenture, interest rate of 4.54%, maturing 2030	877,500	-
Municipal reserve funds, interest rate of 5.00%, maturing 2015	11,200	-
Municipal reserve funds, interest rate of 7.00%, maturing 2015	5,775	-
	1,755,480	927,601

- (b) The Municipality acts as a collection agency for the Province of Ontario for tile drainage loans for individual ratepayers. The value of these loans outstanding at December 31, 2010 is \$249,070 (2009 - \$216,420). These loans and the related repayments are not reported on the Consolidated Statements of Financial Position, Financial Activities and Changes in Financial Position.

- (c) Interest paid during the year on long term debt amounted to \$53,546 (2009 - \$32,950).

THE CORPORATION OF THE MUNICIPALITY OF BROOKE - ALVINSTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2010

5. LONG TERM DEBT, continued

(d) The long term debt reported in (a) of this note is repayable as follows:

	Principal \$	Interest \$	Total \$
2011	91,142	63,023	154,165
2012	92,951	59,547	152,498
2013	81,423	55,126	136,549
2014	82,477	52,042	134,519
2015	82,872	48,920	131,792
2016 to 2020	408,737	199,975	608,712
2021 and subsequent years	915,878	201,298	1,117,176
	1,755,480	679,931	2,435,411

THE CORPORATION OF THE MUNICIPALITY OF BROOKE - ALVINSTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2010

6. ACCUMULATED SURPLUS

Accumulated surplus consists of individual fund surplus/(deficit) and reserves and reserve funds as follows:

	2010 \$	2009 \$
Surplus/(Deficit)		
General surplus (deficit)	817,683	(459,217)
Alvinston special area	(1,641)	(12,663)
Inwood special area	7,318	6,109
Water operations	(181,914)	(149,854)
Sewer	(327,196)	(300,793)
Community Centre	73,207	51,448
Canada Day Committee	2,837	7,677
Cemetery	20,069	36,065
Inwood	922	1,501
Investment - Bluewater Power Corporation	364,013	345,862
	775,298	(473,865)
Invested in Capital Assets		
Tangible capital assets - net book value	18,766,528	18,842,938
Long term debt	(1,755,480)	(927,601)
	17,011,048	17,915,337
Surplus	17,786,346	17,441,472
Reserves		
Working Capital	874,612	874,612
Municipal building	111,820	111,820
Election	972	12,000
Storm sewer	20,800	20,800
Water	36,477	36,477
Sewer	64,318	64,318
Fire Area 2 Alvinston	77,473	121,000
General	85,000	-
Roads	463,299	463,299
Arena	105,219	105,219
Equipment purchase	28,591	28,591
Total Reserves	1,868,581	1,838,136
Reserve Funds		
Alvinston general	122,785	99,590
Fire Area 1 Inwood	32,908	32,461
Sewer	2,169	2,142
Water	56,075	55,373
Alvinston capital utility	21,266	21,000
Cemetery	246,000	246,000
Total Reserve Funds	481,203	456,566
	20,136,130	19,736,174

THE CORPORATION OF THE MUNICIPALITY OF BROOKE - ALVINSTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2010

7. EXPENSES BY OBJECT

The expenses for the year reported on the Consolidated Statement of Operations and Accumulated Surplus by object are as follows:

	Budget 2010 \$	Actual 2010 \$	Actual 2009 \$
Salaries and benefits	915,304	923,036	943,213
Interest charges	35,310	53,546	32,950
Materials	2,263,028	2,507,697	2,678,156
Amortization	-	908,594	848,848
	3,213,642	4,392,873	4,503,167

8. BUDGET FIGURES

The budget, approved by the Municipality, for 2010 is reflected on the Statement of Operations and Accumulated Surplus and the Statement of Change in Net Financial Assets. 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 current year's actual amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSAB reporting requirements. Budget figures are not subject to audit.

