
Consolidated financial statements of
The Corporation of the
Township of Brock

December 31, 2020

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Independent Auditor's Report

To the Members of Council of
The Corporation of the Township of Brock

Opinion

We have audited the consolidated financial statements of The Corporation of the Township of Brock (the "Township"), which comprise the statement of financial position as at December 31, 2020, and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Township as at December 31, 2020, and the results of its operations, changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards ("PSAS").

Basis for Opinion

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

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

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

In preparing the financial statements, management is responsible for assessing the Township's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Township or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Township's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Township's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Township to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Township to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accounts
June 30, 2021

The Corporation of the Township of Brock
Consolidated statement of financial position

As at December 31, 2020

	Notes	2020	2019
		\$	\$
Assets			
Financial assets			
Cash	3	11,331,761	10,584,814
Investments	3	11,459,745	12,431,436
Taxes receivable	4	2,005,699	1,843,576
Accounts receivable		758,130	961,881
		25,555,335	25,821,707
Liabilities			
Accounts payable and accrued liabilities	5	2,550,159	2,239,810
Deferred revenue	6	9,185,081	8,102,878
Net long-term liabilities	7	—	1,006,690
Employee post employment benefits	8	403,200	460,100
		12,138,440	11,809,478
Contingencies	17		
Net financial assets		13,416,895	14,012,229
Non-financial assets			
Tangible capital assets	9	62,091,197	60,991,516
Prepaid expenses		22,255	25,381
		62,113,452	61,016,897
Accumulated surplus	10	75,530,347	75,029,126

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, 2020

	Budget (Note 15)	2020 Actual	2019 Actual
Notes	\$	\$	\$
Revenue			
Taxation	9,347,763	9,501,095	9,009,486
User fees and charges	1,372,682	1,051,975	1,220,084
Grants			
Government of Canada	65,474	40,629	56,012
Province of Ontario	8,062,662	1,712,569	2,927,633
Federal gas tax	353,174	1,359,526	1,136,487
Investment income	100,000	256,522	373,356
Penalties and interest on taxes	325,000	252,422	357,738
Developer contributions earned	—	397,334	344,371
Gain on sale/disposal of tangible capital assets	—	17,793	17,425
Other	21,750	125,916	191,371
	19,648,505	14,715,781	15,633,963
Expenses			
General government	2,906,350	3,243,802	2,466,894
Protection to persons and property	2,139,271	2,004,472	1,951,813
Transportation services	5,235,585	6,583,760	7,298,520
Environmental services	54,000	53,726	50,979
Health services	143,400	134,494	147,067
Recreation and cultural services	9,030,049	2,010,342	2,297,159
Planning and development	137,850	183,964	211,496
	19,646,505	14,214,560	14,423,928
Annual surplus	—	501,221	1,210,035
Accumulated surplus, beginning of year	75,029,126	75,029,126	73,819,091
Accumulated surplus, end of year	75,029,126	75,530,347	75,029,126

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, 2020

	Budget (Note 15) \$	2020 Actual \$	2019 Actual \$
Annual surplus	—	501,221	1,210,035
Acquisition of tangible capital assets	(11,572,563)	(5,191,684)	(5,151,870)
(Gain) on sale/disposal of tangible capital assets	—	(17,793)	(17,425)
Proceeds from sale of tangible capital assets	—	21,731	17,500
Amortization of tangible capital assets	3,900,000	4,088,065	4,003,599
	(7,672,563)	(598,460)	61,839
Net change in prepaid expenses	—	3,126	39,581
(Decrease) increase in net financial assets	(7,672,563)	(595,334)	101,420
Net financial assets, beginning of year	14,012,229	14,012,229	13,910,809
Net financial assets, end of year	6,339,666	13,416,895	14,012,229

