

**CORPORATION OF THE  
CITY OF BRANTFORD**

**FINANCIAL REPORT  
For the year ended December 31, 2010**



**Millard, Rouse & Rosebrugh LLP**  
Chartered Accountants

# **CITY OF BRANTFORD**

## **ELECTED OFFICIALS**

### **CITY COUNCIL**

#### **Mayor**

**Chris Friel**

#### **Councillors**

Ward 1	Larry Kings	Jan Vanderstelt
Ward 2	John Utley	Vince Bucci
Ward 3	Dan McCreary	Debi Dignan-Rumble
Ward 4	Richard Carpenter	Dave Wrobel
Ward 5	Marguerite Ceschi-Smith	David Neumann

**CORPORATION OF THE  
CITY OF BRANTFORD**

**For the year ended December 31, 2010**

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# CORPORATION OF THE CITY OF BRANTFORD

## Financial Review

(All dollar amounts are in thousands of dollars, except per capita figures and are extracted from the City of Brantford - Consolidated Financial Statements)

As at December 31	2010	2009	2008	2007 (Note 1)	2006 (Note 1)
<b>Revenue for current operations</b>					
Taxation	\$116,469	\$113,365	\$109,572	\$109,692	\$102,421
Payments in lieu of taxes	3,319	3,324	3,291	3,227	3,180
Ontario grants	51,677	49,216	62,488	47,620	40,126
Other grants	13,936	3,289	3,383	6,544	6,376
Fees and services charges	71,729	67,325	64,788	60,611	57,332
Other	30,258	26,290	22,398	17,605	20,916
<b>Total</b>	<b>\$287,388</b>	<b>\$262,809</b>	<b>\$265,920</b>	<b>\$245,299</b>	<b>\$230,351</b>
<b>Expenditures and Net Appropriations</b>					
Current operations	\$226,907	\$223,495	\$219,327	\$200,213	\$192,511
Financing and transfers		-	-	43,363	35,564
<b>Total</b>	<b>\$226,907</b>	<b>\$223,495</b>	<b>\$219,327</b>	<b>\$243,576</b>	<b>\$228,075</b>
<b>Capital financing during the year</b>	-	-	-	\$51,450	\$34,837
<b>Capital Expenditures during the year</b>	-	-	-	\$43,197	\$36,861
<b>Annual Surplus</b>	34,238	\$9,601	\$26,358	-	-
Accumulated net revenue (surplus) at the end of the year	-	-	-	\$9,552	\$7,866
Reserves and Reserve Funds (Note 21)	\$65,825	\$61,408	\$70,264	\$56,084	\$47,252
<b>Net Long Term Liabilities</b>					
Total	\$36,667	\$15,440	\$15,416	\$17,047	\$18,312
Per capita	388.04	165.31	166.99	186.33	203.03
<b>Charges for net long term liabilities</b>					
Interest and principal payments	\$2,438	\$2,401	\$2,421	\$2,295	\$10,646
Per capita	25.80	25.71	26.22	25.09	118.04
<b>Tax arrears</b> -Total (prior to allowance)	\$13,252	\$13,692	\$10,288	\$9,849	\$9,210
-Per capita	140.25	146.60	111.44	107.65	102.12
-Percentage of current levy	8.43%	8.94%	6.84%	7.17%	6.70%
<b>Additional Information</b>					
Population as at December 31st	94,493	93,399	92,317	91,487	90,192
Area in acres at December 31st	17,986	17,986	17,986	17,986	17,986
Employees - Continuous full time	1,212	1,215	1,199	1,185	1,147
Employees - Part time	687	699	678	632	608
Number of households	38,475	38,184	37,983	37,543	36,888

Note 1. The information for 2006 and 2007 is prior to the adoption of full accrual reporting and the recording of tangible capital assets.

# CORPORATION OF THE CITY OF BRANTFORD

## Financial Review

(All dollar amounts are in thousands of dollars, except per capita figures and are extracted from the City of Brantford - Consolidated Financial Statements)

As at December 31	2010	2009*	2008	2007	2006*
<b>Current Value Assessment by property class</b>					
<b>- taxable assessment upon which the year's rates of taxation were set</b>					
Residential	\$5,532,305	\$5,218,940	\$4,852,397	\$4,757,971	\$4,633,910
Multi Residential	317,228	290,138	266,240	265,280	261,376
Commercial	884,237	787,433	705,314	690,099	659,925
Commercial - vacant	41,906	39,849	40,564	29,109	29,842
Industrial	353,426	337,496	314,219	252,740	237,610
Industrial - vacant	26,904	24,728	20,982	25,259	24,446
Farmland/managed forest	5,033	5,415	5,439	5,931	3,348
Pipeline	19,253	18,537	17,795	17,526	17,231
<b>Total</b>	<b>\$7,180,292</b>	<b>\$6,722,536</b>	<b>\$6,222,950</b>	<b>\$6,043,915</b>	<b>\$5,867,688</b>
<b>Tax Ratios</b>					
Residential	1.0000	1.0000	1.0000	1.0000	1.0000
Multi-residential	2.1355	2.1355	2.1355	2.1355	2.1900
Commercial	1.9360	1.9360	1.9360	1.9360	1.9800
Industrial	2.8678	2.9334	2.9334	2.9842	3.3648
Farmland/managed forest	0.2500	0.2500	0.2500	0.2500	0.2500
Pipeline	1.7404	1.7404	1.7404	1.7404	1.7404
<b>Total Taxable Assessment</b>					
<b>Per Capita</b>	<b>\$75,988</b>	<b>\$71,977</b>	<b>\$67,408</b>	<b>\$66,063</b>	<b>\$65,058</b>
<b>Commercial &amp; Industrial</b>					
<b>Assessment as a percentage of total taxable assessment</b>	<b>18.20%</b>	<b>17.69%</b>	<b>17.37%</b>	<b>16.50%</b>	<b>16.22%</b>
<b>Commercial and Industrial Taxes as a percentage of total taxes levied</b>	<b>39.84%</b>	<b>39.56%</b>	<b>39.50%</b>	<b>37.63%</b>	<b>37.45%</b>

\* Year of Reassessment

# CORPORATION OF THE CITY OF BRANTFORD

## Financial Review

(All dollar amounts are in thousands of dollars, except per capita figures and are extracted from the City of Brantford - Consolidated Financial Statements)

