

Corporation of the City of Brantford

December 31, 2020

INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of
The Corporation of the City of Brantford

Opinion

We have audited the consolidated financial statements of The Corporation of the City of Brantford (the 'City'), which comprise the consolidated 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 consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of Financial Statements* section of our report. We are independent of the City in accordance with the ethical requirements that are relevant to our audit of the consolidated 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 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 generally accepted auditing standards 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 generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 City'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 City's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the City to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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 group Entity to express an audit 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 may identify during our audit.

Millard, House & Rosebrugh LLP

May 26, 2021
Brantford, Ontario

CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31

	2020	2019
	\$	\$
FINANCIAL ASSETS		
Cash and cash equivalents	120,993,566	63,002,200
Taxes receivable (Note 4)	5,953,852	2,801,945
Accounts and grants receivable (Note 5)	19,005,181	21,943,951
Inventories held for resale	50,615	64,796
Land held for resale	439,684	-
Investments (Note 6)	254,892,908	290,362,588
Investment in Brantford Energy Corporation (Note 8)	46,853,900	47,861,054
Note receivable - Brantford Power Inc. (Note 8)	24,189,168	24,189,168
Note receivable - Brantford Hydro Inc. (Note 8)	1,303,335	1,303,335
Total Financial Assets	473,682,209	451,529,037
LIABILITIES		
Accounts payable and accrued liabilities (Note 7)	67,603,502	58,136,402
Deferred revenues - obligatory reserve funds (Note 9)	106,617,125	88,608,046
Vested sick leave (Note 10)	3,330,596	3,148,037
Post-employment/retirement benefits (Note 10)	20,616,586	19,971,356
Accrued interest on long term liabilities	518,893	549,899
Landfill closure and post-closure liability (Note 11)	32,358,402	32,372,329
Contaminated sites liability (Note 12)	5,004,338	4,704,023
Boundary adjustment liability (Note 13)	11,991,111	13,876,755
Long-term commitments payable (Note 14)	2,605,000	3,126,000
Net long-term liabilities (Note 15)	64,989,838	68,860,474
Total Liabilities	315,635,391	293,353,321
NET FINANCIAL ASSETS	158,046,818	158,175,716
NON-FINANCIAL ASSETS		
Tangible capital assets (net) (Schedule 1)	774,044,601	750,012,251
Inventories (Note 17)	720,171	1,090,275
Prepaid expenses (Note 18)	1,714,258	3,227,153
Total Non-Financial Assets	776,479,030	754,329,679
ACCUMULATED SURPLUS (NOTE 19)	934,525,848	912,505,395

The accompanying notes are an integral part of these financial statements.



CONSOLIDATED STATEMENT OF OPERATIONS

	Budget (Note 24)	2020	2019
For the year ended December 31	\$	\$	\$
REVENUES			
Taxation (Note 20)	165,415,134	166,421,178	158,715,933
User fees and service charges (Note 21)	63,251,802	59,285,896	63,808,779
Government transfers (Note 23)	65,821,329	75,221,742	75,862,887
Rents and concessions	9,802,755	8,947,951	9,402,586
Investment Income	6,802,345	6,437,701	6,892,535
Casino revenue	5,000,000	1,204,822	5,665,485
Development and other contributions applied	-	2,746,578	4,924,384
Provincial Offences Act and other fines	2,030,000	1,543,677	2,184,048
Licences and permits	2,731,985	2,473,006	2,579,558
Penalties and interest on taxes	1,750,000	1,245,745	1,670,178
Contributed tangible capital assets (Schedule 1)	-	9,453,561	6,105,496
Interest from Brantford Energy Corporation (Note 8)	1,070,685	1,070,685	1,070,685
Income from Brantford Energy Corporation (Note 8)	1,150,000	142,846	2,318,672
Other revenues (Note 22)	6,196,226	8,097,787	8,511,280
Total Revenues	331,022,261	344,293,175	349,712,506
EXPENSES			
General government	14,453,991	14,081,948	17,576,980
Protection services (Note 36)	69,284,159	76,181,397	65,889,493
Transportation services	43,845,786	41,902,014	45,975,565
Environmental services	58,433,471	57,248,213	54,334,365
Health services	8,745,233	8,770,741	8,783,510
Social and family services	66,458,778	60,767,169	65,031,482
Social housing	24,605,964	23,644,550	24,940,627
Recreation and cultural services	37,187,052	31,773,680	38,632,060
Planning and development	8,393,880	7,903,010	8,179,631
Total Expenses	331,408,314	322,272,722	329,343,713
ANNUAL SURPLUS (DEFICIT) FROM OPERATIONS	(386,053)	22,020,453	20,368,793
ACCUMULATED SURPLUS, BEGINNING OF YEAR	912,505,395	912,505,395	892,136,602
ACCUMULATED SURPLUS, END OF YEAR	912,119,342	934,525,848	912,505,395

The accompanying notes are an integral part of these financial statements.



CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

For the Year Ended December 31

	Budget	2020	2019
	\$	\$	\$
Annual surplus	(386,053)	22,020,453	20,368,793
Amortization	34,227,510	34,227,509	34,600,521
Contributed tangible capital assets	-	(9,453,561)	(6,105,496)
Acquisition of tangible capital assets, net of reclassification	-	(49,912,607)	(37,067,250)
(Gain)/Loss on disposal of tangible capital assets	-	(1,013,357)	434,887
Proceeds on disposal of tangible capital assets	-	2,119,666	2,608,190
Consumption of inventory and prepaid expense	1,608,052	1,882,999	2,710,408
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	35,449,509	(128,898)	17,550,053
NET FINANCIAL ASSETS, BEGINNING OF YEAR	158,175,716	158,175,716	140,625,663
NET FINANCIAL ASSETS, END OF YEAR	193,625,225	158,046,818	158,175,716

The accompanying notes are an integral part of these financial statements.



CONSOLIDATED STATEMENT OF CASH FLOWS

	2020	2019
For the year ended December 31	\$	\$
OPERATING ACTIVITIES		
Annual Surplus (Deficit)	22,020,453	20,368,793
Items not affecting cash:		
Equity in earnings of Brantford Energy Corporation	(1,213,531)	(3,389,357)
Amortization	34,227,509	34,600,521
(Gain)/Loss on disposal of tangible capital assets	(1,013,357)	434,887
Contributed tangible capital assets	(9,453,561)	(6,105,496)
Change in non-cash assets and liabilities		
Taxes receivable	(3,151,907)	2,223,724
Accounts receivable	2,938,761	(2,652,577)
Accounts payable and accruals	9,467,107	2,198,566
Deferred revenues - obligatory reserve funds	18,009,080	19,226,043
Employee benefits and interest	796,783	586,981
Landfill closure and post-closure liability	(13,927)	853,235
Contaminated sites liability	300,315	(120,845)
Other financial assets	(425,503)	17,296
Inventories and prepaid expenses	1,882,999	2,710,409
Cash provided by operating activities	74,371,221	70,952,180
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets, net of reclassification	(49,912,607)	(37,067,250)
Proceeds on disposal of tangible capital assets	2,119,666	2,608,190
Cash applied to capital activities	(47,792,941)	(34,459,060)
INVESTING ACTIVITIES		
(Increase)/Decrease in investments	35,469,680	(43,357,990)
Dividends and interest from Brantford Energy Corporation	2,220,685	2,220,685
Cash provided by (applied to) investing activities	37,690,365	(41,137,305)
FINANCING ACTIVITIES		
Proceeds from long-term debt issued	-	4,947,805
Principal repayments on long-term debt	(3,870,635)	(3,803,271)
Payments on long-term commitments and boundary adjustment	(2,406,644)	(2,325,640)
Cash provided by (applied to) financing activities	(6,277,279)	(1,181,106)
NET CHANGE IN CASH AND CASH EQUIVALENTS	57,991,366	(5,825,291)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	63,002,200	68,827,491
CASH AND CASH EQUIVALENTS, END OF YEAR	120,993,566	63,002,200

The accompanying notes are an integral part of these financial statements.

