
Consolidated financial statements of
The Corporation of the
Township of Brock

December 31, 2023

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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 consolidated statement of financial position as at December 31, 2023, 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, 2023, 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.

The Corporation of the Township of Brock
Consolidated statement of financial position
As at December 31, 2023

	Notes	2023 \$	2022 \$
Assets			
Financial assets			
Cash	4	15,207,202	16,370,793
Investments	4	9,228,747	7,937,737
Taxes receivable	5	3,089,761	2,469,596
Accounts receivable		1,226,085	1,007,379
		28,751,795	27,785,505
Liabilities			
Accounts payable and accrued liabilities	6	3,072,213	1,764,711
Deferred revenue	8	9,629,795	9,818,154
Employee post employment benefits	9	311,400	323,600
Asset retirement obligations	10	1,009,863	—
		14,023,271	11,906,465
Contingencies	18		
Net financial assets		14,728,524	15,879,040
Non-financial assets			
Tangible capital assets	11	59,381,486	60,420,095
Construction in progress		1,953,733	480,213
Prepaid expenses		175,123	135,623
		61,510,342	61,035,931
Accumulated surplus	12	76,238,866	76,914,971

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

Approved by the Board

_____, Director

_____, Director

The Corporation of the Township of Brock
Consolidated statement of operations
Year ended December 31, 2023

	Notes	Budget \$	2023 Actual \$	2022 Actual \$
		(Note 16)		
Revenue				
Taxation		10,531,591	10,583,222	10,117,495
User fees and charges		1,487,792	1,182,608	1,251,862
Grants	13			
Government of Canada		—	23,636	137,255
Province of Ontario		1,130,748	1,400,521	1,468,590
Federal gas tax		—	218,439	193,577
Investment income		120,000	716,933	360,302
Penalties and interest on taxes		360,000	425,592	411,841
Developer contributions and donations		—	974,222	451,108
Contributed tangible capital assets		—	—	—
Gain/(loss) on sale/disposal of tangible capital assets		—	67,034	65,734
Other		836,076	483,990	627,373
		14,466,207	16,076,197	15,085,137
Expenses	17			
General government		3,262,700	3,802,592	3,075,576
Protection to persons and property		1,883,700	2,431,252	2,053,687
Transportation services		3,665,200	7,284,575	7,258,537
Environmental services		58,000	50,942	52,203
Health services		132,400	160,147	204,202
Recreation and cultural services		2,583,016	2,797,462	2,506,854
Planning and development		341,500	225,332	222,149
		11,926,516	16,752,302	15,373,208
Annual surplus (deficit)		2,539,691	(676,105)	(288,071)
Accumulated surplus, beginning of year		76,914,971	76,914,971	77,203,042
Accumulated surplus, end of year		79,454,662	76,238,866	76,914,971

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, 2023

	Budget \$	2023 Actual \$	2022 Actual \$
	(Note 16)		
Annual surplus/(deficit)	2,539,691	(676,105)	(288,071)
Acquisition of tangible capital assets	(5,519,700)	(2,529,318)	(3,443,719)
Net change in construction in progress	—	(1,473,520)	1,130,649
Adjustment for first time adoption of PSAS 3280, Asset Retirement Obligations	—	(1,009,863)	—
Gain on disposal of tangible capital assets	—	(67,034)	(65,734)
Proceeds from sale of tangible capital assets	—	71,514	66,369
Amortization of tangible capital assets	4,500,000	4,573,310	4,265,812
	1,519,991	(1,111,016)	1,665,306
Net change in prepaid expenses	—	(39,500)	(39,401)
Increase (decrease) in net financial assets	1,519,991	(1,150,516)	1,625,905
Net financial assets, beginning of year	15,879,040	15,879,040	14,253,135
Net financial assets, end of year	17,399,031	14,728,524	15,879,040

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

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The Corporation of the Township of Brock