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, 2020

	2020	2019
	\$	\$
Operating activities		
Annual surplus	501,221	1,210,035
Items not involving cash		
Amortization	4,088,065	4,003,599
Loss on sale of tangible capital assets	(17,793)	(17,425)
Change in non-cash working capital		
Taxes receivable	(162,123)	257,314
Accounts receivable	203,751	209,616
Investments	971,691	950,635
Prepaid expenses	3,126	39,581
Accounts payable and accrued liabilities	310,349	1,013,942
Deferred revenue	1,082,203	1,105,387
Employee post employment benefits	(56,900)	(61,700)
	6,923,590	8,710,984
Capital activities		
Acquisition of tangible capital assets	(5,191,684)	(5,151,870)
Proceeds from sale of tangible capital assets	21,731	17,500
	(5,169,953)	(5,134,370)
Financing activity		
Repayment of long term liabilities	(1,006,690)	(70,897)
Net change in cash	746,947	3,505,717
Cash beginning of year	10,584,814	7,079,097
Cash, end of year	11,331,761	10,584,814

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) 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.

(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.

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 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.

(ix) 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.

(x) 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:

	School boards	Region	2020 Total	2019 Total
	\$	\$	\$	\$
Taxation and user charges	3,943,615	11,716,984	15,660,598	15,103,845
Payments-in-lieu	88,428	191,613	280,041	277,814
	4,032,043	11,908,597	15,940,640	15,381,659

The Corporation of the Township of Brock
Notes to the consolidated financial statements
December 31, 2020

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:

	2020		2019	
	Cash \$	Investments \$	Cash \$	Investments \$
Operating Fund	3,222,453	60,000	2,964,581	60,000
Reserve Fund	8,109,308	11,399,745	7,620,233	12,371,436
	11,331,761	11,459,745	10,584,814	12,431,436

The market value of the investments at December 31, 2020 was \$11,479,395 (\$12,479,941 in 2019).

4. Taxes receivable

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

	2020 \$	2019 \$
Current year	1,374,704	1,231,086
Arrears, previous years	650,995	632,490
	2,025,699	1,863,576
Less allowance	(20,000)	(20,000)
	2,005,699	1,843,576

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, 2020. A further breakdown is provided below:

	2020 \$	2019 \$
Trade account payable	2,009,532	1,637,161
Payroll liabilities	300,113	365,360
Accrued liabilities	157,459	152,065
Refund deposits	83,055	85,224
	2,550,159	2,239,810

The Corporation of the Township of Brock
Notes to the consolidated financial statements
December 31, 2020

6. Deferred revenue

	2020	2019
	\$	\$
Obligatory reserve funds		
Development charges	7,522,456	5,980,352
Parkland	213,200	208,814
Building Department fees	340,914	359,765
Federal gas tax receipts	792,029	1,490,542
	8,868,599	8,039,473
Other deferred revenue	316,482	63,405
	9,185,081	8,102,878
Continuity of obligatory reserve funds is as follows		
Balance, beginning of year	8,039,473	6,581,806
Subdividers contributions	2,122,740	1,875,709
Building permit fees in excess of expenditures	—	180,000
Federal gas tax funding received	353,174	721,123
Interest earned	110,071	161,693
	10,625,458	9,520,331
Earned revenue transferred to operations	(1,756,860)	(1,480,858)
Total obligatory deferred revenue	8,868,598	8,039,473

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:

	2020	2019
	\$	\$
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	19,109	1,032,100
Of the long-term liabilities shown above, the responsibility for payment of principal and interest charges for the title drainage has been assumed by individuals. At the end of the year the outstanding principal amount of this liability is	(19,109)	(25,410)
	—	1,006,690

- (b) 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.
- (c) The Township is contingently liable for long-term liabilities with respect to tile drainage loans. The total amount outstanding as at December 31, 2020 is \$19,109 (\$25,410 in 2019) and is not recorded on the "Consolidated statement of financial position".
- (d) Total interest expense related to the net long-term liabilities amounted to \$39,764 (\$42,458 in 2019).