As at December 31	2010	2009*	2008	2007	2006*
<b>Rates of Taxation by Property Class</b> (expressed as a percentage of current value assessment)					
<b>Residential</b>					
For general municipal purposes	1.246413%	1.304363%	1.355951%	1.386460%	1.362898%
For school board purposes	0.241000%	0.252000%	0.264000%	0.264000%	0.264000%
<b>Total</b>	<b>1.487413%</b>	<b>1.556363%</b>	<b>1.619951%</b>	<b>1.650460%</b>	<b>1.626898%</b>
<b>Multi-Residential</b>					
For general municipal purposes	2.661715%	2.785467%	2.895633%	2.960785%	2.984747%
For school board purposes	0.241000%	0.252000%	0.264000%	0.264000%	0.264000%
<b>Total</b>	<b>2.902715%</b>	<b>3.037467%</b>	<b>3.159633%</b>	<b>3.224785%</b>	<b>3.248747%</b>
<b>Multi-Residential (new)</b>					
For general municipal purposes	1.869620%				
For school board purposes	0.241000%				
	<b>2.110620%</b>				
<b>Commercial</b>					
For general municipal purposes	2.413056%	2.525247%	2.625121%	2.684187%	2.698538%
For school board purposes	1.744453%	1.877480%	2.015164%	2.023637%	2.023637%
<b>Total</b>	<b>4.157509%</b>	<b>4.402727%</b>	<b>4.640285%</b>	<b>4.707824%</b>	<b>4.722175%</b>
<b>Commercial - vacant</b>					
For general municipal purposes	1.689139%	1.767673%	1.837585%	1.878931%	1.888977%
For school board purposes	1.221117%	1.314236%	1.410615%	1.416546%	1.416546%
<b>Total</b>	<b>2.910256%</b>	<b>3.081909%</b>	<b>3.248200%</b>	<b>3.295477%</b>	<b>3.305523%</b>
<b>Commercial-new construction (new)</b>					
For general municipal purposes	2.413056%				
For school board purposes	1.430000%				
<b>Total</b>	<b>3.843056%</b>				
<b>Commercial-new construction-vacant (new)</b>					
For general municipal purposes	1.689139%				
For school board purposes	1.001000%				
<b>Total</b>	<b>2.690139%</b>				

# CORPORATION OF THE CITY OF BRANTFORD

## Financial Review

(All dollar amounts are in thousands of dollars, except per capita figures and are extracted from the City of Brantford - Consolidated Financial Statements)

As at December 31	2010	2009*	2008	2007	2006*
<b>Industrial</b>					
For general municipal purposes	3.536448%	3.740652%	3.977547%	4.067042%	4.067160%
For school board purposes	2.421963%	2.596094%	2.796779%	2.821203%	2.821203%
<b>Total</b>	<b>5.958411%</b>	<b>6.336746%</b>	<b>6.774326%</b>	<b>6.888245%</b>	<b>6.888363%</b>
<b>Industrial - vacant</b>					
For general municipal purposes	2.475501%	2.618509%	2.585392%	2.643563%	2.643613%
For school board purposes	1.695348%	1.817266%	1.817906%	1.833782%	1.833782%
<b>Total</b>	<b>4.170849%</b>	<b>4.435775%</b>	<b>4.403298%</b>	<b>4.477345%</b>	<b>4.477395%</b>
<b>Industrial-new construction (new)</b>					
For general municipal purposes	3.536448%				
For school board purposes	1.430000%				
<b>Total</b>	<b>4.966448%</b>				
<b>Industrial-new construction-vacant (new)</b>					
For general municipal purposes	2.475501%				
For school board purposes	1.001000%				
<b>Total</b>	<b>3.476501%</b>				
<b>Farmland/managed forest</b>					
For general municipal purposes	0.311603%	0.326091%	0.338988%	0.346615%	0.340725%
For school board purposes	0.060250%	0.063000%	0.066000%	0.066000%	0.066000%
<b>Total</b>	<b>0.371853%</b>	<b>0.389091%</b>	<b>0.404988%</b>	<b>0.412615%</b>	<b>0.406725%</b>
<b>Pipeline</b>					
For general municipal purposes	2.169257%	2.270113%	2.359897%	2.412995%	2.371988%
For school board purposes	1.523928%	1.567229%	1.611911%	1.612154%	1.612125%
<b>Total</b>	<b>3.693185%</b>	<b>3.837342%</b>	<b>3.971808%</b>	<b>4.025149%</b>	<b>3.984113%</b>

\* Year of Reassessment



MANAGEMENT REPORT  
December 31, 2010

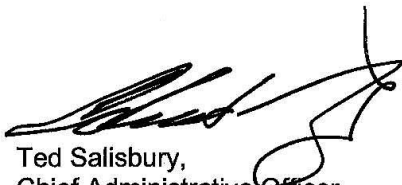
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The accompanying financial statements are the responsibility of the management of the Corporation of the City of Brantford. In management's opinion, these financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Management has selected accounting principles and methods that are appropriate for the Corporation's circumstances. Financial statements are not precise since they include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects. The notes to the financial statements and any other supplementary information presented are consistent with that in the financial statements.

The Corporation maintains systems of internal accounting and administrative controls that are designed to provide reasonable assurance that the financial information is relevant, reliable, and accurate, that transactions are properly authorized and that the Corporation assets are properly accounted for and adequately safeguarded.

The financial statements have been examined by Millard, Rouse and Rosebrugh LLP Chartered Accountants, the external auditors of the Corporation. The responsibility of the external auditors is to express their opinion on whether the financial statements are fairly presented, in all material respects, in accordance with Canadian generally accepted accounting principles.

City Council, through the Finance Committee, is responsible for ensuring that management fulfills its responsibility for financial reporting and internal control. The Finance Committee meets periodically with management, as well with the external auditors to satisfy itself that each party is properly discharging its responsibilities with respect to internal controls and financial reporting. The Finance Committee also reviews the financial statements and recommends their approval to City Council. Millard, Rouse and Rosebrugh LLP Chartered Accountants have full and free access to the Finance Committee, with and without the presence of management.