Consolidated statement of cash flows

Year ended December 31, 2023

	2023 \$	2022 \$
Operating activities		
Annual deficit	(676,105)	(288,071)
Items not involving cash		
Amortization	4,573,310	4,265,812
Gain on sale of tangible capital assets	(67,034)	(65,734)
Change in non-cash working capital		
Taxes receivable	(620,165)	(26,474)
Accounts receivable	(218,706)	(425,683)
Investments	(1,291,010)	926,221
Prepaid expenses	(39,500)	(39,401)
Accounts payable and accrued liabilities	1,307,503	(245,202)
Deferred revenue	(188,359)	1,282,409
Employee post employment benefits	(12,200)	(30,800)
	2,767,734	5,353,077
Capital activities		
Acquisition of tangible capital assets	(1,519,455)	(3,443,717)
Net (increase)/decrease in construction in progress	(1,473,521)	1,130,647
Proceeds from sale of tangible capital assets	71,514	66,369
Increase in tangible capital assets related to adoption of PSAS 3280	(1,009,863)	—
	(3,931,325)	(2,246,701)
Net change in cash	(1,163,591)	3,106,376
Cash, beginning of year	16,370,793	13,264,417
Cash, end of year	15,207,202	16,370,793

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.

1. Significant accounting policies (continued)

(b) Basis of accounting (continued)

(iii) Financial instruments

Financial instruments are classified into three categories: fair value, amortized cost or cost. The following chart shows the measurement method for each type of financial instrument.

Financial instrument	Measurement method
Cash	Cost
Investments	Amortized cost
Taxes receivable	Cost
Accounts receivable	Cost
Accounts payable and accrued liabilities	Cost

Amortized cost: Amounts are measured using the effective interest rate method. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period, based on the effective interest rate. It is applied to financial assets or financial liabilities that are not in the fair value category and is now the method that must be used to calculate amortized cost.

(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.

1. Significant accounting policies (continued)

(b) Basis of accounting (continued)

(iv) Non-financial assets (continued)

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.

(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.

1. Significant accounting policies (continued)

(b) Basis of accounting (continued)

(x) Asset retirement obligations

Asset retirement obligations (ARO's) are provisions for legal obligations for the retirement of the Township's tangible capital assets that are either in productive use or no longer in productive use.

An ARO liability is recognized when, as at the financial reporting date:

- (a) there is a statutory, contractual, or legal obligation to incur retirement costs in relation to a tangible capital asset;
- (b) the past transaction or event giving rise to the liability has occurred;
- (c) it is expected that future economic benefits will be given up; and
- (d) a reasonable estimate of the amount can be made.

The Township recognizes asset retirement obligations in the period in which it incurs a statutory, contractual, or legal obligation associated with the retirement of tangible capital assets resulting from acquisition, construction, development, and or normal operation of tangible capital assets.

The liabilities are measured initially at management's best estimate of the discounted future cash flows required to settle the retirement obligation. For tangible capital assets that are still in productive use, the estimated retirement costs are capitalized and amortized on the same basis as the related tangible capital asset. For assets that are no longer in productive use, the liability is expensed in the period.

In subsequent periods, the liability is accreted over time. The asset retirement obligations estimates are adjusted, if necessary, for changes in the liability estimate or timing of the future cash flows, as applicable. Accretion expenses are included in the Consolidated Statement of Operation. Actual costs incurred are charged against the asset retirement obligation to the extent of the liability recorded. Differences between actual costs incurred and the liability, if any are recognized in the Consolidated Statement of Operations when remediation is complete.

(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. Adoption of new accounting standards

The Township prospectively adopted the following standards concurrently beginning January 1, 2023: PS 1201 *Financial Statement Presentation*, PS 2601 *Foreign Currency Translation*, PS 3041 *Portfolio Investments* and PS 3450 *Financial Instruments*, PSAS 3280 *Asset Retirement Obligations*.

2. Adoption of new accounting standards (continued)

PS 1201 - Financial Statement Presentation, PS 3041 - Portfolio Investments, PS 2601 - Foreign Currency Translation, and PS 3450 - Financial Instruments, are interdependent standards and require concurrent adoption. PS 1201 provides guidance and presentation requirements for financial statements and the inclusion of a new statement of remeasurement of gains and losses. PS 3041 has removed the distinction between temporary and portfolio investments and includes pooled investment funds within the standard's scope. PS 2601 requires that both monetary, and fair valued, non-monetary assets and liabilities, denominated in a foreign currency, be adjusted to reflect exchange rates in effect at the financial statement date. Any unrealized gains or losses will be recognized in the new statement of remeasurement of gains and losses. PS 3450 covers accounting and reporting of financial instruments, including derivatives. Unrealized gains and losses will be presented in the new statement of remeasurement of gains and losses.

