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Consolidated financial statements of  
The Corporation of the  
Township of Brock

December 31, 2017

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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, 2017, 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, 2017 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.



**The Corporation of the Township of Brock**  
**Consolidated statement of financial position**  
As at December 31, 2017

	Notes	2017	2016
		\$	\$
<b>Assets</b>			
Financial assets			
Cash	3	8,768,488	5,253,641
Investments	3	10,860,000	9,860,000
Taxes receivable	4	1,517,022	1,687,012
Accounts receivable		758,840	1,149,258
		<b>21,904,350</b>	<b>17,949,911</b>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	5	1,467,113	940,143
Deferred revenue	6	6,003,239	4,072,851
Net long-term liabilities	7	1,145,626	1,210,923
Employee post employment benefits	8	582,000	629,723
		<b>9,197,978</b>	<b>6,853,640</b>
Net financial assets		<b>12,706,372</b>	<b>11,096,271</b>
<b>Non-financial assets</b>			
Tangible capital assets	9	59,132,317	59,814,062
Prepaid expenses		47,510	59,099
		<b>59,179,827</b>	<b>59,873,161</b>
<b>Accumulated surplus</b>	10	<b>71,886,199</b>	<b>70,969,432</b>

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

# The Corporation of the Township of Brock

## Consolidated statement of operations

Year ended December 31, 2017

	Notes	2017		2016
		Budget (Note 15)	Actual	Actual
		\$	\$	\$
<b>Revenue</b>				
Taxation		8,383,490	8,455,869	8,357,831
User fees and charges		1,210,768	1,478,600	1,265,597
Grants	11			
Government of Canada		377,953	338,608	465,553
Province of Ontario		1,189,978	1,204,575	1,305,743
Investment income		35,000	218,656	180,199
Penalties and interest on taxes		335,000	302,239	335,043
Developer contributions earned		—	499,044	392,136
(Loss) on sale/disposal of tangible capital assets		—	(14,093)	(72,098)
Other		63,500	366,762	226,440
		<b>11,595,689</b>	<b>12,850,260</b>	12,456,444
<b>Expenses</b>				
General government	16	2,396,400	1,986,156	2,169,202
Protection to persons and property		1,799,925	1,682,527	1,555,247
Transportation services		5,541,100	5,998,270	5,391,296
Environmental services		46,100	35,581	41,653
Health services		188,800	160,489	160,859
Recreation and cultural services		2,041,599	1,961,830	2,085,690
Planning and development		156,100	108,640	106,855
		<b>12,170,024</b>	<b>11,933,493</b>	11,510,802
Annual (deficit) surplus		(574,335)	916,767	945,642
Accumulated surplus, beginning of year		70,969,432	70,969,432	70,023,790
<b>Accumulated surplus, end of year</b>		<b>70,395,097</b>	<b>71,886,199</b>	70,969,432

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

**The Corporation of the Township of Brock**  
**Consolidated statement of change in net financial assets**  
Year ended December 31, 2017

	2017		2016
	Budget (Note 15)	Actual	Actual
	\$	\$	\$
<b>Annual (deficit) surplus</b>	<b>(574,335)</b>	<b>916,767</b>	945,642
Acquisition of tangible capital assets	<b>(3,655,362)</b>	<b>(2,970,712)</b>	(3,056,806)
Loss on sale/disposal of tangible capital assets	—	<b>14,093</b>	72,098
Proceeds from sale of tangible capital assets	—	—	13,039
Amortization of tangible capital assets	<b>3,400,000</b>	<b>3,638,364</b>	3,481,980
	<b>(829,697)</b>	<b>1,598,512</b>	1,455,953
Net change in prepaid expenses	—	<b>11,589</b>	(49,045)
(Decrease) increase in net financial assets	<b>(829,697)</b>	<b>1,610,101</b>	1,406,908
Net financial assets, beginning of year	<b>11,096,271</b>	<b>11,096,271</b>	9,689,363
<b>Net financial assets, end of year</b>	<b>10,266,574</b>	<b>12,706,372</b>	11,096,271

