

Consolidated financial statements of

**The Corporation of the  
City of Burlington**

December 31, 2020

Draft

# The Corporation of the City of Burlington

December 31, 2020

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Draft

## Independent Auditor's Report

To the Members of Council of  
The Corporation of the City of Burlington

### Opinion

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

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

### Basis for Opinion

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

### Responsibilities of Management and Council for the Financial Statements

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

Council is responsible for overseeing the City's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Chartered Professional Accountants  
Licensed Public Accountants  
June 15, 2021

# The Corporation of the City of Burlington

## Consolidated statement of operations

year ended December 31, 2020

(All amounts are in thousands of dollars)

	2020 Budget (Note 15)	2020 Actual	2019 Actual
	\$	\$	\$
<b>Revenues</b>			
Taxation	179,003	178,484	171,371
User fees and charges	34,068	32,821	42,661
Grants			
Government of Canada	5,809	11,052	10,174
Province of Ontario	3,189	14,580	3,908
Contributions from developers	1,070	7,166	13,619
Investment income	5,520	10,914	10,095
Gain (loss) on sale of tangible capital assets	317	(198)	(188)
Penalties and interest on taxes	2,125	1,478	2,284
Donations	721	393	670
Fines and penalties	12,945	7,200	12,445
Rents and concessions	7,668	3,436	6,261
Licenses and permits	6,743	5,015	7,362
Other	615	1,657	2,796
Hydro dividends and interest	4,900	4,936	4,936
Contributed tangible capital assets	-	845	1,079
Burlington Enterprises Corporation, net increase in equity (Note 11)	-	1,402	3,048
<b>Total revenues</b>	<b>264,693</b>	<b>281,181</b>	<b>292,521</b>
<b>Expenses (Note 12)</b>			
General government	51,245	40,930	33,409
Protection to persons and property	46,514	49,858	51,302
Transportation services	77,313	77,015	83,871
Environmental services	7,291	7,436	5,715
Health services	461	344	354
Recreation and cultural services	67,959	56,448	67,796
Planning and development	8,415	7,679	7,359
<b>Total expenses</b>	<b>259,198</b>	<b>239,710</b>	<b>249,806</b>
Annual surplus	5,495	41,471	42,715
<b>Accumulated surplus, beginning of year</b>	<b>1,063,801</b>	<b>1,063,801</b>	<b>1,021,086</b>
<b>Accumulated surplus, end of year (Note 10)</b>	<b>1,069,296</b>	<b>1,105,272</b>	<b>1,063,801</b>

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

# The Corporation of the City of Burlington

## Consolidated statement of change in net financial assets year ended December 31, 2020

(All amounts are in thousands of dollars)

	2020 Budget (Note 15)	2020 Actual	2019 Actual
	\$	\$	\$
<b>Annual surplus</b>	5,495	<b>41,471</b>	42,715
Purchase of tangible capital assets	(86,617)	<b>(49,140)</b>	(58,184)
Contributed tangible capital assets	-	<b>(845)</b>	(1,079)
Amortization	39,427	<b>37,561</b>	36,659
Loss on disposal of tangible capital assets	-	<b>198</b>	188
Proceeds on sale of tangible capital assets	-	<b>175</b>	208
Change in supplies of inventory	-	<b>18</b>	(276)
Change in prepaid expenses	-	<b>102</b>	(615)
(Decrease) increase in net financial assets	(41,695)	<b>29,540</b>	19,616
<b>Net financial assets, beginning of year</b>	187,602	<b>187,602</b>	167,986
<b>Net financial assets, end of year</b>	145,907	<b>217,142</b>	187,602

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

# The Corporation of the City of Burlington

## Consolidated statement of financial position

as at December 31, 2020

(All amounts are in thousands of dollars)

