

Consolidated financial statements of

**The Corporation of the  
Township of Brock**

December 31, 2012

# The Corporation of the Township of Brock

December 31, 2012

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## **Independent Auditor's Report**

To the Board Members, Members of Council, Inhabitants and Ratepayers of the Corporation of the Township of Brock

We have audited the accompanying consolidated financial statements of the Corporation of the Township of Brock, which comprise the consolidated statement of financial position as at December 31, 2012, and the consolidated statements of operations, 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 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's 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 auditor's 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 is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Township of Brock as at December 31, 2012, and the results of its operations, change in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

A handwritten signature in black ink that reads "Deloitte LLP". The signature is written in a cursive, flowing style.

Chartered Professional Accountants, Chartered Accountants  
Licensed Public Accountants  
May 15, 2013

# The Corporation of the Township of Brock

## Consolidated statement of financial position as at December 31, 2012

	2012	2011
	\$	\$
<b>Assets</b>		
Financial assets		
Cash (Note 3)	6,160,816	5,552,056
Investments (Note 3)	2,860,000	2,860,000
Taxes receivable (Note 4)	2,875,562	3,138,164
Accounts receivable	420,433	723,718
	<b>12,316,811</b>	<b>12,273,938</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (Note 5)	962,863	1,344,658
Deferred revenue (Note 6)	2,631,282	2,933,834
Net long-term liabilities (Note 7)	1,597,830	1,799,339
Employee post employment benefits (Note 8)	674,389	663,578
	<b>5,866,364</b>	<b>6,741,409</b>
<b>Net financial assets</b>	<b>6,450,447</b>	<b>5,532,529</b>
Non-financial assets		
Tangible capital assets (Note 9)	63,020,984	61,861,698
Prepaid expenses	28,785	35,927
Total non-financial assets	<b>63,049,769</b>	<b>61,897,625</b>
<b>Accumulated surplus (Note 10)</b>	<b>69,500,216</b>	<b>67,430,154</b>

The accompanying notes to the financial statements are an integral part of this financial statement.

# The Corporation of the Township of Brock

## Consolidated statement of operations year ended December 31, 2012

		2012	2011
	Budget (Note 15)	Actual	Actual
	\$	\$	\$
<b>Revenues</b>			
Taxation - all classes (Notes 1(b)(iv))	7,352,951	21,376,327	20,850,610
Less: amounts received for Region and School Boards (Note 2)	-	(13,962,081)	(13,671,359)
	<b>7,352,951</b>	<b>7,414,246</b>	<b>7,179,251</b>
User fees and charges	1,002,885	1,054,161	977,657
Grants (Note 11)			
Government of Canada	419,456	800,763	872,317
Province of Ontario	921,200	914,513	942,131
Investment income	35,000	153,169	158,731
Penalties and interest on taxes	425,000	453,123	447,265
Developer contributions earned	-	45,488	89,824
Assumed tangible capital assets	-	1,835,750	-
Gain on sale of tangible capital assets	150,000	10,800	12,310
Other	20,000	585,448	479,976
<b>Total revenues</b>	<b>10,326,492</b>	<b>13,267,461</b>	<b>11,159,462</b>
<b>Expenses (Note 16)</b>			
General government	2,107,995	2,235,756	2,028,791
Protection to persons and property	1,904,519	1,662,135	1,719,057
Transportation services	5,588,175	5,132,632	4,918,015
Environmental services	51,700	42,488	46,651
Health services	159,600	169,311	133,895
Recreation and cultural services	1,953,357	1,863,669	1,673,736
Planning and development	83,000	91,408	54,446
	<b>11,848,346</b>	<b>11,197,399</b>	<b>10,574,591</b>
Annual (deficit) surplus	(1,521,854)	2,070,062	584,871
Accumulated surplus, beginning of year	67,430,154	67,430,154	66,845,283
<b>Accumulated surplus, end of year</b>	<b>65,908,300</b>	<b>69,500,216</b>	<b>67,430,154</b>

The accompanying notes to the financial statements are an integral part of this financial statement.