CORPORATION OF THE CITY OF BRANTFORD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

NATURE OF THE ORGANIZATION

The Corporation of the City of Brantford is a Municipality in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act and related legislation.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Corporation of the City of Brantford (the "City") are prepared by management in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board of CPA Canada.

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. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgment. Actual results could differ from these estimates. Significant aspects of the accounting policies adopted by the City are as follows:

(a) Reporting Entities

(i) Consolidated Entities

The consolidated financial statements include the assets, liabilities, revenues, and expenses, of the City. The reporting entity is composed of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the City and which are owned or controlled by the City. These consolidated financial statements include:

Brant and Brantford Local Housing Corporation
Brantford Downtown Business Improvement Area
Brantford Municipal Non-Profit Housing Corporation
Brantford Police Services Board
Brantford Public Library

Inter-departmental and inter-organizational transactions and balances between these organizations have been eliminated.

CORPORATION OF THE CITY OF BRANTFORD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Reporting Entities (continued)

(ii) Proportionate Consolidation

The John Noble Home is operated jointly by the City of Brantford and the County of Brant and has been consolidated on a proportionate basis, based upon the population of the City of Brantford in proportion to the entire population of the City of Brantford and County of Brant combined.

(iii) Brant and Brantford Local Housing Corporation

Effective January 1, 2002, the City entered into a service agreement with the Brant and Brantford Local Housing Corporation whereby the Housing Corporation transferred all operations to the City. The Housing Corporation has retained title to its physical assets in the capacity of bare trustee for the benefit of the City.

(iv) Brant County Health Unit

The assets, liabilities, revenues and expenses relating to the operations of the health unit are not reflected in these consolidated financial statements.

(v) Accounting for School Board Transactions

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

(vi) Trust Funds

Trust funds and their related operations administered by the municipality are not consolidated, but are reported separately on the Trust Funds statement of continuity and statement of financial position.

(vii) Brantford Energy Corporation

Brantford Energy Corporation is accounted for on a modified equity basis, consistent with the Canadian public sector accounting standards for government business enterprises. Under the modified equity basis, the business enterprise's accounting principles are not adjusted to conform to those of the City, and inter-organizational transactions and balances are not eliminated.

(b) Basis of Accounting

(i) Accrual Basis of Accounting

The consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the creation of a legal obligation to pay.

CORPORATION OF THE CITY OF BRANTFORD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of Accounting (continued)

(ii) Government Transfers

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

(iii) Taxation Revenue

Taxation revenue is recorded when property tax bills are levied. Taxation revenue recognized each year is adjusted for estimates for expected supplementary taxes, appeals and non-collectible taxes.

(iv) Deferred Revenues - Obligatory Reserve Funds

Deferred revenues represent development charges, user fees and government contributions 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.

(v) Investment income

Investment income is reported as revenue in the period it is earned. When required by the funding government or related Act, investment income earned on deferred revenue is added to the investment and forms part of the deferred revenue balance.

(vi) Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash on hand, cash held in financial institutions, and short term investments with original maturities of three months or less from the time of acquisition.

(vii) Loans and Other Receivables

Loans and other receivables are valued at cost. Recoverability is reviewed annually and a valuation allowance is recorded when recoverability is impaired. A loan receivable is written off when it is no longer recoverable. Recoveries of loans receivable previously written off are recognized in the year received. Interest revenue is recognized as it is earned.

(viii) Land Held for Resale

Land held for resale is recorded at the lower of cost and net realizable value. Cost includes amounts for improvements to prepare the land for sale or servicing.

CORPORATION OF THE CITY OF BRANTFORD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of Accounting (continued)

(ix) Investments

Investments consist of deposit notes, bonds, debentures, guaranteed investment certificates (GIC's), and a high interest savings account. All investments are recorded at amortized cost and have original dates to maturity of 91 days or longer. Discounts and premiums arising from the purchase of these investments are amortized over the term of the investments. When there has been a loss of value that is other than a temporary decline in value, the respective investment is written down to recognize the loss in the consolidated statement of operations.

(x) Employee future benefits

The City provides certain employee benefits which will require funding in future periods. These benefits include sick leave, benefits under the Workplace Safety and Insurance Board ("WSIB") Act, life insurance, and extended health and dental benefits for early retirees.

The costs of sick leave, benefits under WSIB Act, life insurance, and extended health and dental benefits are actuarially determined using management's best estimate of salary escalation, accumulated sick days at retirement, insurance and health care cost trends, long-term inflation rates and discounted rates.

For self-insured retirement and other employee future benefits that vest or accumulate over the periods of service provided by employees, such as retirement gratuities, compensated absences and health, dental and life insurance benefits for retirees, the cost is actuarially determined using the projected benefits method prorated on service. Under this method, the benefit costs are recognized over the expected average service life of the employee group. Actuarial gains and losses arising in a year are amortized into future years' expenses over the average remaining service period of active employees. Past service costs (if any) arising from a plan amendment are immediately recognized.

For those self-insured benefit obligations that arise from specific events that occur from time to time, such as obligations for workers' compensation, life insurance and health care benefits for those on disability leave, the cost is recognized immediately in the period when the events occur. Any actuarial gains or losses that are related to these benefits are recognized immediately in the period they arise.

CORPORATION OF THE CITY OF BRANTFORD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of Accounting (continued)

(xi) Contaminated Sites

Contaminated sites are defined as the result of contamination being introduced that exceeds an environmental standard.

A liability for remediation of contaminated sites is recognized, net of any expected recoveries, when all of the following criteria are met:

- i. an environmental standard exists;
- ii. contamination exceeds the environmental standard;
- iii. the organization is directly responsible or accepts responsibility for the liability;
- iv. future economic benefits will be given up; and
- v. a reasonable estimate of the liability can be made.

(xii) Use of Estimates

The preparation of consolidated financial statements 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 consolidated financial statement, and the reported amounts of revenues and expenses during the period. Significant estimates and assumptions include allowance for doubtful accounts for certain accounts receivable, carrying value of tangible capital assets, provisions for accrued liabilities, contaminated sites liability, landfill closure and post-closure liability, and obligations related to employee future benefits.

Actual results could differ from these estimates.

(xiii) Non-financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year, and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the change in net financial assets for the year.

a) Tangible Capital Assets

Under Canadian public sector accounting standards guidelines, tangible capital assets are recorded at their historical cost and amortized over their estimated useful life. Tangible capital assets are defined as non-financial assets with an estimated useful life greater than one year, held for use in the production or supply of goods and services, not held for resale, in continuous use, and valued in excess of an established financial threshold.

The capitalization threshold for general assets is \$5,000 and \$25,000 for infrastructure assets. Individual tangible capital assets with lesser value are expensed or recorded as pooled assets based on their year of acquisition.