	2020	2019
	\$	\$
<b>Financial assets</b>		
Cash and cash equivalents	68,149	58,384
Taxes receivable (Note 2)	13,295	10,830
Accounts receivable	24,145	27,009
Investments (Note 4)	194,223	183,168
Investment in Burlington Enterprises Corporation (Note 11)	137,693	136,291
	<b>437,505</b>	<b>415,682</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	31,757	32,939
Other liabilities	299	311
Deferred revenue - general	5,695	6,050
Deferred revenue - obligatory reserve funds (Note 5)	70,155	71,163
Employee future benefits (Note 6)	30,475	28,817
Long-term debt (Note 8)	81,982	88,800
	<b>220,363</b>	<b>228,080</b>
<b>Net financial assets</b>	<b>217,142</b>	<b>187,602</b>
<b>Non-financial assets</b>		
Tangible capital assets (Note 9)	884,238	872,187
Inventory	2,509	2,527
Prepaid expenses	1,383	1,485
	<b>888,130</b>	<b>876,199</b>
Commitments and contingencies (Note 14)		
<b>Accumulated surplus (Note 10)</b>	<b>1,105,272</b>	<b>1,063,801</b>

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

# The Corporation of the City of Burlington

## Consolidated statement of cash flows

year ended December 31, 2020

(All amounts are in thousands of dollars)

	2020	2019
	\$	\$
<b>Operating activities</b>		
Annual surplus	41,471	42,715
<b>Non-cash charges to operations</b>		
Amortization	37,561	36,659
Loss on disposal of tangible capital assets	198	188
Contributed tangible capital assets	(845)	(1,079)
Burlington Enterprises Corporation, net income	(4,002)	(5,648)
Net change in non-cash working capital balances (Note 17)	(380)	(3,786)
<b>Cash provided by operating activities</b>	<b>74,003</b>	<b>69,049</b>
<b>Capital activities</b>		
Purchase of tangible capital assets	(49,140)	(58,184)
Proceeds on sale of tangible capital assets	175	208
<b>Net decrease in cash from capital activities</b>	<b>(48,965)</b>	<b>(57,976)</b>
<b>Investing activity</b>		
Increase in investments	(11,055)	(5,946)
<b>Net decrease in cash from investing activity</b>	<b>(11,055)</b>	<b>(5,946)</b>
<b>Financing activities</b>		
New debt issued	6,833	7,727
Debt principal repayments	(13,651)	(14,629)
Dividends received	2,600	2,600
<b>Net decrease in cash from financing activities</b>	<b>(4,218)</b>	<b>(4,302)</b>
<b>Change in cash and cash equivalents</b>	<b>9,765</b>	<b>825</b>
Cash and cash equivalents, beginning of year	58,384	57,559
<b>Cash and cash equivalents, end of year</b>	<b>68,149</b>	<b>58,384</b>
<b>Cash and cash equivalents consist of:</b>		
Cash (bank indebtedness)	35,649	(116)
Cash equivalents	32,500	58,500
	<b>68,149</b>	<b>58,384</b>

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

# The Corporation of the City of Burlington

Notes to the consolidated financial statements

For the Year Ended December 31, 2020

(All amounts are in thousands of dollars)

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## 1. Accounting Policies

The consolidated financial statements of the City of Burlington (the "City") are prepared by management in accordance with Canadian public sector accounting standards ("PSAS") established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada (CPA). Significant accounting policies adopted by the City are as follows:

(a) *Basis of consolidation*

(i) Consolidated entities

These consolidated financial statements reflect the assets, liabilities, revenues, expenses and accumulated surplus balances of the reporting entity. The reporting entity includes the activities of all committees of Council and the following boards and enterprises which are under the control of Council:

Burlington Public Library Board  
Burlington Museums Board  
Burlington Downtown  
Aldershot Village Business Improvement Association  
Burlington Economic Development Corporation  
Burlington Theatre Board

All material inter-entity transactions and balances are eliminated on consolidation.

(ii) Non-consolidated entities

These consolidated financial statements do not reflect the assets, liabilities, revenues, expenses and accumulated surplus and the activities of the following boards and enterprises, which are not under the control of Council:

Burlington Art Gallery  
Tourism Burlington  
LaSalle Park Marina Association

(iii) Modified equity accounting

Burlington Enterprises Corporation ("BEC") (formerly Burlington Hydro Electric Inc.) is accounted for on a modified equity basis, consistent with the generally accepted accounting treatment 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.

(iv) Accounting for the Region and School Board Transactions

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

(v) Trust funds

Trust Funds and their related operations administered by the City are not consolidated, but are reported separately.

