

The Corporation of the Municipality of Brooke-Alvinston

Financial Statements

December 31, 2023

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### *Management's Responsibility for the Consolidated Financial Statements*

The accompanying financial statements of The Corporation of the Municipality of Brooke-Alvinston (the "Municipality") are the responsibility of the Municipality's management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards. A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of 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 compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of consolidated financial statements. These systems are monitored and evaluated by management.

The financial statements have been audited by MNP LLP, independent external auditors and appointed by the Municipality. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Municipality's financial statements.

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Stephen Ikert  
Treasurer

The Corporation of the Municipality of Brooke-Alvinston  
Financial Statements  
For The Year Ended December 31, 2023

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**Council**

Mayor David Ferguson

Councillors Frank Nemcek  
Don McCabe  
Jenny Redick  
Craig Sanders

**Administration**

Clerk / Administrator Janet Denkers  
Treasurer Stephen Ikert  
Treasury Assistant Dustin McNaughton  
Financial Assistants Darlene Paolucci / Cheryl Beaugrand  
Public Works Manager Jamie Butler  
Parks and Recreation Manager Greg Thornicroft

To the Members of Council, Inhabitants and Ratepayers of the Municipality of Brooke-Alvinston:

## Opinion

We have audited the financial statements of Municipality of Brooke-Alvinston (the "Municipality"), which comprise the statement of financial position as at December 31, 2023, and the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Municipality as at December 31, 2023, and the results of its operations, changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

## Basis for Opinion

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

## Other Matter

The financial statements of the Municipality of Brooke-Alvinston for the year ended December 31, 2022 were audited by Baker Tilly Sarnia LLP of Sarnia, Ontario, Canada, prior to its merger with MNP LLP. Baker Tilly Sarnia LLP expressed an unmodified opinion on those statements on August 10, 2023.

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

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

In preparing the financial statements, management is responsible for assessing the Municipality's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the 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 Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Sarnia, Ontario

July 18, 2024

*MNP LLP*

Chartered Professional Accountants

Licensed Public Accountants

The Corporation of the Municipality of Brooke-Alvinston  
Statement Of Financial Position  
December 31, 2023

	2023	2022
<b>Assets</b>		
<b>Financial Assets</b>		
Cash and cash equivalents	\$ 1,921,632	\$ 2,421,812
Investments (note 11)	316,535	305,100
Taxes and interest receivable	385,657	319,107
Accounts receivable	1,383,447	989,555
Loans Receivable	381,328	291,684
Investment in Bluewater Power Corporation (note 3)	<u>644,046</u>	<u>615,880</u>
<b>Total financial assets</b>	<u><b>5,032,645</b></u>	<u><b>4,943,138</b></u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	417,909	339,897
Municipal debt (note 4)	1,538,020	1,720,831
Deferred revenue (note 5)	864,218	792,995
Funds held in trust (note 11)	<u>220,151</u>	<u>217,855</u>
<b>Total liabilities</b>	<u><b>3,040,298</b></u>	<u><b>3,071,578</b></u>
<b>Net Financial Assets</b>	<u><b>1,992,347</b></u>	<u><b>1,871,560</b></u>
<b>Non-Financial Assets</b>		
Tangible capital assets (note 6)	24,822,386	24,753,597
Prepaid expenses	24,504	27,308
Inventory	<u>164,725</u>	<u>107,077</u>
<b>Total non-financial assets</b>	<u><b>25,011,615</b></u>	<u><b>24,887,982</b></u>
<b>Accumulated Surplus (note 7)</b>	<u><b>\$ 27,003,962</b></u>	<u><b>\$ 26,759,542</b></u>

Contingencies (note 8)

Approved On Behalf Of Council

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Mayor

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Treasurer

The Corporation of the Municipality of Brooke-Alvinston  
Statement Of Operations and Accumulated Surplus  
For the Year Ended December 31, 2023

	Budget 2023 (note 9)	Actual 2023	Actual 2022
<b>Revenues</b>			
Taxation	\$ 3,445,298	\$ 3,409,391	\$ 3,219,098
Fees and user charges	1,336,599	1,666,619	1,466,414
Fees and user charges - other municipalities	125,811	124,545	149,385
Grants	1,257,403	1,196,302	999,115
Other	153,130	420,919	267,120
Bluewater Power Corporation, change in equity	-	28,166	38,108
<b>Total Revenues</b>	<u>6,318,241</u>	<u>6,845,942</u>	<u>6,139,240</u>
<b>Expenditures</b>			
General government	636,232	695,287	583,586
Protection services	885,885	891,119	819,624
Transportation services	2,302,755	2,059,137	2,010,201
Environmental services	1,008,673	1,017,691	992,086
Health services	95,563	66,370	82,076
Recreation and cultural services	701,100	768,560	607,320
Planning and development	581,784	1,103,357	962,041
<b>Total Expenditures</b>	<u>6,211,992</u>	<u>6,601,521</u>	<u>6,056,934</u>
<b>Annual Surplus</b>			
of Revenues over Expenditures	106,249	244,421	82,306
<b>Accumulated Surplus, Beginning Of Year</b>	<u>26,759,541</u>	<u>26,759,541</u>	<u>26,677,236</u>
<b>Accumulated Surplus, End Of Year</b>	<u>\$ 26,865,790</u>	<u>\$ 27,003,962</u>	<u>\$ 26,759,542</u>