CORPORATION OF THE CITY OF BRANTFORD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of Accounting (continued)

(xiii) Non-financial Assets (continued)

Tangible capital assets are recorded at cost which includes amounts directly attributable to the acquisition, construction, development or betterment of the assets. The cost is amortized on a straight-line basis over their estimated useful lives as follows:

Buildings	10 - 50 years
Vehicles:	
Transit buses	12 years
Vehicles	5 - 15 years
Computer hardware and software	4 - 15 years
Other:	
Machinery and equipment	10 - 20 years
Land improvements	10 - 30 years
Waste, wastewater plants and networks:	
Underground networks	50 - 75 years
Water and wastewater plants and facilities	30 - 100 years
Transportation	
Roads	15 - 50 years
Bridges, culverts, etc.	20 - 40 years

Expected useful lives are determined based on experience with the asset. Revisions to the estimates may be caused by upgrades or renewal expenditures that result in a change in the service level of the asset or may revise the life expectancy. These estimates and potential impairment of the tangible capital assets are reviewed annually.

Amortization is calculated beginning in the month the asset is put into service. Assets under construction are not amortized until the asset is available for productive use.

The city does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.

CORPORATION OF THE CITY OF BRANTFORD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of Accounting (continued)

(xiii) Non-financial Assets (continued)

b) Contributed Tangible Capital Assets

Tangible capital assets received as contributions are recorded at their fair market value at the date of contribution or at a nominal value if the fair market value of a contributed asset is not known.

c) Tangible Capital Assets Recognized at Nominal Value

Tangible capital assets are recognized at nominal value whenever fair value cannot be determined. Land, machinery and equipment, land improvements, and buildings are tangible capital asset categories that include nominal values.

d) Capital Leases

Leases are classified as capital leases if they transfer substantially all of the benefits and risks incidental to ownership of property. Leased capital assets are recorded as tangible capital assets.

e) Inventories

Inventories held for consumption are not considered tangible capital assets.

CORPORATION OF THE CITY OF BRANTFORD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

2. CONTRIBUTIONS TO NON-CONSOLIDATED JOINT BOARDS

Contributions amounting to \$2,520,691 (2019 - \$2,481,463) which are included as an expense in the consolidated statement of operations were made by the municipality to the Brant County Health Unit.

3. TRUST FUNDS

Trust funds administered by the Municipality amounting to \$4,220,902 (2019 - \$4,171,782) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations.

4. TAXES RECEIVABLE

	2020	2019
Taxes Receivable	13,529,600	10,268,113
Allowance for uncollectibles	(7,575,748)	(7,466,168)
	5,953,852	2,801,945

5. ACCOUNTS AND GRANTS RECEIVABLE

	2020	2019
Accounts receivable	15,699,169	16,824,757
Grant receivable - Federal	2,641,772	2,437,197
Grant receivable - Provincial	664,240	2,681,997
	19,005,181	21,943,951

6. INVESTMENTS

The total investments of \$254,892,908 (2019 - \$290,362,588) recorded on the consolidated statement of financial position at cost, having a market value of \$256,107,733 (2019 - \$289,443,662) at the end of the year are comprised of the following:

	2020	2019
Provincial	9,966,506	6,898,541
Municipal - own	1,994,078	2,332,844
Municipal - other	14,356,652	23,891,306
Financial Institutions	222,986,940	251,838,530
One Investment Program	5,588,732	5,401,367
	254,892,908	290,362,588

CORPORATION OF THE CITY OF BRANTFORD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are comprised of the following:

	2020	2019
Trade payables	31,309,924	26,755,849
Deposits/Unearned revenue	22,832,956	21,535,595
Payable to the provincial and federal government	6,641,698	2,477,392
Payable to other municipalities	6,769,941	7,191,291
Payable to school boards	48,983	176,275
	67,603,502	58,136,402

8. INVESTMENT IN BRANTFORD ENERGY CORPORATION

In compliance with provincial legislation enacted to restructure the electricity industry in Ontario, Council approved the incorporation of the business of the former Brantford Hydro-Electric Commission ("the Commission"). Through its 100 per cent interest in Brantford Energy Corporation, the City retains its interest in the electricity business conducted by Brantford Energy Corporation's wholly-owned subsidiaries, Brantford Power Inc., and Brantford Hydro Inc. The three companies are incorporated under the Ontario Business Corporations Act. Brantford Power Inc. provides regulated electricity distribution services, Brantford Hydro Inc. provides fibre optics networks, water heater and other equipment rental services.

The notes receivable of \$25,492,503 is made up of two notes. The Brantford Power Inc. note of \$24,189,168 is payable, interest only, at 4.20% per annum, with principal due February 1, 2026. The Brantford Hydro Inc. note of \$1,303,335 is payable, interest only, at 4.20% per annum, with principal due February 1, 2026. The City has the option to extend the maturity date for successive five year periods. The City also has the option to convert the principal sum of the notes into common shares of the corporation at a conversion ratio of \$100 per common share.

CORPORATION OF THE CITY OF BRANTFORD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

8. INVESTMENT IN BRANTFORD ENERGY CORPORATION (CONTINUED)

Government Business Enterprises must follow International Financial Reporting Standards (IFRS) for fiscal years beginning on or after January 1, 2011. The following table provides condensed financial information prepared under IFRS in respect of the consolidated operations of Brantford Energy Corporation for the year ended December 31:

	2020	2019
Current assets	42,667,620	34,466,418
Non-current assets	4,654,447	4,175,102
Property, plant and equipment	103,178,128	93,516,783
Regulatory balances	4,829,545	6,413,314
Total Assets and Regulatory Balances	155,329,740	138,571,617
Current liabilities	26,753,979	23,149,027
Long term debt	61,204,723	50,651,279
Other non-current liabilities	13,768,360	10,990,814
Post-employment benefits and accumulated vested sick leave	1,466,600	1,338,500
Regulatory balances	1,656,030	954,795
Total Liabilities and Regulatory Balances	104,849,692	87,084,415
Net Equity	50,480,048	51,487,202
Results of Operations:		
Revenues	151,909,950	135,345,364
Operating expenses	145,313,831	137,808,624
Income from operating expenses	6,596,119	(2,463,260)
Other income	463,132	626,417
Other expenses	2,803,885	3,097,996
Net income before regulatory movement	4,255,366	(4,934,839)
Net movement in regulatory balances, net of tax	(2,285,004)	7,819,884
Net income for the year and net movement in regulatory balances	1,970,362	2,885,045

CORPORATION OF THE CITY OF BRANTFORD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

8. INVESTMENT IN BRANTFORD ENERGY CORPORATION (CONTINUED)

The City's investment is comprised of the following:

	2020	2019
Equity - Beginning of Year		
Common Shares	23,895,512	23,895,512
Prior years accumulated net income	27,591,690	26,423,019
	<u>51,487,202</u>	<u>50,318,531</u>
Net income (loss) for the year	1,970,362	2,885,045
Dividends	(1,150,000)	(1,150,000)
Transitional Adjustment - IFRS 16 Leases	-	(2,602)
Other Comprehensive Income (Loss)	(1,827,516)	(563,772)
	<u>(1,007,154)</u>	<u>1,168,671</u>
Change in equity for the year		
Equity - End of year	50,480,048	51,487,202
Reversal of intercompany gains	(3,626,148)	(3,626,148)
Notes receivable	25,492,503	25,492,503
	<u>72,346,403</u>	<u>73,353,557</u>
Net Investment	72,346,403	73,353,557

IFRS 16 Leases

The Company applied IFRS 16 Leases with a date of initial application of January 1, 2019 using the modified retrospective approach. The cumulative effect of initial application is recognized in retained earnings at January 1, 2019. The Company applied IFRS 16 only to contracts that were previously identified as leases and has decided to apply recognition exemptions to short-term leases and leases for which the value of the underlying asset is low.