# The Corporation of the City of Burlington

## Notes to the consolidated financial statements

For the Year Ended December 31, 2020

(All amounts are in thousands of dollars)

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### 1. Accounting Policies

(b) *Basis of accounting*

(i) Accrual accounting

The City follows the accrual method of accounting for revenues and expenses, with the exception of Provincial Offences Act fine revenues which are accounted for on a cash basis. Revenues are recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services.

Where revenue has been received in advance of expenses being incurred, the amount has been recorded as deferred revenue in the consolidated statement of financial position, and will be recognized as revenue in a future period when the related expenses are incurred.

(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.

1. Tangible capital assets

Tangible capital assets ("TCAs") are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The costs, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Land improvements	12 to 100 years
Buildings	10 to 100 years
Leasehold improvements	Term of the Lease
Machinery and equipment	3 to 25 years
Vehicles	5 to 32 years
Linear assets	4 to 80 years

A full year's amortization is taken in the year of asset acquisition and disposal. Works in progress are not amortized until the asset is available for productive use, at which time they are capitalized.

The City has a capitalization threshold for each individual asset class, so that individual TCAs of lesser value are expensed, unless they are pooled because, collectively, they have significant value, or for operational reasons. Capitalization threshold by individual asset class are as follows:

Land	\$Nil
Land improvement	\$20
Buildings/leasehold improvements	\$30
Machinery and equipment	\$5
Vehicles	\$5
Linear assets	\$20
Work-in-progress	Same as above by individual asset

# The Corporation of the City of Burlington

Notes to the consolidated financial statements

For the Year Ended December 31, 2020

(All amounts are in thousands of dollars)

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## 1. Accounting Policies

### (b) Basis of accounting

#### (ii) Non-financial assets

The City's tangible capital asset policy does not allow for the capitalization of interest costs associated with the acquisition or construction of TCAs.

#### 2. Contribution of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. Similarly, transfers of assets to third parties are recorded as an expense equal to the net book value of the assets as of the date of transfer.

#### 3. Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all risks and benefits incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

#### 4. Inventories

Inventories held for consumption are recorded at the lower of cost and net realizable value.

#### (iii) Government transfers

Government transfers are recognized as revenues by the City in the period during which the transfer is authorized and any eligibility criteria are met. Government transfers are deferred if they are restricted through stipulations that require specific actions or programs to be carried out in order to keep the transfer. For such transfers, revenue is recognized when the stipulation has been met.

#### (iv) Deferred revenue - Obligatory reserve funds

The City receives development charges and subdivider contributions under the authority of provincial legislation and City by-laws. These funds, by their nature, are restricted in their use and, until applied to specific capital works, are recorded as deferred revenue. Amounts applied to qualifying capital projects are recorded as revenue in the fiscal period they are expended.

#### (v) Employee future benefits

The present value of the cost of providing employees with future benefits programs is expensed as employees earn these entitlements through service. The cost of the benefits earned by employees is actuarially determined using the projected benefit method pro-rated on service and management's best estimate of retirement ages of employees and expected health care and dental costs. Actuarial gains or losses are amortized on a straight line basis over the expected average remaining service life of all employees covered.

# The Corporation of the City of Burlington

## Notes to the consolidated financial statements

For the Year Ended December 31, 2020

(All amounts are in thousands of dollars)

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### 1. Accounting Policies

(b) *Basis of accounting*

(vi) Tax revenue

Tax revenue is recognized on all taxable properties within the City that are included in the tax roll provided by the Municipal Property Assessment Corporation, using property values included in the tax roll or property values that can be reasonably estimated by the City as it relates to supplementary or omitted assessments, at tax rates authorized by Council for the City's own purposes in the period for which the tax is levied.

(vii) Investment income

Investment income earned on surplus current funds, capital funds, reserves and reserve funds (other than obligatory reserve funds) are reported as revenue in the period earned. Investment income earned on obligatory reserve funds is added to the fund balance and forms part of the deferred revenue – obligatory reserve funds balance.

(viii) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash. Cash equivalents have a short-term maturity of three months or less from the year end date.