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

**The Corporation of the Township of Brock**

**Consolidated statement of cash flows**

Year ended December 31, 2017

	2017	2016
	\$	\$
<b>Operating activities</b>		
Annual surplus	916,767	945,642
Items not involving cash		
Amortization	3,638,364	3,481,980
Revenue recognized on assumed assets		(12,592)
Loss on sale of tangible capital assets	14,093	72,098
Change in non-cash working capital		
Taxes receivable	169,990	248,059
Accounts receivable	390,418	(409,830)
Investments	(1,000,000)	(2,000,000)
Prepaid expenses	11,589	(49,045)
Accounts payable and accrued liabilities	526,970	(215,870)
Deferred revenue	1,930,388	525,174
Employee post employment benefits	(47,723)	(44,788)
	<b>6,550,856</b>	<b>2,540,828</b>
<b>Capital activities</b>		
Acquisition of tangible capital assets	(2,970,712)	(3,044,214)
Proceeds from sale of tangible capital assets	—	13,039
	<b>(2,970,712)</b>	<b>(3,031,175)</b>
<b>Financing activity</b>		
Repayment of long term liabilities	(65,297)	(102,665)
Net change in cash	<b>3,514,847</b>	<b>(593,012)</b>
Cash beginning of year	<b>5,253,641</b>	<b>5,846,653</b>
<b>Cash, end of year</b>	<b>8,768,488</b>	<b>5,253,641</b>

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

## **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.



**1. Significant accounting policies (continued)**

*(b) Basis of accounting (continued)*

*(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.

- *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.

**1. Significant accounting policies (continued)**

*(b) Basis of accounting (continued)*

*(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.

*(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*

A liability for the remediation of a contaminated site is recognized as the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the Township is either directly responsible or accepts responsibility, it is expected that the future economic benefit will be given up, and a reasonable estimate of the amount is determinable. If the likelihood of the Township's obligation to incur these costs is either not determinable, or if an amount cannot be reasonably estimated, the costs are disclosed as contingent liabilities in the notes to the 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:

	2017			2016
	School boards	Region	Total	Total
	\$	\$	\$	\$
Taxation and user charges	3,691,584	10,771,982	14,463,566	14,694,407
Payments-in-lieu	88,384	180,791	269,175	271,414
	<b>3,779,968</b>	<b>10,952,773</b>	<b>14,732,741</b>	14,965,821

## 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:

	2017		2016	
	Cash	Investments	Cash	Investments
	\$	\$	\$	\$
Operating Fund	3,306,324	1,060,000	1,980,955	560,000
Reserve Funds	5,462,164	9,800,000	3,272,686	9,300,000
Total	<b>8,768,488</b>	<b>10,860,000</b>	5,253,641	9,860,000

The market value of the investments at December 31, 2017 was \$10,913,388 (\$9,912,185 in 2016).

## 4. Taxes receivable

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

	2017	2016
	\$	\$
Current year	1,051,296	1,163,558
Arrears, previous years	555,563	698,357
	<b>1,606,859</b>	1,861,915
Less allowance	(89,837)	(174,903)
	<b>1,517,022</b>	1,687,012

**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, 2017. A further breakdown is provided below:

	<b>2017</b>	2016
	\$	\$
Trade accounts payable	<b>1,083,822</b>	561,514
Payroll liabilities	<b>193,925</b>	186,477
Accrued liabilities	<b>97,616</b>	124,078
Refundable deposits	<b>91,750</b>	68,074
	<b>1,467,113</b>	940,143

**6. Deferred revenue**

	<b>2017</b>	2016
	\$	\$
Obligatory reserve funds		
Development charges	<b>3,229,795</b>	2,257,406
Parkland	<b>191,711</b>	184,961
Building Department fees	<b>173,830</b>	—
Federal gas tax receipts	<b>1,501,160</b>	1,135,332
	<b>5,096,496</b>	3,577,699
Other deferred revenue	<b>906,743</b>	495,152
	<b>6,003,239</b>	4,072,851
Continuity of obligatory reserve funds is as follows		
Balance, beginning of the year	<b>3,577,699</b>	3,450,423
Subdividers contributions	<b>1,332,943</b>	124,214
Building permit fees in excess of expenditures	<b>173,830</b>	—
Federal gas tax revenue	<b>350,907</b>	344,803
Interest earned	<b>60,161</b>	47,395
	<b>5,495,540</b>	3,966,835
Internal loss repaid from obligatory reserve funds	<b>(14,044)</b>	(7,136)
Earned revenue transferred to operations	<b>(385,000)</b>	(382,000)
Total obligatory deferred revenue	<b>5,096,496</b>	3,577,699