The Corporation of the Municipality of Brooke-Alvinston  
Statement of Change in Net Financial Assets  
December 31, 2023

	Budget 2023 (note 9)	Actual 2023	Actual 2022
<b>Annual surplus</b>	\$ 106,249	\$ 244,421	\$ 82,306
Amortization of tangible capital assets	1,124,219	1,124,219	1,120,709
Change in prepaid and inventory expenses	-	(54,845)	14,365
(Gain)/Loss on sale of tangible capital assets	-	-	(9,761)
Proceeds from sale of tangible assets	-	-	136,287
Acquisition of tangible capital assets	<u>(1,974,696)</u>	<u>(1,193,008)</u>	<u>(1,132,062)</u>
<b>Net change in net financial assets</b>	<b>(744,228)</b>	<b>120,787</b>	<b>211,844</b>
<b>Net financial assets, beginning of year</b>	<u>1,871,560</u>	<u>1,871,560</u>	<u>1,659,716</u>
<b>Net financial assets, end of year</b>	<u>\$ 1,127,332</u>	<u>\$ 1,992,347</u>	<u>\$ 1,871,560</u>

The Corporation of the Municipality of Brooke-Alvinston  
Statement Of Cash Flows  
For The Year Ended December 31, 2023

	2023	2022
<b>Operating Activities</b>		
Annual surplus	\$ 244,421	\$ 82,306
Items not requiring cash:		
Amortization of tangible capital assets	1,124,219	1,120,709
(Gain)/loss on sale of tangible capital assets	<u>-</u>	<u>(9,761)</u>
	<u>1,368,640</u>	<u>1,193,254</u>
Taxes and interest receivable	(66,550)	(91,746)
Accounts receivable	(393,892)	584,117
Loans receivable	(89,644)	(84,319)
Accounts payable and accrued liabilities	78,012	(506,481)
Inventories held for consumption	(57,648)	(23,394)
Deferred revenue	71,223	434,914
Prepaid expenses	2,803	37,759
Funds held in trust	<u>2,296</u>	<u>3,440</u>
	<u>915,240</u>	<u>1,547,544</u>
<b>Capital Transactions</b>		
Proceeds from sale of tangible assets	-	136,287
Acquisition of tangible capital assets	<u>(1,193,008)</u>	<u>(1,132,062)</u>
	<u>(1,193,008)</u>	<u>(995,775)</u>
<b>Investing Transactions</b>		
Purchase of Investments	(11,435)	36,790
Investment in Bluewater Power Corporation	<u>(28,166)</u>	<u>(38,108)</u>
	<u>(39,601)</u>	<u>(1,318)</u>
<b>Financing Transactions</b>		
Proceeds from long-term debt	32,100	40,200
Repayment of municipal debt	<u>(214,911)</u>	<u>(216,157)</u>
	<u>(182,811)</u>	<u>(175,957)</u>
<b>Net change in cash and cash equivalents</b>	<b>(500,180)</b>	<b>374,494</b>
<b>Opening, cash and cash equivalents</b>	<u><b>2,421,812</b></u>	<u><b>2,047,318</b></u>
<b>Closing, cash and cash equivalents</b>	<u><u><b>\$ 1,921,632</b></u></u>	<u><u><b>\$ 2,421,812</b></u></u>

## 1. Significant Accounting Policies

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The Financial Statements of the Municipality of Brooke-Alvinston (the "Municipality" or "Corporation") 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 as prescribed by the Municipal Act, Municipal Affairs Act and related legislation. The Municipality is a lower tier municipality in the Province of Ontario, Canada.

Significant accounting policies adopted include:

(a) **Basis of Reporting**

(i) **Reporting Entity**

These financial statements reflect the financial assets, liabilities, reserves, surpluses/deficits, changes in investment in tangible capital assets and revenues and expenditures of all municipal organizations and committees which are controlled by Council.

(ii) **Investment in Bluewater Power Corporation**

The investment in Bluewater Power Corporation is accounted for on the modified equity basis which reflects the Municipality's investment in the enterprises and its share of net income since acquisition. Under the modified equity basis, the enterprise's accounting principles are not adjusted to conform with those of the municipality and inter-organizational transactions and balances are not eliminated. However, interorganizational gains and losses are eliminated on assets remaining with the government reporting entities at the reporting date. The Municipality recognizes its equity interest of the government business enterprises' income or loss in its Consolidated Statement of Operations and Accumulated Surplus with a corresponding increase or decrease in its investment account. All dividends received or receivable will be reflected as reductions in the investment account.