Ted Salisbury,  
Chief Administrative Officer  
September 7, 2011



Catherine Brubacher,  
City Treasurer, Director of Finance  
September 7, 2011





## Millard, Rouse & Rosebrugh LLP

Chartered Accountants  
P.O. Box 367, 96 Nelson Street  
Brantford, Ontario N3T 5N3  
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### **INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying consolidated financial statements of the Corporation of the City of Brantford, which comprise the consolidated statement of financial position as at December 31, 2010, and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, 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.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Corporation of the City of Brantford as at December 31, 2010, and the results of its operations, its changes in net assets and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

September 7, 2011

CHARTERED ACCOUNTANTS  
Licensed Public Accountants

**CORPORATION OF THE CITY OF BRANTFORD  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

<b>As at December 31</b>	<b>2010</b>	<b>2009</b>
<b>FINANCIAL ASSETS</b>		
Cash and short term investments (Note 5)	117,269,502	103,995,010
Investments (Note 6)	28,156,099	29,117,860
Taxes receivable	7,803,275	8,869,692
Accounts receivable	16,241,851	14,012,414
Investment in Brantford Energy Corporation (Note 7)	35,197,665	34,064,327
Note Receivable - Brantford Power Inc. (Note 7)	24,189,168	24,189,168
Note Receivable - Brantford Hydro Inc. (Note 7)	1,303,335	1,303,335
<b>TOTAL FINANCIAL ASSETS</b>	<b>230,160,895</b>	<b>215,551,806</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 8)	38,965,493	33,801,366
Deferred revenues - obligatory reserve funds (Note 9)	30,065,687	28,314,861
Vested sick leave (Note 10)	3,087,753	3,186,171
Post employment/retirement benefits (Note 10)	15,111,036	12,794,456
Accrued interest on long term liabilities	400,438	73,175
Landfill closure and post closure liability (Note 11)	11,085,009	10,284,887
Net long term liabilities (Note 13)	36,667,185	15,439,790
<b>TOTAL LIABILITIES</b>	<b>135,382,601</b>	<b>103,894,706</b>
<b>NET FINANCIAL ASSETS</b>	<b>94,778,294</b>	<b>111,657,100</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible Capital Assets (net) (Schedule 1)	675,338,696	629,672,867
Inventories and prepaid expenses (Note 2)	13,100,141	7,648,884
	688,438,837	637,321,751
<b>NET ASSETS</b>	<b>783,217,131</b>	<b>748,978,851</b>
<b>ACCUMULATED SURPLUS</b> (Note 15)	<b>783,217,131</b>	<b>748,978,851</b>

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

**CORPORATION OF THE CITY OF BRANTFORD**  
**CONSOLIDATED STATEMENT OF OPERATIONS**

As at December 31	Budget	2010	2009
	<i>(Unaudited)</i>		
<b>REVENUES</b>			
Taxation	118,232,100	119,788,172	116,689,014
User charges (Note 16)	59,278,853	59,433,042	55,365,604
Government Transfers	44,201,754	65,612,954	52,504,828
Rents and concessions	7,958,359	8,208,229	7,730,993
Investment income	1,765,000	2,594,390	3,222,030
Recoveries from other municipalities	3,730,422	4,238,193	5,046,217
Casino revenue	3,500,000	3,365,320	3,430,036
Deferred revenue earned	-	9,445,719	7,235,101
Provincial Offenses Act and other fines	2,350,050	2,033,119	2,237,701
Licenses and permits	2,139,386	2,054,734	1,990,774
Penalties and interest on taxes	1,600,000	2,102,148	1,600,980
Other (Note 17)	6,655,697	8,511,771	5,755,957
<b>TOTAL REVENUES</b>	<b>251,411,621</b>	<b>287,387,791</b>	<b>262,809,235</b>
<b>EXPENSES</b>			
General government	11,474,611	12,652,736	12,504,137
Protection to persons and property	47,990,157	47,610,894	45,307,586
Transportation services	22,641,833	26,875,619	22,777,177
Environmental services	25,627,696	27,199,305	25,750,979
Health services	5,397,926	5,052,746	5,687,874
Social and family services	71,721,602	74,505,181	76,081,637
Recreational and cultural services	22,236,793	22,297,836	23,990,828
Planning and development	5,149,880	6,428,793	7,256,846
Electrical utility services	4,495,841	4,284,045	4,138,264
<b>TOTAL EXPENSES</b>	<b>216,736,339</b>	<b>226,907,155</b>	<b>223,495,328</b>
<b>INCOME BEFORE UNDER-NOTED ITEMS</b>	<b>34,675,282</b>	<b>60,480,636</b>	<b>39,313,907</b>
<b>OTHER INCOME/(EXPENSE)</b>			
Contributed tangible capital assets		2,742,906	2,245,584
Loss on disposal of tangible capital assets		(200,339)	(3,526,318)
Amortization of tangible capital assets		(28,784,923)	(28,432,492)
		<b>(26,242,356)</b>	<b>(29,713,226)</b>
<b>ANNUAL SURPLUS FROM OPERATIONS</b>		<b>34,238,280</b>	<b>9,600,681</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>		<b>748,978,851</b>	<b>739,378,170</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>		<b>783,217,131</b>	<b>748,978,851</b>

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

**CORPORATION OF THE CITY OF BRANTFORD**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**

As at December 31	2010	2009
<b>OPERATING</b>		
Annual Surplus	34,238,280	9,600,681
Sources (Uses) of Cash:		
Taxes receivable	1,066,417	(2,817,982)
Accounts receivable	(2,229,437)	(1,728,618)
Accounts payable and accruals	5,164,127	2,472,107
Deferred revenues - obligatory reserve funds	1,750,826	3,186,490
Employee benefits and interest	2,545,425	1,205,956
Landfill closure and post closure liability	800,122	65,786
Inventories and prepaid expenses	(5,451,257)	(7,202,255)
	37,884,503	4,782,165
Non cash charges to operations:		
Amortization	28,784,923	28,432,492
Loss on disposal of tangible capital assets	200,339	3,526,318
	28,985,262	31,958,810
<b>Cash provided by operating transactions</b>	<b>66,869,765</b>	<b>36,740,975</b>
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(74,697,999)	(61,204,821)
Proceeds on disposal of tangible capital assets	46,908	28,474
<b>Cash applied to capital transactions</b>	<b>(74,651,091)</b>	<b>(61,176,347)</b>
<b>INVESTING</b>		
(Increase)/Decrease of investments	961,761	5,390,280
(Increase)/Decrease of investment in Brantford Energy Corporation	(1,133,338)	(1,407,925)
<b>Cash provided by (applied to) investing transactions</b>	<b>(171,577)</b>	<b>3,982,355</b>
<b>FINANCING</b>		
Long term debt issued	23,000,000	1,697,023
Long term debt repaid	(1,772,605)	(1,673,490)
<b>Cash applied to financing transactions</b>	<b>21,227,395</b>	<b>23,533</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>13,274,492</b>	<b>(20,429,484)</b>
<b>Opening Net Cash and Cash Equivalents</b>	<b>103,995,010</b>	<b>124,424,494</b>
<b>Closing Net Cash and Cash Equivalents</b>	<b>117,269,502</b>	<b>103,995,010</b>