9. INVESTMENT - ALVINSTON ELECTRICITY HOLDINGS INC.

On October 31, 2000 the assets of the Alvinston Hydro Electric Commission were transferred to Bluewater Power Distribution Corporation. The Township is the sole shareholder of Alvinston Electricity Holding Inc., which received a .72% interest in Bluewater Power Distribution Corporation in consideration for the transfer of the commission's assets. The investment is reported on the modified equity basis.

The summary financial information for Bluewater Power Distribution Corporation is as follows:

	2010 \$
Current assets	32,323,774
Capital assets	48,173,407
Other assets	14,602,664
Current liabilities	(26,036,464)
Long term liabilities	(37,883,581)
Net equity	31,179,800
Revenues	90,731,554
Expenses	(86,770,352)
Net Income	3,961,202

THE CORPORATION OF THE MUNICIPALITY OF BROOKE - ALVINSTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2010

10. CONTINGENT LIABILITIES

The Municipality was involved in a lawsuit in November of 2011 that is still outstanding at the completion of the 2010 year end financial statements. The claim against the Township is in the amount of \$350,000 and is expected to be covered by the Township's insurance policy. There is also a claim against the Townships employees for the same lawsuit in the amount of \$150,000 plus interest and costs which will not be covered by insurance.

11. SEGMENTED INFORMATION

The Brooke - Alvinston is a municipal government institution that provides a range of services to its citizens. Municipality services are reported by function and their activities are separately disclosed in the segmented information.

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Certain allocation methodologies are employed in the preparation of segmented financial information. Taxation, payments-in-lieu of taxes and certain unconditional government transfers are apportioned based on each segment's net requirements.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1. For additional information see the Consolidated Schedule of Segmented Disclosure.

General Government

General government consists of the activities of Council and general financial and administrative management of the Municipality and its programs and services.

Protection Services

Protection services include police, fire, conservation authority and protective inspection and control.

Transportation Services

The activities of the transportation function include construction and maintenance of the Enter description roads and bridges, winter control, and street lighting.

Environmental Services

The environmental function is responsible for providing water, sewer, waste disposal and recycling services to ratepayers.

Health Services

The health services function consists of the activities of the cemetery board.

Recreation and Cultural Services

The recreation and cultural services function provides indoor and outdoor recreational facilities and programs and library services.

THE CORPORATION OF THE MUNICIPALITY OF BROOKE - ALVINSTON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2010

11. SEGMENTED INFORMATION, continued

Planning and Development

The planning and development services function manages commercial, industrial and residential development within the Municipality.

THE CORPORATION OF THE MUNICIPALITY OF BROOKE - ALVINSTON

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS For the Year Ended December 31, 2010

	General			Infrastructure		Assets Under Construction	Totals
	Land	Land Improvement	Buildings	Vehicles and Equipment	Transportation	Environmental	
	\$	\$	\$	\$	\$	\$	\$
COST							
Balance, beginning of year	81,118	284,393	2,287,957	2,598,005	13,558,583	12,633,462	31,518,608
Add: additions during the year	-	24,976	39,242	310,674	300,610	245,485	1,069,016
Less: disposals during the year	-	-	-	240,423	164,430	-	479,951
Balance, end of year	81,118	309,369	2,327,199	2,668,256	13,694,763	12,878,947	32,107,673
ACCUMULATED AMORTIZATION							
Balance, beginning of year	-	-	884,130	1,306,561	7,090,869	3,257,440	12,675,670
Add: additions during the year	-	18,937	34,531	177,247	393,065	240,985	864,765
Less: disposals during the year	-	-	-	37,254	162,036	-	199,290
Balance, end of year	-	155,607	918,661	1,446,554	7,321,898	3,498,425	13,341,145
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	81,118	153,762	1,408,538	1,221,702	6,372,865	9,380,522	18,766,528

THE CORPORATION OF THE MUNICIPALITY OF BROOKE - ALVINSTON

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE For the Year Ended December 31, 2010