# The Corporation of the Township of Brock

## Consolidated statement of change in net financial assets year ended December 31, 2012

	Budget (Unaudited) (Note 15)	2012 Actual	2011 Actual
	\$	\$	\$
<b>Annual surplus</b>	<b>(1,521,854)</b>	<b>2,070,062</b>	584,871
Acquisition of tangible capital assets	<b>(1,947,100)</b>	<b>(4,248,207)</b>	(3,610,278)
Gain on sale of tangible capital assets	-	<b>(10,800)</b>	(12,310)
Proceeds from sale of tangible capital assets	<b>150,000</b>	<b>10,800</b>	24,000
Amortization of tangible capital assets	<b>3,000,000</b>	<b>3,088,921</b>	2,992,937
	<b>(318,954)</b>	<b>910,776</b>	(20,780)
Net change in prepaid expenses	-	<b>7,142</b>	(10,655)
Increase in net financial assets	<b>(318,954)</b>	<b>917,918</b>	(31,435)
Net financial assets, beginning of year		<b>5,532,529</b>	5,563,964
<b>Net financial assets, end of year</b>	<b>(318,954)</b>	<b>6,450,447</b>	5,532,529

The accompanying notes to the financial statements are an integral part of this financial statement.

# The Corporation of the Township of Brock

## Consolidated statement of cash flows year ended December 31, 2012

	2012	2011
	\$	\$
<b>Operating activities</b>		
Annual surplus	2,070,062	584,871
Items not involving cash		
Amortization	3,088,921	2,992,937
Gain on sale of tangible capital assets	(10,800)	(12,310)
Assumed tangible capital assets	(1,835,750)	-
Change in working capital		
Decrease (increase) in taxes receivable	262,602	(107,439)
Decrease in accounts receivable	303,285	1,028,252
Decrease (increase) in prepaid expenses	7,142	(10,655)
Decrease in accounts payable and accrued liabilities	(381,795)	(801,171)
(Decrease) increase in deferred revenue	(302,552)	442,961
Increase in post employment benefit liability	10,811	14,006
	<b>3,211,926</b>	<b>4,131,452</b>
<b>Capital activities</b>		
Acquisition of tangible capital assets	(2,412,457)	(3,610,278)
Proceeds from sale of tangible capital assets	10,800	24,000
	<b>(2,401,657)</b>	<b>(3,586,278)</b>
<b>Financing activity</b>		
Repayment of long term liabilities	(201,509)	(99,641)
Net change in cash	608,760	445,533
Cash beginning of year	5,552,056	5,106,523
<b>Cash, end of year</b>	<b>6,160,816</b>	<b>5,552,056</b>

The accompanying notes to the financial statements are an integral part of this financial statement.



# The Corporation of the Township of Brock

## Notes to the consolidated financial statements

December 31, 2012

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### 1. Significant accounting policies

The consolidated financial statements (the "financial statements") of the Corporation of Township of Brock (the "Township") are the representations of management prepared in accordance with accounting standards established by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants.

Significant accounting policies adopted by the Township are as follows:

(a) (i) *Reporting entity*

These consolidated financial statements reflect the assets, liabilities, revenues and expenses of the reporting entity. The reporting entity is comprised of all organizations, local boards and committees, which are controlled by the Township including the Township of Brock Public Library Board.

All material inter-entity transactions and balances are eliminated on consolidation.

(ii) *Accounting for region and school board transactions*

The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards and the Region of Durham are not reflected in these financial statements.

(iii) *Trust funds*

Trust funds and their related operations administered by the Township are not consolidated, but are reported separately on the Trust Funds Statement of financial position and Statement of financial activities and fund balance.

(b) *Basis of accounting*

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

(ii) *Investments*

Investments are recorded at the lower of cost plus accrued interest and market value.