(ix) Liability for Contaminated Sites

A liability for the remediation of a contaminated site is recognized as the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the City is either directly responsible or accepts responsibility, it is expected that the future economic benefit will be given up, and a reasonable estimate of the amount is determinable. If the likelihood of the City's obligation to incur these costs is either not determinable, or if an amount cannot be reasonably estimated, the costs are disclosed as contingent liabilities in the notes to the financial statements.

(x) Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Significant estimates relate to the allowance for taxes receivable, the allowance for doubtful accounts receivable, accrued liabilities, employee future benefits, contaminated sites and useful lives of tangible capital assets. Actual results could differ from these estimates.

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

# The Corporation of the City of Burlington

Notes to the consolidated financial statements

For the Year Ended December 31, 2020

(All amounts are in thousands of dollars)

## 2. Taxes receivable

Taxes receivable represent uncollected taxes billed for the following purposes based on total assessments:

	2020	2019
	\$	\$
City of Burlington	5,493	3,466
Region of Halton	4,240	2,983
Halton school boards	3,562	4,381
	<b>13,295</b>	<b>10,830</b>

## 3. Trust funds

Trust funds administered by the City amounting to \$14,335 (2019 - \$18,507) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations.

## 4. Investments

Investments of \$194,223 (2019 - \$183,168) reported on the Consolidated Statement of Financial Position at cost, had a market value of \$210,519 (2019 - \$188,355) at the end of the year.

## 5. Deferred revenue - obligatory reserve funds

A requirement of PSAS 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 be refunded.

The net change during the year in the legislatively restricted deferred revenue balances is as follows:

	Development charges	Parkland	Gas Tax	2020 Total	2019 Total
	\$	\$	\$	\$	\$
Balance, beginning of year	41,289	16,637	13,237	71,163	74,088
Restricted funds received	5,210	972	7,776	13,958	18,574
Interest earned	599	184	156	939	1,228
Transfers between reserve funds	-	(200)	-	(200)	(200)
Revenue recognized	(3,025)	(3,941)	(8,739)	(15,705)	(22,527)
Balance, end of year	44,073	13,652	12,430	70,155	71,163

# The Corporation of the City of Burlington

Notes to the consolidated financial statements

For the Year Ended December 31, 2020

(All amounts are in thousands of dollars)

## 6. Employee future benefits

The City provides certain employee benefits which will require funding in future periods.

	2020	2019
	\$	\$
Banked overtime	546	317
WSIB	8,516	7,984
Vacation pay liability	5,925	5,941
Retiree benefits	14,864	13,951
Life, medical and dental benefits	624	624
Total	30,475	28,817

(a) *Liability for banked overtime*

Under the Employee Benefit Plan, unused banked overtime can accumulate and certain employees may become entitled to a cash payment upon termination of services.

(b) *Liability for Workplace Safety & Insurance ("WSIB")*

The City is a Schedule II employer under the Workplace Safety and Insurance Act. As a Schedule II employer, the City assumes the liability for any award made under the Act.

An actuarial valuation as at December 31, 2018, with a projection to December 31, 2019, provided the basis for the liability of \$8,516 (2019 - \$7,984). This increase in liability is the result of settlements of firefighter survivor benefit claims awarded and pending. The liability is net of an actuarial loss of \$2,733 (2019 - \$3,093). The loss is due to actual experience compared with the previous actuarial update arising from projected claims for survivor benefits. Amortization of \$360 (2019 - \$360) is included. A reserve fund in the amount of \$7,607 (2019 - \$6,728) has been provided for this liability and is reported in Note 10.

(c) *Retiree benefits*

A liability of \$14,864 (2019 - \$13,951) has been reported on the Consolidated Statement of Financial Position for the liability accruing to existing employees for dental, health care and life benefits and for retired employees for dental, health and life benefits coverage up to the age of 65. The amounts reported are based on an actuarial valuation that was conducted as at December 31, 2018, with a projection to December 31, 2019, using a discount rate of 4.00% and assuming an inflation rate of 1.75%. The liability is net of an unamortized actuarial loss of \$3,359 (2019 - \$3,895) due to the actual experience as compared with the previous actuarial update but includes amortization of \$536 (2019 - \$536). A reserve fund in the amount of \$4,160 (2019 - \$2,804) has been provided for this liability and is reported in Note 10.

The City maintains life, medical and dental insurance for disabled employees. The liability is estimated at \$624 (2019 - \$624).