CORPORATION OF THE CITY OF BRANTFORD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

9. DEFERRED REVENUES - OBLIGATORY RESERVE FUNDS

A requirement of the public sector accounting standards of CPA Canada is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as provincial legislation restricts how these funds may be used and under certain circumstances these funds may possibly be refunded. The balances in the obligatory reserve funds of the City are summarized as follows:

	2020	2019
Development charges	64,140,942	52,360,968
Subdivision contributions	2,438,201	2,400,907
Recreational land (The Planning Act)	1,210,806	776,579
Federal gas tax revenues	20,961,982	18,840,555
Provincial gas tax revenues	1,964,962	2,291,460
Main St. Revitalization Initiative	-	120,076
B-Home Housing Program	268,014	214,872
Cash in lieu of Parking	1,576	1,541
OMCC Reserve Fund	337,435	495,971
OCIF funding	10,208,583	6,328,509
Building Code Act	5,084,624	4,776,608
	106,617,125	88,608,046

Continuity of deferred revenue is as follows:

	2020	2019
Balance, beginning of year	88,608,046	69,382,004
Contributions from:		
Federal gas tax	5,915,323	11,992,115
Provincial gas tax	1,371,387	1,306,752
Development charges	12,676,092	10,374,080
Developers and others	4,511,256	4,338,826
Interest earned	2,203,551	1,967,089
Total revenue	26,677,609	29,978,862
Deferred revenue utilized:		
Federal gas tax	4,242,530	3,297,364
Provincial gas tax	1,745,861	1,820,861
Development charges	2,209,273	4,683,392
Developers and others	470,866	951,203
Total deferred revenue utilized	8,668,530	10,752,820
Balance, end of year	106,617,125	88,608,046

CORPORATION OF THE CITY OF BRANTFORD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

10. POST-EMPLOYMENT/RETIREMENT BENEFITS

The City provides certain employee benefits which will require funding in future periods. Under the sick leave benefit plan, unused sick leave can accumulate and employees may become entitled to a cash payment when they leave the City's employment. The City also has obligations for amounts owing to former employees under the Workplace Safety and Insurance Board permanent partial disability pension and for amounts owing under various benefit programs. An actuarial valuation of future liabilities was completed in March 2021 and forms the basis for the estimated liability reported in these financial statements.

The weighted average assumptions used in the valuation were as follows:

	2020	2019
Discount rate	2.10%	2.74%
Average compensation increase	2.50%	2.50%
Healthcare cost increases		
Initial rate	6.00%	5.50%
Ultimate rate	4.75%	4.50%
Dental care cost increase	3.75%	3.00%

	Post-Employment/Retirement Benefits				
	Medical, Dental, Life Insurance	Sick Leave Gratuity	Disability Benefits	Total Benefits 2020	Total Benefits 2019
December 31, 2020					
Liability as at January 1	19,439,266	3,148,037	532,090	23,119,393	22,558,454
Net Service Cost	892,900	204,100	-	1,097,000	927,500
Net Interest Cost	539,600	97,900	32,300	669,800	741,300
Recognition of (Gains) / Losses	2,684,304	482,404	774,710	3,941,418	750,507
Amortization of (Gains) / Losses	52,930	12,159	41,100	106,189	(72,261)
Benefit Payments	(881,900)	(131,600)	(31,700)	(1,045,200)	(1,035,600)
Accrued Benefit Obligation as at December 31	22,727,100	3,813,000	1,348,500	27,888,600	23,869,900
Unrecognized Gains / (Losses)	(2,684,304)	(482,404)	(774,710)	(3,941,418)	(750,507)
Liability as at December 31	20,042,796	3,330,596	573,790	23,947,182	23,119,393

The City and the Brantford Public Library have established reserves to mitigate the future impact of these obligations, as disclosed in Note 25. The balance at the end of the year is \$3,544,780 (2019 - \$3,451,347).

CORPORATION OF THE CITY OF BRANTFORD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

11. LANDFILL CLOSURE AND POST CLOSURE LIABILITY

The *Environmental Protection Act* sets out regulatory requirements to properly close and maintain all active and inactive landfill sites. Under environmental law, there is a requirement for closure and post-closure care of solid waste landfill sites.

The City has one active landfill site, the Mohawk Street Landfill Site ("Site"). In 2014 the City hired a consultant to develop a Landfill Master Plan to assist the City in preparing for the continued operation, management, and development of the Site for a 25 year planning period and beyond. The Landfill Master Plan also forecasts the City's required financial commitments during continued landfill operation and also following its closure to the end of its estimated contaminating life span.

The Landfill Master Plan integrates predicted waste generation and disposal needs, remaining capacity and life expectancy of the Site, a detailed inventory of City-owned landfill assets, their condition and life expectancy, and the estimated future capital costs and financial liability to the end of the landfill's estimated contamination life span.

Based on the analysis conducted by the consultant, the Site has a licensed capacity of approximately 13,345,000 cubic metres with approximately 7,820,409 cubic metres of remaining capacity. At current average fill rates, the Site is estimated to have a remaining operating life span of approximately 40 - 45 years.

It is estimated the total cost to close and maintain the Site and to maintain all other closed phases is approximately \$78,163,774 (2019 - \$80,198,239) with \$32,358,402 (2019 - \$32,372,329) recognized in the financial statements and \$45,805,372 (2019 - \$47,825,910) to be recognized as the capacity of the Site is used up. The liability has been estimated using a risk-based approach and was calculated using a present value technique with a discount rate of 3.18%.

The City has not designated any assets to assist with the cost of closing and maintaining the Site. Once the Site has reached full capacity it is estimated that post-closure activities would continue for approximately 112 years.

CORPORATION OF THE CITY OF BRANTFORD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

12. CONTAMINATED SITES LIABILITY

The City has recognized a contaminated sites liability of \$5,004,338 as at December 31, 2020 (2019 - \$4,704,023) for remediation of known contaminated sites where an assessment has been conducted, or where available information on sites is sufficient to estimate the costs.

	2020	2019
The liability is comprised of the following:		
Mohawk Lake	4,000,000	3,699,825
Other sites	1,004,338	1,004,198
	5,004,338	4,704,023

The nature of the contamination includes chemicals, heavy metals, and other organic and inorganic contaminants. The liability has been estimated using a risk-based approach and was calculated using a present value technique with a discount rate of 2.10%. The estimated total undiscounted expenditures for 2020 is \$5,041,713 (2019 - \$4,819,213). The assumptions and basis of measurement used in estimating the liability include past land usage, the nature and level of contamination, current land use, length of time to remediate the site, engineer cost estimates, environmental site assessments and analysis from staff reports. The amount of estimated recoveries from the Federal Government is \$712,500 (2019 - \$1,212,500).

13. BOUNDARY ADJUSTMENT - COUNTY OF BRANT

On January 1, 2017, the City's boundary lines were expanded to include 2,720 hectares of land transferred from the County of Brant ("the County") to the City's jurisdiction. Using a present value technique with a current discount rate of 2.10%, a liability is recognized for the compensation due to the County in the amount of \$11,991,111 (2019 - \$13,876,755). The undiscounted balance is \$12,920,056 (2019 - \$15,448,151). The City is required to pay the County \$11,633,500 by way of 10 equal annual installments from January 2018 to January 2027. In addition, the City must pay the County \$11,259,144 for the phase-out of County Taxes based on the amount of the County municipal taxes levied on the lands in the annexed area in 2016. This amount is paid in annual installments that will decline on a straight-line basis until 2027.

