

Corporation of the City of Brantford

December 31, 2022

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, 2022, 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, 2022, 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

June 9, 2023
Brantford, Ontario

CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31

	2022	2021
	\$	\$
FINANCIAL ASSETS		
Cash and cash equivalents	79,991,400	74,055,758
Taxes receivable (Note 4)	11,173,592	4,335,476
Accounts and grants receivable (Note 5)	29,240,850	22,871,609
Inventories held for resale	46,185	53,162
Land held for resale	420,000	1,213,032
Development Charge Installments Receivable	591,171	-
Investments (Note 6)	431,680,296	350,054,682
Investment in GrandBridge Corporation (Note 9)	102,952,041	-
Investment in Brantford Energy Corporation (Note 8)	-	50,382,468
Note receivable - Brantford Power Inc. (Note 8)	-	24,189,168
Note receivable - Brantford Hydro Inc. (Note 8)	-	1,303,335
Total Financial Assets	656,095,535	528,458,690
LIABILITIES		
Accounts payable and accrued liabilities (Note 7)	79,517,596	62,150,363
Deferred revenues (Note 10)	145,318,616	114,920,303
Vested sick leave (Note 11)	3,626,614	3,419,191
Post-employment/retirement benefits (Note 11)	21,225,672	21,649,786
Accrued interest on long term liabilities	539,243	525,557
Landfill closure and post-closure liability (Note 12)	45,181,968	39,120,054
Contaminated sites liability (Note 13)	17,524,712	13,984,813
Boundary adjustment liability (Note 14)	7,407,395	9,742,286
Long-term commitments payable (Note 15)	1,563,000	2,084,000
Net long-term liabilities (Note 16)	83,239,647	70,459,109
Total Liabilities	405,144,463	338,055,462
NET FINANCIAL ASSETS	250,951,072	190,403,228
NON-FINANCIAL ASSETS		
Tangible capital assets (net) (Schedule 1)	827,219,448	806,389,863
Inventories	988,700	667,677
Prepaid expenses (Note 18)	3,650,528	2,832,951
Total Non-Financial Assets	831,858,676	809,890,491
ACCUMULATED SURPLUS (NOTE 19)	1,082,809,748	1,000,293,719

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



CONSOLIDATED STATEMENT OF OPERATIONS

	Budget (Note 25)	2022	2021
For the year ended December 31	\$	\$	\$
REVENUES			
Taxation (Note 21)	178,158,263	181,388,247	173,219,419
User fees and service charges (Note 22)	62,441,641	66,882,807	62,446,281
Government transfers (Note 24)	70,628,281	91,630,895	82,159,720
Rents and concessions	12,501,085	12,659,434	10,469,230
Investment Income	7,330,276	8,315,030	5,691,260
Casino revenue	4,000,000	4,837,826	1,907,656
Development and other contributions applied	-	12,508,548	22,099,157
Provincial Offences Act and other fines	2,119,577	1,906,483	1,654,144
Licences and permits	3,678,768	3,338,732	2,804,229
Penalties and interest on taxes	1,750,000	1,858,258	1,870,774
Contributed tangible capital assets (Schedule 1)	-	6,758,040	36,594,918
Interest from Brantford Energy Corporation (Note 8)	335,652	325,535	1,012,265
Income from Brantford Energy Corporation (Note 8)	3,898,001	4,214,565	4,678,568
Income from GrandBridge Corporation (Note 9)	-	4,404,220	-
Gain from amalgamation (Note 9)	-	26,504,164	-
Other revenues (Note 23)	7,710,223	26,597,367	7,950,467
Total Revenues	354,551,767	454,130,151	414,558,088
EXPENSES			
General government	16,285,002	16,075,032	15,891,805
Protection services	79,815,279	83,601,474	79,550,929
Transportation services	56,139,889	53,827,872	45,596,389
Environmental services	43,404,913	67,906,031	75,540,689
Health services	9,577,378	11,405,196	8,865,466
Social and family services	65,931,753	67,061,844	58,225,590
Social housing	26,303,317	25,557,643	23,619,480
Recreation and cultural services	37,723,030	37,417,169	33,706,422
Planning and development	8,530,634	8,540,587	7,793,445
Total Expenses	343,711,195	371,392,848	348,790,215
ANNUAL SURPLUS (DEFICIT) FROM OPERATIONS	10,840,572	82,737,303	65,767,873
CHANGE IN PROPORTIONATE CONSOLIDATION (NOTE 20)	-	(221,274)	-
ACCUMULATED SURPLUS, BEGINNING OF YEAR	1,000,293,719	1,000,293,719	934,525,846
ACCUMULATED SURPLUS, END OF YEAR	1,011,134,291	1,082,809,748	1,000,293,719