(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 Corporation of the Township of Brock

## Notes to the consolidated financial statements

December 31, 2012

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### 1. Significant accounting policies (continued)

#### (b) Basis of accounting (continued)

##### (iii) Non-financial assets (continued)

##### (a) 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:

	Useful life - years
Land improvements	10 - 30
Buildings	50
Rolling stock	10 - 15
Furniture and equipment	5 - 15
Sidewalks and parking lots	15 - 30
Roads	20 - 40
Storm sewer	75
Bridges and structures	60

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use. Land is not amortized.

##### Contribution of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date contributed, and that amount is also recorded as revenue.

##### (b) Intangible assets

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

##### (iv) Accounting for property tax capping provisions

The net impact in property taxes as a result of the application of capping provisions does not affect the Consolidated statement of operations, as the full amount of the property taxes were levied. However, the capping adjustments are reported on the Consolidated statement of financial position as a liability to be paid to the Region of Durham.

##### (v) Deferred revenue

Deferred revenue represents user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed. In addition, any contributions received with external restrictions are deferred until the related expenditures are made.

##### (vi) Employee post employment benefits

The present value of the cost of providing employees with future benefit programs is expensed as employees earn these entitlements through service. The cost of the benefits earned by employees is determined by management using the projected benefit method prorated on service and management's best estimate of retirement ages of employees and expected health care and dental costs.

# The Corporation of the Township of Brock

## Notes to the consolidated financial statements

December 31, 2012

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### 1. Significant accounting policies (continued)

#### (b) Basis of accounting (continued)

##### (vii) Reserves and Reserve Funds

Certain amounts, as approved by the Township's 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. Reserves and Reserve Funds form part of the Township's accumulated surplus.

##### (viii) Government transfers

Government transfers are recognized in the period in which the events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria are met, and reasonable estimates of the amounts can be made.

##### (ix) 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 expenditures during the period. Actual results could differ from these estimates. Significant estimates relate to taxes receivable, accounts receivable, accrued liabilities, and employee future benefits.

### 2. Operations of school boards and the Region of Durham

Further to Note 1(a) (ii), the taxation and other revenues of the school boards and the Region of Durham are comprised of the following:

	2012		2011	
	School boards	Region	Total	Total
	\$	\$	\$	\$
Taxation and user charges	3,658,788	10,031,425	13,690,213	13,404,399
Payments-in-lieu	88,212	183,656	271,868	266,960
	<b>3,747,000</b>	<b>10,215,081</b>	<b>13,962,081</b>	<b>13,671,359</b>

### 3. Cash and investments

This represents a consolidation of cash and investments from the Operating Fund and the Reserve Funds (including those funds set aside in respect of deferred revenue as detailed in Note 6). The composition is as follows:

	2012		2011	
	Cash	Investments	Cash	Investments
	\$	\$	\$	\$
Operating Fund	2,110,967	60,000	1,788,837	60,000
Reserve Funds	4,049,849	2,800,000	3,763,219	2,800,000
Total	<b>6,160,816</b>	<b>2,860,000</b>	<b>5,552,056</b>	<b>2,860,000</b>

The market value of the investments at December 31, 2012 was \$2,998,752 (2011 - \$2,943,470).

# The Corporation of the Township of Brock

Notes to the consolidated financial statements

December 31, 2012

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## 4. Taxes receivable

The balance in taxes receivable, including penalties and interest, is made up of the following:

	2012	2011
	\$	\$
Current year	1,552,141	1,600,196
Arrears, previous years	1,343,421	1,557,968
	<b>2,895,562</b>	3,158,164
Less allowance	<b>(20,000)</b>	(20,000)
	<b>2,875,562</b>	3,138,164

## 5. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities include financial obligations to outside organizations and individuals as a result of transactions and events on or before the end of the accounting period. They are the result of contracts, invoices, agreements and legislation in force at the end of the accounting period that require the Township to pay for goods and services acquired or provided on or before December 31, 2012. A further breakdown is provided below:

	2012	2011
	\$	\$
Trade accounts payable	461,880	861,938
Payroll liabilities	251,881	254,759
Accrued liabilities	159,969	159,516
Refundable deposits	89,133	68,445
	<b>962,863</b>	1,344,658