CORPORATION OF THE CITY OF BRANTFORD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

14. LONG-TERM COMMITMENTS PAYABLE

	<u>2020</u>	<u>2019</u>
Wilfrid Laurier University and YMCA project Grant		
Grant payable to Wilfrid Laurier University and the YMCA of Hamilton/Burlington/Brantford for the construction of the Laurier Brantford YMCA facility. The grant represents 10% of eligible expenses totaling \$5,210,000. The liability is payable in annual installments of \$521,000 and will mature on November 1, 2025.	2,605,000	3,126,000

15. NET LONG TERM LIABILITIES

(a) The long term liabilities issued in the name of the Municipality have received approval of the Ontario Municipal Board for those approved on or before December 31, 1992. Those approved after January 1, 1993 have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing. The long-term liabilities reported in (c) of this note carry interest rates ranging from 2.39% to 5.87% and maturity dates ranging from March 2023 to December 2044.

(b) The net long term liabilities reported in (a) of this note are payable as follows:

	<u>2021 to 2025</u>	<u>After 2025</u>
From benefiting landowners and user rates	19,703,432	44,185,783
From consolidated municipal enterprises	490,393	231,868
From the County of Brant	66,234	312,128
	<u>20,260,059</u>	<u>44,729,779</u>

(c) For the long-term liabilities in (a) of this note, the annual principal payments over the next five years and thereafter until the year 2044 are as follows:

2021	<u>3,830,639</u>
2022	3,968,664
2023	4,111,842
2024	4,100,006
2025	4,248,908
Thereafter	<u>44,729,779</u>
	<u>64,989,838</u>

CORPORATION OF THE CITY OF BRANTFORD
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For the year ended December 31, 2020

15. NET LONG TERM LIABILITIES (CONTINUED)

(d) Included in the long term liabilities is the Municipal Non-Profit Housing Corporation mortgage payable for the corporation's property: Branlyn Meadows Project. The building is pledged as security for the mortgage.

	2020	2019
Branlyn Meadows Project		
2.39% first mortgage loan to Canada Mortgage and Housing Corporation, due March 2023, payable in monthly installments of \$9,142 on account of principal and interest	722,261	813,598

(e) As at December 31, 2020, the City held \$1,994,078 (2019 - \$2,332,844) of the net long term liabilities outstanding.

16. CHARGES FOR NET LONG TERM LIABILITIES

	2020	2019
Total charges for the year for net long term liabilities are as follows:		
Debt Principal	3,870,635	3,803,271
Due to County - Boundary Adjustment	1,885,644	1,804,640
Due to YMCA/Wilfrid Laurier - Grant	521,000	521,000
Interest	2,349,867	2,457,647
	8,627,146	8,586,558

17. INVENTORIES

	2020	2019
Inventories of supplies	720,171	670,275
Land	-	420,000
	720,171	1,090,275

CORPORATION OF THE CITY OF BRANTFORD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

18. PREPAID EXPENSES

Prepaid expenses are comprised of the following:

	2020	2019
1 Market Square Lease	1,108,941	1,951,397
Insurance Premiums	123,221	162,073
Wajax - Major Engine Overhaul	-	765,596
Other	482,096	348,087
	1,714,258	3,227,153

19. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2020	2019
For the General Reduction of Taxation:		
City - operating fund	1,189,377	(44,385)
Local Boards	198,523	261,646
	1,387,900	217,261
Capital fund balance	43,015,301	41,870,833
Brantford Energy Corporation, net investment	72,346,403	73,353,557
Reserves	72,748,744	81,236,008
Reserve funds	110,470,677	108,995,909
Equity in tangible capital assets	774,044,601	750,012,251
Invested in land inventory	-	420,000
Land held for resale	439,684	-
Prepaid Expense - 1 Market Square Lease	1,108,941	1,951,397
Prepaid Expense - Wajax Engine Overhaul	-	765,596
	1,074,174,351	1,058,605,551
Unfunded liabilities	141,036,403	146,317,417
	934,525,848	912,505,395

CORPORATION OF THE CITY OF BRANTFORD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

20. TAXATION

Taxation revenue, reported on the Consolidated Statement of Operations, is made up of the following:

	2020	2019
Municipal and school property taxes	204,431,637	198,546,702
Payments in lieu of taxes	4,720,946	1,564,518
Net property taxes	209,152,583	200,111,220
School board requisitions	42,731,405	41,395,287
Taxation revenue available for municipal purposes	166,421,178	158,715,933

21. USER FEES AND SERVICE CHARGES

User fees and service charges are comprised of the following:

	2020	2019
Environmental services	49,907,881	47,694,156
General government	621,924	779,292
Health services	355,874	335,564
Planning and development	1,122,895	1,421,789
Protection services	814,472	1,055,364
Recreation and cultural services	3,512,901	7,740,985
Social and family services	411,821	386,259
Social housing	118,386	126,370
Transportation services	2,419,742	4,269,000
	59,285,896	63,808,779

22. OTHER REVENUES

Other revenues received by the City are comprised of the following sources:

	2020	2019
Sale of non-inventory items	1,662,452	2,824,217
Donations	483,788	447,126
Transfer from trust funds	119,100	121,231
Gain/(Loss) on disposal of tangible capital assets, inventory, and land held for resale	1,013,358	(434,888)
Service Level Agreements	830,738	1,059,191
Other recoveries and rebates	3,988,351	4,494,403
	8,097,787	8,511,280

CORPORATION OF THE CITY OF BRANTFORD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

23. GOVERNMENT TRANSFERS

The sources of government funding by function are as follows:

	2020	2019
Provincial Grants:		
General government	1,388	149,940
Protection services	9,883,255	2,484,072
Transportation services	2,411,614	5,038,458
Environmental services	(3,123)	2,131,941
Social and family services	48,131,581	51,410,054
Social housing	3,580,625	5,347,361
Recreation and cultural services	251,229	332,545
Planning and development	220,288	227,080
Provincial Total	64,476,857	67,121,451
Federal Grants:		
General government	135,449	72,248
Protection services	278,966	-
Transportation services	4,017,495	3,142,754
Environmental services	677,648	334,380
Social and family services	421,247	208,376
Social housing	1,695,553	1,351,910
Recreation and cultural services	296,319	280,807
Planning and development	4,646	139,479
Federal Total	7,527,323	5,529,954
Other Municipalities Grants:		
General government	1,422	1,564
Protection services	169,370	163,926
Transportation services	-	10,000
Environmental services	300,709	291,591
Social and family services	971,566	998,847
Social housing	1,747,969	1,716,449
Recreation and cultural services	6,691	6,770
Planning and development	19,835	22,335
Other Municipalities Total	3,217,562	3,211,482
Total	75,221,742	75,862,887

CORPORATION OF THE CITY OF BRANTFORD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

24. BUDGET FIGURES

The budget data presented in these consolidated financial statements are based upon the 2020 operating budget approved by Council. The budget that was approved by Council was not prepared on a basis consistent with that used to report actual consolidated financial statement results. The budget was approved on a modified accrual basis while Public Sector Accounting Standards (PSAS) now require a full accrual basis. The chart below reconciles the approved budget to the budget figures reported in these consolidated financial statements. In addition, to ensure comparability of expenses, the allocation of program support costs completed for actual reporting was also applied to the budget amounts.