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	2022	2021
	\$	\$	\$
Annual surplus	10,840,572	82,737,303	65,767,873
Amortization	37,510,949	37,510,953	35,326,024
Contributed tangible capital assets	-	(6,758,040)	(36,594,918)
Acquisition of tangible capital assets, net of reclassification	-	(53,994,310)	(31,696,319)
(Gain)/Loss on disposal of tangible capital assets and land held for sale	-	(14,455,550)	(106,131)
Proceeds on disposal of tangible capital assets and land held for resale	-	16,867,363	726,087
(Increase) / Consumption of inventory and prepaid expense	266,485	(1,138,601)	(1,066,204)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	48,618,006	60,769,118	32,356,412
NET FINANCIAL ASSETS, BEGINNING OF YEAR	190,403,228	190,403,228	158,046,816
CHANGE IN PROPORTIONATE CONSOLIDATION (NOTE 20)	-	(221,274)	-
NET FINANCIAL ASSETS, END OF YEAR	239,021,234	250,951,072	190,403,228

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



CONSOLIDATED STATEMENT OF CASH FLOWS

	2022	2021
For the year ended December 31	\$	\$
OPERATING ACTIVITIES		
Annual Surplus (Deficit)	82,737,303	65,767,873
Items not affecting cash:		
Equity in earnings of Brantford Energy Corporation	(4,540,100)	(5,690,833)
Amortization	37,510,953	35,326,024
(Gain)/Loss on disposal of tangible capital assets and land held for resale	(14,455,552)	(106,131)
Contributed tangible capital assets	(6,758,040)	(36,594,918)
Equity in earnings of GrandBridge Corporation and land held for sale	(30,908,384)	-
Change in non-cash assets and liabilities		
Taxes receivable	(6,838,118)	1,618,377
Accounts receivable	(6,369,244)	(3,866,431)
Accounts payable and accruals	17,367,235	(5,453,147)
Deferred revenues - obligatory reserve funds	30,398,317	8,303,181
Employee benefits and interest	(203,005)	1,128,459
Landfill closure and post-closure liability	6,061,914	6,761,652
Contaminated sites liability	3,539,899	8,980,475
Other financial assets	208,838	(775,895)
Inventories and prepaid expenses	(1,138,600)	(1,066,199)
Cash provided by operating activities	106,613,416	74,332,487
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets, net of reclassification	(53,994,310)	(31,696,319)
Proceeds on disposal of tangible capital assets	16,867,363	726,087
Cash applied to capital activities	(37,126,947)	(30,970,232)
INVESTING ACTIVITIES		
(Increase)/Decrease in investments	(81,625,615)	(95,161,773)
Dividends and interest from Brantford Energy Corporation	7,875,536	2,162,265
Dividends from GrandBridge Corporation	495,879	-
Cash provided by (applied to) investing activities	(73,254,200)	(92,999,508)
FINANCING ACTIVITIES		
Proceeds from long-term debt issued	17,500,000	9,300,000
Principal repayments on long-term debt	(4,719,462)	(3,830,730)
Payments on long-term commitments and boundary adjustment	(2,855,891)	(2,769,825)
Cash provided by (applied to) financing activities	9,924,647	2,699,445
NET CHANGE IN CASH AND CASH EQUIVALENTS	6,156,916	(46,937,808)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	74,055,758	120,993,566
CHANGE IN PROPORTIONATE CONSOLIDATION (Note 20)	(221,274)	-
CASH AND CASH EQUIVALENTS, END OF YEAR	79,991,400	74,055,758

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

CORPORATION OF THE CITY OF BRANTFORD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

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 FINANCIAL STATEMENTS

For the year ended December 31, 2022

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.

(viii) GrandBridge Corporation

GrandBridge Corporation is not consolidated but is accounted for on the modified equity basis which reflects the City's investment in the enterprise and its share of net income or loss less dividends received since its formation in May 2022. Under the modified equity basis, the enterprise's accounting principles are not adjusted to conform with those of the City and inter-organizational transactions and balances are not eliminated.

CORPORATION OF THE CITY OF BRANTFORD
NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(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 FINANCIAL STATEMENTS

For the year ended December 31, 2022

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), high interest savings accounts and holdings in the One Investment Canadian Equity Portfolio. 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 the 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 FINANCIAL STATEMENTS

For the year ended December 31, 2022

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 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 if the collective value of the homogeneous assets is greater than \$25,000 in the year of acquisition.

CORPORATION OF THE CITY OF BRANTFORD
NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of Accounting (continued)

(xiii) Non-financial Assets (continued)

a) Tangible Capital 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 FINANCIAL STATEMENTS

For the year ended December 31, 2022

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.

2. CONTRIBUTIONS TO NON-CONSOLIDATED JOINT BOARDS

Contributions amounting to \$2,888,880 (2021 - \$2,739,995) 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 \$4,477,271 (2021 - \$4,387,221) 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

	2022	2021
Taxes Receivable	13,547,649	13,243,626
Allowance for uncollectibles	(2,374,057)	(8,908,150)
	11,173,592	4,335,476

CORPORATION OF THE CITY OF BRANTFORD
NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

5. ACCOUNTS AND GRANTS RECEIVABLE

	2022	2021
Accounts receivable	19,636,931	15,626,115
Grant receivable - Federal	5,720,663	5,694,160
Grant receivable - Provincial	3,883,256	1,551,334
	29,240,850	22,871,609