# The Corporation of the Township of Brock

Notes to the consolidated financial statements

December 31, 2012

## 6. Deferred revenue

	2012	2011
	\$	\$
Obligatory Reserve Funds		
Development charges	1,948,524	1,808,291
Parkland	222,784	243,566
Parking	7,968	7,881
Federal gas tax revenue	425,439	799,850
	<b>2,604,715</b>	<b>2,859,588</b>
Other deferred revenue	26,567	74,246
	<b>2,631,282</b>	<b>2,933,834</b>
Continuity of obligatory Reserve Funds is as follows		
Balance, beginning of year	2,859,588	2,459,069
Subdividers contributions	141,987	181,501
Federal gas tax revenues	367,456	367,456
Interest earned	31,641	27,385
	<b>3,400,672</b>	<b>3,035,411</b>
Internal loans repaid from obligatory Reserve Funds	(5,692)	(7,526)
Earned revenue transferred to operations	(790,265)	(168,297)
<b>Total obligatory deferred revenue</b>	<b>2,604,715</b>	<b>2,859,588</b>

## 7. Net long-term liabilities

- (a) The balance of net long-term liabilities reported on the consolidated statement of financial position is made up of the following:

	2012	2011
	\$	\$
The municipality has assumed responsibility for the payment of principal and interest charges on certain long-term liabilities issued by other municipalities. At the end of the year the outstanding principal amount of this liability is	1,708,367	1,868,907
Of the long-term liabilities shown above, the responsibility for payment of principal and interest charges for tile drainage has been assumed by individuals. At the end of the year the outstanding principal amount of this liability is	(110,537)	(69,568)
<b>Net long-term liabilities at the end of the year</b>	<b>1,597,830</b>	<b>1,799,339</b>

# The Corporation of the Township of Brock

## Notes to the consolidated financial statements

December 31, 2012

### 7. Net long-term liabilities (continued)

- (b) Of the long-term liabilities reported in (a) of this note, principal and sinking fund payments are payable from general municipal revenues as follows:

	\$
2013	90,389
2014	94,715
2015	99,139
2016	102,665
2017	65,297
Thereafter	1,145,625
	<u>1,597,830</u>

- (c) The long-term liabilities in (a) issued in the name of the Township have received approval of the Ontario Municipal Board (or approved by private legislation) for those approved on or before December 31, 1992. Those approved on or after January 1, 1993, have been approved by by-law. 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.
- (d) The Township is contingently liable for long-term liabilities with respect to tile drainage loans. The total amount outstanding as at December 31, 2012 is \$110,537 (2011 - \$69,568) and is not recorded on the "Consolidated statement of financial position".
- (e) Total interest expense related to the net long-term liabilities amounted to (\$4,504) (2011 - \$107,061). The credit was created as a result of the application of a sinking fund to pay the balance of the CA debenture. The payments to this sinking fund were expensed annually when paid to the Region of Durham.

### 8. Employee post employment benefits

Under the provisions of certain employee benefit plans, an employee who, has achieved a factor of 85 (age + years of service with the municipality), is eligible for a retirement pension from OMERS, and up to the age of 65 will be provided with Extended Health (drug, private hospital and dental plan) coverage.

Information about the Township's post retirement benefits plan is as follows:

	2012	2011
	\$	\$
Accrued benefit obligation	590,105	609,051
Unamortized actuarial gain	84,284	54,527
Employee post-employment benefits	<u>674,389</u>	<u>663,578</u>
Opening liability for post employment benefits	663,578	649,572
Current year benefit expense	14,803	11,834
Benefit payments	(22,401)	(27,485)
Amortization of actuarial gain	(5,801)	-
Interest on accrued benefit obligation	24,210	29,657
	<u>674,389</u>	<u>663,578</u>

# The Corporation of the Township of Brock

## Notes to the consolidated financial statements

December 31, 2012

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### 8. Employee post employment benefits (continued)

The main assumptions employed for these valuations are as follows:

(a) *General inflation*

Future general inflation levels, as measured by changes in the Consumer Price Index ("CPI"), were assumed to be 2.5% in 2012 and thereafter.