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:

	2020	2019
	\$	\$
Accrued benefit obligation	320,500	322,700
Unamortized actuarial gain	82,700	137,400
Employee post-employment benefits	403,200	460,100
Opening liability for post-employment benefits	460,100	521,800
Current year benefit expense	15,100	18,900
Benefit payments	(41,700)	(53,500)
Amortization of actuarial gain	(39,900)	(37,900)
Interest on accrued benefit obligation	9,600	10,800
	403,200	460,100

The main assumptions employed for these valuations are as follows:

(a) Interest (discount) rate

The present values as at December 31, 2020 of the post-employment benefits was determined using a discount rate of 2.2%.

(b) Health and dental costs

Health care costs are expected to decrease by 0.20% in the first year after the valuation, decreasing to an ultimate rate of 4% by 2041. Dental costs are assumed to increase by 0% staying consistent at 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. Contributed tangible capital assets assumed in 2020 totaled nil (nil in 2019).

(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

(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 2019) and nil interest was capitalized during the year (nil in 2019)

The Corporation of the Township of Brock
Notes to the consolidated financial statements
December 31, 2020

9. Tangible capital assets (continued)

	Land \$	Land improvements \$	Buildings \$	Rolling Stock \$	Furniture and equipment \$	Sidewalks and parking \$	Roads \$	Storm sewer \$	Bridges and structures \$	2020 Total \$
Cost										
Balance, beginning of year	2,724,452	3,748,676	13,784,246	7,499,012	2,434,673	2,329,079	86,902,871	2,684,088	9,204,161	131,311,258
Additions	—	—	1,763,997	499,205	375,498	334,177	567,266	—	1,651,541	5,191,684
Disposals	—	—	—	(317,048)	(34,391)	—	—	—	—	(351,439)
Balance, end of year	2,724,452	3,748,676	15,548,243	7,681,169	2,775,780	2,663,256	87,470,137	2,684,088	10,855,702	136,151,503
Accumulated amortization										
Balance, beginning of year	—	1,517,539	6,358,862	3,997,018	1,616,252	788,709	53,226,673	567,678	2,247,011	70,319,742
Amortization expense	—	120,038	322,296	455,742	168,483	99,212	2,716,367	35,827	170,100	4,088,065
Disposals	—	—	—	(313,110)	(34,391)	—	—	—	—	(347,501)
Balance, end of year	—	1,637,577	6,681,158	4,139,650	1,750,344	887,921	55,943,040	603,505	2,417,111	74,060,306
Net book value of tangible capital assets	2,724,452	2,111,099	8,867,085	3,541,519	1,025,436	1,775,335	31,527,097	2,080,583	8,438,591	62,091,197
	Land \$	Land improvements \$	Buildings \$	Rolling Stock \$	Furniture and equipment \$	Sidewalks and parking \$	Roads \$	Storm sewer \$	Bridges and structures \$	2019 Total \$
Cost										
Balance, beginning of year	2,724,452	3,220,303	13,099,253	7,073,799	2,326,782	2,126,454	86,051,501	2,684,088	7,180,996	126,487,628
Additions	—	528,373	684,993	721,144	138,598	204,227	851,370	—	2,023,165	5,151,870
Disposals	—	—	—	(295,931)	(30,707)	(1,602)	—	—	—	(328,240)
Balance, end of year	2,724,452	3,748,676	13,784,246	7,499,012	2,434,673	2,329,079	86,902,871	2,684,088	9,204,161	131,311,258
Accumulated amortization										
Balance, beginning of year	—	1,401,481	6,068,555	3,826,143	1,498,846	701,129	50,517,489	531,851	2,098,814	66,644,308
Amortization expense	—	116,058	290,307	466,806	148,113	89,107	2,709,184	35,827	148,197	4,003,599
Disposals	—	—	—	(295,931)	(30,707)	(1,527)	—	—	—	(328,165)
Balance, end of year	—	1,517,539	6,358,862	3,997,018	1,616,252	788,709	53,226,673	567,678	2,247,011	70,319,742
Net book value of tangible capital assets	2,724,452	2,231,137	7,425,384	3,501,994	818,421	1,540,370	33,676,198	2,116,410	6,957,150	60,991,516