6. INVESTMENTS

The total investments of \$431,680,296 (2021 - \$350,054,682) recorded on the consolidated statement of financial position at cost, having a market value of \$413,958,428 (2021 - \$348,690,149) at the end of the year are comprised of the following:

	2022	2021
Provincial	9,069,711	8,997,702
Municipal - own	24,745,218	8,006,844
Municipal - other	9,112,025	9,163,641
Financial Institutions	361,520,253	307,522,236
One Investment Program	27,233,089	16,364,259
	431,680,296	350,054,682

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are comprised of the following:

	2022	2021
Trade payables	31,734,523	24,945,723
Deposits/Unearned revenue	30,830,393	27,934,008
Payable to the provincial and federal government	10,289,965	3,385,759
Payable to other municipalities	6,661,803	5,334,923
Payable to school boards	912	549,950
	79,517,596	62,150,363

CORPORATION OF THE CITY OF BRANTFORD
NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

8. INVESTMENT IN BRANTFORD ENERGY CORPORATION

On September 1, 2021, Brantford Energy Corporation entered into a Merger Participation Agreement (“MPA”) with: The Corporation of the City of Cambridge (“Cambridge”); The Corporation of the Township of North Dumfries (“North Dumfries”); The Corporation of the City of Brantford (“Brantford”); Cambridge and North Dumfries Energy Plus Inc. (“Energy Plus”); Brantford Power Inc. (“BPI”); and Brantford Hydro Inc. (“BHI”). At the closing date, Brantford Energy Corporation issued a total of 100,000,000 Common Shares to Cambridge, North Dumfries, and Brantford, as well as certain Class A, B, C, and D Special Shares. The issuance of such common shares by the Corporation represents a 54.339% ownership interest by Cambridge, a 41% ownership interest by Brantford, and a 4.661% ownership interest by North Dumfries. The merger was approved by the Ontario Energy Board and closed on May 2, 2022. The newly formed company is called GrandBridge Corporation and was incorporated under the Business Corporations Act (Ontario) by legal amalgamation of the former entities: Energy Plus and Brantford Energy Corporation.

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 four month period ended May 1, 2022 and the year ended December 31, 2021:

CORPORATION OF THE CITY OF BRANTFORD
NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

8. INVESTMENT IN BRANTFORD ENERGY CORPORATION (CONTINUED)

	May 1, 2022	Dec 31, 2021
Current assets	28,436,970	35,909,192
Non-current assets	13,184,430	11,779,135
Property, plant and equipment	102,611,914	101,422,839
Regulatory balances	6,356,871	5,500,312
Total Assets and Regulatory Balances	150,590,185	154,611,478
Current liabilities	20,261,906	21,215,426
Long term debt	35,099,040	59,393,530
Other non-current liabilities	17,279,089	17,131,052
Post-employment benefits and accumulated vested sick leave	1,309,567	1,453,000
Regulatory balances	474,899	1,409,854
Total Liabilities and Regulatory Balances	74,424,501	100,602,862
Net Equity	76,165,684	54,008,616
Results of Operations:		
Revenues	45,912,627	141,886,370
Operating expenses	43,767,720	136,340,863
Income from operating	2,144,907	5,545,507
Other income	154,953	429,545
Other expenses	2,191,081	3,656,082
Net income before regulatory movement	108,779	2,318,970
Net movement in regulatory balances, net of tax	1,791,493	918,711
Net income for the year and net movement in regulatory balances	1,900,272	3,237,681

CORPORATION OF THE CITY OF BRANTFORD
NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

8. INVESTMENT IN BRANTFORD ENERGY CORPORATION (CONTINUED)

The City's investment is comprised of the following:

	May 1, 2022	Dec 31, 2021
Equity - Beginning of Year		
Common Shares	23,895,512	23,895,512
Common Shares Issued	25,492,503	-
Prior years accumulated net income	30,113,104	26,584,536
	79,501,119	50,480,048
Net income (loss) for the year	1,900,272	3,237,681
Dividends	(7,550,000)	(1,150,000)
Other Comprehensive Income (Loss)	2,314,293	1,440,887
	(3,335,435)	3,528,568
Change in equity for the year		
Equity - End of year	76,165,684	54,008,616
Reversal of intercompany gains	(3,626,148)	(3,626,148)
Notes receivable	-	25,492,503
Amalgamation adjustment	(72,539,536)	-
Net Investment	-	75,874,971

CORPORATION OF THE CITY OF BRANTFORD NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

9. INVESTMENT IN GRANDBRIDGE CORPORATION

On September 1, 2021, Brantford Energy Corporation entered into a Merger Participation Agreement (“MPA”) with: The Corporation of the City of Cambridge (“Cambridge”); The Corporation of the Township of North Dumfries (“North Dumfries”); The Corporation of the City of Brantford (“Brantford”); Cambridge and North Dumfries Energy Plus Inc. (“Energy Plus”); Brantford Power Inc. (“BPI”); and Brantford Hydro Inc. (“BHI”). At the closing date, Brantford Energy Corporation issued a total of 100,000,000 Common Shares to Cambridge, North Dumfries, and Brantford, as well as certain Class A, B, C, and D Special Shares. The issuance of such common shares by the Corporation represents a 54.339% ownership interest by Cambridge, a 41.0% ownership interest by Brantford, and a 4.661% ownership interest by North Dumfries. The merger was approved by the Ontario Energy Board and closed on May 2, 2022. The newly formed company is called GrandBridge Corporation and was incorporated under the Business Corporations Act (Ontario) by legal amalgamation of the former entities: Energy Plus and Brantford Energy Corporation.