The adoption of the new standards is applied prospectively, and comparative information has not been restated. A statement of remeasurement gains and losses has not been included as there are no unrealized gains or losses to report.

The Township adopted PS 3280 *Asset Retirement Obligations (ARO)* which establishes the accounting and reporting requirements for legal obligations associated with the retirement of tangible capital assets controlled by a government or government organization. A liability for a retirement obligation can apply to tangible capital assets either in productive use or no longer in productive use. This standard was adopted on January 1, 2023 using the prospective application method.

The new standard was adopted on a prospective basis with no restatement of prior year comparative amounts. As a result of applying this accounting standard as at January 1, 2023 an asset retirement obligation of \$1,009,863 was recognized as a liability and the carry value of tangible capital assets was increased by \$1,009,863 in the consolidated statement of financial position.

3. 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	2023 Total	2022 Total
	\$	\$	\$	\$
Taxation and user charges	4,067,492	13,783,077	17,850,569	16,811,817
Payments-in-lieu	88,428	200,476	288,904	281,447
	4,155,920	13,983,553	18,139,473	17,093,264

The Corporation of the Township of Brock
Notes to the consolidated financial statements
December 31, 2023

4. 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:

	2023		2022	
	Cash \$	Investments \$	Cash \$	Investments \$
Operating Fund	2,197,426	62,106	1,897,532	61,506
Reserve Fund	13,009,776	9,166,641	14,473,261	7,876,231
	15,207,202	9,228,747	16,370,793	7,937,737

The market value of the investments at December 31, 2023 was \$9,328,295 (\$8,007,240 in 2022).

5. Taxes receivable

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

	2023 \$	2022 \$
Current year	2,165,777	1,534,337
Arrears, previous years	943,984	955,259
	3,109,761	2,489,596
Less allowance	(20,000)	(20,000)
	3,089,761	2,469,596

6. 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, 2023. A further breakdown is provided below:

	2023 \$	2022 \$
Trade account payable	2,245,455	1,135,471
Payroll liabilities	426,516	363,582
Accrued liabilities	277,931	135,403
Refund deposits	122,311	130,255
	3,072,213	1,764,711

7. Financial instruments

Risks arising from financial instruments and risk management

The Township is exposed to a variety of financial risks including credit risk and liquidity risk. The Township's overall risk management program seeks to minimize potential adverse effects on the Township's financial performance.

7. Financial instruments (continued)

Credit risk

The Township's principal financial assets are cash, investments, taxes receivable and accounts receivable, which are subject to credit risk. The carrying amounts of financial assets on the Statement of Financial Position represent the Township's maximum credit exposure as at the Statement of Financial Position date.

Liquidity risk

Liquidity risk is the risk that the Township will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Township manages its liquidity risk by monitoring its operating requirements, and prepares a budget to ensure that it has sufficient funds to fulfill obligations.

8. Deferred revenue

	2023 \$	2022 \$
Obligatory reserve funds		
Development charges	6,645,268	7,505,499
Parkland	246,383	234,351
Building department fees	—	130,491
Federal gas tax receipts	1,435,491	1,191,098
	8,327,142	9,061,439
Other deferred revenue	1,302,653	756,715
	9,629,795	9,818,154
Continuity of obligatory reserve funds is as follows		
Balance, beginning of year	9,061,439	8,219,674
Subdividers contributions	190,897	932,246
Amounts refunded to Region of Durham	(464,757)	—
Federal gas tax funding received	385,281	369,228
Interest earned	492,315	188,851
	9,665,175	9,709,999
Earned revenue transferred to operations	(1,338,033)	(648,560)
Total obligatory deferred revenue	8,327,142	9,061,439

9. 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.