The Corporation of the Township of Brock
Notes to the consolidated financial statements
December 31, 2020

10. Accumulated surplus

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

	2020	2019
	\$	\$
Invested in tangible capital assets	62,091,197	60,991,516
Other	1,636,519	1,413,473
Long term debt	—	(1,006,690)
Employee future benefits	(403,200)	(460,100)
Total surplus	63,324,516	60,938,199
Reserves		
Acquisition of tangible capital assets	878,459	873,516
Municipal projects	47,491	47,491
Future elections	40,000	20,000
Rate stabilizations	431,210	672,400
Working capital	500,000	500,000
Sub-total reserves	1,897,160	2,113,407
Reserve funds set aside for specific purposes by Council for Reserve funds		
Insurance purposes	210,472	187,885
Post employment	218,102	214,478
Acquisition of tangible capital assets	6,111,891	6,883,840
Road construction	3,768,206	4,691,317
Sub-total reserve funds	10,308,671	11,977,520
Total accumulated surplus	75,530,347	75,029,126

11. Grants

	2020	2019
	\$	\$
Government of Canada	40,629	56,012
Province of Ontario		
Ministry of Municipal Affairs – Ontario Municipal Partnership Fund	877,400	870,000
Modernization Grant	37,500	725,000
Ministry of the Finance - Cannabis	—	19,680
Ministry of Agriculture & Food	—	
Wild Life Damage	8,035	5,097
Main Street Revitalization	21,717	47,945
Ministry of Municipal Affairs – Ontario Community Infrastructure Grant	282,947	1,046,407
Ministry of Municipal Affairs – Safe Restart	323,200	—
Ministry of Natural Resources – Aggregate Resources Act	161,770	177,387
Ministry of Culture & Recreation – Library Opening Grant	—	21,717
Ministry of Tourism, Culture and Sport – Communities Fund	—	14,400
Total	1,712,569	2,927,633

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:

	2020	2019
	\$	\$
Principal payments	1,006,690	70,897
Interest	39,764	42,458
	1,046,454	113,355

13. Trust funds

Trust funds administered by the Township amounting to \$1,029,327 (\$1,055,486 in 2019) 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 52 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 \$313,434 (\$281,080 in 2019) paid to OMERS on behalf of its members has been expensed in the consolidated statement of operations under the appropriate functional expense category. As at December 31, 2020, the OMERS plan with over 525,981 members, has a funding deficit that is approximately \$3.2 billion.

15. Budget figures

The budgets originally approved by Township Council for 2020, 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:

	2020	2019
	\$	\$
Salaries, wages and employee benefits	5,312,515	5,486,753
Operating materials and supplies	4,057,062	4,372,573
Contracted services	507,541	468,849
Rents and financial expenses	21,547	21,847
External transfers to others	188,066	27,849
Debt services	39,764	42,458
Amortization	4,088,065	4,003,599
	14,214,560	14,423,928

17. Contingencies

The Township has been named in litigation matters, the outcome of which is undeterminable and accordingly, no provision has been proved for any potential liability in these financial statements. Should any loss result from these claims, which is not covered by insurance such loss would be charged to operations in the year of resolution or earlier if the loss is likely and measurable.