GrandBridge Corporation is an investment holding company with a 100% ownership interest in GrandBridge Energy Inc. (“GrandBridge Energy”), GrandBridge Group Inc. (“GrandBridge Group”) and GrandBridge Solutions Inc. (“GrandBridge Solutions”). For accounting purposes, Energy Plus was deemed the acquirer under the Amalgamation Transaction. Consequently, the opening balances were the balances of the former Energy Plus at May 1, 2022.

GrandBridge Energy is a rate regulated, municipally owned electricity distribution company that delivers electricity and related utility services to approximately 109,000 customers within the Cities of Brantford and Cambridge, the Township of North Dumfries, and the County of Brant. GrandBridge Energy was formed on May 2, 2022 as a result of the legal amalgamation between the former Energy+ Inc. and former Brantford Power Inc., pursuant to the provisions of the Business Corporations Act (Ontario).

GrandBridge Group is an unregulated services company and has two primary businesses - the provision of access to a fibre optics network including related operations and maintenance (NetOptiks) and the rental of water heaters, water treatment systems and other equipment (Ensure).

GrandBridge Solutions is an unregulated services company; the scope of which currently comprises streetlight maintenance and business development activities. GrandBridge Solutions owns a 1/3 interest in Grand River Energy Solutions Corp., an unregulated generation and renewable energy solutions company.

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 Grandbridge Corporation for the year ended December 31:

CORPORATION OF THE CITY OF BRANTFORD
NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

9. INVESTMENT IN GRANDBRIDGE CORPORATION (CONTINUED)

	2022
Current assets	86,308,000
Non-current assets	87,954,000
Property, plant and equipment	333,355,000
Regulatory balances	30,354,000
Total Assets and Regulatory Balances	537,971,000
Current liabilities	71,556,000
Long term debt	138,687,000
Other non-current liabilities	70,445,000
Regulatory balances	6,180,000
Total Liabilities and Regulatory Balances	286,868,000
Net Equity	251,103,000
Results of Operations:	
Revenues	269,307,000
Operating expenses	254,379,000
Income from operating expenses	14,928,000
Other income	607,000
Other expenses	7,891,000
Net income before regulatory movement	7,644,000
Net movement in regulatory balances, net of tax	2,347,000
Net income for the year and net movement in regulatory balances	9,991,000
City's share of net income - 41.0%	4,096,310

CORPORATION OF THE CITY OF BRANTFORD
NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

9. INVESTMENT IN GRANDBRIDGE CORPORATION (CONTINUED)

The City's share of the investment is comprised of the following:

	2022
Equity - May 2, 2022	
Common Shares	72,539,536
Net income (loss) for the year	4,096,310
Dividends	(495,879)
Gain from amalgamation	26,504,164
Other Comprehensive Income (Loss)	307,910
Change in equity for the year	30,412,505
Equity - End of year	102,952,041
Net Investment	102,952,041

CORPORATION OF THE CITY OF BRANTFORD
NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

10. 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:

	2022	2021
Development charges	85,031,132	62,247,914
Subdivision contributions	3,074,426	2,568,747
Recreational land (The Planning Act)	5,022,765	3,918,278
Canada Community - Building Fund	25,957,207	25,038,235
Provincial Gas Tax	1,752,863	1,813,728
B-Home Housing Program	749,430	576,141
Cash in lieu of Parking	1,643	1,605
Ontario Community Infrastructure Fund	13,947,342	10,747,531
Building Code Act	9,781,808	8,008,124
	145,318,616	114,920,303

Continuity of deferred revenue is as follows:

	2022	2021
Balance, beginning of year	114,920,303	106,617,125
Contributions from:		
Canada Community - Building Fund	6,184,201	12,129,249
Provincial Gas Tax	1,493,053	1,484,809
Development charges	33,182,645	18,514,225
Developers and others	10,530,549	9,831,506
Interest earned	3,054,905	2,044,969
Total revenue	54,445,353	44,004,758
Deferred revenue utilized:		
Canada Community - Building Fund	5,864,939	8,476,857
Provincial Gas Tax	1,595,861	1,670,861
Development charges	12,125,913	21,571,840
Developers and others	4,460,327	3,982,022
Total deferred revenue utilized	24,047,040	35,701,580
Balance, end of year	145,318,616	114,920,303

CORPORATION OF THE CITY OF BRANTFORD
NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

11. 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 2023 and forms the basis for the estimated liability reported in these financial statements.