(b) *Interest (discount) rate*

The present values as at December 31, 2012 of the post employment benefits was determined using a discount rate of 4.25%.

(c) *Health and dental costs*

Health care costs are expected to increase by 8% in the first year after the valuation, decreasing to an ultimate rate of 4%. Dental costs are assumed to increase by 4%.

### 9. Tangible capital assets

i) *Contributed tangible capital assets*

The Township records all tangible capital assets contributed by an external party at fair value on the earlier of the date received or of the transfer of risk and responsibility. Typical examples are land, roadways and storm sewer lines installed by a developer as part of a subdivision agreement. Transfer of tangible capital assets in 2012 was \$1,835,750 (2011 - \$nil).

ii) *Tangible capital assets recognized at nominal value*

Certain assets have been assigned a nominal value of one Canadian dollar, because of the difficulty of determining a tenable valuation and/or the assets were older than their estimated expected useful lives, and therefore were fully amortized.

iii) *Works of art and historical treasures*

The Township applies efforts to protect and preserve a number of owned historical buildings, collections of equipment, artifacts, documents and exhibits and works of art. These assets are not held for financial gain or to provide service but rather for public exhibition, education or research in furtherance of public service. These historical treasures and works of art are not recognized as tangible capital assets in the financial statements. The acquisition or betterment of such assets is recognized in the financial statements as an operating expense.

iv) *Other*

During the year, there were no write-downs of assets (2011 - \$nil) and no interest was capitalized during the year (2011 - \$nil).

# The Corporation of the Township of Brock

Notes to the consolidated financial statements

December 31, 2012

## 9. Tangible capital assets (continued)

										2012
	Land	Land improvements	Buildings	Rolling stock	Furniture and equipment	Sidewalks and parking lots	Roads	Storm sewer	Bridges and structures	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost										
Balance, beginning of year	2,349,811	1,159,151	11,606,445	4,277,287	1,697,603	1,050,497	77,509,834	2,014,403	4,145,675	105,810,706
Additions	-	1,530,346	-	365,007	122,583	52,672	1,380,919	342,580	454,100	4,248,207
Disposals	-	(36,483)	-	(148,087)	(30,044)	(1,145)	(30,179)	-	-	(245,938)
Balance, end of year	2,349,811	2,653,014	11,606,445	4,494,207	1,790,142	1,102,024	78,860,574	2,356,983	4,599,775	109,812,975
Accumulated amortization										
Balance, beginning of year	-	765,149	4,384,776	2,056,783	787,691	313,793	33,952,093	309,519	1,379,204	43,949,008
Amortization expense	-	61,074	244,433	297,180	158,464	46,658	2,179,144	29,143	72,825	3,088,921
Disposals	-	(36,483)	-	(148,087)	(30,044)	(1,145)	(30,179)	-	-	(245,938)
Balance, end of year	-	789,740	4,629,209	2,205,876	916,111	359,306	36,101,058	338,662	1,452,029	46,791,991
Net book value of tangible capital assets	2,349,811	1,863,274	6,977,236	2,288,331	874,031	742,718	42,759,516	2,018,321	3,147,746	63,020,984