(iii) **Accounting for County and School Board Transactions**

The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards and the County of Lambton are not reflected in the balances of these financial statements except to the extent that any amounts due to or from are reported on the Statement of Financial Position.

(iv) **Trust Funds**

Trust funds and their related operations administered by the Municipality are not consolidated, but are reported separately.

(iv) **Government Transfers**

Government transfer payments are recognized in the financial statements in the year in which the payment is authorized and the events giving rise to the transfer occur, performance criteria are met, and a reasonable estimate of the amount can be made. Funding that is supposed to be used for specific purposes is only recognized as revenue in the fiscal year that the related expenses are incurred or services preformed. If funding is received for which the related expenses have not yet been incurred or services preformed, these amounts are recorded as a liability at year end.

1. Significant Accounting Policies cont'd...

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(b) Basis of Accounting

(i) Accrual Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures 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.

(ii) Cash and Cash Equivalents

Cash and cash equivalents include cash on account and short-term investments with original maturities of three months or less and are stated at cost.

(iii) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenditures, provides the Change in Net Financial Assets for the year.

(iv) 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. Contributed tangible capital assets are recorded at their fair value at the date of contribution. Where fair market value cannot be reasonably determined, contributed tangible capital assets are recorded at a nominal amount. The useful life of the assets is based on estimates determined by management. The cost, less residual value, of the tangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

<b>Asset</b>	<b>Years</b>
Land improvements	10 years
Buildings	50 years
Equipment, furniture and fixtures	5 years
Vehicles	5 to 15 years
Road infrastructure	7 to 100 years
Environmental infrastructure	50 to 75 years

Assets under construction are not amortized until the asset is available for productive use. Annual amortization is prorated in the year of acquisition and in the year of disposal.

(v) Intangible Assets

Intangible assets, art and cultural and historic assets, and items inherited by right of the Crown, such as Crown lands, forests, water, and mineral resources, are not recorded as assets in these financial statements.

1. **Significant Accounting Policies** cont'd...

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(b) **Basis of Accounting** cont'd...

(vi) **Deferred Revenue**

Revenue restricted by legislation, regulation or agreement and not available for general municipal purposes is reported as deferred revenue on the Statement of Financial Position. The revenue is reported on the Statement of Operations and Accumulated Surplus in the year in which it is used for the specified purpose.

(vii) **Revenue Recognition**

Property tax billings are prepared by the municipality based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC"). Tax rates are established annually by Council, incorporating amounts to be raised for local services, the requisition made by the County of Lambton in respect of County services and amounts the Municipality is required to collect on behalf of the Province of Ontario in respect of education taxes. 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 sets up supplementary tax billings. Assessments and related property taxes are also subject to appeals, vacancy rebates and write-offs if applicable in the year. Each year management provides a best estimate of the affect of supplementary assessments and tax appeals on taxation revenue.

The Municipality is entitled to collect interest and penalties on the overdue taxes. This revenue is recorded in the period the interest and penalties are levied.

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

Investment income earned on surplus funds (other than obligatory reserve funds) is reported as revenue on the daily accrual basis. Investment income earned on obligatory reserve funds is recorded directly to each fund balance.

Conditional grant revenue is recognized to the extent the conditions imposed on it have been fulfilled. Unconditional grant revenue is recognized when the monies are receivable. Grants for the acquisition of tangible capital assets are recognized in the period in which eligible expenditures are made.

(viii) **Use of Estimates**

The preparation of financial statements in accordance with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Due to the inherent uncertainty in making estimates, actual results could differ from management's best estimates as additional information becomes available in the future.

1. Significant Accounting Policies cont'd...

(iv) Asset Retirement Obligations

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset (or a component thereof) at the financial statement date when there is a legal obligation for the Municipality to incur retirement costs in relation to a tangible capital asset (or component thereof), 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 best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at the financial statement reporting date. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods.

As of December 31, 2023, management's best estimate based on their information available does not recognize any asset retirement obligations, and therefore no liability exists. Management will continue to address the new standard and review the policy to determine if any asset retirement obligations are to be reported.

2. Operations Of School Boards And The County Of Lambton

The Municipality collects property taxes and payments in lieu of property taxes on behalf of the County of Lambton and school boards operating within the Municipality and County of Lambton. These amounts are not included in the consolidated statement of operations and accumulated surplus. The amounts collected and remitted as of December 31, 2023 are as follows:

	School Boards	County	2023 Total	2022 Total
Taxation and user charges collected	\$ 1,097,106	\$ 1,910,178	\$ 3,007,284	\$ 2,919,005
Amounts transferred	<u>(1,097,106)</u>	<u>(1,910,178)</u>	<u>(3,007,284)</u>	<u>(2,919,005)</u>
Balance, end of year	\$ <u>          -</u>	\$ <u>          -</u>	\$ <u>          -</u>	\$ <u>          -</u>

The Corporation of the Municipality of Brooke-Alvinston  
Notes To The Financial Statements  
December 31, 2023

**3. Hydro Investments**

In recognition of the requirements of Bill 35 (The Energy Competition Act, 1998) the Municipality, along with the City of Sarnia, Township of Warwick, Village of Point Edward, Village of Oil Springs and Town of Petrolia, effective October 31, 2000, merged all of the their hydro-electrical operations and transferred all of their hydro-electrical assets and liabilities to Bluewater Power Corporation and its subsidiary.