**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:

	2017	2016
	\$	\$
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	<b>1,185,678</b>	1,258,962
Of the long-term liabilities shown above, the responsibility for payment and principal and interest charges tile drainage has been assumed by individuals. At the end of the year the outstanding principal amount of this liability is	<b>(40,052)</b>	(48,039)
Net long-term liabilities at the end of the year	<b><u>1,145,626</u></b>	<u>1,210,923</u>

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

	\$
2018	68,039
2019	70,897
2020	<u>1,006,690</u>
	<b><u>1,145,626</u></b>

- (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, 2017 is \$40,052 (\$48,039 in 2016) and is not recorded on the "Consolidated statement of financial position".
- (e) Total interest expense related to the net long-term liabilities amounted to \$47,029 (\$50,928 in 2016).

**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.

**8. Employee post-employment benefits (continued)**

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

	2017	2016
	\$	\$
Accrued benefit obligation	368,800	356,142
Unamortized actuarial gain	213,200	273,581
Employee post-employment benefits	<b>582,000</b>	629,723
Opening liability for post-employment benefits	<b>629,723</b>	674,511
Current year benefit expense	15,000	10,642
Benefit payments	(36,523)	(35,000)
Amortization of actuarial gain	(40,900)	(36,708)
Interest on accrued benefit obligation	14,700	16,278
	<b>582,000</b>	629,723

The main assumptions employed for these valuations are as follows:

(a) *Interest (discount) rate*

The present values as at December 31, 2017 of the post-employment benefits was determined using a discount rate of 3.20%.

(b) *Health and dental costs*

Health care costs are expected to increase by 7.28% in the first year after the valuation, decreasing to an ultimate rate of 4% by 2038. 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 2017 was nil (\$12,592 in 2016).

(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.

**9. Tangible capital assets (continued)**

*(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 (nil in 2016) and nil interest was capitalized during the year (nil in 2016)

The Corporation of the Township of Brock  
Notes to the consolidated financial statement  
December 31, 2017

9. Tangible capital assets (continued)

										2017
	Land	Land	Buildings	Rolling	Furniture and	Sidewalks	Roads	Storm sewer	Bridges and	Total
	Land	improvements		stocks	equipment	and parking			structures	
	\$	\$	\$	\$	\$	lots	\$	\$	\$	\$
Cost										
Balance, beginning of year	2,340,725	3,156,259	12,386,122	5,825,133	1,973,366	1,340,097	82,722,406	2,393,433	7,074,565	119,212,106
Additions	—	46,179	466,681	532,774	245,169	646,786	1,033,123	—	—	2,970,712
Disposals	—	—	—	—	(81,890)	(8,719)	—	—	—	(90,609)
Balance, year end	2,340,725	3,202,438	12,852,803	6,357,907	2,136,645	1,978,164	83,755,529	2,393,433	7,074,565	122,092,209
Accumulated amortization										
Balance, beginning of year	—	1,184,311	5,523,556	3,157,228	1,310,295	555,092	45,355,940	466,069	1,845,553	59,398,044
Amortization expense	—	108,758	255,976	373,362	147,365	68,000	2,535,784	31,912	117,207	3,638,364
Disposals	—	—	—	—	(71,576)	(4,940)	—	—	—	(76,516)
Balance, year end	—	1,293,069	5,779,532	3,530,590	1,386,084	618,152	47,891,724	497,981	1,962,760	62,959,892
Net book value of tangible capital assets	2,340,725	1,909,369	7,073,271	2,827,317	750,561	1,360,012	35,863,805	1,895,452	5,111,805	59,132,317
										2016
	Land	Land	Buildings	Rolling	Furniture and	Sidewalks	Roads	Storm sewer	Bridges and	Total
	Land	improvements		stocks	equipment	and parking			structures	
	\$	\$	\$	\$	\$	lots	\$	\$	\$	\$
Cost										
Balance, beginning 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
Additions	12,592	64,957	147,532	655,569	99,504	156,889	1,747,831	—	171,932	3,056,806
Disposals	—	—	—	(32,500)	(219,580)	—	—	—	(7,258)	(259,338)
Balance, year end	2,340,725	3,156,259	12,386,122	5,825,133	1,973,366	1,340,097	82,722,406	2,393,433	7,074,565	119,212,106
Accumulated amortization										
Balance, beginning 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
Amortization expense	—	106,584	247,044	342,314	155,431	52,336	2,430,809	31,914	115,548	3,481,980
Disposals	—	—	—	(15,167)	(153,470)	—	—	—	(5,564)	(174,201)
Balance, year end	—	1,184,311	5,523,556	3,157,228	1,310,295	555,092	45,355,940	466,069	1,845,553	59,398,044
Net book value of tangible capital assets	2,340,725	1,971,948	6,862,566	2,667,905	663,071	785,005	37,366,466	1,927,364	5,229,012	59,814,062