# The Corporation of the Township of Brock

Notes to the consolidated financial statements

December 31, 2012

## 9. Tangible capital assets (continued)

										2011
	Land	Land improvements	Buildings	Rolling stock	Furniture and equipment	Sidewalks and parking lots	Roads	Storm sewer	Bridges and structures	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost										
Balance, beginning of year	2,355,941	1,159,151	10,144,736	4,138,281	1,421,704	1,050,497	76,256,899	2,014,403	3,839,272	102,380,884
Additions	-	-	1,461,709	258,136	319,237	-	1,252,935	-	318,260	3,610,277
Disposals	(6,130)	-	-	(119,130)	(43,338)	-	-	-	(11,857)	(180,455)
Balance, end of year	2,349,811	1,159,151	11,606,445	4,277,287	1,697,603	1,050,497	77,509,834	2,014,403	4,145,675	105,810,706
Accumulated amortization										
Balance, beginning of year	-	729,581	4,155,888	1,900,014	680,387	268,017	31,810,752	282,660	1,297,537	41,124,836
Amortization expense	-	35,568	228,888	275,899	146,709	45,776	2,141,341	26,859	91,897	2,992,937
Disposals	-	-	-	(119,130)	(39,405)	-	-	-	(10,230)	(168,765)
Balance, end of year	-	765,149	4,384,776	2,056,783	787,691	313,793	33,952,093	309,519	1,379,204	43,949,008
Net book value of tangible capital assets	2,349,811	394,002	7,221,669	2,220,504	909,912	736,704	43,557,741	1,704,884	2,766,471	61,861,698

# The Corporation of the Township of Brock

Notes to the consolidated financial statements

December 31, 2012

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## 10. Accumulated surplus

Accumulated surplus consists of individual fund surplus, reserves and Reserve Funds and amounts invested in tangible capital assets as follows:

	<b>2012</b>	2011
	\$	\$
Invested in tangible capital assets	<b>63,020,984</b>	61,861,698
Other	<b>371,702</b>	(193,837)
Long term debt	<b>(1,597,830)</b>	(1,799,339)
Employee future benefits	<b>(674,389)</b>	(688,815)
<b>Total surplus</b>	<b>61,120,467</b>	59,179,707
<b>Reserves</b>		
Acquisition of tangible capital assets	<b>1,888,166</b>	1,568,533
Municipal projects	<b>513,962</b>	624,975
Future elections	<b>20,500</b>	500
Rate stabilization	<b>1,168,805</b>	1,868,805
Working capital	<b>382,128</b>	382,128
<b>Sub-total reserves</b>	<b>3,973,561</b>	4,444,941
<b>Reserve funds set aside for specific purposes by Council for:</b>		
<b>Reserve Funds</b>		
Insurance purposes	<b>106,265</b>	105,180
Post employment	<b>25,038</b>	-
Acquisition of tangible capital assets	<b>3,315,133</b>	3,245,475
Road construction	<b>959,752</b>	454,851
<b>Sub-total Reserve Funds</b>	<b>4,406,188</b>	3,805,506
<b>Total accumulated surplus</b>	<b>69,500,216</b>	67,430,154

# The Corporation of the Township of Brock

Notes to the consolidated financial statements

December 31, 2012

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## 11. Grants

	2012	2011
	\$	\$
<b>Government of Canada</b>	<b>800,763</b>	872,317
Province of Ontario		
Ministry of Municipal Affairs - Ontario Municipal Partnership Fund	799,700	790,000
Ministry of Natural Resources - Aggregate Resources Act	72,919	77,210
Ministry of Culture & Recreation - Library Operating Grant	23,015	27,883
Ministry of Agriculture and Food - Wild Life Danger	18,879	47,038
	<b>914,513</b>	942,131

## 12. Debt principal repayments

Total charges (principal and interest) for the year for net long-term liabilities as reported on the Consolidated statement of operations are as follows:

	2012	2011
	\$	\$
Principal payments	201,508	99,641
Interest	76,333	107,061
Sinking fund recovery	(80,836)	-
	<b>197,005</b>	206,702

## 13. Trust funds

Trust funds administered by the Township amounting to \$656,890 (2011 - \$629,573) are not included in the Consolidated statement of financial position nor have their operations been included in the Consolidated statement of operations.

## 14. Pension agreements

The Township makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), a multi-employer plan, which as of December 31, 2011 was on behalf of 39 members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

An amount of \$203,698 (2011 - \$168,143) was paid to OMERS on behalf of its members.