Upon determination of the fair value of assets and liabilities transferred, each municipality received a promissory note from Bluewater Power Corporation's wholly owned subsidiary, Bluewater Power Distribution Corporation, and a proportionate share of the common shares of Bluewater Power Corporation. On the effective date of Bill 35, the assets of Alvinston Hydro Electric Commission were transferred to Bluewater Power Corporation. The Municipality of Brooke-Alvinston was the sole shareholder of Alvinston Electricity Holdings Inc, which received a 0.72% interest in Bluewater Power Corporation in consideration for the transfer of the Commission's assets. The investment is reported using the modified equity method of accounting

The investment is composed of the following:

	2023	2022
Promissory note	\$ 139,981	\$ 139,519
Alvinston Electricity Holdings Inc. common shares	129,831	129,831
Share of net income since acquisition, net of dividends received	<u>374,234</u>	<u>346,530</u>
	<u>\$ 644,046</u>	<u>\$ 615,880</u>
<b>Continuity of Investment</b>		
Balance, beginning of year	\$ <u>615,880</u>	\$ <u>577,772</u>
Share of net income for the year	43,074	52,983
Dividends received during the year	<u>14,908</u>	<u>14,875</u>
Net increase in equity during the year	<u>28,166</u>	<u>38,108</u>
Balance, end of year	<u>\$ 644,046</u>	<u>\$ 615,880</u>

The promissory note due from Bluewater Power Distribution Corporation, bears interest at 6.73%, is unsecured, subordinated and due eighteen months following demand for payment. During 2023, the Municipality of Brooke-Alvinston received \$9,771 (2022 - \$9,771) of interest income on the promissory note which is reported in the Statement of Operations and Accumulated Surplus.

The following tables provide condensed financial information from the municipality's government business enterprises.

Notes continued on page 10....

The Corporation of the Municipality of Brooke-Alvinston  
Notes To The Financial Statements  
December 31, 2023

3. Hydro Investments cont'd...

<b>Bluewater Power Corporation - Financial Position</b>	<b>2023</b>	<b>2022</b>
Assets		
Current assets	\$ 36,535,515	\$ 31,702,654
Property, plant and equipment	101,615,249	95,027,706
Other assets	<u>8,234,149</u>	<u>8,396,653</u>
Total assets	146,384,913	135,127,013
Regulatory balances	<u>6,777,728</u>	<u>8,349,095</u>
 Total Assets and Regulatory Balances	 <u>\$ 153,162,641</u>	 <u>\$ 143,476,108</u>
 Liabilities		
Current liabilities	\$ 24,765,027	\$ 30,042,847
Long-term liabilities	<u>56,930,689</u>	<u>44,260,708</u>
Total liabilities	<u>81,695,716</u>	<u>74,303,555</u>
 Equity		
Share capital	18,032,105	18,032,105
Retained earnings	52,577,061	48,112,287
Accumulated other comprehensive income (loss)	<u>(600,132)</u>	<u>16,907</u>
Total equity	<u>70,009,034</u>	<u>66,161,299</u>
 Total liabilities and equity	 151,704,750	 140,464,854
Regulatory balances	<u>1,457,891</u>	<u>3,011,254</u>
 Total Liabilities, Equity and Regulatory Balances	 <u>\$ 153,162,641</u>	 <u>\$ 143,476,108</u>
 <b>Bluewater Power Corporation - Results of Operations</b>		
Revenues	\$ 139,461,012	\$ 143,731,056
Expenditures	130,857,700	137,236,671
Income tax expense	<u>2,205,000</u>	<u>2,245,000</u>
Net income for the year	6,398,312	4,249,385
 Net movement in regulatory balances, net of tax	 136,996	 2,026,650
Other comprehensive income (loss) for the year	<u>(617,039)</u>	<u>2,584,605</u>
 Total comprehensive income for the year	 <u>\$ 5,918,269</u>	 <u>\$ 8,860,640</u>
 Municipality of Brooke-Alvinston, share of net income @ 0.72%	 <u>\$ 43,074</u>	 <u>\$ 52,983</u>
 Dividends	 <u>\$ 2,065,974</u>	 <u>\$ 2,065,974</u>
 Municipality of Brooke-Alvinston, dividend @ 0.72%	 <u>\$ 14,908</u>	 <u>\$ 14,875</u>
 Net Increase in Equity During the Year	 <u>\$ 28,166</u>	 <u>\$ 38,108</u>

Notes continued on page 11....