City Council net approved budget	\$	0
Approved Consolidated Local Board budgets		488,586
Add:		
Capital project revenues		2,931,380
Interest earned on reserve funds		2,663,345
Operating expenses resulting in tangible capital assets		582,771
Net transfers (from) to reserves and reserve funds		37,951,935
Post employment benefits		840,566
Landfill closure / post closure liability		13,928
Debt principal repayments		3,771,879
Contaminated sites		412,185
Long-term commitments		521,000
Boundary adjustment liability repayment		2,132,278
Accrued interest		31,006
Less:		
Capital project operating expenses		(16,451,666)
Amortization		(34,227,510)
Wajax engine overhaul prepaid		(765,596)
1 Market Square lease prepaid		(842,456)
Land held for resale		(439,684)
Budget Deficit (Full Accrual)		(386,053)

CORPORATION OF THE CITY OF BRANTFORD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

25. RESERVES AND RESERVE FUNDS

The total balance of reserves and reserve funds of \$72,748,744 (2019 - \$81,236,008) and \$110,470,677 (2019 - \$108,995,909) respectively is made up of the following:

	2020	2019
Reserves set aside for specific purposes:		
Replacement of equipment	317,891	453,722
Sick leave	3,544,780	3,451,347
Insurance	4,121,883	3,820,406
Social housing	9,132,173	8,473,230
Protection services	3,064,186	3,174,541
Transportation	8,147,226	8,215,669
Waste disposal	688,547	398,714
Industrial development	1,452,867	3,727,867
Brownfields	51,929	2,241,519
Contingencies	4,404,128	4,856,972
General government	3,169,874	2,514,426
Recreation facilities	21,190,665	24,611,111
Post-employment benefits	36,389	31,740
Libraries	1,548,768	1,378,362
Other corporate financing	8,791,387	11,000,062
Other	3,086,051	2,886,320
Total Reserves	72,748,744	81,236,008
Reserve funds set aside for specific purposes by Council:		
Wastewater	60,403,893	57,080,650
Water	50,066,784	51,893,690
Social and family services	-	21,569
Total Reserve Funds	110,470,677	108,995,909
Total Reserves and Reserve Funds	183,219,421	190,231,917

CORPORATION OF THE CITY OF BRANTFORD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

26. LANDFILL GAS ELECTRICITY GENERATION PROJECT

On June 14, 2016, the City was assigned all of the assets and undertakings of the Brantford Generation Inc. landfill gas electricity generation project for a purchase price of \$3,250,000. Ontario Infrastructure and Lands Corporation (IO) has provided financing to the City in the amount of \$3,250,000 for purposes of acquiring the project.

On August 18, 2016, a revenue sharing agreement was established between IO and the City requiring the City to pay to IO a cash amount equal to 50% of the project's excess cash flow for the fiscal year to a maximum amount of \$8,662,883 (plus accrued interest) within 210 days following the City's year-end. It is expected that this payment will be \$NIL for 2020 (2019 - \$125,420).

The City's investment is comprised of the following:

	<u>2020</u>	<u>2019</u>
Revenues		
Generation revenue	1,193,047	1,363,260
	<u>1,193,047</u>	<u>1,363,260</u>
Expenses		
Collection system operations and maintenance	140,226	164,904
Generation operations and maintenance	292,800	311,414
Engine maintenance	1,444,281	537,136
Other expenses	1,292	14,390
General administration	107,165	84,576
	<u>1,985,764</u>	<u>1,112,420</u>
Net Income (Loss)	<u>(792,717)</u>	<u>250,840</u>

27. PENSION AGREEMENTS

Contributions are made to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of all permanent, full-time members of its staff and other qualifying employees. 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.

The employer's amount contributed to OMERS for 2020 was \$10,388,323 (2019 - \$10,153,691) for current and past service. Employees' contributions to OMERS in 2020 totaled \$10,388,323 (2019 - \$10,153,691).

The OMERS pension plan has a deficit. If actuarial surpluses are not available to offset the existing deficit and subsidize future contributions, increases in contributions may be required in the future. The program deficit in 2020 is \$3.2 billion (2019 - \$3.4 billion).

CORPORATION OF THE CITY OF BRANTFORD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

28. BELL HOMESTEAD STATEMENT OF REVENUE AND EXPENSES

As a National Historic Site, the Bell Homestead provides public programs for residents and visitors to the community, as well as preservation and maintenance requirements for the historic buildings and artifacts it holds in trust. Operating costs for such are supported by earned revenues and the financial support of Bell Canada, the County of Brant, and the Ministry of Tourism, Culture and Sport–Heritage Programs Unit. The latter requires the disclosure of this information for the purposes of the Community Museum Grant application submitted annually by the Bell Homestead.

	Budget 2020	Actual 2020	Actual 2019
Revenue			
Government Transfers - Federal	1,350	28,103	1,960
Government Transfers - Provincial	24,125	24,124	24,124
Government Transfers - Municipal	6,800	6,691	6,770
Merchandise sales	6,850	3,190	5,700
Café	30,700	1,482	24,977
Admissions	25,925	4,628	24,219
Registration fees	13,600	1,469	11,322
Donation - Bell Canada	52,000	50,000	50,000
General donations and fundraising	-	1,904	9,348
Rentals	7,615	6,996	7,038
Memberships	1,800	1,527	1,442
	170,765	130,114	166,900
Expenses			
Salaries, wages, and benefits	279,109	204,422	267,659
Materials and supplies	6,775	4,533	10,263
Food	8,250	614	7,901
Heat, light, and water	11,720	9,580	11,192
Repairs and maintenance	20,000	24,698	24,008
Security	750	756	1,196
Telephone	450	230	277
Advertising	6,800	5,285	7,414
Travel, conventions, and seminars	436	-	653
Registration fees	850	-	850
Memberships and subscriptions	160	157	162
Concession supplies	3,420	2,883	3,215
Other purchased services	-	182	639
Administration	345	589	387
	339,065	253,929	335,816
Deficit	(168,300)	(123,815)	(168,916)

CORPORATION OF THE CITY OF BRANTFORD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

29. COMPARATIVE FIGURES

Certain comparative information has been reclassified to conform to the current year's financial statement presentation.

30. CONTINGENT ASSETS

As at December 31, 2020, the City has contingent assets relating to the commencement of legal action against various parties. The amount and nature of the possible outcomes are not determinable at this time and, as a result, no provision has been made in the financial statements. Where management has assessed the likelihood of future economic benefits as being more likely than not, and is able to reasonably assess the benefit, an amount is provided for in these consolidated financial statements.

As at December 31, 2020, the City has contingent assets relating to forgivable loan arrangements valued at \$10,822,680 (2019 - \$10,686,353). Forgivable loan repayment is not expected unless certain conditions are not met. If the conditions on a forgivable loan are no longer met, the loan would be recorded as a financial asset on the balance sheet.

31. CONTINGENT LIABILITIES

(a) Corporation of the City of Brantford

As at December 31, 2020, there are legal claims commenced against the City that remain outstanding. No provision has been made for any claims that are expected to be covered by insurance or where the consequences are undeterminable. Where the claims are not expected to be covered by insurance and where management has assessed the likelihood of exposure as being more likely than not and is able to reasonably assess the exposure, an amount is provided for in these consolidated financial statements.

(b) Brantford Energy Corporation

(i) General Liability Insurance - The Company has obtained general liability and enhanced directors and officers insurance coverage from the Municipal Electric Association Reciprocal Insurance Exchange (The Mearie Group) expiring January 1, 2022. The Mearie Group is an insurance reciprocal whereby all members through the unincorporated group share risks with each other. Members of the Mearie Group are assessed a premium deposit at policy execution. Should the group experience losses that are in excess of the accumulated premium deposits of its members combined with reserves and supplementary insurance, members would be assessed a supplementary or retro assessment on a pro-rata basis for the years in which the Company was a member.