**10. Accumulated surplus**

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

	<b>2017</b>	2016
	\$	\$
Invested in tangible capital assets	<b>59,132,317</b>	59,814,062
Other	<b>1,398,457</b>	670,400
Long term debt	<b>(1,145,626)</b>	(1,210,923)
Employee future benefits	<b>(582,000)</b>	(629,723)
<b>Total surplus</b>	<b>58,803,148</b>	58,643,816
<b>Reserves</b>		
Acquisition of tangible capital assets	<b>1,740,160</b>	1,458,047
Municipal projects	<b>621,267</b>	622,602
Future elections	<b>47,750</b>	32,750
Rate stabilizations	<b>495,968</b>	646,968
Working capital	<b>382,128</b>	382,128
<b>Sub-total reserves</b>	<b>3,287,273</b>	3,142,495
<b>Reserve funds set aside for specific purposes by Council for:</b>		
<b>Reserve funds</b>		
Insurance purposes	<b>421,678</b>	361,336
Post employment	<b>156,944</b>	129,646
Acquisition of tangible capital assets	<b>4,774,878</b>	4,209,447
Road construction	<b>4,442,278</b>	4,482,692
<b>Sub-total reserve funds</b>	<b>9,795,778</b>	9,183,121
<b>Total accumulated surplus</b>	<b>71,886,199</b>	70,969,432

## 11. Grants

	2017	2016
	\$	\$
Government of Canada	<b>338,608</b>	465,553
Province of Ontario		
Ministry of Municipal Affairs - Ontario Municipal Partnership fund	<b>895,200</b>	913,800
Infrastructure Ontario	—	—
Ministry of the Environment - Source Protection Trillium fund	<b>15,013</b>	9,306
Ministry of Agriculture, Food & Rural Affairs - RED Program	<b>9,000</b>	81,800
Ministry of Agriculture & Food - Wild life damage	—	22,563
Ministry of Municipal Affairs - Ontario Community Infrastructure Grant	<b>5,036</b>	8,883
Ministry of Natural Resources - Aggregate Resources Act	<b>187,278</b>	104,291
Ministry of Culture & Recreation - Library Opening Grant	<b>66,723</b>	61,194
Ministry of Transportation - Trail Rehabilitation Grant	<b>26,325</b>	28,906
	—	75,000
	<b>1,204,575</b>	1,305,743

## 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:

	2017	2016
	\$	\$
Principal payments	<b>65,297</b>	102,665
Interest	<b>47,029</b>	50,928
	<b>112,326</b>	153,593

## 13. Trust funds

Trust funds administered by the Township amounting to \$919,759 (\$1,197,159 in 2016) 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, 2017 was on behalf of 50 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 \$256,523 (\$239,298 in 2016) was paid to OMERS on behalf of its members.

## 15. Budget figures

The budgets originally approved by Township Council for 2017, 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:

	2017	2016
	\$	\$
Salaries, wages and employee benefits	4,558,445	4,310,276
Operating materials and supplies	3,332,924	3,437,814
Contracted services	293,772	183,479
Rents and financial expenses	20,772	21,924
External transfers to others	42,188	24,400
Debt services	47,028	50,929
Amortization	3,638,364	3,481,980
	<b>11,933,493</b>	<b>11,510,802</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.