9. Employee post-employment benefits (continued)

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

	2023	2022
	\$	\$
Accrued benefit obligation	215,100	304,300
Unamortized actuarial gain	96,300	19,300
Employee post-employment benefits	311,400	323,600
Opening liability for post-employment benefits	323,600	354,400
Current year benefit expense	24,300	19,500
Benefit payments	(12,100)	(30,000)
Amortization of actuarial gain	(30,700)	(27,200)
Interest on accrued benefit obligation	6,300	6,900
	311,400	323,600

The main assumptions employed for these valuations are as follows:

(a) Discount rate

The present values as at December 31, 2023 of the post-employment benefits was determined using a discount rate of 4.3%.

(b) Health and dental costs

Health care costs are expected to decrease by 0.14% in the first year after the valuation, decreasing to an ultimate rate of 4.5% by 2044. Dental costs are assumed to increase by 0% staying consistent at 4.5%.

10. Asset retirement obligations

Controlled substances

The Township has a number of buildings containing asbestos requiring remediation upon decommissioning. The Canadian Environmental Protection Act (CEPA) governs the protection of the environment and human health with respect the hazardous waste such as asbestos. There are regulations specifically regarding the handling of asbestos, such as the "Prohibition of Asbestos and Products Containing Asbestos Regulations" which are published under the authority of CEPA. In addition, the Canada Occupational Health and Safety Regulations (10.26.1 Schedule, Division II – Hazardous Substances Other than Hazardous Products) outlines requirements for asbestos exposure control plans, as well as requirements on disposal of asbestos and decontamination.

The estimated liability is the present value of the estimated future cash flows required to settle the asset retirement obligations is \$1,009,863.

10. Asset retirement obligations (continued)

Controlled substances (continued)

A reconciliation of the beginning and ending aggregate carrying amount of the liability is as follows:

	2024
	\$
Balance on adoption of PSAS 3280	1,009,863
Changes during the year	—
Accretion expense	—
Balance, end of year	1,009,863

11. 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 2023 totaled nil (nil in 2022).

(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 (nil in 2022) and nil interest was capitalized during the year (nil in 2022)

The Corporation of the Township of Brock
Notes to the consolidated financial statements
December 31, 2023

11. Tangible capital assets (continued)

	Land	Land improvements	Buildings	Rolling stock	Furniture and equipment	Sidewalks and parking	Roads	Storm sewer	Bridges and structures	Asset retirement obligations	2023 Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost											
Balance, beginning of year	2,724,452	3,799,992	15,994,144	10,255,709	3,424,996	3,344,783	88,742,102	2,971,532	11,104,967	—	142,362,677
Adoption of PSAS 3280 Asset Retirement Obligations	—	—	—	—	—	—	—	—	—	1,009,863	1,009,863
Additions	—	36,012	639,049	869,924	579,482	—	304,653	—	100,198	—	2,529,318
Disposals	—	—	—	(438,607)	(44,725)	—	—	—	—	—	(483,332)
Balance, end of year	2,724,452	3,836,004	16,633,193	10,687,026	3,959,753	3,344,783	89,046,755	2,971,532	11,205,165	1,009,863	145,418,526
Accumulated amortization											
Balance, beginning of year	—	1,875,780	7,386,918	4,721,810	2,063,529	1,133,306	61,314,030	681,173	2,766,036	—	81,942,582
Amortization expense	—	116,170	563,312	631,129	272,528	136,153	2,585,239	39,836	176,234	52,709	4,573,310
Disposals	—	—	—	(434,128)	(44,724)	—	—	—	—	—	(478,852)
Balance, end of year	—	1,991,950	7,950,230	4,918,811	2,291,333	1,269,459	63,899,269	721,009	2,942,270	52,709	86,037,040
Net book value of tangible capital assets	2,724,452	1,844,054	8,682,963	5,768,215	1,668,420	2,075,324	25,147,486	2,250,523	8,262,895	957,154	59,381,486
	Land	Land improvements	Buildings	Rolling stock	Furniture and equipment	Sidewalks and parking	Roads	Storm sewer	Bridges and structures	Asset retirement obligations	2022 Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost											
Balance, beginning of year	2,724,452	3,763,686	15,787,572	8,899,808	2,872,021	3,075,032	88,178,494	2,971,532	11,104,967	—	139,377,564
Additions	—	36,306	206,572	1,770,107	597,373	269,751	563,608	—	—	—	3,443,717
Disposals	—	—	—	(414,206)	(44,398)	—	—	—	—	—	(458,604)
Balance, end of year	2,724,452	3,799,992	15,994,144	10,255,709	3,424,996	3,344,783	88,742,102	2,971,532	11,104,967	—	142,362,677
Accumulated amortization											
Balance, beginning of year	—	1,756,011	7,029,261	4,580,705	1,892,533	1,002,835	58,641,522	641,337	2,590,535	—	78,134,739
Amortization expense	—	119,769	357,657	554,676	215,394	130,471	2,672,508	39,836	175,501	—	4,265,812
Disposals	—	—	—	(413,571)	(44,398)	—	—	—	—	—	(457,969)
Balance, end of year	—	1,875,780	7,386,918	4,721,810	2,063,529	1,133,306	61,314,030	681,173	2,766,036	—	81,942,582
Net book value of tangible capital assets	2,724,452	1,924,212	8,607,226	5,533,899	1,361,467	2,211,477	27,428,072	2,290,359	8,338,931	—	60,420,095