# The Corporation of the City of Burlington

Notes to the consolidated financial statements

For the Year Ended December 31, 2020

(All amounts are in thousands of dollars)

## 6. Employee future benefits

Information about the City's retiree benefits plan is as follows:

	<b>2020</b>	2019
	\$	\$
<b>Accrued benefit obligation</b>		
Balance, beginning of year	<b>(17,846)</b>	(17,655)
Current benefit expense	<b>(775)</b>	(731)
Interest	<b>(707)</b>	(696)
Benefits paid	<b>1,105</b>	1,236
Accrued benefit obligation, end of the year	<b>(18,223)</b>	(17,846)
Unamortized actuarial loss	<b>3,359</b>	3,895
Liability for benefits	<b>(14,864)</b>	(13,951)
Amortization of actuarial loss	<b>(536)</b>	(536)

## 7. Pension agreements

The City makes contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf of its entire permanent staff. The Plan is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees based on length of service and rates of pay.

Contributions to OMERS are made at rates ranging from 9% to 15.8%. Contribution rates are dependent on proposed retirement age and the level of earnings. The amount contributed to OMERS for 2020 was \$9,668 (2019 - \$9,047) for current service and is included as an expense on the Consolidated Statement of Operations.

The OMERS pension plan has a funding deficit of \$3,200,000 at December 31, 2020 based on the actuarial funding valuation as at that date. If actuarial surpluses are not available to offset the existing deficit and subsidize future contributions, additional increases in the contributions may be required.

# The Corporation of the City of Burlington

Notes to the consolidated financial statements

For the Year Ended December 31, 2020

(All amounts are in thousands of dollars)

## 8. Long-term debt

- (a) Long-term debt includes amounts incurred by the City including those incurred on behalf of municipal enterprises. The principal repayments required over the next 5 years and thereafter are detailed as follows:

	\$
2021	13,841
2022	13,450
2023	12,383
2024	11,717
2025	8,787
2026 and thereafter	21,804
	<b>81,982</b>

- (b) Total debt charges for the year were as follows:

	2020	2019
	\$	\$
Principal payments	13,651	14,629
Interest	2,360	2,651
	<b>16,011</b>	17,280

These charges were financed from the following sources:

	2020	2019
	\$	\$
General municipal revenues	16,004	17,271
Benefiting landowners	7	9
	<b>16,011</b>	17,280

# The Corporation of the City of Burlington

Notes to the consolidated financial statements

For the Year Ended December 31, 2020

(All amounts are in thousands of dollars)

## 8. Long-term debt

<b>By-law</b>	<b>Purpose</b>	<b>Interest rates</b>	<b>Maturity dates</b>	<b>2020</b>
		<b>%</b>		<b>\$</b>
91-07	Various	4.800-5.000	2022	<b>530</b>
12-09	Performing arts centre	4.620	2024	<b>3,209</b>
17-09	Performing arts centre	4.620	2024	<b>169</b>
18-09	Performing arts centre	4.620	2024	<b>812</b>
41-09	Appleby ice expansion	4.620	2024	<b>2,417</b>
48-10	Road reconstruction	1.100-3.300	2021	<b>11</b>
87-10	Parking lot renewal	1.100-3.300	2021	<b>19</b>
68-10	Road reconstruction	1.100-3.300	2021	<b>129</b>
50-11	Road reconstruction	1.100-3.300	2021	<b>5</b>
15-11	Road reconstruction	1.100-3.300	2021	<b>20</b>
37-11	Elgin Street maint (BPAC)	1.100-3.300	2021	<b>61</b>
58-11	Road reconstruction	1.100-3.300	2021	<b>133</b>
62-11	Road reconstruction	1.100-3.300	2021	<b>70</b>
67-11	Culvert replacement	1.100-3.300	2021	<b>32</b>
72-11	Valley Inn trail	1.100-3.300	2021	<b>16</b>
75-11	Road reconstruction	1.100-3.300	2021	<b>140</b>
76-11	Road reconstruction	1.100-3.300	2021	<b>27</b>
77-11	Road reconstruction	1.100-3.300	2021	<b>48</b>
60-12	Road reconstruction	1.550-3.350	2022	<b>1,159</b>
138-12	Alton community centre	1.400-3.100	2022	<b>990</b>
47-13	Various	1.250-2.950	2023	<b>2,830</b>
38-14	Various	1.200-3.450	2024	<b>5,157</b>
38-15	Various	0.850-2.300	2025	<b>7,096</b>
26-16	Various	1.200-2.650	2026	<b>19,913</b>
15-17	Various	1.150-2.850	2027	<b>5,811</b>
12-18	Various	1.850-3.200	2033	<b>17,323</b>
59-19	Various	1.900-2.500	2029	<b>7,022</b>
06-20	Various	0.650-1.800	2030	<b>6,833</b>
				<b>81,982</b>