The Corporation of the Municipality of Brooke-Alvinston  
Notes To The Financial Statements  
December 31, 2023

**4. Municipal Debt**

(a) The balance of municipal debt reported on the statement of financial position is made up of the following:

	2023	2022
Infrastructure Ontario, Inwood storm sewer debenture, repayable in blended semi-annual instalments of \$31,126, including interest at a fixed rate of 2.52%, due December 2026.	\$ 196,022	\$ 258,158
Infrastructure Ontario, Inwood sewer system serial debenture, repayable in semi-annual principal instalments of \$17,775, plus interest at a fixed rate of 4.54%, due March 2030.	231,075	266,625
Infrastructure Ontario, Alvinston sewer upgrades serial debenture, repayable in semi-annual principal instalments of \$2,475 plus interest at a fixed rate of 4.54%, due March 2030.	32,175	37,125
Infrastructure Ontario, Shiloh Line Rehabilitation, serial debenture, repayable in semi-annual principal instalments of \$32,500 plus interest at a fixed rate of 2.06%, maturing 2031.	520,000	585,000
Infrastructure Ontario, waterline debenture, repayable in blended semi-annual instalments of \$19,659, including interest at a fixed rate of 2.54%, due July 2035.	<u>404,501</u>	<u>433,000</u>
	<u>1,383,773</u>	<u>1,579,908</u>
To Finance Municipal Services:		
OIPC sewer (Inwood Connections) serial debenture, repayable in semi-annual principal instalments of \$2,250, plus interest at a fixed rate of 4.54%, maturing 2030.	29,250	33,750
Tile drain loans, repayable in various blended annual payments, including interest at fixed rates of 6.00%, maturing 2025-2031.	<u>124,997</u>	<u>107,173</u>
	<u>154,247</u>	<u>140,923</u>
Total Municipal Debt	<u>\$ 1,538,020</u>	<u>\$ 1,720,831</u>

Notes continued on page 12....

The Corporation of the Municipality of Brooke-Alvinston  
Notes To The Financial Statements  
December 31, 2023

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**4. Municipal Debt** cont'd....

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(b) Principal repayments are as follows:

2024	\$	220,508
2025		223,924
2026		225,508
2027		154,345
2028		155,919
Thereafter		<u>557,816</u>
	\$	<u><u>1,538,020</u></u>

(c) Total interest charges for the year for municipal debt which is reported on the statement of financial position was \$49,916 (2022 - \$54,169). During the year, \$32,100 (2022 - \$40,200) of new loans were incurred. The Municipality has an operating loan facility with \$2,000,000 available.

(d) The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

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**5. Deferred Revenue** 2023 2022

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The deferred revenue is comprised of the following:

Deferred revenues	\$	<u>864,218</u>	\$	<u>792,995</u>
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The net change during the year in the deferred revenue balances is as follows:

Balance, beginning	\$	792,995	\$	358,081
Deferred revenue received		<u>500,385</u>		<u>474,217</u>
		1,293,380		832,298
Transfer to operations		<u>429,162</u>		<u>39,303</u>
Balance, ending	\$	<u>864,218</u>	\$	<u>792,995</u>

**Restricted Use Funds**

Federal - Canada Community-Building Fund (CCBF)		325,975		226,438
Ontario Community Infrastructure Fund (OCIF)		<u>217,346</u>		<u>273,665</u>
	\$	<u>543,321</u>	\$	<u>500,103</u>

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The Corporation of the Municipality of Brooke-Alvinston  
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6. Tangible Capital Assets

Asset Cost 2023

	Land	Land Improvements	Buildings	Equipment	Vehicles	Infrastructure	Assets Under Construction	Total
Balance, beginning	\$ 129,786	\$ 985,632	\$ 6,856,484	\$ 5,151,961	\$ 1,851,002	\$ 32,728,389	\$ 326,778	\$ 48,030,032
Additions	-	34,211	-	194,893	648,917	10,790	953,115	1,841,926
Disposals	-	-	-	-	-	-	648,918	648,918
<b>Balance, ending</b>	<b>\$ <u>129,786</u></b>	<b>\$ <u>1,019,843</u></b>	<b>\$ <u>6,856,484</u></b>	<b>\$ <u>5,346,854</u></b>	<b>\$ <u>2,499,919</u></b>	<b>\$ <u>32,739,179</u></b>	<b>\$ <u>630,975</u></b>	<b>\$ <u>49,223,040</u></b>

Accumulated Amortization

Balance, beginning	\$ -	\$ 483,290	\$ 3,156,908	\$ 3,233,647	\$ 1,251,409	\$ 15,151,181	\$ -	\$ 23,276,435
Amortization	-	22,994	147,398	254,212	87,015	612,600	-	1,124,219
Disposals	-	-	-	-	-	-	-	-
<b>Balance, ending</b>	<b>\$ -</b>	<b>\$ <u>506,284</u></b>	<b>\$ <u>3,304,306</u></b>	<b>\$ <u>3,487,859</u></b>	<b>\$ <u>1,338,424</u></b>	<b>\$ <u>15,763,781</u></b>	<b>\$ -</b>	<b>\$ <u>24,400,654</u></b>