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

# CORPORATION OF THE CITY OF BRANTFORD

## CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

For the year ended December 31	2010	2009
<b>Annual Surplus</b>	34,238,280	9,600,681
Amortization of tangible capital assets	28,784,923	28,432,492
Acquisition of tangible capital assets	(74,697,999)	(61,204,821)
Loss/(Gain) on disposal of tangible capital assets	200,339	3,526,318
Proceeds on disposal of tangible capital assets	46,908	28,474
Acquisition of inventory and prepaid expense	(5,451,257)	(7,202,255)
<b>Increase (Decrease) in Net Financial Assets</b>	(16,878,806)	(26,819,111)
<b>Net Financial Assets, Beginning of Year</b>	111,657,100	138,476,211
<b>Net Financial Assets, End of Year</b>	94,778,294	111,657,100

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

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# CORPORATION OF THE CITY OF BRANTFORD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2010

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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

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The consolidated financial statements of the Corporation of the City of Brantford (the “City”) are prepared by management in accordance with Canadian generally accepted accounting principles as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 judgement. Actual results could differ from these estimates. Significant aspects of the accounting policies adopted by the City are as follows:

#### (a) Reporting Entities

- (i) 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 Airport Commission  
Brantford Downtown Business Improvement Area  
Brantford Municipal Non-Profit Housing Corporation  
Brantford Police Services Board  
Brantford Public Library  
John Noble Home

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

- (ii) 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.

#### (iii) Non-Consolidated Entities

The following local boards, joint local boards, municipal enterprises and utilities are not consolidated:

Brant County Health Unit

# CORPORATION OF THE CITY OF BRANTFORD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2010

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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#### (a) Reporting Entities (continued)

##### (iv) 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.

##### (v) 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.

##### (vi) Brantford Energy Corporation

Brantford Energy Corporation is accounted for on a modified equity basis, consistent with the Canadian generally accepted accounting treatment for government business enterprises. Under the modified equity basis, the business enterprise's accounting principles are not adjusted to conform with 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.

##### (ii) 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.

##### (ii) a) Tangible Capital Assets

Beginning in 2009, The City of Brantford adopted Public Sector Accounting Board (PSAB) Section 3150 - Tangible Capital Assets. Under the new PSAB guidelines, tangible capital assets are to be 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 1 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 and groups of similar assets, such as library books, fire hoses, or street signs, are 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, 2010

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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#### (b) Basis of Accounting (continued)

##### (ii) 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.

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

#### b) Contribution of Tangible Capital Assets

Tangible capital assets received as contributions are recorded at their fair market value at the date of receipt.

#### c) 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.

#### d) 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, 2010

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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#### (b) Basis of Accounting (continued)

##### (iii) 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, any eligibility criteria have been met and reasonable estimates of the amounts can be made.

##### (iv) Deferred Revenues - Obligatory Reserve Funds

Deferred revenues represent developer and user charges, Federal and Provincial gas tax revenue, Federal and Provincial transit capital funding, move Ontario roads and bridges capital funding, and B-Home housing program 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.

2. INVENTORIES AND PREPAID EXPENSES	2010	2009
Inventories of supplies	314,377	316,973
Prepaid expenses	243,363	189,684
Land and rehabilitation costs	12,542,401	7,142,227
	13,100,141	7,648,884

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### 3. CONTRIBUTIONS TO NON-CONSOLIDATED JOINT BOARDS

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Further to Note 1(a)(iii), the following contributions which are included as an expense on the consolidated statement of operations were made by the municipality to these boards:

	2010	2009
Brant County Health Unit	1,985,013	1,839,942

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### 4. TRUST FUNDS

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Trust funds administered by the Municipality amounting to \$3,558,987 (2009 - \$3,640,433) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations.

# CORPORATION OF THE CITY OF BRANTFORD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2010

### 5. CASH AND SHORT TERM INVESTMENTS

Short term investments are used by the City to invest excess cash until required to meet the City's current financial obligations.

	2010	2009
Cash	27,247,919	19,211,467
Short term investments	90,021,583	84,783,543
	117,269,502	103,995,010

### 6. INVESTMENTS

The total investments of \$28,156,099 (2009 - \$29,117,860 ) recorded on the consolidated statement of financial position at cost, having a market value of \$29,573,366 (2009 - \$30,358,603) at the end of the year are comprised of the following:

	2010	2009
Canada	3,318,987	3,322,989
Provincial	9,061,428	9,480,391
Municipal - own	2,564,219	2,842,988
Municipal - other	13,204,365	13,263,904
School boards	-	200,488
Other	7,100	7,100
	28,156,099	29,117,860

### 7. 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., Brantford Hydro Inc. and Brantford Generation Inc. The four 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 rental and sentinel lighting services and Brantford Generation Inc. provides electricity generation.