# The Corporation of the City of Burlington

Notes to the consolidated financial statements

For the Year Ended December 31, 2020

## 9. Tangible capital assets

	Land	Buildings	Vehicles	Machinery and equipment	Land improvements	Linear Assets	Work-in- progress	2020 Total
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Cost</b>								
Balance, beginning of year	170,822	282,256	69,340	43,470	102,416	677,033	18,962	1,364,299
Additions	596	6,254	5,250	5,194	5,328	14,303	30,369	67,294
Disposals	-	(514)	(1,186)	(2,287)	(187)	(3,632)	(17,309)	(25,115)
Balance, end of year	171,418	287,996	73,404	46,377	107,557	687,704	32,022	1,406,478
<b>Accumulated amortization</b>								
Balance, beginning of year	-	131,143	40,096	27,678	40,345	252,850	-	492,112
Disposals	-	(504)	(950)	(2,288)	(118)	(3,573)	-	(7,433)
Amortization expense	-	8,940	5,365	4,937	3,379	14,940	-	37,561
Balance, end of year	-	139,579	44,511	30,327	43,606	264,217	-	522,240
Net book value, end of year	171,418	148,417	28,893	16,050	63,951	423,487	32,022	884,238

# The Corporation of the City of Burlington

Notes to the consolidated financial statements

For the Year Ended December 31, 2020

## 9. Tangible capital assets

	Land	Buildings	Vehicles	Machinery and equipment	Land improvements	Linear assets	Work-in- progress	2019 Total
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Cost</b>								
Balance, beginning of year	163,548	269,330	61,930	40,850	95,677	651,998	29,920	1,313,253
Additions	7,274	13,902	9,282	4,228	7,836	27,699	13,732	83,953
Disposals	-	(976)	(1,872)	(1,608)	(1,097)	(2,664)	(24,690)	(32,907)
Balance, end of year	170,822	282,256	69,340	43,470	102,416	677,033	18,962	1,364,299
<b>Accumulated amortization</b>								
Balance, beginning of year	-	123,132	36,592	24,589	38,243	240,718	-	463,274
Disposals	-	(828)	(1,691)	(1,604)	(1,097)	(2,601)	-	(7,821)
Amortization expense	-	8,839	5,195	4,693	3,199	14,733	-	36,659
Balance, end of year	-	131,143	40,096	27,678	40,345	252,850	-	492,112
Net book value, end of year	170,822	151,113	29,244	15,792	62,071	424,183	18,962	872,187

# The Corporation of the City of Burlington

Notes to the consolidated financial statements

For the Year Ended December 31, 2020

(All amounts are in thousands of dollars)

## 10. Accumulated surplus

	2020	2019
	\$	\$
<b>Accumulated surplus</b>		
Tangible capital assets	884,238	872,187
Operating fund	193,364	181,206
Reserve fund	140,127	124,782
Unfunded	(112,457)	(114,374)
	<b>1,105,272</b>	<b>1,063,801</b>
<b>Reserve and reserve funds set aside by Council</b>		
Capital purposes	55,799	49,761
Vehicle and equipment replacement	4,359	4,825
Transit revenue funds	-	213
Stabilization reserve funds	23,878	18,386
Contingency reserve	11,789	10,099
Employee accident reserve fund	7,607	6,728
Employee benefits reserve fund	4,160	2,804
Corporate reserve	4,354	5,407
Program specific reserve funds	20,553	10,447
Local boards reserve funds	7,336	15,733
Program specific reserve	292	379
	<b>140,127</b>	<b>124,782</b>

Accumulated surplus consists of individual fund surplus and reserves and reserve funds as above.