Net Book Value

<b>Value</b>	<b>\$ <u>129,786</u></b>	<b>\$ <u>513,559</u></b>	<b>\$ <u>3,552,178</u></b>	<b>\$ <u>1,858,995</u></b>	<b>\$ <u>1,161,495</u></b>	<b>\$ <u>16,975,398</u></b>	<b>\$ <u>630,975</u></b>	<b>\$ <u>24,822,386</u></b>
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Asset Cost 2022

	Land	Land Improvements	Buildings	Equipment	Vehicles	Infrastructure	Assets Under Construction	Total
Balance, beginning	\$ 129,786	\$ 967,286	\$ 6,646,543	\$ 4,994,524	\$ 1,998,700	\$ 32,434,744	\$ 27,553	\$ 47,199,136
Additions	-	18,346	209,941	310,904	2	293,645	502,310	1,335,148
Disposals	-	-	-	153,467	147,700	-	203,085	504,252
<b>Balance, ending</b>	<b>\$ <u>129,786</u></b>	<b>\$ <u>985,632</u></b>	<b>\$ <u>6,856,484</u></b>	<b>\$ <u>5,151,961</u></b>	<b>\$ <u>1,851,002</u></b>	<b>\$ <u>32,728,389</u></b>	<b>\$ <u>326,778</u></b>	<b>\$ <u>48,030,032</u></b>

Accumulated Amortization

Balance, beginning	\$ -	\$ 461,583	\$ 3,011,452	\$ 3,006,235	\$ 1,303,866	\$ 14,547,230	\$ -	\$ 22,330,366
Amortization	-	21,707	145,456	254,352	95,243	603,951	-	1,120,709
Disposals	-	-	-	26,940	147,700	-	-	174,640
<b>Balance, ending</b>	<b>\$ -</b>	<b>\$ <u>483,290</u></b>	<b>\$ <u>3,156,908</u></b>	<b>\$ <u>3,233,647</u></b>	<b>\$ <u>1,251,409</u></b>	<b>\$ <u>15,151,181</u></b>	<b>\$ -</b>	<b>\$ <u>23,276,435</u></b>

Net Book Value

<b>Value</b>	<b>\$ <u>129,786</u></b>	<b>\$ <u>502,342</u></b>	<b>\$ <u>3,699,576</u></b>	<b>\$ <u>1,918,314</u></b>	<b>\$ <u>599,593</u></b>	<b>\$ <u>17,577,208</u></b>	<b>\$ <u>326,778</u></b>	<b>\$ <u>24,753,597</u></b>
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Assets Under Construction

Assets under construction having a value of \$630,975 (2022 - \$326,778) have not been amortized. Amortization of these assets will commence when the asset is put into service.

Works Of Art And Historical Treasures

The Municipality manages and controls art and historical cultural treasures, they are not setup as capital assets or amortized.

Writedown Of Tangible Capital Assets

The writedown of tangible capital assets during the year was \$Nil (2022 - \$Nil).

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The Corporation of the Municipality of Brooke-Alvinston  
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7. Accumulated Surplus	2023	2022
Accumulated surplus consists of the following individual fund surplus and reserves as follows:		
<b>Surplus</b>		
Invested in tangible capital assets	\$ 24,822,386	\$ 24,753,597
Equity in Bluewater Power Corporation	644,046	615,880
General surplus	301,680	312,264
Alvinston special area	40,763	37,766
Inwood special area	16,430	15,995
Water operations	(238,610)	(150,273)
Sewer operations deficit	(122,604)	(128,652)
Inwood sewer operations	(168,963)	(220,004)
Canada Day committee	4,222	4,946
Cemetery	<u>107,608</u>	<u>119,210</u>
	25,406,958	25,360,729
Unfunded:		
Long-term debt used to finance tangible capital assets	<u>(1,383,773)</u>	<u>(1,579,908)</u>
Total Surplus	<u>24,023,185</u>	<u>23,780,821</u>
<b>Reserves set aside for specific purposes by Council:</b>		
Working Capital	1,345,000	1,349,612
Capital Reserve	782,189	741,471
Special Area	30,000	25,000
Fire	8,660	135,000
Budget Surplus Reserve	342,574	318,056
Reserve Funds		
Water	212,724	167,680
Alvinston Sewer	145,235	133,252
Inwood Sewer	46,677	44,996
Alvinston General	67,718	63,654
Total Reserves	<u>2,980,777</u>	<u>2,978,721</u>
<b>Accumulated Surplus</b>	<u>\$ 27,003,962</u>	<u>\$ 26,759,542</u>

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## 8. Contingencies

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The nature of municipal activities is such that there may be litigation pending or in prospect at any time. With respect to claims at December 31, 2023, the ultimate outcomes are indeterminable as litigation is still in progress. The Municipality's management is of the opinion that the Municipality has valid defences and adequate insurance coverage to offset the amount of any claims and related costs, if any. Consequently, no provision for potential loss, if any, is reflected in these financial statements.

