

Consolidated financial statements of

**The Corporation of the  
Township of Brock**

December 31, 2015

# The Corporation of the Township of Brock

December 31, 2015

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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, 2015, 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, 2015, 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.

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

Chartered Professional Accountants  
Licensed Public Accountants  
April 15, 2016

# The Corporation of the Township of Brock

## Consolidated statement of financial position as at December 31, 2015

	2015	2014
	\$	\$
<b>Assets</b>		
Financial assets		
Cash (Note 3)	5,846,653	5,363,025
Investments (Note 3)	7,860,000	7,360,000
Taxes receivable (Note 4)	1,935,071	2,319,094
Accounts receivable	739,428	400,080
	<b>16,381,152</b>	15,442,199
<b>Liabilities</b>		
Accounts payable and accrued liabilities (Note 5)	1,156,013	941,761
Deferred revenue (Note 6)	3,555,892	3,757,702
Net long-term liabilities (Note 7)	1,313,588	1,412,727
Employee post employment benefits (Note 8)	674,511	701,777
	<b>6,700,004</b>	6,813,967
Net financial assets	<b>9,681,148</b>	8,628,232
<b>Non-financial assets</b>		
Tangible capital assets (Note 9)	60,324,373	60,945,095
Prepaid expenses	10,054	13,984
	<b>60,334,427</b>	60,959,079
<b>Accumulated surplus (Note 10)</b>	<b>70,015,575</b>	69,587,311

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

# The Corporation of the Township of Brock

## Consolidated statement of operations year ended December 31, 2015

	2015	2014
	Budget (Note 15)	Actual
	\$	\$
<b>Revenue</b>		
Taxation	8,025,938	8,126,926
User fees and charges	1,004,510	1,143,315
Grants (Note 11)		
Government of Canada	404,473	378,016
Province of Ontario	1,192,786	1,489,440
Investment income	50,000	167,686
Penalties and interest on taxes	410,000	370,612
Developer contributions earned	-	112,231
Gain on sale of tangible capital assets	-	22,415
Other	60,000	117,769
	<b>11,147,707</b>	<b>11,928,410</b>
<b>Expenses (Note 16)</b>		
General government	2,306,540	2,239,506
Protection to persons and property	1,877,071	1,549,615
Transportation services	5,478,425	5,247,563
Environmental services	50,500	42,180
Health services	165,500	153,043
Recreation and cultural services	1,983,263	2,066,515
Planning and development	262,847	201,724
	<b>12,124,146</b>	<b>11,500,146</b>
Annual (deficit) surplus	(976,439)	428,264
Accumulated surplus, beginning of year	69,587,311	69,587,311
<b>Accumulated surplus, end of year</b>	<b>68,610,872</b>	<b>70,015,575</b>

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

# The Corporation of the Township of Brock

## Consolidated statement of change in net financial assets year ended December 31, 2015

		2015	2014
	Budget (Note 15)	Actual	Actual
	\$	\$	\$
<b>Annual (deficit) surplus</b>	<b>(976,439)</b>	<b>428,264</b>	523,408
Acquisition of tangible capital assets	<b>(4,732,190)</b>	<b>(2,738,888)</b>	(2,166,405)
Gain on sale of tangible capital assets	-	<b>(22,415)</b>	(21,360)
Proceeds from sale of tangible capital assets	-	<b>23,332</b>	31,200
Amortization of tangible capital assets	<b>3,300,000</b>	<b>3,358,693</b>	3,287,455
	<b>(2,408,629)</b>	<b>1,048,986</b>	1,654,298
Net change in prepaid expenses	-	<b>3,930</b>	142,277
(Decrease) increase in net financial assets	<b>(2,408,629)</b>	<b>1,052,916</b>	1,796,575
Net financial assets, beginning of year	<b>8,628,232</b>	<b>8,628,232</b>	6,831,657
<b>Net financial assets, end of year</b>	<b>6,219,603</b>	<b>9,681,148</b>	8,628,232