12. Accumulated surplus

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

	2023	2022
	\$	\$
Invested in tangible capital assets	59,381,486	60,420,098
Construction in progress	1,953,733	480,213
Other	53,869	1,026,829
Internal debenture	(661,000)	(752,000)
Employee future benefits	(311,400)	(323,600)
Asset retirement obligations	(1,009,863)	—
Total surplus	59,406,825	60,851,540
Reserves		
Acquisition of tangible capital assets	160,721	663,205
Municipal projects	65,385	53,458
Future elections	55,645	25,645
Legal	50,000	—
Rate stabilizations	2,934,556	3,488,436
Working capital	500,000	500,000
Sub-total reserves	3,766,307	4,730,744
Reserve funds set aside for specific purposes by Council		
for Reserve funds		
Insurance purposes	268,599	258,164
Post employment	235,910	224,343
Acquisition of tangible capital assets	7,976,185	7,508,439
Road construction	4,585,040	3,341,741
Sub-total reserve funds	13,065,734	11,332,687
Total accumulated surplus	76,238,866	76,914,971

13. Grants

	2023 \$	2022 \$
Government of Canada	23,636	137,255
Province of Ontario		
Ministry of Municipal Affairs – Ontario Municipal Partnership Fund	867,200	885,800
Modernization Grant	18,993	65,058
Ministry of Infrastructure - ICIP Grant (provincial portion)	—	8,657
Ministry of Agriculture & Food Wild Life Damage OMAFRA Drainage Grant	9,659	9,992
Ministry of Municipal Affairs – Ontario Community Infrastructure Grant	4,171	2,098
Ministry of Municipal Affairs – Safe Restart	430,251	391,373
Ministry of Culture & Recreation – Library Operating Grant	—	72,000
Library - Program Grants	21,717	21,717
	48,530	11,895
	1,400,521	1,468,590

14. Trust funds

Trust funds administered by the Township amounting to \$1,106,360 (\$1,033,961 in 2022) are not included in the Consolidated statement of financial position nor have their operations been included in the Consolidated statement of operations.

15. Pension agreements

The Township makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), a multi-employer plan, which as of December 31, 2023 was on behalf of 70 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 \$307,007 (\$363,644 in 2022) 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, 2023, the OMERS plan with over 612,500 members, has a funding deficit that is approximately \$5.6 billion.

16. Budget figures

The budgets originally approved by Township Council for 2023, 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.

16. Budget figures (continued)

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

17. Classification of expenses by object

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

	2023	2022
	\$	\$
Salaries, wages and employee benefits	6,767,736	6,167,896
Operating materials and supplies	4,346,713	4,234,664
Contracted services	986,306	638,941
Rents and financial expenses	56,209	28,421
External transfers to others	22,028	37,473
Amortization	4,573,310	4,265,813
	16,752,302	15,373,208

18. 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.