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

	2022	2021
Discount rate	4.56%	2.57%
Average compensation increase	2.50%	2.50%
Healthcare cost increases		
Initial rate	6.00%	6.00%
Ultimate rate	4.75%	4.75%
Dental care cost increase	3.75%	3.75%

	Post-Employment/Retirement Benefits				
	Medical, Dental, Life Insurance	Sick Leave Gratuity	Disability Benefits	Total Benefits 2022	Total Benefits 2021
December 31, 2022					
Liability as at January 1	21,043,738	3,419,191	606,048	25,068,977	23,947,182
Net Service Cost	964,000	233,900	-	1,197,900	1,353,000
Net Interest Cost	519,000	106,400	28,200	653,600	600,700
Recognition of (Gains) / Losses	(4,988,834)	(138,514)	196,162	(4,931,186)	(181,577)
Amortization of (Gains) / Losses	(871,804)	64,823	38,690	(768,291)	375,195
Benefit Payments	(1,058,300)	(197,700)	(43,900)	(1,299,900)	(1,207,100)
Accrued Benefit Obligation as at December 31	15,607,800	3,488,100	825,200	19,921,100	24,887,400
Unrecognized Gains / (Losses)	4,988,834	138,514	(196,162)	4,931,186	181,577
Liability as at December 31	20,596,634	3,626,614	629,038	24,852,286	25,068,977

The City and the Brantford Public Library have established reserves to mitigate the future impact of these obligations, as disclosed in Note 26. The balance at the end of the year is \$3,525,787 (2021 - \$3,519,378).

CORPORATION OF THE CITY OF BRANTFORD
NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

12. 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 7,558,180 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 \$104,194,248 (2021 - \$92,287,115) with \$45,181,968 (2021 - \$39,120,054) recognized in the financial statements and \$59,012,280 (2021 - \$53,167,061) 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 3.37%.

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 FINANCIAL STATEMENTS

For the year ended December 31, 2022

13. CONTAMINATED SITES LIABILITY

The City has recognized a contaminated sites liability of \$17,524,712 as at December 31, 2022 (2021 - \$13,984,813) for remediation of known contaminated sites where an assessment has been conducted, or where available information on sites is sufficient to estimate the costs.

	2022	2021
The liability is comprised of the following:		
Mohawk Lake	16,500,366	12,966,820
Other sites	1,024,346	1,017,993
	17,524,712	13,984,813

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 4.56%. The estimated total undiscounted expenditures for 2022 is \$19,941,713 (2021 - \$19,941,713). 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. A Federal Grant in the amount of \$712,500 was received in 2021 for the Mohawk Lake project. Approximately \$558,722 has been spent up to December 31, 2022. The amount of future estimated recoveries from the Federal Government is \$NIL (2021 - \$NIL).

14. 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 4.56%, a liability is recognized for the compensation due to the County in the amount of \$7,407,395 (2021 - \$9,742,286). The undiscounted balance is \$8,374,845 (2021 - \$10,561,428). 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 FINANCIAL STATEMENTS

For the year ended December 31, 2022

15. LONG-TERM COMMITMENTS PAYABLE

	<u>2022</u>	<u>2021</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.	1,563,000	2,084,000

16. NET LONG TERM LIABILITIES

(a) The long term liabilities consist of a mortgage, serial debentures and loans. 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 2.27% 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>2023 to 2027</u>	<u>After 2027</u>
From benefiting landowners and user rates	26,540,826	55,811,750
From consolidated municipal enterprises	515,427	17,502
From the County of Brant	74,359	279,783
	<u>27,130,612</u>	<u>56,109,035</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:

2023	5,176,704
2024	5,201,261
2025	5,388,049
2026	5,581,795
2027	5,782,804
Thereafter	<u>56,109,034</u>
	<u>83,239,647</u>

CORPORATION OF THE CITY OF BRANTFORD
NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

16. 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.

	2022	2021
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	532,929	628,718

(e) As at December 31, 2022, the City held \$24,745,218 (2021 - \$8,006,844) of the net long term liabilities outstanding.

17. CHARGES FOR NET LONG TERM LIABILITIES

Total charges for the year for net long term liabilities are as follows:

	2022	2021
Debt Principal	4,719,462	3,830,730
Due to County - Boundary Adjustment	2,334,891	2,248,825
Due to YMCA/Wilfrid Laurier - Grant	521,000	521,000
Interest	2,706,619	2,243,217
	10,281,972	8,843,772

18. PREPAID EXPENSES

Prepaid expenses are comprised of the following:

	2022	2021
1 Market Square Lease	-	266,485
Insurance Premiums	1,990,257	1,723,013
Other	1,660,271	843,453
	3,650,528	2,832,951

CORPORATION OF THE CITY OF BRANTFORD
NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

19. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2022	2021
For the General Reduction of Taxation:		
City - operating fund	6,662,316	2,978,113
Local Boards	339,798	303,345
	7,002,114	3,281,458
Capital fund balance	65,354,682	45,938,649
Brantford Energy Corporation, net investment	-	75,874,971
GrandBridge Corporation, net investment	102,952,041	-
Reserves (Note 26)	120,174,558	105,884,935
Reserve funds (Note 26)	139,428,513	122,062,519
Equity in tangible capital assets	827,219,448	806,389,863
Land held for resale	420,000	1,213,032
Accrued Rent - Brant Community Healthcare System	212,500	-
Prepaid Expense - 1 Market Square Lease	-	266,485
	1,255,761,742	1,157,630,454
Unfunded liabilities	179,954,108	160,618,193
	1,082,809,748	1,000,293,719