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

# The Corporation of the Township of Brock

## Consolidated statement of cash flows year ended December 31, 2015

	2015	2014
	\$	\$
<b>Operating activities</b>		
Annual surplus	428,264	523,408
Items not involving cash		
Amortization	3,358,693	3,287,455
Gain on sale of tangible capital assets	(22,415)	(21,360)
Change in non-cash working capital		
Taxes receivable	384,023	324,965
Accounts receivable	(339,348)	2,934
Investments	(500,000)	(4,500,000)
Prepaid expenses	3,930	142,277
Accounts payable and accrued liabilities	214,252	(382,667)
Deferred revenue	(201,810)	82,881
Employee post employment benefits	(27,266)	14,923
	<b>3,298,323</b>	<b>(525,184)</b>
<b>Capital activities</b>		
Acquisition of tangible capital assets	(2,738,888)	(2,166,405)
Proceeds from sale of tangible capital assets	23,332	31,200
	<b>(2,715,556)</b>	<b>(2,135,205)</b>
<b>Financing activity</b>		
Repayment of long term liabilities	(99,139)	(94,715)
Net change in cash	483,628	(2,755,104)
Cash beginning of year	5,363,025	8,118,129
<b>Cash, end of year</b>	<b>5,846,653</b>	<b>5,363,025</b>

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



# The Corporation of the Township of Brock

## Notes to the consolidated financial statements

December 31, 2015

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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 Chartered Professional Accountants of Canada.

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) Non-Tax 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) *Tax revenue*

Tax revenue is recognized on all taxable properties within the Township included in the tax roll provided by the Municipal Property Assessment Corporation, using property values included in the tax roll or property values that can be reasonably estimated by the Township as it relates to supplementary or omitted assessments using tax rates authorized by Council for the Township's own purposes in the period for which the tax is levied.

At year end the Township evaluates the likelihood of having to repay taxes as a result of tax appeals or other changes and recognizes a liability if the amount can be reasonably be estimated.

(iii) *Investments*

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

(iv) *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, 2015

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## 1. Significant accounting policies (continued)

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

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

- 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.

- Intangible assets

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

#### (v) 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.

#### (vi) 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 expenses are incurred.

#### (vii) 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, 2015

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### 1. Significant accounting policies (continued)

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

##### (viii) 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.

##### (ix) Government transfers

Government transfers are recognized as revenues by the Township in the period during which the transfer is authorized and any eligibility criteria are met. Government transfers are deferred if they are restricted through stipulations that require specific actions be carried out in order to keep the transfer. For such transfers, revenue is recognized when the stipulation has been met.

##### (x) Contaminated sites

The Township has implemented PSAB section 3260 Liability for Contaminated Sites. Section 3260 requires governments to record a liability in their financial statements if they have a contaminated site that meets the requirements set out in the standard. The standard defines contamination as the introduction into air, soil, water, or sediment of a chemical, organic or radiative material or live organism that exceeds an environmental standard. The standard generally applies to sites that are not in productive use. Sites that are in productive use are only considered contaminated if there was an unexpected event that resulted in contamination. The adoption of this standard has been applied retroactively without the restatement of prior periods.

The adoption of this Standard did not have an impact on the Township's Financial Statements.

##### (xi) 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 post employment benefits.

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

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

	2015			2014
	School boards	Region	Total	Total
	\$	\$	\$	\$
Taxation and user charges	3,751,728	10,720,512	14,472,240	14,180,636
Payments-in-lieu	88,228	181,626	269,854	269,392
	<b>3,839,956</b>	<b>10,902,138</b>	<b>14,742,094</b>	14,450,028

# The Corporation of the Township of Brock

## Notes to the consolidated financial statements

December 31, 2015

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### 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:

	2015		2014	
	Cash	Investments	Cash	Investments
	\$	\$	\$	\$
Operating Fund	1,919,592	560,000	2,178,992	1,060,000
Reserve Funds	3,927,061	7,300,000	3,184,033	6,300,000
<b>Total</b>	<b>5,846,653</b>	<b>7,860,000</b>	<b>5,363,025</b>	<b>7,360,000</b>

The market value of the investments at December 31, 2015 was \$7,894,475 (2014 - \$7,366,802).

### 4. Taxes receivable

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

	2015	2014
	\$	\$
Current year	1,265,562	1,398,182
Arrears, previous years	780,084	1,001,112
	<b>2,045,646</b>	<b>2,399,294</b>
Less allowance	(110,575)	(80,200)
	<b>1,935,071</b>	<b>2,319,094</b>

### 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 fiscal year. They are the result of contracts, invoices, agreements and legislation in force at the end of the fiscal year that require the Township to pay for goods and services acquired or provided on or before December 31, 2015. A further breakdown is provided below:

	2015	2014
	\$	\$
Trade accounts payable	856,616	501,244
Payroll liabilities	138,432	288,785
Accrued liabilities	91,017	84,223
Refundable deposits	69,948	67,509
	<b>1,156,013</b>	<b>941,761</b>