## **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 statement**  
December 31, 2017

**18. Segmented information (continued)**

	2017							
	General Government	Protection of Persons	Transportation Services	Environmental Services	Health Services	Recreational Services	Planning & development	Total
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Expenses</b>								
Salaries, wages & benefits	1,082,098	1,028,863	1,280,201	24,007	3,558	1,130,452	9,266	4,558,445
Operating materials & supplies	553,431	385,465	1,566,210	11,574	133,742	625,734	56,768	3,332,924
Contracted services	160,664	—	101,410	—	—	17,148	14,550	293,772
Rents & financial expenses	20,772	—	—	—	—	—	—	20,772
External transfers	—	4,646	—	—	—	9,486	28,056	42,188
Debt services	—	47,028	—	—	—	—	—	47,028
Amortization	169,191	216,525	3,050,449	—	23,189	179,010	—	3,638,364
	<b>1,986,156</b>	<b>1,682,527</b>	<b>5,998,270</b>	<b>35,581</b>	<b>160,489</b>	<b>1,961,830</b>	<b>108,640</b>	<b>11,933,493</b>
<b>Revenue</b>								
Tax revenue	8,258,232	—	197,637	—	—	—	—	8,455,869
User fees	279,083	458,895	72,845	—	97,866	485,411	84,500	1,478,600
Federal grants	—	—	109,300	—	—	228,010	1,298	338,608
Provincial grants	895,200	5,036	254,001	—	—	35,325	15,013	1,204,575
Investments	218,418	—	—	—	—	238	—	218,656
Penalties	302,239	—	—	—	—	—	—	302,239
Developers contributions	—	—	499,044	—	—	—	—	499,044
Contributed assets	—	—	—	—	—	—	—	—
Gain on sale	—	(10,315)	(3,778)	—	—	—	—	(14,093)
Other revenues	64,463	—	25,000	—	250	276,184	865	366,762
	<b>10,017,635</b>	<b>453,616</b>	<b>1,154,049</b>	<b>—</b>	<b>98,116</b>	<b>1,025,168</b>	<b>101,676</b>	<b>12,850,260</b>
Annual deficit (surplus), end of year	<b>8,031,479</b>	<b>(1,228,911)</b>	<b>(4,844,221)</b>	<b>(35,581)</b>	<b>(62,373)</b>	<b>(936,662)</b>	<b>(6,964)</b>	<b>916,767</b>

**The Corporation of the Township of Brock**  
**Notes to the consolidated financial statement**  
December 31, 2017

**18. Segmented information (continued)**

	2016							
	General Government	Protection of Persons	Transportation Services	Environmental Services	Health Services	Recreational Services	Planning & development	Total
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Expenses</b>								
Salaries, wages & benefits	1,052,797	925,540	1,180,843	24,821	3,228	1,122,671	376	4,310,276
Operating materials & supplies	787,214	349,720	1,283,345	16,832	134,874	774,141	91,688	3,437,814
Contracted services	138,575	—	33,579	—	—	4,534	6,791	183,479
Rents & financial expenses	21,924	—	—	—	—	—	—	21,924
External transfers	—	8,223	—	—	—	8,177	8,000	24,400
Debt services	—	50,929	—	—	—	—	—	50,929
Amortization	168,692	220,835	2,893,529	—	22,757	176,167	—	3,481,980
	<u>2,169,202</u>	<u>1,555,247</u>	<u>5,391,296</u>	<u>41,653</u>	<u>160,859</u>	<u>2,085,690</u>	<u>106,855</u>	<u>11,510,802</u>
<b>Revenue</b>								
Tax revenue	8,176,587	—	181,244	—	—	—	—	8,357,831
User fees	196,596	292,981	163,738	—	96,239	470,425	45,618	1,265,597
Federal grants	—	—	437,098	—	—	28,455	—	465,553
Provincial grants	917,000	8,883	165,485	—	—	185,706	28,669	1,305,743
Investments	179,449	—	—	—	—	750	—	180,199
Penalties	335,043	—	—	—	—	—	—	335,043
Developers contributions	—	—	392,136	—	—	—	—	392,136
Contributed assets	12,592	—	—	—	—	—	—	12,592
Gain on sale	—	(70,404)	(1,694)	—	—	—	—	(72,098)
Other revenues	49,034	6,840	72,456	—	—	84,373	1,145	213,848
	<u>9,866,301</u>	<u>238,300</u>	<u>1,410,463</u>	<u>—</u>	<u>96,239</u>	<u>769,709</u>	<u>75,432</u>	<u>12,456,444</u>
Annual deficit (surplus), end of year	<u>7,697,099</u>	<u>(1,316,947)</u>	<u>(3,980,833)</u>	<u>(41,653)</u>	<u>(64,620)</u>	<u>(1,315,981)</u>	<u>(31,423)</u>	<u>945,642</u>