CORPORATION OF THE CITY OF BRANTFORD
NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

20. CHANGE IN PROPORTIONATE CONSOLIDATION

The John Noble Home financial statements are proportionately consolidated between the City of Brantford and the County of Brant based on a percentage of the population as defined in a Joint Operating Agreement. The change in population percentage and the effects are as follows:

	<u>2022</u>	<u>2021</u>
Population percentage	72.00%	73.00%
Effect of change in population percentage:		
Tangible capital assets cost		(421,620)
Tangible capital assets accumulated amortization		202,201
Tangible capital assets (net)		<u>(219,419)</u>
Net financial assets		315
Other non-financial assets		<u>(2,170)</u>
Change in net municipal position		<u>(221,274)</u>

21. TAXATION

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

	<u>2022</u>	<u>2021</u>
Municipal and school property taxes	214,423,869	205,430,837
Payments in lieu of taxes	3,940,731	3,825,400
Net property taxes	<u>218,364,600</u>	<u>209,256,237</u>
School board requisitions	36,976,353	36,036,818
Taxation revenue available for municipal purposes	<u>181,388,247</u>	<u>173,219,419</u>

CORPORATION OF THE CITY OF BRANTFORD
NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

22. USER FEES AND SERVICE CHARGES

User fees and service charges are comprised of the following:

	2022	2021
Environmental services	52,945,322	50,564,841
General government	811,224	691,097
Health services	419,304	395,212
Planning and development	2,967,579	4,660,009
Protection services	1,657,048	1,138,800
Recreation and cultural services	3,935,700	1,739,716
Social and family services	471,570	350,839
Social housing	138,134	147,365
Transportation services	3,536,926	2,758,402
	66,882,807	62,446,281

23. OTHER REVENUES

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

	2022	2021
Sale of non-inventory items	2,038,407	1,945,943
Donations	278,730	221,500
Transfer from trust funds	118,801	98,571
Gain/(Loss) on disposal of tangible capital assets, inventory, and land held for resale	14,455,552	106,131
Service Level Agreements	431,738	612,385
Other recoveries and rebates	9,274,139	4,965,937
	26,597,367	7,950,467

CORPORATION OF THE CITY OF BRANTFORD
NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

24. GOVERNMENT TRANSFERS

The sources of government funding by function are as follows:

	2022	2021
Provincial Grants:		
General government	133,160	254,100
Protection services	10,557,018	10,025,250
Transportation services	6,992,913	5,907,601
Environmental services	89,147	-
Social and family services	53,233,071	45,872,895
Social housing	3,307,608	3,443,222
Recreation and cultural services	414,586	356,982
Planning and development	474,097	409,147
Provincial Total	75,201,600	66,269,197
Federal Grants:		
General government	(20,096)	22,177
Protection services	84,858	529,538
Transportation services	5,608,420	7,609,886
Environmental services	20,535	1,740,919
Social and family services	1,883,743	515,349
Social housing	2,063,339	1,175,445
Recreation and cultural services	2,558,240	908,197
Planning and development	20,029	2,274
Federal Total	12,219,068	12,503,785
Other Municipalities Grants:		
General government	1,321	1,110
Protection services	130,321	185,638
Environmental services	332,512	311,574
Social and family services	1,407,765	1,027,843
Social housing	2,316,620	1,850,992
Recreation and cultural services	9,353	4,746
Planning and development	12,335	4,835
Other Municipalities Total	4,210,227	3,386,738
Total	91,630,895	82,159,720

CORPORATION OF THE CITY OF BRANTFORD
NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

25. BUDGET FIGURES

The budget data presented in these consolidated financial statements are based upon the 2022 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		561,024
Add:		
Capital project revenues		4,971,347
Interest earned on reserve funds		2,991,276
Operating expenses resulting in tangible capital assets		1,141,322
Net transfers (from) to reserves and reserve funds		38,688,539
Post employment benefits		172,578
Landfill closure / post closure liability		17,680,669
Debt principal repayments		4,658,376
Long-term commitments		521,000
Boundary adjustment liability repayment		2,657,938
Accrued Rent - Brant Community Healthcare Services		212,500
Less:		
Capital project operating expenses		22,084,977
Amortization		37,510,949
Accrued interest		13,686
1 Market Square lease prepaid		266,485
Contaminated sites liability		3,539,900
Budget Surplus (Full Accrual)		10,840,572

CORPORATION OF THE CITY OF BRANTFORD
NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

26. RESERVES AND RESERVE FUNDS

The total balance of reserves and reserve funds of \$120,174,558 (2021 - \$105,884,935) and \$139,428,513 (2021 - \$122,062,519) respectively is made up of the following:

	2022	2021
Reserves set aside for specific purposes:		
Contingencies	6,363,616	5,143,538
Replacement of equipment	728,919	280,702
Sick leave	3,525,787	3,519,378
Insurance	4,283,164	4,449,156
General government	3,367,861	2,648,361
Protection services	3,319,150	3,908,823
Roadways	11,340,151	11,861,021
Winter control	2,012,673	-
Transit	686,840	451,374
Air transportation	1,136,098	894,243
Storm water system	36,679	36,679
Solid waste disposal	651,769	751,769
Waste diversion	1,686,800	-
Health services	6,302	6,302
Social and family services	1,158,772	452,187
Social housing	18,593,062	7,906,053
Recreation facilities - Golf	427,469	252,550
Recreation facilities - Other	28,851,265	28,907,142
Libraries	1,416,630	1,514,394
Cultural services	147,738	273,504
Planning and development	3,327,637	3,133,446
Other corporate financing	27,106,176	29,494,313
Total Reserves	120,174,558	105,884,935
Reserve funds set aside for specific purposes by Council:		
Wastewater	65,271,588	61,921,878
Water	68,417,615	60,140,641
Health services	5,739,310	-
Total Reserve Funds	139,428,513	122,062,519
Total Reserves and Reserve Funds	259,603,071	227,947,454

CORPORATION OF THE CITY OF BRANTFORD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

27. 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 2022 (2021 - \$NIL).

28. 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 2022 was \$11,346,712 (2021 - \$11,060,442) for current and past service. Employees' contributions to OMERS in 2022 totaled \$11,346,712 (2021 - \$11,060,442).

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 2022 is \$6.7 billion (2021 - \$3.1 billion).

CORPORATION OF THE CITY OF BRANTFORD
NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

29. 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 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.

	Budget 2022	Actual 2022	Actual 2021
Revenue			
Government Transfers - Federal	1,960	24,437	30,914
Government Transfers - Provincial	24,125	22,244	32,538
Government Transfers - Municipal	6,800	9,353	4,746
Merchandise sales	6,850	7,524	2,661
Café	4,360	6,570	1,120
Admissions	30,000	18,450	5,689
Registration fees	14,000	16,521	6,345
Donation - Bell Canada	50,000	50,000	50,000
General donations and fundraising	2,000	15,214	2,045
Rentals	7,000	7,369	7,150
Memberships	1,800	1,411	1,889
	148,895	179,093	145,097
Expenses			
Salaries, wages, and benefits	286,072	295,076	271,425
Materials and supplies	8,345	20,185	13,001
Food	1,100	2,062	669
Heat, light, and water	9,825	11,238	11,122
Repairs and maintenance	20,000	25,149	13,995
Janitorial Services	8,000	10,118	9,777
Security	755	693	756
Telephone	250	350	261
Advertising	-	359	-
Travel, conventions, and seminars	430	197	-
Registration fees	850	50	71
Memberships and subscriptions	170	165	165
Concession supplies	3,420	2,307	1,054
Other purchased services	-	1,788	358
Bank charges	-	1,075	-
Administration	345	389	494
	339,562	371,201	323,148
Deficit	(190,667)	(192,108)	(178,051)

CORPORATION OF THE CITY OF BRANTFORD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

30. COMPARATIVE FIGURES

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

31. CONTINGENT ASSETS

As at December 31, 2022, 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, 2022, the City has contingent assets relating to forgivable loan arrangements valued at \$10,160,333 (2021 - \$10,938,246). 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.

32. CONTINGENT LIABILITIES

As at December 31, 2022, 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. For the majority of claims against the City, the amount and nature of the possible outcome is not determinable at this time and, as a result, no provision has been made in the financial statements.

33. 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.

34. 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:

2023 - \$834,834	2024 - \$754,695	2025 - \$742,111
2026 - \$720,591	2027 & Thereafter - \$3,958,100	

CORPORATION OF THE CITY OF BRANTFORD
NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

34. CONTRACTUAL OBLIGATIONS AND COMMITMENTS (CONTINUED)

(ii) The City has outstanding contractual obligations of approximately \$67.1 million at December 31, 2022 for capital works (2021 - \$50.3 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 GFL Environmental Inc. 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 GFL Environmental Inc. 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.

(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 \$2,218,079.

(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.

(ix) The City has a contract with All Treat Farms Limited for the receipt, processing, and marketing of Organic Materials collected for the City of Brantford. The term of the agreement commences November 1, 2023 until October 31, 2027. The City may extend the agreement for up to three additional one-year periods. The annual cost of this contract is estimated at \$303,570 to \$791,622 dependent on program uptake.

CORPORATION OF THE CITY OF BRANTFORD
NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

35. 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 2022. In 2022 the City of Brantford and its local boards had 366 employees paid \$100,000 or more in the calendar year (2021 - 350 employees). This information can be found on the Ministry of Finance website at:

<https://www.ontario.ca/public-sector-salary-disclosure/2022/all-sectors-and-seconded-employees>