# The Corporation of the Township of Brock

## Notes to the consolidated financial statements

December 31, 2015

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### 6. Deferred revenue

	2015	2014
	\$	\$
Obligatory Reserve Funds		
Development charges	2,391,365	2,280,105
Parkland	183,622	227,787
Parking	8,215	8,145
Federal gas tax revenue	875,436	830,676
	<b>3,458,638</b>	3,346,713
Other deferred revenue	97,254	410,989
	<b>3,555,892</b>	3,757,702
Continuity of obligatory Reserve Funds is as follows		
Balance, beginning of year	3,346,713	3,054,947
Subdividers contributions	145,577	260,550
Federal gas tax revenues	328,383	338,201
Interest earned	46,681	35,945
	<b>3,867,354</b>	3,689,643
Internal loans repaid from obligatory Reserve Funds	(7,449)	(11,579)
Earned revenue transferred to operations	(401,267)	(331,351)
Total obligatory deferred revenue	<b>3,458,638</b>	3,346,713

### 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:

	2015	2014
	\$	\$
The Township 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	1,369,162	1,489,833
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	(55,574)	(77,106)
Net long-term liabilities at the end of the year	<b>1,313,588</b>	1,412,727

# The Corporation of the Township of Brock

## Notes to the consolidated financial statements

December 31, 2015

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

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

	\$
2016	102,665
2017	65,297
2018	68,039
2019	70,897
2020	1,006,690
	<hr/> 1,313,588

- (c) The long-term liabilities 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, 2015 is \$55,574 (2014 - \$77,106) and is not recorded on the "Consolidated statement of financial position".
- (e) Total interest expense related to the net long-term liabilities amounted to \$54,502 (2014 - \$57,719).

### 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 Township), 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:

	2015	2014
	\$	\$
Accrued benefit obligation	395,191	385,749
Unamortized actuarial gain	279,320	316,028
<b>Employee post-employment benefits</b>	<b>674,511</b>	<b>701,777</b>
Opening liability for post employment benefits	701,777	686,854
Current year benefit expense	10,208	14,958
Benefit payments	(17,016)	(17,016)
Amortization of actuarial gain	(36,708)	(8,966)
Interest on accrued benefit obligation	16,250	25,947
	<hr/> 674,511	<hr/> 701,777

# The Corporation of the Township of Brock

## Notes to the consolidated financial statements

December 31, 2015

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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 2015 and thereafter.

(b) *Interest (discount) rate*

The present values as at December 31, 2015 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

(a) *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 2015 was \$ Nil (2014 - \$ Nil).

(b) *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.

(c) *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.

(d) *Other*

During the year, there were \$Nil write-downs of assets (2014 - \$Nil) and \$Nil interest was capitalized during the year (2014 - \$Nil)

# The Corporation of the Township of Brock

Notes to the consolidated financial statements

December 31, 2015

## 9. Tangible capital assets (continued)

2015

	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	2,328,133	3,008,842	11,678,825	5,168,918	2,029,688	1,102,024	80,088,096	2,393,433	6,174,001	113,971,960
Additions	-	82,460	559,765	290,276	102,834	81,184	886,479	-	735,890	2,738,888
Disposals	-	-	-	(257,130)	(39,080)	-	-	-	-	(296,210)
Balance, end of year	2,328,133	3,091,302	12,238,590	5,202,064	2,093,442	1,183,208	80,974,575	2,393,433	6,909,891	116,414,638
Accumulated amortization										
Balance, beginning of year	-	974,894	5,041,859	2,744,697	1,175,523	454,386	40,605,795	402,243	1,627,468	53,026,865
Amortization expense	-	102,833	234,653	341,597	171,891	48,370	2,319,336	31,912	108,101	3,358,693
Disposals	-	-	-	(256,213)	(39,080)	-	-	-	-	(295,293)
Balance, end of year	-	1,077,727	5,276,512	2,830,081	1,308,334	502,756	42,925,131	434,155	1,735,569	56,090,265
Net book value of tangible capital assets	2,328,133	2,013,575	6,962,078	2,371,983	785,108	680,452	38,049,444	1,959,278	5,174,322	60,324,373