	General Government \$	Protection Services \$	Transportation Services \$	Water and Sewer \$	Other Environmental Services \$	Health Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Property taxation	1,835,054	-	-	-	-	-	-	-	1,835,054
User charges	18,942	18,913	10,377	317,413	6,104	13,344	231,695	300	617,088
Government transfers - operating	1,621,600	4,660	-	39,359	-	-	4,400	10,668	1,680,687
Government transfers - capital	43,450	-	73,013	2,535	-	-	38,026	-	157,024
Other municipalities	-	97,105	34,996	-	-	-	8,428	-	140,529
Penalties and interest on taxes	76,875	-	-	-	-	-	-	-	76,875
Investment income	53,513	-	-	-	-	-	-	-	53,513
Donations	37,155	-	-	-	-	-	-	-	37,155
Gain (loss) on sale of assets	8,125	-	-	-	-	-	-	-	8,125
Investment income	18,151	-	-	-	-	-	-	-	18,151
Other	168,628	-	-	-	-	-	-	-	168,628
	3,881,493	120,678	118,386	359,307	6,104	13,344	282,549	10,968	4,792,829
Salaries and benefits	273,214	101,355	350,800	-	-	24,979	172,688	-	923,036
Interest charges	-	-	-	51,791	-	-	1,755	-	53,546
Materials	217,275	705,695	505,155	389,536	130,524	21,757	228,249	309,506	2,507,697
Amortization	10,868	69,892	515,865	236,549	-	2,546	68,893	3,981	908,594
	501,357	876,942	1,371,820	677,876	130,524	49,282	471,585	313,487	4,392,873
Net surplus/deficit	3,380,136	(756,264)	(1,253,434)	(318,569)	(124,420)	(35,938)	(189,036)	(302,519)	399,956

THE CORPORATION OF THE MUNICIPALITY OF BROOKE - ALVINSTON

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2009

	General Government t	Protection Services	Transportati on Services	Water and Sewer \$	Other Environmen tal Services \$	Health Services \$	Recreation and Cultural Services \$	Planning and Developme nt \$	Other Services \$	Elimination Consolidate d \$
Revenues										
Property taxation	-	738,855	480,669	-	129,051	44,531	199,598	22,531	-	1,615,235
User charges	15,564	18,687	1,428	299,816	1,763	25,149	220,391	2,750	-	585,548
Government transfers - operating	1,454,200	-	2,138	347,098	-	-	3,000	11,470	-	1,817,906
Government transfers - capital	13,728	-	259,897	524,420	-	-	15,490	-	-	813,535
Other municipalities	-	88,779	-	-	-	-	-	-	-	88,779
Penalties and interest on taxes	79,193	-	-	-	-	-	-	-	-	79,193
Investment income	62,631	-	-	-	-	-	-	-	-	62,631
Donations	85,788	-	-	-	-	-	-	-	-	85,788
Gain (loss) on sale of assets	(5,275)	-	-	-	-	-	-	-	-	(5,275)
Investment income	(7,244)	-	-	-	-	-	-	-	-	(7,244)
Other	209,420	-	-	-	-	-	-	-	-	209,420
Total revenues	1,908,005	846,321	744,132	1,171,334	130,814	69,680	438,479	36,751	-	5,345,516
Expenses										
Salaries and benefits	311,228	90,611	364,005	-	-	21,032	156,337	-	-	943,213
Interest charges	-	-	-	29,555	-	-	3,395	-	-	32,950
Materials	301,135	685,424	669,471	600,444	130,814	46,712	211,009	33,147	-	2,678,156
Amortization	10,565	70,286	462,203	232,516	-	1,936	67,738	3,604	-	848,848
Total expenses	622,928	846,321	1,495,679	862,515	130,814	69,680	438,479	36,751	-	4,503,167
Net surplus/deficit	1,285,077	-	(751,547)	308,819	-	-	-	-	-	842,349



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AUDITORS' REPORT

TO THE MEMBERS OF COUNCIL INHABITANTS AND RATEPAYERS OF THE THE CORPORATION OF THE MUNICIPALITY OF BROOKE - ALVINSTON

We have audited the statement of financial position of the Trust Funds of the The Corporation of the Municipality of Brooke - Alvinston as at December 31, 2010 and the statement of continuity of the Trust Funds for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Trust Funds of the Municipality as at December 31, 2010 and the continuity of the Trust Funds for the year then ended in accordance with Canadian public sector accounting standards.