36. 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
TANGIBLE CAPITAL ASSETS - CONTINUITY SCHEDULE SCHEDULE 1**

For the year ended December 31

	Land	Land Improvements	Building	Machinery & Equipment	Infrastructure	Assets Under Construction	2022 Total (incl WIP)	2021 Total (incl WIP)
Total Historical Cost:								
Balance: Beginning of Year (Note 20)	37,736,607	70,122,590	337,089,315	91,643,685	1,000,304,784	18,586,627	1,555,483,608	1,494,932,055
Add: Additions during the year	1,633,515	1,939,618	6,917,375	12,867,078	23,325,334	19,544,497	66,227,417	95,459,998
Less: Disposals during the year	190,343	199,274	1,076,950	8,954,723	1,009,039	6,057,733	17,488,062	34,486,823
Balance: End of year	39,179,779	71,862,934	342,929,740	95,556,040	1,022,621,079	32,073,391	1,604,222,963	1,555,905,230
Accumulated Amortization								
Balance: Beginning of year (Note 20)	338,428	39,706,680	184,400,107	57,255,929	467,612,023	-	749,313,167	720,867,770
Add: Amortization expense	22,841	2,359,021	7,908,372	7,094,625	20,126,092	-	37,510,951	35,326,019
Less: Accumulated amortization on disposals	-	139,752	492,552	8,284,717	903,582	-	9,820,603	6,678,422
Balance: End of year	361,269	41,925,949	191,815,927	56,065,837	486,834,533	-	777,003,515	749,515,367
TOTAL: NET BOOK VALUE	38,818,510	29,936,985	151,113,813	39,490,203	535,786,546	32,073,391	827,219,448	806,389,863

a) Assets under construction:

Assets under construction, having a value of \$32,073,391 (2021 - \$18,586,630), 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 \$6,758,040 (2021 - \$36,594,918) and is comprised of infrastructure valued at \$6,569,581 (2021 - \$33,660,596), land and building valued at \$70,001 (2021 - \$NIL), culverts valued at \$NIL (2021 - \$50,313) and a detention pond valued at \$118,459 (2021 - \$2,884,009).

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 (2021 - \$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 a public golf course, 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 2022
Revenues							
Taxation	-	-	-	-	-	181,388,247	181,388,247
Grants	10,772,700	12,601,333	1,885,079	57,285,871	3,013,216	8,468,288	94,026,487
Other revenues ^[2]	8,048,178	13,738,859	66,126,910	891,784	22,659,910	31,801,292	143,266,933
Government Business Enterprise	-	-	-	-	-	35,448,484	35,448,484
Total Revenues	18,820,878	26,340,192	68,011,989	58,177,655	25,673,126	257,106,311	454,130,151
Expenses							
Salaries, wages, and benefits	65,500,402	21,549,998	9,746,450	17,989,846	18,569,370	28,332,355	161,688,421
Materials	5,425,799	19,485,380	19,853,498	2,371,535	8,955,831	20,919,788	77,011,831
Contracted services	3,541,102	2,399,103	14,178,839	14,001,474	617,812	9,118,182	43,856,512
External transfers	643,939	-	1,106,256	28,825,977	186,534	14,747,720	45,510,426
Amortization	1,547,401	10,559,030	14,758,417	941,439	5,969,826	3,734,840	37,510,953
Debt servicing	87,423	68,937	801,774	268,876	1,955	1,477,654	2,706,619
Other expenses ^[3]	6,855,408	(234,576)	7,460,797	2,662,697	3,115,841	(16,752,081)	3,108,086
Total Expenses	83,601,474	53,827,872	67,906,031	67,061,844	37,417,169	61,578,458	371,392,848
ANNUAL SURPLUS (DEFICIT)	(64,780,596)	(27,487,680)	105,958	(8,884,189)	(11,744,043)	195,527,853	82,737,303

^[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 2021
Revenues							
Taxation	-	-	-	-	-	173,219,419	173,219,419
Grants	10,756,529	13,715,153	3,143,511	48,264,962	1,286,430	7,280,261	84,446,846
Other revenues ^[2]	6,835,260	12,872,214	86,746,872	674,649	19,765,395	24,195,027	151,089,417
Government Business Enterprise	-	-	-	-	-	5,802,406	5,802,406
Total Revenues	17,591,789	26,587,367	89,890,383	48,939,611	21,051,825	210,497,113	414,558,088
Expenses							
Salaries, wages, and benefits	60,989,902	19,321,745	10,029,452	17,596,916	16,709,583	27,054,532	151,702,130
Materials	4,930,939	13,379,913	23,905,210	2,104,653	7,774,676	17,767,843	69,863,234
Contracted services	4,511,905	2,699,030	18,914,077	14,151,362	387,156	8,534,040	49,197,570
External transfers	179,704	-	1,055,275	21,681,461	287,568	12,594,690	35,798,698
Amortization	1,564,313	10,070,254	14,028,666	963,309	5,967,799	2,731,683	35,326,024
Debt servicing	17,287	38,333	873,676	279,154	2,184	1,032,583	2,243,217
Other expenses ^[3]	7,356,879	87,114	6,734,333	1,448,735	2,577,456	(13,545,175)	4,659,342
Total Expenses	79,550,929	45,596,389	75,540,689	58,225,590	33,706,422	56,170,196	348,790,215
ANNUAL SURPLUS (DEFICIT)	(61,959,140)	(19,009,022)	14,349,694	(9,285,979)	(12,654,597)	154,326,917	65,767,873

^[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.