As at December 31, 2020, the Company has not been made aware of any additional assessments. Participation in The Mearie Group covers a three-year underwriting period which expires on January 1, 2022.

CORPORATION OF THE CITY OF BRANTFORD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

31. CONTINGENT LIABILITIES (CONTINUED)

(b) Brantford Energy Corporation (continued)

(ii) General - From time to time, the Company is involved in various litigation matters arising in the ordinary course of its business. The Company has no reason to believe that the disposition of any such current matter could reasonably be expected to have a materially adverse impact on the Company's financial position, results of operations or its ability to carry on any of its business activities.

32. CONTRACTUAL RIGHTS

Contractual rights are rights to economic resources arising from contracts or agreements that will result in revenues and assets in the future. The City's contractual rights consist of contracts entered into for operating leases and cost share agreements with the County of Brant. The City has also entered into an agreement with the Ontario Lottery and Gaming Corporation (OLG) whereby quarterly contributions are received based on a percentage of gaming revenues.

33. CONTRACTUAL OBLIGATIONS AND COMMITMENTS

(i) Operating Leases

The City has entered into operating leases for various equipment, vehicles, and properties with expected annual lease payments as follows:

2021 - \$1,556,703	2022 - \$1,477,996	2023 - \$1,376,596
2024 - \$1,263,656	2025 & Thereafter - \$500	

(ii) The City has outstanding contractual obligations of approximately \$35.1 million at December 31, 2020 for capital works (2019 - \$50.8 million). City Council has authorized the financing of these obligations.

(iii) The City has a contract with Integrated Gas Recovery Services Inc. to manage, operate and maintain the Landfill Gas Utilization Facility. The term of the agreement is five years for the period of January 9, 2021 to January 8, 2026 plus one five-year extension. The annual cost of this contract is estimated at \$1,050,163.

(iv) The City has a contract with Canada Fibers Ltd. for the weekly collection of recyclable materials. The term of the agreement is five years for the period of November 1, 2019 to October 31, 2024 plus three one-year extensions. The annual cost of this contract is estimated at \$2,072,000.

(v) The City has a contract with Canada Fibers Ltd. for the receiving, transporting, processing and marketing of recyclables. The term of the agreement is five years for the period of November 1, 2019 to October 31, 2024 plus three one-year extensions. The annual cost of this contract is estimated at \$551,000.

CORPORATION OF THE CITY OF BRANTFORD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

33. CONTRACTUAL OBLIGATIONS AND COMMITMENTS (CONTINUED)

(vi) The City has a contract with Future Waste Systems (Niagara) Inc. for the operation of the Mohawk Street Landfill. The term of the agreement is seven years for the period of November 1, 2020 to October 31, 2027. The annual cost of this contract is estimated at \$1,835,811.

(vii) The City has a contract with Waste Connections of Canada. for the collection of solid waste and yard waste materials. The term of the agreement is seven years for the period of November 1, 2020 to October 31, 2027. The annual cost of this contract is estimated at \$2,104,079.

(viii) The City has a contract with 2174677 ON Inc. o/a Clean Shot Environmental Services for winter road maintenance. The term of the agreement is four years and five months for the period of November 15, 2020 to April 15, 2025 plus three one-year extensions. The annual cost of this contract is estimated at \$1,043,500.

34. EMPLOYEE COMPENSATION

The *Public Sector Salary Disclosure Act*, 1996, requires municipalities to disclose annually the names, positions, salaries, and taxable benefits of employees paid \$100,000 or more in 2020. In 2020 the City of Brantford and its local boards had 322 employees paid \$100,000 or more in the calendar year. This information can be found on the Ministry of Finance website at:

<https://www.ontario.ca/page/public-sector-salary-disclosure-2020-all-sectors-and-seconded-employees>

35. RELATED PARTY TRANSACTIONS

All related party transactions are considered to be in the normal course of operations and are recorded at the exchange amount agreed to by the related parties.

CORPORATION OF THE CITY OF BRANTFORD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

36. COVID-19 PANDEMIC

The coronavirus pandemic is still ongoing and the measures taken to combat the health threat of the virus have had a negative financial impact on the City. The City is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. City Council approved the forgiveness of late payment fees on property taxes from April 1, 2020 to September 30, 2020 allowing for tax payments to be deferred until September 30, 2020 without penalty. Additional relief has been provided to the City's customers and property owners which have impacted a number of revenue streams for varying lengths of time during the year. Transit fares, parking revenues, penalty and interest on taxes, interest on receivables, POA revenue, marriage and lottery licence revenues, golf revenues, arena, park and hall rental revenues were all impacted. The temporary closure of Elements Casino has impacted City programs and reserves that benefit from casino funds. Arenas, pools, community centres, libraries, POA court, golf courses, recreational fields, and the Sanderson Centre were all closed to limit the spread of COVID-19 within the community. Summer camps were also cancelled along with other recreational programming. As of the date of issuance of these financial statements, the full impact to the City's financial position is not known. All COVID-19 pandemic expenses that are identifiable have been allocated to Protection Services.

**CORPORATION OF THE CITY OF BRANTFORD
TANGIBLE CAPITAL ASSETS - CONTINUITY SCHEDULE SCHEDULE 1**

For the year ended December 31

	Land	Land Improvements	Building	Machinery & Equipment	Infrastructure	Assets Under Construction	2020 Total (incl WIP)	2019 Total (incl WIP)
Total Historical Cost:								
Balance: Beginning of Year	37,756,614	66,667,926	302,788,349	86,240,714	920,531,591	34,424,043	1,448,409,237	1,420,578,380
Add: Additions during the year	4	2,808,874	13,447,639	6,910,938	35,084,781	16,978,290	75,230,526	62,627,188
Less: Disposals during the year	543,429	385,694	1,134,206	8,626,481	2,192,909	15,844,674	28,727,393	34,796,331
Balance: End of year	37,213,189	69,091,106	315,101,782	84,525,171	953,423,463	35,557,659	1,494,912,370	1,448,409,237
Accumulated Amortization								
Balance: Beginning of year	294,844	35,887,434	171,823,450	57,143,091	433,247,999	-	698,396,818	676,095,662
Add: Amortization expense	21,279	2,231,340	7,369,684	5,863,857	18,741,517	-	34,227,677	34,600,521
Less: Accumulated amortization on disposals	-	348,779	1,080,485	8,577,141	1,750,321	-	11,756,726	12,299,197
Balance: End of year	316,123	37,769,995	178,112,649	54,429,807	450,239,195	-	720,867,769	698,396,986
TOTAL: NET BOOK VALUE	36,897,066	31,321,111	136,989,133	30,095,364	503,184,268	35,557,659	774,044,601	750,012,251

a) Assets under construction:

Assets under construction, having a value of \$35,557,659 (2019 - \$34,424,044), have not been amortized. Amortization of these assets will commence when the asset is put into service. Additions to assets under construction are reported net of assets whose construction is complete and have been put into service.

b) Contributed tangible capital assets:

Tangible capital assets received as contributions are recorded at their fair market value at the date of contribution. The value of contributed assets received during the year is \$9,453,561 (2019 - \$6,105,496) and is comprised of infrastructure valued at \$7,157,798 (2019 - \$5,307,565), a building valued at \$NIL (2019 - \$600,000), culverts valued at \$1,797,026 (2019 - \$NIL) and a detention pond valued at \$498,737 (2019 - \$197,931).

c) Reclassification of land:

The costs and accumulated amortization relating to Land Improvements for the Brant Municipal Non-Profit Housing local board was reclassified to Land in accordance with the classification used in the entity's own financial statements.

d) Write-down of tangible capital assets:

The write-down of tangible capital assets during the year was \$NIL (2019 - \$NIL).