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, 2020

18. Segmented information (continued)

	General Government	Protection of Persons	Transportation Services	Environmental Services	Health Services	Recreational Services	Planning & development	2020 Total
	\$	\$	\$	\$	\$	\$	\$	\$
Expenses								
Salaries, wages and benefits	1,572,278	1,220,933	1,305,705	28,978	5,989	1,178,632	—	5,312,515
Operating materials & supplies	1,100,271	454,189	1,808,050	24,748	102,170	550,725	16,909	4,057,062
Contracted services	363,116	—	102,917	—	—	20,914	20,594	507,541
Rents & financial expenses	21,547	—	—	—	—	—	—	21,547
External transfers	—	8,035	—	—	—	33,570	146,461	188,066
Debt services	—	39,764	—	—	—	—	—	39,764
Amortization	186,590	281,551	3,367,088	—	26,335	226,501	—	4,088,065
	3,243,802	2,004,472	6,583,760	53,726	134,494	2,010,342	183,964	14,214,560
Revenue								
Tax revenue	9,307,496	—	193,599	—	—	—	—	9,501,095
User fees	168,288	454,758	59,013	—	118,996	229,590	21,330	1,051,975
Federal grants	—	—	24,453	—	—	16,176	—	40,629
Federal gas tax	—	—	1,359,526	—	—	—	—	1,359,526
Provincial grants	1,238,100	8,035	444,717	—	—	21,717	—	1,712,569
Investment	256,522	—	—	—	—	—	—	256,522
Penalties	252,422	—	—	—	—	—	—	252,422
Developers contributions	252,422	—	—	—	—	—	—	397,334
Gain (loss) on sale/disposal of tangible capital assets	—	—	17,793	—	—	—	—	17,793
Other revenues	12,547	6,500	100,000	—	—	6,869	—	125,916
	11,487,797	469,293	2,199,101	—	118,996	274,352	21,330	14,715,781
Annual (deficit) surplus, end of year	8,243,995	(1,535,179)	(4,384,659)	(53,726)	(15,498)	(1,735,990)	(162,634)	501,221

The Corporation of the Township of Brock
Notes to the consolidated financial statements
December 31, 2020

18. Segmented information (continued)

	General Government	Protection of Persons	Transportation Services	Environmental Services	Health Services	Recreational Services	Planning & development	2019 Total
	\$	\$	\$	\$	\$	\$	\$	\$
Expenses								
Salaries, wages and benefits	1,236,632	1,171,093	1,723,036	28,495	4,509	1,322,988	—	5,486,753
Operating materials & supplies	842,100	431,558	2,089,843	22,484	116,222	764,460	105,906	4,372,573
Contracted services	185,271	33,010	153,170	—	—	3,014	94,384	468,849
Rents & financial expenses	21,847	—	—	—	—	—	—	21,847
External transfers	—	5,096	—	—	—	11,547	11,206	27,849
Debt services	—	42,458	—	—	—	—	—	42,458
Amortization	181,044	268,598	3,332,471	—	26,336	195,150	—	4,003,599
	<u>2,466,894</u>	<u>1,951,813</u>	<u>7,298,520</u>	<u>50,979</u>	<u>147,067</u>	<u>2,297,159</u>	<u>211,496</u>	<u>14,423,928</u>
Revenue								
Tax revenue	8,835,119	—	174,367	—	—	—	—	9,009,486
User fees	119,394	395,568	65,784	—	125,471	436,810	77,057	1,220,084
Federal grants	—	—	1,172,419	—	—	20,080	—	1,192,499
Provincial grants	1,595,000	24,778	1,223,793	—	—	36,117	47,945	2,927,633
Investment	372,981	—	—	—	—	375	—	373,356
Penalties	357,738	—	—	—	—	—	—	357,738
Developers contributions	59,371	170,000	100,000	—	—	15,000	—	344,371
Contributed assets	—	—	—	—	—	—	—	—
Gain (loss) on sale/disposal of tangible capital assets	—	17,500	(75)	—	—	—	—	17,425
Other revenues	62,019	(3,545)	100,000	—	—	19,897	13,000	191,371
	<u>11,401,622</u>	<u>604,301</u>	<u>2,836,288</u>	<u>—</u>	<u>125,471</u>	<u>528,279</u>	<u>138,002</u>	<u>15,633,963</u>
Annual (deficit) surplus, end of year	<u>8,934,728</u>	<u>(1,347,512)</u>	<u>(4,462,232)</u>	<u>(50,979)</u>	<u>(21,596)</u>	<u>(1,768,880)</u>	<u>(73,494)</u>	<u>1,210,035</u>

19. COVID-19 Pandemic

On March 11 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of the Township in future periods.