19. 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, 2023

19. Segmented information (continued)

	General Government	Protection of persons	Transportation services	Environmental services	Health services	Recreational services	Planning & development	2023 Total
	\$	\$	\$	\$	\$	\$	\$	\$
Expenses								
Salaries, wages and benefits	1,761,664	1,508,303	1,664,545	31,120	5,578	1,624,196	172,330	6,767,736
Operating materials & supplies	1,194,095	504,659	1,689,691	19,822	94,378	794,289	49,779	4,346,713
Contracted services	332,558	15,307	555,936	—	31,981	47,301	3,223	986,306
Rents & financial expenses	56,209	—	—	—	—	—	—	56,209
External transfers	7,500	—	—	—	—	14,528	—	22,028
Amortization	450,565	402,983	3,374,403	—	28,211	317,148	—	4,573,310
	3,802,591	2,431,252	7,284,575	50,942	160,148	2,797,462	225,332	16,752,302
Revenue								
Tax revenue	10,583,222	—	—	—	—	—	—	10,583,222
User fees	194,290	222,681	46,549	—	126,863	565,165	27,060	1,182,608
Federal grants	—	—	—	—	—	23,636	—	23,636
Federal gas tax	—	—	218,439	—	—	—	—	218,439
Provincial grants	890,364	9,659	578,979	—	—	70,247	—	1,549,249
Investment	711,520	—	—	—	—	5,413	—	716,933
Penalties	425,592	—	—	—	—	—	—	425,592
Developers contributions	—	974,222	—	—	—	—	—	974,222
Gain on sale/disposal of tangible capital assets	67,034	—	—	—	—	—	—	67,034
Other revenues	97,245	152,306	10,000	—	—	29,351	46,360	335,262
	12,969,267	1,358,868	853,967	—	126,863	693,812	73,420	16,076,197
Annual surplus (deficit)	9,166,676	(1,072,384)	(6,430,608)	(50,942)	(33,285)	(2,103,650)	(151,912)	(676,105)

The Corporation of the Township of Brock
Notes to the consolidated financial statements
December 31, 2023

19. Segmented information (continued)

	General Government	Protection of persons	Transportation services	Environmental services	Health services	Recreational services	Planning & development	2022 Total
	\$	\$	\$	\$	\$	\$	\$	\$
Expenses								
Salaries, wages and benefits	1,588,896	1,286,183	1,682,384	30,835	7,747	1,445,609	126,243	6,167,897
Operating materials & supplies	941,733	443,114	1,798,244	21,368	168,993	774,928	86,284	4,234,664
Contracted services	253,426	15,246	347,546	—	288	12,812	9,622	638,940
Rents & financial expenses	28,367	—	—	—	—	54	—	28,421
External transfers	29,123	(500)	—	—	—	8,850	—	37,473
Amortization	234,031	309,644	3,430,363	—	27,174	264,601	—	4,265,813
	<u>3,075,576</u>	<u>2,053,687</u>	<u>7,258,537</u>	<u>52,203</u>	<u>204,202</u>	<u>2,506,854</u>	<u>222,149</u>	<u>15,373,208</u>
Revenue								
Tax revenue	10,117,495	—	—	—	—	—	—	10,117,495
User fees	224,521	374,240	30,807	—	113,965	413,218	95,111	1,251,862
Federal grants	13,341	2,020	—	—	—	121,894	—	137,255
Federal gas tax	—	—	193,577	—	—	—	—	193,577
Provincial grants	1,024,955	9,992	558,911	—	—	42,270	—	1,636,128
Investment	357,813	—	—	—	—	2,489	—	360,302
Penalties	411,841	—	—	—	—	—	—	411,841
Developers contributions	—	451,108	—	—	—	—	—	451,108
Gain (loss) on sale/disposal of tangible capital assets	—	—	65,734	—	—	—	—	65,734
Other revenues	339,938	6,500	100,000	—	—	13,397	—	459,835
	<u>12,489,904</u>	<u>843,860</u>	<u>949,029</u>	<u>—</u>	<u>113,965</u>	<u>593,268</u>	<u>95,111</u>	<u>15,085,137</u>
Annual (deficit) surplus, end of year	<u>9,414,328</u>	<u>(1,209,827)</u>	<u>(6,309,508)</u>	<u>(52,203)</u>	<u>(90,237)</u>	<u>(1,913,586)</u>	<u>(127,038)</u>	<u>(288,071)</u>