The notes are payable, interest only, at 6.25% per annum, with principal due February 1, 2011. 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, 2010

### 7. INVESTMENT IN BRANTFORD ENERGY CORPORATION (continued)

The following table provides condensed financial information in respect of the consolidated operations of Brantford Energy Corporation for the year ended December 31:

<b>As at December 31</b>	<b>2010</b>	<b>2009</b>
Current assets	33,080,449	27,969,054
Non-current assets	14,556,976	10,498,634
Property, plant and equipment	73,214,556	73,628,327
<b>Total Assets</b>	<b>120,851,981</b>	<b>112,096,015</b>
Current liabilities	17,231,434	16,764,262
Long term debt	54,435,718	46,832,825
Long term customer deposits and other liabilities	13,093,425	13,660,236
Post employment benefits	893,739	774,365
<b>Total Liabilities</b>	<b>85,654,316</b>	<b>78,031,688</b>
<b>Net Equity</b>	<b>35,197,665</b>	<b>34,064,327</b>
<b>Results of Operations:</b>		
Revenues	20,108,392	20,202,362
Operating expenses	17,892,874	17,665,103
<b>Net Income</b>	<b>2,215,518</b>	<b>2,537,259</b>
<b>The City's investment is comprised of the following:</b>		
Equity - Beginning of Year		
Common shares	23,895,512	23,895,512
Prior years accumulated net income	10,168,815	8,760,890
	<b>34,064,327</b>	<b>32,656,402</b>
Net income for the year	2,215,518	2,537,259
Dividends	(1,050,000)	(800,000)
Change in accounting policy regarding future taxes		(682,930)
Other Comprehensive Income (Deficit)	(32,180)	353,596
Change in equity for the year	1,133,338	1,407,925
Equity - End of Year	35,197,665	34,064,327
Notes receivable	25,492,503	25,492,503
<b>Net Investment</b>	<b>60,690,168</b>	<b>59,556,830</b>

# CORPORATION OF THE CITY OF BRANTFORD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2010

### 8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are comprised of the following:

	2010	2009
Trade payables	23,740,291	18,691,575
Deposits/Unearned revenue	10,123,669	8,669,187
Payable to the provincial and federal government	5,101,533	6,440,604
	38,965,493	33,801,366

### 9. DEFERRED REVENUES - OBLIGATORY RESERVE FUNDS

A requirement of the public sector accounting principles of the Canadian Institute of Chartered Accountants 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:

	2010	2009
Development charges	15,347,497	13,276,955
Subdivision contributions	2,084,182	1,946,763
Recreational land (The Planning Act)	267,492	368,105
Federal gas tax revenues	7,899,785	8,572,982
Provincial gas tax revenues	2,733,374	2,365,433
Provincial transit capital funding	-	29,908
Provincial roads and bridges capital funding	13,627	89,785
B-Home Housing Program	35,313	20,899
Building Code Act	1,684,417	1,644,031
	30,065,687	28,314,861

# CORPORATION OF THE CITY OF BRANTFORD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2010

### 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 May 2009 and forms the basis for the estimated liability reported in these financial statements.

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

	2010	2009
Discount rate	5.00%	5.00%
Average compensation increase	3.30%	3.30%
Healthcare cost increases		
Initial rate	7.30%	8.15%
Ultimate rate	4.75%	4.75%
Grading period	4 years	5 years

#### Post-Employment/Retirement Benefits

	Medical, Dental, Life Insurance	Sick Leave Gratuity Benefits	Disability Benefits	Total Benefits 2010	Total Benefits 2009
Accrued Benefit End of prior year	19,724,530	3,170,639	751,006	23,646,175	20,954,975
Unamortized past service cost	306,046	-	-	306,046	-
Accrued Benefit Obligation at Jan. 1	20,030,576	3,170,639	751,006	23,952,221	20,954,975
Current period benefit cost	927,614	132,762	-	1,060,376	946,120
Retirement interest expense	1,024,734	147,147	35,679	1,207,560	1,154,006
Estimated benefit payment	(927,000)	(400,283)	(74,833)	(1,402,116)	(1,448,523)
(Gains) Losses	-	-	-	-	2,039,597
Accrued benefit obligation as at December 31	21,055,924	3,050,265	711,852	24,818,041	23,646,175
Unrecognized Gains (Losses)	(6,850,168)	37,488	193,428	(6,619,252)	(7,665,548)
Liability as at December 31	14,205,756	3,087,753	905,280	18,198,789	15,980,627

The City has established a reserve fund to mitigate the future impact of these obligations, as disclosed in note 20. The balance at the end of the year is \$3,734,175 (2009 - \$3,826,822).

# CORPORATION OF THE CITY OF BRANTFORD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2010

### 11. LANDFILL CLOSURE AND POST CLOSURE LIABILITY

The City operates one primary landfill site, Mohawk Street landfill. The Mohawk site has capacity of approximately 13,345,000 cubic metres with approximately 7,892,931 cubic metres of capacity left. At current average fill rates, the site has a remaining operating life of approximately 60 to 70 years.

It is estimated the total cost to close and maintain the Mohawk site and to maintain all other closed phases is approximately \$27,132,716 with \$11,085,009 recognized in the financial statements and \$16,047,707 to be recognized as the capacity of the Mohawk site is used up. The City has not designated any assets to assist with the cost of closing and maintaining the landfill sites. Once the Mohawk site has reached full capacity it is estimated that post-closure activities would continue for approximately 100 years.

### 12. PENSION AGREEMENTS

The City makes contributions 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. 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 amount contributed to OMERS for 2010 was \$6,062,149 (2009 - \$5,346,592) for current and past service.

### 13. NET LONG TERM LIABILITIES

- (a) The balance of the net long term liabilities reported on the consolidated statement of financial position is made up as follows:

	2010	2009
Total long term liabilities incurred by the municipality, including those incurred on behalf of school boards, other municipalities and municipal enterprises and outstanding at the end of the year amounted to	36,667,185	15,439,790

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

	2011 to 2015	After 2015
From benefiting landowners and user rates	12,066,794	20,875,149
From consolidated municipal enterprises	1,299,461	1,960,683
From the County of Brant	37,139	427,959
	13,403,394	23,263,791

# CORPORATION OF THE CITY OF BRANTFORD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2010

### 13. NET LONG TERM LIABILITIES (continued)

- (c) Included in the long term liabilities are the Municipal Non-Profit Housing Corporation mortgages payable to the Canadian Mortgage and Housing Corporation for the corporation's properties; Beckett Project and Branlyn Meadows Project. The buildings are pledged as security for the mortgages. The mortgages are summarized as follows:

	2010	2009
<b>Beckett Project</b>		
2.65% first mortgage loan to Canada Mortgage and Housing Corporation, due February 2015, payable in monthly installments of \$19,270 on account of principal and interest	1,805,054	1,984,263
<b>Branlyn Meadows Project</b>		
4.37% first mortgage loan to Canada Mortgage and Housing Corporation, due March 2018, payable in monthly installments of \$10,023 on account of principal and interest	1,455,090	1,511,035
	<u>3,260,144</u>	<u>3,495,298</u>

- (d) As at December 31, 2010, the City held \$2,564,219 (2009 - \$2,842,988) of the net long term liabilities outstanding.