Collins Barrow KMD LLP

Chartered Accountants
Licensed Public Accountants
September 27, 2012

THE CORPORATION OF THE MUNICIPALITY OF BROOKE - ALVINSTON

TRUST FUNDS STATEMENT OF FINANCIAL POSITION At December 31, 2010

	Cemetry Board Perpetual Care \$	Ontario Home Renewal Plan \$	2010 Total \$	2009 Total \$
FINANCIAL ASSETS				
Cash	6,690	4,364	11,054	3,500
Accrued interest	5,167	-	5,167	5,192
Investments (note 2)	171,400	-	171,400	171,400
Due from Alvinston Cemetery Board	5,772	-	5,772	10,344
Loans receivable	-	379	379	1,969
	189,029	4,743	193,772	192,405
CURRENT LIABILITIES				
Due to Township of Brooke-Alvinston	-	71	71	219
Due to Province of Ontario	-	4,135	4,135	2,544
Due to ratepayer	-	-	-	486
	-	4,206	4,206	3,249
FUND BALANCE	189,029	537	189,566	189,156
	189,029	4,743	193,772	192,405

The accompanying notes are an integral part of these financial statements

THE CORPORATION OF THE MUNICIPALITY OF BROOKE - ALVINSTON

TRUST FUNDS STATEMENT OF CONTINUITY For the Year Ended December 31, 2010

	Cemetry Board Perpetual Care \$	Ontario Home Renewal Plan \$	2010 Total \$	2009 Total \$
BALANCE - beginning of year	187,029	2,127	189,156	185,583
RECEIPTS				
Sale of lots	2,000	-	2,000	4,450
Interest earned	6,574	71	6,645	6,745
	8,574	71	8,645	11,195
EXPENSES				
Administration	2	71	73	200
Repayment to ministry	-	1,590	1,590	519
Transfer to Alvinston Cemetery Board	6,572	-	6,572	6,903
	6,574	1,661	8,235	7,622
BALANCE - end of year	189,029	537	189,566	189,156

The accompanying notes are an integral part of these financial statements

THE CORPORATION OF THE MUNICIPALITY OF BROOKE - ALVINSTON

TRUST FUNDS NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2010

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local governments and their boards as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

(a) Basis of Accounting

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

(b) Financial Instruments

The Trust Funds financial instruments consist of cash, investments and accounts payable. It is management's opinion that the fair value of financial instruments are not materially different from their carrying value unless otherwise noted. The Trust Funds does not have any significant concentration of credit, currency or interest rate risk.

(c) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions 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 revenue and expenses during the period and are based on the Enter description best information and judgment. Actual results could differ from these estimates.

2. CASH AND INVESTMENTS

Cash and investments totaling \$182,454 have a fair market value of the same amount. Included in cash and investments are \$171,400 of GIC's with interest rates ranging from 2.4% to 4.2% and maturities ranging from June 27, 2011 to September 22, 2015.

3. ONTARIO HOME RENEWAL PROGRAM LOANS

The Ontario Home Renewal Program was established by the Ontario Ministry of Housing to provide grants for municipalities to make loans to assist owner occupants to repair, rehabilitate and improve their homes to local property standards. Individual loans are limited to \$7,500 of which the maximum forgivable is \$4,000. Loan forgiveness is earned and recorded at a rate of up to \$600 per year of continued ownership and occupancy. In the event of the sale or lease of the home or in the event of the homeowner ceasing to occupy the home, the balances of the repayable loan and the unearned forgivable loan immediately become due and payable by the homeowner.

The Province of Ontario cancelled the Ontario Home Renewal Program as of July 16, 1993. As of that date, no new loans are to be issued and surplus funds are to be returned to the Province annually.