# The Corporation of the Township of Brock

Notes to the consolidated financial statements

December 31, 2015

## 9. Tangible capital assets (continued)

	2014									
	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	2,337,973	2,830,328	11,646,700	4,841,959	1,853,830	1,102,024	79,684,534	2,393,433	5,165,614	111,856,395
Additions	-	178,514	32,125	326,959	216,858	-	403,562	-	1,008,387	2,166,405
Disposals	(9,840)	-	-	-	(41,000)	-	-	-	-	(50,840)
Balance, end of year	2,328,133	3,008,842	11,678,825	5,168,918	2,029,688	1,102,024	80,088,096	2,393,433	6,174,001	113,971,960
Accumulated amortization										
Balance, beginning of year	-	878,650	4,808,155	2,399,175	1,052,084	406,846	38,331,831	370,331	1,533,338	49,780,410
Amortization expense	-	96,244	233,704	345,522	164,439	47,540	2,273,964	31,912	94,130	3,287,455
Disposals	-	-	-	-	(41,000)	-	-	-	-	(41,000)
Balance, end of year	-	974,894	5,041,859	2,744,697	1,175,523	454,386	40,605,795	402,243	1,627,468	53,026,865
Net book value of tangible capital assets	2,328,133	2,033,948	6,636,966	2,424,221	854,165	647,638	39,482,301	1,991,190	4,546,533	60,945,095

# The Corporation of the Township of Brock

## Notes to the consolidated financial statements

December 31, 2015

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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:

	2015	2014
	\$	\$
Invested in tangible capital assets	<b>60,324,373</b>	60,945,095
Other	<b>905,873</b>	880,387
Long term debt	<b>(1,313,588)</b>	(1,412,727)
Employee future benefits	<b>(674,511)</b>	(701,777)
<b>Total surplus</b>	<b>59,242,147</b>	59,710,978
<b>Reserves</b>		
Acquisition of tangible capital assets	<b>1,701,702</b>	2,143,672
Municipal projects	<b>565,693</b>	512,017
Future elections	<b>17,750</b>	17,750
Rate stabilization	<b>398,068</b>	731,805
Working capital	<b>382,128</b>	382,128
<b>Sub-total reserves</b>	<b>3,065,341</b>	3,787,372
<b>Reserve funds set aside for specific purposes by Council for:</b>		
<b>Reserve Funds</b>		
Insurance purposes	<b>299,083</b>	283,792
Post employment	<b>102,804</b>	76,240
Acquisition of tangible capital assets	<b>3,747,754</b>	3,370,426
Road construction	<b>3,558,446</b>	2,358,503
<b>Sub-total Reserve Funds</b>	<b>7,708,087</b>	6,088,961
<b>Total accumulated surplus</b>	<b>70,015,575</b>	69,587,311

# The Corporation of the Township of Brock

## Notes to the consolidated financial statements

December 31, 2015

### 11. Grants

	2015	2014
	\$	\$
Government of Canada	378,016	355,381
Province of Ontario		
Ministry of Municipal Affairs - Ontario Municipal Partnership Fund	883,700	883,500
Infrastructure Ontario	227,468	530,059
Ministry of Environment - Source Protection	8,832	-
Trillium Fund	-	50,000
Ministry of Agriculture, Food and Rural Affairs - RED Program	86,303	11,134
Ministry of Municipal Affairs - Ontario Community Infrastructure Fund	104,291	-
Ministry of Natural Resources - Aggregate Resource Act	61,599	61,422
Ministry of Culture & Recreation - Library Operating Grant	34,058	33,888
Ministry of Culture & Recreation - Communities Fund	66,788	69,917
Ministry of Agriculture and Food - Wild Life Danger	16,401	16,905
	<b>1,489,440</b>	<b>1,656,825</b>

### 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:

	2015	2014
	\$	\$
Principal payments	99,139	94,715
Interest	54,202	57,719
	<b>153,341</b>	<b>152,434</b>

### 13. Trust funds

Trust funds administered by the Township amounting to \$1,215,103 (2014 - \$932,364) 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, 2015 was on behalf of 48 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 \$260,632 (2014 - \$247,753) was paid to OMERS on behalf of its members.

# The Corporation of the Township of Brock

## Notes to the consolidated financial statements

December 31, 2015

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### 15. Budget figures

The budgets originally approved by Township Council for 2015, adjusted as noted below, are reflected 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.

### 16. Classification of expenses by object

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

	2015	2014
	\$	\$
Salaries, wages and employee benefits	4,346,254	4,421,975
Operating materials and supplies	3,379,744	3,232,402
Contracted services	268,734	276,795
Rents and financial expenses	20,968	22,574
External transfers to others	71,251	36,000
Debt services	54,502	57,719
Amortization	3,358,693	3,287,455
	<b>11,500,146</b>	<b>11,334,920</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, 2015

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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, 2015