- (e) The long term liabilities in (a) 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.

### 14. CHARGES FOR NET LONG TERM LIABILITIES

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

	2010	2009
Principal	1,772,605	1,673,490
Interest	664,906	727,982
	<u>2,437,511</u>	<u>2,401,472</u>

# CORPORATION OF THE CITY OF BRANTFORD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2010

### 15. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2010	2009
For the General Reduction of Taxation:		
City - operating fund	4,122,741	5,908,034
Brantford Downtown Business Improvement Area	34,610	42,272
Brantford Municipal Non-Profit Housing Corporation	29,425	36,751
	4,186,776	5,987,057
Capital fund balance	30,506,743	26,519,245
Brantford Energy Corporation net investment	60,690,168	59,556,830
Reserves	1,722,188	1,546,328
Reserve Funds	64,116,482	59,861,457
Invested in tangible capital assets	675,338,696	629,672,867
Invested in land inventory	12,542,401	7,142,227
	844,916,678	784,298,954
Less: Unfunded liabilities	65,886,323	41,307,160
	783,217,131	748,978,851

### 16. USER CHARGES

2010

2009

User charges are comprised of the following:

Environmental services	7,881,932	8,079,279
General government	4,917,171	4,763,125
Health services	411,175	384,735
Planning and development	279,664	324,293
Protection services	747,800	772,619
Recreation and cultural services	5,836,401	6,270,007
Social and family services	921,636	691,875
Transportation services	4,009,463	3,849,827
Water and sewer	34,427,800	30,229,844
	59,433,042	55,365,604



# CORPORATION OF THE CITY OF BRANTFORD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2010

### 17. OTHER REVENUES

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

	2010	2009
Sale of non inventory items	1,306,239	1,143,741
Change in equity in Brantford Energy Corporation	1,133,338	1,407,925
Interest earned on Utility promissory notes	1,593,281	1,593,281
Dividend received from Brantford Energy Corporation	1,050,000	800,000
Donations	281,341	329,984
Transfer from trust funds	283,073	156,891
Other recoveries and rebates	2,864,499	324,135
	8,511,771	5,755,957

### 18. 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 2010. In 2010 the City of Brantford had 66 employees paid \$100,000 or more in the calendar year. This information was published in the Brantford Expositor and can also be found on the Ministry of Finance website at:

<http://www.fin.gov.on.ca/en/publications/salarydisclosure/2011/munic11a.html>

### 19. OPERATIONS OF SCHOOL BOARDS

Further to Note 1(a)(iv), the taxation, other revenues and requisitions and the overlevies (underlevies) of the school boards are comprised of the following:

	2010	2009
Taxation and user charges	40,665,914	39,799,275
Requisitions	40,665,914	39,799,275
Overlevies (underlevies) - end of year	-	-

# CORPORATION OF THE CITY OF BRANTFORD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2010

### 20. RESERVES AND RESERVE FUNDS

The total balance of reserves and reserve funds of \$1,722,188 (2009 - \$1,546,328) and \$64,116,482 (2009 - \$59,861,457) respectively is made up of the following:

	2010	2009
Reserves set aside for specific purposes by Council:		
Library - sick leave	160,326	194,917
Library - other	1,561,862	1,351,411
<b>Total Reserves</b>	<b>1,722,188</b>	<b>1,546,328</b>
Reserve funds set aside for specific purposes by Council:		
Replacement of equipment	2,387,630	2,575,289
Sick leave	3,734,175	3,826,822
Insurance	1,754,837	1,410,211
Social housing	6,822,230	5,620,130
Protection services	2,221,063	1,310,902
Transportation	2,500,194	1,776,616
Sanitary Sewer	7,597,720	8,493,678
Waste disposal	3,259,641	3,756,989
Industrial development	2,879,052	2,816,800
Water	16,091,690	16,094,968
Brownfields	1,453,909	1,239,795
Contingencies	2,225,936	2,209,369
Other	11,188,405	8,729,888
<b>Total Reserve Funds</b>	<b>64,116,482</b>	<b>59,861,457</b>
<b>Total Reserves and Reserve Funds</b>	<b>65,838,670</b>	<b>61,407,785</b>

# CORPORATION OF THE CITY OF BRANTFORD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2010

### 21. CONTRACTUAL OBLIGATION - ONTARIO CLEAN WATER AGENCY (OCWA)

In accordance with an operating service agreement between the Municipality and the Ministry of the Environment, the existing sewage treatment plant is operated by the OCWA. The Municipality is obligated to meet all operating costs related to the plant.

Included in the Consolidated Statement of Operations are the 2010 charges from the OCWA of \$3,574,112 (2009 - \$3,502,332). Information received from the OCWA pertaining to the sewage treatment plant indicated the following:

<b>Accumulated Net Operating Surplus (Deficit)</b>	<b>2010</b>	<b>2009</b>
Balance - Beginning of Year	(112,270)	(12,942)
Deficit paid to (Surplus refunded by) OCWA	112,270	12,942
Operating expenditures	(3,372,180)	(3,601,660)
Payments made by the city	3,461,842	3,489,390
<b>Balance - End of Year</b>	<b>89,662</b>	<b>(112,270)</b>

<b>Reserve Fund for Capital Expenditures</b>	<b>2010</b>	<b>2009</b>
Balance - Beginning of Year	110,062	109,987
Interest	86	75
<b>Balance - End of Year</b>	<b>110,148</b>	<b>110,062</b>

The accumulated net operating surplus (deficit) and reserve fund for capital expenditures indicated above are not reflected in the Consolidated Statement of Financial Position.