The accompanying notes are an integral part of these financial statements.

CORPORATION OF THE CITY OF BRANTFORD SEGMENTED INFORMATION SCHEDULE 2

The City of Brantford is a single tier municipality that provides a wide range of services to its citizens. The major services chosen for segmented disclosure are those for which the percentage of annual operating expenditures is greater than 10% of the Corporation's total operating expenditures. The revenues and expenditures reported for each segment includes directly attributable amounts as well as internal charges and recoveries allocated on a reasonable basis. A description of each major service and the activities each provide are as follows:

Protection Services

Protection services enhances the quality of life for all citizens and responds to their changing needs by ensuring and promoting public safety in partnership with our community. Services provided include fire prevention and suppression, crime prevention, bylaw enforcement, court security, prisoner transportation, protective inspection and control, building permit and inspection services, emergency measures, and administration of the Provincial Offences Act.

Transportation Services

Transportation services includes the safe and efficient movement of people and goods within the City of Brantford. Responsibilities include road construction and maintenance, traffic signals and signs, winter control, transit operation, developing parking and traffic control bylaws, implementation and maintenance of street lighting, and management and maintenance of parking garages and lots.

Environmental Services

Environmental services include sanitary sewer system, storm sewer system, waterworks, waste collection, waste disposal and recycling. Responsibilities include water treatment and maintenance, water distribution, water quality, water conservation, the water pollution control plant, pumping stations, pollution control, storm and sanitary sewer maintenance, curbside garbage collection, waste diversion, yard waste management, household hazardous waste day events and landfill site operations.

Social and Family Services

Social and Family services ensures a healthy community by providing a social infrastructure to the Citizens of Brantford. Services include general assistance, income support, employment assistance, childcare, affordable housing and assistance to aged persons.

Recreation and Cultural Services

This segment includes parks, recreation programs, recreation facilities, golf courses, libraries and cultural services. Responsibilities include management and provision of recreational services, facilities and programs, administration and maintenance of the main library and St. Paul Avenue branch, operation and maintenance of two public golf courses, preservation of art galleries, museums and the Sanderson Centre for the Performing Arts.

The accompanying notes are an integral part of these financial statements.

**CORPORATION OF THE CITY OF BRANTFORD
SEGMENTED INFORMATION**

SCHEDULE 2

For the year ended December 31	Protection Services	Transportation Services	Environmental Services	Social and Family Services	Recreation & Cultural Services	Other Services ^[1]	Consolidated 2020
Revenues							
Taxation	-	-	-	-	-	166,421,178	166,421,178
Grants	10,345,428	6,429,110	1,930,352	50,042,596	586,239	7,632,999	76,966,724
Other revenues ^[2]	5,153,436	10,224,273	57,817,676	794,881	6,903,297	18,534,561	99,428,124
Government Business Enterprise	-	-	-	-	-	1,477,149	1,477,149
Total Revenues	15,498,864	16,653,383	59,748,028	50,837,477	7,489,536	194,065,887	344,293,175
Expenses							
Salaries, wages, and benefits	58,506,837	17,725,702	9,849,939	19,082,442	15,093,709	25,513,301	145,771,930
Materials	6,067,130	12,028,569	14,842,869	2,098,403	7,565,481	15,453,893	58,056,345
Contracted services	3,105,281	2,517,024	10,148,820	11,344,818	576,155	8,704,479	36,396,577
External transfers	383,980	-	1,030,287	25,003,439	272,537	13,652,920	40,343,163
Amortization	1,418,126	9,757,217	13,775,464	941,486	5,811,337	2,523,879	34,227,509
Debt servicing	-	23,170	946,951	290,501	13,879	1,075,366	2,349,867
Other expenses ^[3]	6,700,043	(149,668)	6,653,883	2,006,080	2,440,582	(12,523,589)	5,127,331
Total Expenses	76,181,397	41,902,014	57,248,213	60,767,169	31,773,680	54,400,249	322,272,722
ANNUAL SURPLUS (DEFICIT)	(60,682,533)	(25,248,631)	2,499,815	(9,929,692)	(24,284,144)	139,665,638	22,020,453

^[1] Other services - Includes General Government, Social Housing, Health Services, Planning and Development, and Utility operation.

^[2] Other revenues - Includes licenses, permits, interest, donations, sale of land, sale of equipment, sale of publications, proceeds on disposal, contributed capital assets, gaming revenues, investment income, fines and penalties, recoveries and rebates, and user charges.

^[3] Other expenses - Includes tax write-offs, rents and financial expenses, inter-functional adjustments, allocation of program support, and loss on disposal of tangible capital assets.

The accompanying notes are an integral part of these financial statements.

**CORPORATION OF THE CITY OF BRANTFORD
SEGMENTED INFORMATION**

SCHEDULE 2

For the year ended December 31	Protection Services	Transportation Services	Environmental Services	Social and Family Services	Recreation & Cultural Services	Other Services ^[1]	Consolidated 2019
Revenues							
Taxation	-	-	-	-	-	158,715,933	158,715,933
Grants	2,647,998	8,201,244	3,623,455	52,617,276	707,437	9,156,106	76,953,516
Other revenues ^[2]	6,612,525	8,574,555	56,827,496	1,110,656	12,625,422	24,583,734	110,334,388
Government Business Enterprise	-	-	-	-	-	3,708,669	3,708,669
Total Revenues	9,260,523	16,775,799	60,450,951	53,727,932	13,332,859	196,164,442	349,712,506
Expenses							
Salaries, wages, and benefits	52,703,143	18,768,385	9,488,034	18,240,034	18,415,026	26,635,886	144,250,508
Materials	4,311,591	14,964,926	13,365,097	2,187,993	9,941,522	16,857,609	61,628,738
Contracted services	1,680,209	2,510,279	9,658,498	12,893,631	811,276	9,162,552	36,716,445
External transfers	303,089	-	1,145,694	27,540,240	470,189	15,221,434	44,680,646
Amortization	1,345,705	9,985,029	13,324,620	1,068,634	5,739,165	3,137,369	34,600,522
Debt servicing	-	24,297	1,009,535	296,113	22,988	1,104,714	2,457,647
Other expenses ^[3]	5,545,756	(277,351)	6,342,887	2,804,837	3,231,894	(12,638,816)	5,009,207
Total Expenses	65,889,493	45,975,565	54,334,365	65,031,482	38,632,060	59,480,748	329,343,713
ANNUAL SURPLUS (DEFICIT)	(56,628,970)	(29,199,766)	6,116,586	(11,303,550)	(25,299,201)	136,683,694	20,368,793

^[1] Other services - Includes General Government, Social Housing, Health Services, Planning and Development, and Utility operation.

^[2] Other revenues - Includes licenses, permits, interest, donations, sale of land, sale of equipment, sale of publications, proceeds on disposal, contributed capital assets, gaming revenues, investment income, fines and penalties, recoveries and rebates, and user charges.

^[3] Other expenses - Includes tax write-offs, rents and financial expenses, inter-functional adjustments, allocation of program support, and loss on disposal of tangible capital assets.

The accompanying notes are an integral part of these financial statements.