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## 9. Budget Data

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The unaudited budget data presented in these financial statements is based upon the 2023 budget approved by Council. Budgets are not prepared on a basis consistent with that used to report actual results under Public Sector Accounting Standards which is allowable as per Ontario Regulation 284/09 of the Municipal Act. Budgets anticipate using surpluses (or deficits) accumulated in previous years to reduce current expenditures in excess of revenues to \$Nil. In addition the budget expensed all tangible capital assets rather than capitalizing them and recording amortization expense. The budget also expenses principal payments on debt and reserve transfers. As a result, the budget figures presented in the Statement of Operations and Accumulated Surplus represent the budget adopted by the Municipality's council with the following adjustments.

	2023 Budget Amount
Budgeted surplus for the year	\$ -
Adjustments to budgeted deficit:	
Debt principal repayments	200,636
Capital expenditures	1,974,696
Reserve transfers	(944,864)
Amortization	<u>(1,124,219)</u>
<b>Annual adjusted budgeted surplus</b>	<b>\$ <u>106,249</u></b>

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## 10. Pension Agreements

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The Municipality makes contributions to the Ontario Municipal Employees Retirement Fund ("OMERS"), which is a multi-employer plan, on behalf of members of its employees. The plan is a contributory defined benefit plan which specifies the amount of the retirement benefit to be received by employees based on the length of service and rates of pay. Employers and employees contribute jointly to the plan.

Because OMERS is a multi-employer pension plan, any pension plan surpluses or deficits are a joint responsibility of the Ontario Municipal organizations and their employees. As a result, the municipality does not recognize any share of the OMERS pension plan surplus or deficit. The amount contributed to "OMERS" for 2023 was \$80,641 (2022 - \$59,092) for current service. Employers contributions for current service are included as an expense in the consolidated Statement of Financial Activity.

The Corporation of the Municipality of Brooke-Alvinston  
Notes To The Financial Statements  
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11. Investments and Trust Funds	2023	2022
<b>Investments</b>		
BMO Term Investments	\$ 218,065	\$ 214,446
BMO Mutual Fund Investments	<u>98,470</u>	<u>90,654</u>
	<u>\$ 316,535</u>	<u>\$ 305,100</u>

Investments include Trust funds administered by the Municipality amounting to \$220,151 (2022 - \$217,855) are held in trust for cemetery operations. These pertain to proceeds from cemetery lot sales. The interest on these investments is to be used for the care and maintenance of the cemetery. Legislation prohibits the use of the principal investment.

**12. Comparative Figures**

Certain prior year's figures have been reclassified to conform to the current year's presentation.

**13. Change in Accounting Policy**

Effective December 31, 2023, the Municipality adopted the Public Sector Accounting Board's (PSAB) new standard for the recognition, measurement and disclosure of a liability for asset retirement obligations under PS 3280 Asset Retirement Obligations. The new standard establishes when to recognize and how to measure a liability for an asset retirement obligation, and provides the related financial statement presentation and disclosure requirements. Pursuant to these recommendations, the change was applied prospectively, and prior periods have not been restated.

At this time management is not aware of any asset retirement obligations but the municipality is still in the process of implementing the asset retirement policy.

14. Expenses by Object	2023	2023	2022
	Budget	Actual	Actual
Materials and Services	\$ 1,420,159	\$ 1,263,780	\$ 1,194,976
Salaries and Benefits	1,505,200	1,424,263	1,323,727
Contracted Services	2,158,253	2,713,882	2,341,840
Interest expense	47,456	49,916	54,170
Other	15,705	25,459	21,050
Amortization (no explicit provision in budget)	<u>-</u>	<u>1,124,221</u>	<u>1,120,709</u>
	<u>\$ 5,146,773</u>	<u>\$ 6,601,521</u>	<u>\$ 6,056,472</u>

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## 15. Segmented Information

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The Corporation of the Municipality of Brooke-Alvinston is a diversified municipal government institution that provides a wide range of services to its inhabitants such as policing, fire protection, water distribution, sewage collection and treatment, waste collection and disposal, recycling services, recreational services, library facilities, and planning. Distinguishable functional segments have been separately disclosed in the segmented information.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies.

The nature of the segments and the activities they encompass are as follows:

### **General Government**

This reports the revenues and expenses that relate to the governance and operations of the Municipality and cannot be directly attributed to a specific segment.

### **Protection to Persons and Property**

Protection to persons and property is comprised of police services, fire protection, animal control and building inspections. The police services work to ensure the safety and protection of the inhabitants and their property. The fire department, whose members are all volunteers, is responsible to provide for fighting services, fire prevention programs, training and education. The building inspections provides a number of services including enforcement of building and construction codes and a review of all property development plans through its application process.

### **Transportation Services**

Transportation is responsible for maintenance and construction of the Municipality's roadways, bridges, parking areas, street lighting and winter control.

### **Environmental Services**

Environmental services consist of providing water treatment and distribution, sanitary sewage collection and treatment and ensuring that the Municipality's sewer and water systems meet all Provincial standards. In addition, environmental services consists of providing solid waste collection and recycling services.