### 22. BUDGET FIGURES

Brantford City Council completes budget reviews for its operating and capital budgets annually. The approved consolidated operating budgets for 2010 are reported on the statement of operations and are not adjusted for full accrual accounting. For capital spending, budgets are set for individual projects and funding for these projects are determined annually and made by transfers from reserve funds and by the application of grants or other funds available to apply to capital projects.

### 23. COMPARATIVE FIGURES

Certain of the prior year's figures, provided for purpose of comparison, have been reclassified to conform to the current year's statement presentation.

# CORPORATION OF THE CITY OF BRANTFORD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2010

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### 24. CONTINGENT LIABILITIES

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#### **Corporation of the City of Brantford**

(a) The City has been named as a defendant in an action regarding property development within the City of Brantford. 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.

(b) The City has been named as a respondent in an attempt to have certain City by-laws set aside. 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.

(c) An action has been commenced against the City alleging an ongoing duty to consult with aboriginal persons. 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.

(d) Certain claims have been issued against the City related to property expropriation. 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.

(e) The City is the respondent to an appeal to the Ontario Municipal Board related to land development. Any settlement (if any) related to this appeal has not been determined and as a result, no provision has been made in these financial statements.

(f) An action has been commenced against the City related to outstanding costs associated with repair to an ongoing construction engagement. The amount and nature of any outcome cannot be determined at this time and as a result, no provision has been made in these financial statements.

#### **Brantford Energy Corporation**

##### **(a) 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, 2012. 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 the 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, 2010, the company has not been made aware of any additional assessments. Participation in MEARIE covers a three year underwriting period which expires on January 1, 2013.

##### **(b) Class Action**

This action had been brought under the *Class Proceedings Act, 1992*. The plaintiff class sought restitution for amounts paid to Toronto Hydro and to other Ontario municipal electric utilities ("LDCs") who received late payment penalties which constitute interest at an effective rate in excess of 60% per year, contrary to section 347 of the *Criminal Code*.

# CORPORATION OF THE CITY OF BRANTFORD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2010

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### 24. CONTINGENT LIABILITIES (continued)

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#### **Brantford Energy Corporation**

##### **(b) Class Action** (continued)

July 22, 2010, the Ontario Superior Court of Justice approved a settlement of the Class Action, the principal terms of which are the following:

- LDC's collectively pay \$17 million in damages;
- Payment is not due until June 30, 2011
- Amounts paid, after deduction for class action counsel fee, will be paid to the Winter Warmth Fund or similar charities.

The Company made a payment of \$126,682 by June 30, 2011.

##### **(c) Smart Meter Initiative**

The Ontario Energy Board (OEB) has mandated that the Company is to bill Time of Use Prices using "Smart Meter" electricity meters and the Provincial Meter Data Management/Repository effective July 2011. The Company has requested an extension of the effective date to December 2011. At the time, the OEB has not issued its decision on this proceeding.

The Company has installed approximately 35,225 (2009 - 6,667) Smart Meters as of the end of 2010 and anticipates having installed a total of 37,240 Smart Meters upon completion of its mass deployment.

##### **(d) OEB PILs Proceeding**

The OEB is conducting a review of the PILs variances accumulated in regulatory variance accounts for the period from October 1, 2001 to April 30, 2006 for all LDCs. The current proceeding is expected to provide direction regarding the interpretation of the rules issued by the OEB. It is not possible at this time to determine what impacts the outcome of this proceeding will have on the financial position of the Company.

### 25. CONTRACTUAL OBLIGATIONS AND COMMITMENTS

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#### **Wilfrid Laurier University**

Through an agreement, the City has committed a grant for the development of a new Academic Centre. The grant in the amount of \$1,300,000 is to be paid to the University in annual instalments of \$150,000 for years 2011 to 2013, \$175,000 for years 2014 to 2017 and \$150,000 for the year 2018.

#### **St. Joseph's Health Care System**

Through an agreement, the City has committed to subsidize the operations of the St. Joseph's Lifecare Centre until 2014. The amount of annual subsidy is \$870,996 for years 2011 to 2013, and \$714,695 for the year 2014.

#### **Stedman Community Hospice**

The City, through a resolution of City Council, has committed to provide the Stedman Community Hospice \$240,000 annually for years 2011 to 2015. The funds can be used by the Hospice for capital purposes only.

#### **Financing Leases**

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

2011 - 1,720,680	2012 - 1,367,460	2013 - 1,289,150	2014 - 1,208,996
2015 - 1,200,580	2016-2025 - 14,405,506		

# CORPORATION OF THE CITY OF BRANTFORD

## Tangible Capital Assets - Continuity Schedule

## SCHEDULE 1

For the year ended December 31, 2010	Land	Land Improvements	Building	Building Improvements	Machinery & Equipment	Infrastructure	Assets Under Construction	2010 Total (incl WIP)	2009 Total (incl WIP)
<b>Total Historical Cost:</b>									
Balance: Beginning of year	35,746,622	38,327,885	157,618,800	34,632,659	60,135,488	713,775,145	37,367,956	1,077,604,555	1,026,759,490
Add: Additions during the year	-	807,438	1,739,093	951,462	8,117,894	12,392,085	52,493,793	76,501,765	61,204,821
Less: Disposals during the year	-	50,770		36,898	2,944,788	1,117,237	1,803,766	5,953,459	10,359,756
Balance: End of year	35,746,622	39,084,553	159,357,893	35,547,223	65,308,594	725,049,993	88,057,983	1,148,152,861	1,077,604,555
<b>Accumulated Amortization:</b>									
Balance: Beginning of year	128,042	17,844,810	100,070,633	15,582,072	30,897,701	283,408,430	-	447,931,688	426,304,160
Add: Amortization expense	13,340	1,665,484	3,458,508	1,676,734	5,269,799	16,701,058	-	28,784,923	28,432,492
Less: Accum amort on disposals	-	47,299		32,908	2,849,135	973,104	-	3,902,446	6,804,964
Balance: End of year	141,382	19,462,995	103,529,141	17,225,898	33,318,365	299,136,384	-	472,814,165	447,931,688
<b>Total: NET BOOK VALUE</b>	<b>35,605,240</b>	<b>19,621,558</b>	<b>55,828,752</b>	<b>18,321,325</b>	<b>31,990,229</b>	<b>425,913,609</b>	<b>88,057,983</b>	<b>675,338,696</b>	<b>629,672,867</b>

# CORPORATION OF THE CITY OF BRANTFORD

## SEGMENTED INFORMATION

## SCHEDULE 2

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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:

### **Police Services**

The City of Brantford Police service 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 preserving peace by preventing crime, providing assistance and encouragement to persons in the prevention of these offences, apprehending criminals, laying charges, executing warrants and enforcing City of Brantford municipal bylaws.