# The Corporation of the Township of Brock

## Notes to the consolidated financial statements

December 31, 2012

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### 15. Budget figures

The budgets originally approved by Township Council for 2012, adjusted as noted below, are reflect on the Consolidated statement of operations and Consolidated statement of change in net financial assets.

- An amount for amortization expense has been added and is based on management's best estimate of amortization expense determined at the beginning of the year. Amortization expense was not included in the original council approved budget.
- Amounts included in the original Council approved capital budget which are not recognized as tangible capital assets are included in Consolidated statement of operations under the appropriate functional expense category, while those recognized as tangible capital assets are include in the Consolidated statement of change in net financial assets.

Budget figures have been reclassified for purposes of these consolidated financial statements to comply with PSAB reporting requirements and are unaudited.

### 16. Classification of expenses by object

The Consolidated statement of operations presents the expenses by function; the following classifies those same expenses by object:

	2012	2011
	\$	\$
Salaries, wages and employee benefits	4,241,234	4,066,120
Operating materials and supplies	3,424,571	3,131,829
Contracted services	390,420	192,876
Rents and financial expenses	21,824	23,372
External transfers to others	34,933	60,396
Debt services	(4,504)	107,061
Amortization	3,088,921	2,992,937
<b>Total expenses by object</b>	<b>11,197,399</b>	<b>10,574,591</b>

### 17. Guarantees

In the normal course of business, the Township enters into agreements that meet the definition of a guarantee. The Township's primary guarantees include indemnities in favour of third parties, such as purchase and sale agreements, confidentiality agreements, engagement letters with advisors and consultants, outsourcing agreements, leasing contracts, information technology agreements and service agreements.

These indemnification agreements may require the Township to compensate counterparties for losses incurred by the counterparties as a result of breaches in representation and regulations or as a result of litigation claims or statutory sanctions that may be suffered by the counterparty as a consequence of the transaction. The terms of these indemnities are not explicitly defined and the maximum amount of any potential reimbursement cannot be reasonably estimated.

The nature of these indemnification agreements prevents the Township from making a reasonable estimate of the maximum exposure due to the difficulties in assessing the amount of liability which stems from the unpredictability of future events and the unlimited coverage offered to counterparties.

Historically, the Township has not made any significant payments under such or similar indemnification agreements and therefore no amount has been accrued in the Consolidated statement of financial position with respect to these agreements.

# The Corporation of the Township of Brock

Notes to the consolidated financial statements

December 31, 2012

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## 18. Segmented information

The Township provides a wide range of services to its citizens, including fire, building inspection, by-law, transportation services, health services, recreation and culture, and planning and development. For management reporting purposes the Township's operations and activities are reported by Fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with specific regulations, restrictions, or limitations.

Township services are provided by various departments and their activities are reported by department. These departments have been grouped together based on the services that they perform for the purpose of segmented disclosure, as follows:

- Protection to Persons and Property includes Fire Services, Building Inspection, Canine Control, and By-law Enforcement.
- Transportation Services includes Roads Maintenance and Construction, Streetlighting, Sidewalks, Parking Lots, and Traffic Control.
- Environmental Services includes the Collection of Garbage in downtown cores and parks.
- Health Services includes Health Centres and Cemeteries.
- Recreational Services includes Parks, Arenas, Halls, Libraries, and Grants to Local Organizations.
- Planning and Development includes Planning Services, Tourism and Economic Development, and the Committee of Adjustment.
- General Government includes all the other functions that cannot be easily allocated including Administration, Treasury and Tax, Public Buildings and the Municipal Health Safety Program.