### **Health Services**

Health services consists of contributions made to the area health services and the local cemetery operations.

### **Recreational and Cultural Services**

This service provides services to improve health and development of the Municipality's inhabitants. This is accomplished by the municipality operating and maintaining parks, an arena, and a community centre. The Municipality also provides recreational programs and library facilities.

### **Planning and Development Services**

The Municipality is responsible for planning and zoning including the Official Plan. In addition, this area of service includes tourist information, promotion and events, business improvement areas, drainage, and commercial and residential development.

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The Corporation of the Municipality of Brooke-Alvinston  
Notes To The Financial Statements  
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15. Segmented Information cont'd...

For the Year Ended December 31, 2023	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation Cultural	Planning Development	Total
Revenue								
Taxation	\$ 3,351,135	\$ -	\$ -	\$ 58,256	\$ -	\$ -	\$ -	\$ 3,409,391
Fees and User charges	15,896	55,018	7,640	651,039	8,794	246,978	681,254	1,666,619
Fees and User charges Other municipalities	-	81,438	-	-	-	-	43,107	124,545
Grants	500,131	-	400,000	-	-	5,000	291,171	1,196,302
Other	258,015	14,710	-	3,680	36,312	38,391	69,811	420,919
Bluewater Power	<u>28,166</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,166</u>
	<u>4,153,343</u>	<u>151,166</u>	<u>407,640</u>	<u>712,975</u>	<u>45,106</u>	<u>290,369</u>	<u>1,085,343</u>	<u>6,845,942</u>
Expenditures								
Salaries and benefits	435,814	198,673	412,982	29,900	46,854	298,341	1,700	1,424,264
Materials and supplies	127,460	112,403	365,738	263,565	9,857	329,268	55,489	1,263,780
Contracted services	107,745	494,073	687,705	394,003	-	9,404	1,020,953	2,713,883
Interest	-	-	11,713	31,743	-	-	6,460	49,916
Amortization and loss on disposal of assets	22,774	83,772	580,999	297,825	3,909	128,406	6,534	1,124,219
Other	<u>1,494</u>	<u>2,198</u>	<u>-</u>	<u>655</u>	<u>5,750</u>	<u>3,141</u>	<u>12,221</u>	<u>25,459</u>
	<u>695,287</u>	<u>891,119</u>	<u>2,059,137</u>	<u>1,017,691</u>	<u>66,370</u>	<u>768,560</u>	<u>1,103,357</u>	<u>6,601,521</u>
Annual Surplus (Deficit)	<u>\$ 3,458,056</u>	<u>\$ (739,953)</u>	<u>\$ (1,651,497)</u>	<u>\$ (304,716)</u>	<u>\$ (21,264)</u>	<u>\$ (478,191)</u>	<u>\$ (18,014)</u>	<u>\$ 244,421</u>

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Notes To The Financial Statements  
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15. Segmented Information cont'd...

For the Year Ended December 31, 2022	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation Cultural	Planning Development	Total
Revenue								
Taxation	\$ 3,146,096	\$ -	\$ -	\$ 73,002	\$ -	\$ -	\$ -	\$ 3,219,098
Fees and User charges	17,717	43,213	9,410	626,137	17,180	206,039	546,718	1,466,414
Fees and User charges Other municipalities	-	85,432	-	-	-	-	63,953	149,385
Grants	537,519	85,000	24,989	-	-	87,438	264,169	999,115
Other	164,955	250	9,761	3,891	3,489	24,950	59,824	267,120
Bluewater Power	<u>38,108</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,108</u>
	<u>3,904,395</u>	<u>213,895</u>	<u>44,160</u>	<u>703,030</u>	<u>20,669</u>	<u>318,427</u>	<u>934,664</u>	<u>6,139,240</u>
Expenditures								
Salaries and benefits	390,694	156,536	452,833	28,525	55,429	238,960	750	1,323,727
Materials and supplies	142,284	102,476	408,758	241,822	16,988	233,577	49,071	1,194,976
Contracted services	26,360	468,940	558,132	386,315	-	8,963	893,130	2,341,840
Interest	-	-	13,053	36,033	-	-	5,084	54,170
Amortization and loss on disposal of assets	22,177	89,614	577,425	298,737	3,909	122,312	6,535	1,120,709
Other	<u>2,071</u>	<u>2,058</u>	<u>-</u>	<u>654</u>	<u>5,750</u>	<u>3,508</u>	<u>7,471</u>	<u>21,512</u>
	<u>583,586</u>	<u>819,624</u>	<u>2,010,201</u>	<u>992,086</u>	<u>82,076</u>	<u>607,320</u>	<u>962,041</u>	<u>6,056,934</u>
Annual Surplus (Deficit)	<u>\$ 3,320,809</u>	<u>\$ (605,729)</u>	<u>\$ (1,966,041)</u>	<u>\$ (289,056)</u>	<u>\$ (61,407)</u>	<u>\$ (288,893)</u>	<u>\$ (27,377)</u>	<u>\$ 82,306</u>