### **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.

### **Transportation Services**

The Transportation services department is responsible for 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.

### **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.

# CORPORATION OF THE CITY OF BRANTFORD

## SEGMENTED INFORMATION

## SCHEDULE 2

For the year ended December 31, 2010	Police Services	General Assistance	Social Service & Social Housing	Transportation Services	Environmental Services	Recreational & Cultural Services	Other Services [1]	Consolidated 2010
<b>Revenues</b>								
Taxation revenues	-	-	-	-	-	-	119,788,174	119,788,174
Grants	1,029,496	21,098,583	23,540,966	741,853	5,585,221	10,618,468	2,998,367	65,612,954
Revenue from other municipalities	-	908,432	2,684,308	-	598,585	4,606	42,262	4,238,193
Other revenues [2]	2,502,976	60,559	6,046,686	11,821,276	42,731,023	9,166,365	24,185,536	96,514,421
Government Business Enterprise	-	-	-	-	-	-	3,776,619	3,776,619
<b>Total Revenues</b>	<b>3,532,472</b>	<b>22,067,574</b>	<b>32,271,960</b>	<b>12,563,129</b>	<b>48,914,829</b>	<b>19,789,439</b>	<b>150,790,958</b>	<b>289,930,361</b>
<b>Expenditures</b>								
Salaries, wages and benefits	22,663,771	6,489,733	11,635,563	12,591,806	6,612,300	13,397,755	36,794,360	110,185,288
Materials	1,375,775	395,868	5,925,576	6,632,738	4,530,457	4,040,380	6,712,952	29,613,746
Contracted services	863,059	177,781	17,275,488	6,899,202	10,383,124	1,760,067	8,823,812	46,182,533
External transfers	6,180	24,917,766	4,686,445	-	209,627	381,256	3,647,842	33,849,116
Amortization	640,322	73,763	2,636,931	8,508,550	11,540,321	3,213,393	2,171,643	28,784,923
Debt servicing	-	-	173,114	21,054	380,100	109,054	308,846	992,168
Other expenditures [3]	2,652,621	1,336,618	1,491,229	730,819	5,083,697	2,609,324	(7,820,001)	6,084,307
<b>Total Expenditures</b>	<b>28,201,728</b>	<b>33,391,529</b>	<b>43,824,346</b>	<b>35,384,169</b>	<b>38,739,626</b>	<b>25,511,229</b>	<b>50,639,454</b>	<b>255,692,081</b>
<b>Annual Surplus (Deficit)</b>	<b>(24,669,256)</b>	<b>(11,323,955)</b>	<b>(11,552,386)</b>	<b>(22,821,040)</b>	<b>10,175,203</b>	<b>(5,721,790)</b>	<b>100,151,504</b>	<b>34,238,280</b>

[1] Other Services - Includes General Government, Protection Services (excluding Police Services), Health Services, Planning and Development and Utility operation.

[2] Other Revenues - Includes licenses, permits, interest, donations, sale of equipment, contributed capital assets and publications, gaming revenues and user charges.

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



# CORPORATION OF THE CITY OF BRANTFORD

## SEGMENTED INFORMATION

## SCHEDULE 2

For the year ended December 31, 2009	Police Services	General Assistance	Social Service & Social Housing	Transportation Services	Environmental Services	Recreational & Cultural Services	Other Services [1]	Consolidated 2009
<b>Revenues</b>								
Taxation revenues	-	-	-	-	-	-	116,689,014	116,689,014
Grants	1,019,330	19,432,845	21,272,142	360,867	427,098	687,959	9,304,587	52,504,828
Revenue from other municipalities	-	1,171,611	3,395,811	-	420,461	4,970	53,364	5,046,217
Other revenues [2]	757,386	20,546	1,515,096	12,035,955	39,935,326	8,922,063	20,300,864	83,487,236
Government Business Enterprise	-	-	-	-	-	-	3,801,206	3,801,206
<b>Total Revenues</b>	<b>1,776,716</b>	<b>20,625,002</b>	<b>26,183,049</b>	<b>12,396,822</b>	<b>40,782,885</b>	<b>9,614,992</b>	<b>150,149,035</b>	<b>261,528,501</b>
<b>Expenditures</b>								
Salaries, wages and benefits	19,788,917	5,701,047	10,980,854	11,561,935	10,050,801	13,152,056	30,907,844	102,143,454
Materials	1,336,601	368,769	5,996,812	6,418,450	5,117,018	4,444,684	6,824,214	30,506,548
Contracted services	1,057,818	176,945	18,135,287	4,116,577	10,071,899	2,930,122	10,102,103	46,590,751
External transfers	3,700	27,838,292	3,579,032	95,412	5,000	582,235	5,406,082	37,509,753
Amortization	607,278	64,289	2,529,237	8,471,485	11,602,105	3,059,059	2,099,039	28,432,492
Debt servicing	-	-	161,148	26,512	55,960	122,047	362,315	727,982
Other expenditures [3]	2,282,381	1,216,438	1,663,622	480,435	4,498,582	5,984,206	(10,108,824)	6,016,840
<b>Total Expenditures</b>	<b>25,076,695</b>	<b>35,365,780</b>	<b>43,045,992</b>	<b>31,170,806</b>	<b>41,401,365</b>	<b>30,274,409</b>	<b>45,592,773</b>	<b>251,927,820</b>
<b>Annual Surplus (Deficit)</b>	<b>(23,299,979)</b>	<b>(14,740,778)</b>	<b>(16,862,943)</b>	<b>(18,773,984)</b>	<b>(618,480)</b>	<b>(20,659,417)</b>	<b>104,556,262</b>	<b>9,600,681</b>

[1] Other Services - Includes General Government, Protection Services (excluding Police Services), Health Services, Planning and Development and Utility operation.

[2] Other Revenues - Includes licenses, permits, interest, donations, sale of equipment, contributed capital assets and publications, gaming revenues and user charges.

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