# The Corporation of the Township of Brock

Notes to the consolidated financial statements

December 31, 2012

## 18. Segmented information (continued)

								2012
	General government	Protection of persons	Transportation services	Environmental services	Health services	Recreational services	Planning and development	Total
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Expenses</b>								
Salaries, wages and benefits	1,091,405	987,580	1,117,103	30,578	8,141	1,005,082	1,345	4,241,234
Operating materials and supplies	850,729	356,160	1,437,923	11,910	117,332	594,102	56,415	3,424,571
Contracted services	134,299	4,453	53,533	-	21,512	142,975	33,648	390,420
Rents and financial expenses	21,689	-	-	-	-	135	-	21,824
External transfers to others	-	17,649	-	-	-	17,284	-	34,933
Debt services	(1)	63,083	-	-	-	(67,586)	-	(4,504)
Amortization	137,635	233,210	2,524,073	-	22,326	171,677	-	3,088,921
	<b>2,235,756</b>	<b>1,662,135</b>	<b>5,132,632</b>	<b>42,488</b>	<b>169,311</b>	<b>1,863,669</b>	<b>91,408</b>	<b>11,197,399</b>
<b>Revenues</b>								
Tax revenue	7,277,726	-	136,520	-	-	-	-	7,414,246
User fees and charges	116,764	227,497	32,666	-	68,515	550,835	57,884	1,054,161
Federal grants	-	-	750,469	-	-	28,089	22,205	800,763
Provincial grants	799,701	18,879	72,918	-	-	23,015	-	914,513
Investment	153,167	-	-	-	-	2	-	153,169
Penalties	453,123	-	-	-	-	-	-	453,123
Developers contributions	5,693	16,312	-	-	-	23,483	-	45,488
Contributed assets	-	-	950,750	-	-	885,000	-	1,835,750
Gain on sale of tangible capital assets	10,800	-	-	-	-	-	-	10,800
Other revenues	12,159	7,080	-	-	-	566,209	-	585,448
Balance, end of year	8,829,133	269,768	1,943,323	-	68,515	2,076,633	80,089	13,267,461
<b>Annual (deficit) surplus, end of year</b>	<b>(6,593,377)</b>	<b>1,392,367</b>	<b>3,189,309</b>	<b>42,488</b>	<b>100,796</b>	<b>(212,964)</b>	<b>11,319</b>	<b>(2,070,062)</b>

# The Corporation of the Township of Brock

Notes to the consolidated financial statements

December 31, 2012

## 18. Segmented information (continued)

								2011
	General government	Protection of persons	Transportation services	Environmental services	Health services	Recreational services	Planning and development	Total
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Expenses</b>								
Salaries, wages and benefits	1,001,004	1,028,074	1,050,986	31,245	-	954,135	676	4,066,120
Operating materials and supplies	786,743	336,692	1,372,015	15,406	106,521	470,374	44,077	3,131,829
Contracted services	127,023	13,942	38,392	-	2,961	1,366	9,193	192,876
Rents and financial expenses	23,372	-	-	-	-	-	-	23,372
External transfers to others	-	45,648	-	-	-	14,248	500	60,396
Debt services	-	65,409	-	-	-	41,652	-	107,061
Amortization	90,650	229,291	2,456,622	-	24,413	191,961	-	2,992,937
	<b>2,028,791</b>	<b>1,719,057</b>	<b>4,918,015</b>	<b>46,651</b>	<b>133,895</b>	<b>1,673,736</b>	<b>54,446</b>	<b>10,574,591</b>
<b>Revenues</b>								
Tax revenue	7,037,303	-	141,948	-	-	-	-	7,179,251
User fees and charges	168,350	211,382	22,006	-	87,966	449,552	38,401	977,657
Federal grants	756,372	-	85,998	-	-	17,160	12,787	872,317
Provincial grants	790,000	47,038	77,210	-	-	27,883	-	942,131
Investment	158,731	-	-	-	-	-	-	158,731
Penalties	447,265	-	-	-	-	-	-	447,265
Developers contributions	7,526	43,185	-	-	-	39,113	-	89,824
Gain on sale of tangible capital assets	12,310	-	-	-	-	-	-	12,310
Other revenues	-	457,308	-	-	-	7,309	15,359	479,976
Balance, end of year	9,377,857	758,913	327,162	-	87,966	541,017	66,547	11,159,462
Annual (deficit) surplus, end of year	(7,349,066)	960,144	4,590,853	46,651	45,929	1,132,719	(12,101)	(584,871)