## 18. Segmented information (continued)

								2015
	General government	Protection of persons	Transportation services	Environmental services	Health services	Recreational services	Planning and development	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Expenses								
Salaries, wages and benefits	1,065,980	904,170	1,147,906	27,653	5,240	1,193,645	1,660	4,346,254
Operating materials and supplies	847,668	328,922	1,272,339	14,527	125,477	679,928	110,883	3,379,744
Contracted services	139,841	2,295	67,933	-	-	4,865	53,800	268,734
Rents and financial expenses	20,968	-	-	-	-	-	-	20,968
External transfers to others	-	15,531	-	-	-	20,339	35,381	71,251
Debt services	-	54,502	-	-	-	-	-	54,502
Amortization	165,049	244,195	2,759,385	-	22,326	167,738	-	3,358,693
	<b>2,239,506</b>	<b>1,549,615</b>	<b>5,247,563</b>	<b>42,180</b>	<b>153,043</b>	<b>2,066,515</b>	<b>201,724</b>	<b>11,500,146</b>
Revenue								
Tax revenue	7,950,368	-	176,558	-	-	-	-	8,126,926
User fees and charges	121,984	255,804	139,661	-	82,043	472,060	71,763	1,143,315
Federal grants	35,000	-	296,485	-	-	32,679	13,852	378,016
Provincial grants	917,813	16,401	393,358	-	-	100,846	61,022	1,489,440
Investment	166,655	-	-	-	-	1,031	-	167,686
Penalties	370,612	-	-	-	-	-	-	370,612
Developers contributions	-	-	112,231	-	-	-	-	112,231
Contributed assets	-	-	-	-	-	-	-	-
Gain on sale of tangible capital assets	-	-	22,415	-	-	-	-	22,415
Other revenues	73,327	6,909	-	-	-	26,649	10,884	117,769
Balance, end of year	<b>9,635,759</b>	<b>279,114</b>	<b>1,140,708</b>	<b>-</b>	<b>82,043</b>	<b>633,265</b>	<b>157,521</b>	<b>11,928,410</b>
Annual surplus (deficit), end of year	<b>7,396,253</b>	<b>(1,270,501)</b>	<b>(4,106,855)</b>	<b>(42,180)</b>	<b>(71,000)</b>	<b>(1,433,250)</b>	<b>(44,203)</b>	<b>428,264</b>

# The Corporation of the Township of Brock

## Notes to the consolidated financial statements

December 31, 2015

### 18. Segmented information (continued)

								2014
	General government	Protection of persons	Transportation services	Environmental services	Health services	Recreational services	Planning and development	Total
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Expenses</b>								
Salaries, wages and benefits	1,134,784	942,420	1,185,934	28,953	2,719	1,126,537	629	4,421,976
Operating materials and supplies	770,910	330,462	1,224,272	18,420	138,158	681,528	68,652	3,232,402
Contracted services	119,920	12,242	95,500	-	400	4,845	43,888	276,795
Rents and financial expenses	22,567	-	-	-	-	7	-	22,574
External transfers to others	-	16,095	-	-	-	15,454	4,450	35,999
Debt services	-	57,719	-	-	-	-	-	57,719
Amortization	158,244	241,211	2,693,026	-	22,326	172,648	-	3,287,455
	<u>2,206,425</u>	<u>1,600,149</u>	<u>5,198,732</u>	<u>47,373</u>	<u>163,603</u>	<u>2,001,019</u>	<u>117,619</u>	<u>11,334,920</u>
<b>Revenue</b>								
Tax revenue	7,701,919	-	167,747	-	-	-	-	7,869,666
User fees and charges	176,325	215,564	196,744	-	82,101	458,223	67,570	1,196,527
Federal grants	-	-	317,033	-	-	11,192	27,156	355,381
Provincial grants	941,800	16,905	591,482	-	-	103,804	2,834	1,656,825
Investment	153,997	-	-	-	-	114	-	154,111
Penalties	412,805	-	-	-	-	-	-	412,805
Developers contributions	11,579	14,317	-	-	-	-	-	25,896
Contributed assets	-	-	-	-	-	-	-	-
Gain on sale of tangible capital assets	21,360	-	-	-	-	-	-	21,360
Other revenues	20,121	5,827	-	-	-	137,875	1,934	165,757
Balance, end of year	<u>9,439,906</u>	<u>252,613</u>	<u>1,273,006</u>	<u>-</u>	<u>82,101</u>	<u>711,208</u>	<u>99,494</u>	<u>11,858,328</u>
Annual surplus (deficit), end of year	<u>7,233,481</u>	<u>(1,347,536)</u>	<u>(3,925,726)</u>	<u>(47,373)</u>	<u>(81,502)</u>	<u>(1,289,811)</u>	<u>(18,125)</u>	<u>523,408</u>