## 11. Investment in Burlington Enterprises Corporation (formerly "Burlington Hydro Electric Inc.")

In compliance with provincial legislation enacted to restructure the electrical industry in Ontario, Council approved the incorporation of the electricity distribution business of the former Burlington Hydro-Electric Commission (the "Commission"). Pursuant to this legislation, the City incorporated three companies, Burlington Hydro Electric Inc. ("BHEI") and its wholly-owned subsidiaries, Burlington Hydro Inc. ("BHI") and Burlington Electricity Services Inc. ("BESI").

BHEI was incorporated on December 1, 1999 as a wholly-owned subsidiary of the City and commenced active operations on January 1, 2000. At incorporation, 1,000 shares were issued for \$100 cash to the City. Effective January 1, 2000, substantially all of the assets and liabilities of the former Commission were transferred to BHEI. Effectiver October 15, 2019, BHEI was renamed Burlington Enterprises Corporation ("BEC").

# The Corporation of the City of Burlington

Notes to the consolidated financial statements

For the Year Ended December 31, 2020

(All amounts are in thousands of dollars)

## 11. Investment in Burlington Enterprises Corporation (formerly "Burlington Hydro Electric Inc.")

The City's financial statements reported an increase in municipal position as a result of this transaction and the subsequent operations of BEC, which is comprised of the following:

\$

### Continuity of investment

Balance at January 01, 2020	<b>136,291</b>
Net income for year	<b>4,002</b>
Dividends received during the year	<b>(2,600)</b>
Net increase in equity during the year	<b>1,402</b>
Ending balance, December 31, 2020	<b>137,693</b>

As a business enterprise of the City, BEC is accounted for on a modified equity basis in these financial statements.

The following table provides condensed, consolidated supplementary financial information for BEC for the years ended December 31, 2020 and 2019:

	2020	2019
	\$	\$
<b>Financial position</b>		
Current assets	<b>47,109</b>	52,762
Capital assets	<b>150,315</b>	141,940
Other assets	<b>14,645</b>	13,738
Regulatory balances	<b>19,704</b>	24,651
<b>Total assets and regulatory balances</b>	<b>231,773</b>	233,091
Current liabilities	<b>24,068</b>	24,240
Promissory note payable to City of Burlington	<b>47,879</b>	47,879
Customer's deposits	<b>3,911</b>	3,898
Ontario Infrastructure Loan	<b>16,869</b>	18,197
Finance lease liabilities	<b>264</b>	215
Other liabilities	<b>3,780</b>	2,363
Deferred Revenue	<b>28,511</b>	23,305
Deferred tax liability	<b>3,743</b>	3,177
Liability for future benefits	<b>4,897</b>	4,490
Regulatory Balances	<b>8,037</b>	16,915
<b>Total liabilities</b>	<b>141,959</b>	144,679
<b>Net assets</b>	<b>89,814</b>	88,412
<b>Results of operations</b>		
Net revenues	<b>33,969</b>	35,101
Operating expenses	<b>(29,967)</b>	(29,453)
	<b>4,002</b>	5,648

# The Corporation of the City of Burlington

Notes to the consolidated financial statements

For the Year Ended December 31, 2020

(All amounts are in thousands of dollars)

## 11. Investment in Burlington Enterprises Corporation (formerly "Burlington Hydro Electric Inc.")

	2020	2019
	\$	\$
<b>The investment in BEC is represented by the following:</b>		
Total net assets	<b>89,814</b>	88,412
Promissory note receivable	<b>47,879</b>	47,879
	<b>137,693</b>	136,291

The following summarizes the City's related party transactions with BEC for the year. All transactions are in the normal course of operations, and are recorded at the exchange value based on normal commercial rates, or as agreed to by the parties.

Gross revenue earned by BEC from the City of Burlington \$3,084 (2019 - \$3,464). Of this amount, \$458 (2019 - \$389) was net distribution revenue.

Payments in Lieu of Taxes paid to the City of Burlington by BEC were \$152 (2019 - \$149).

The City entered into a two-year contract in 2017 with BEC to replace the City's street lighting. During the year the City paid \$nil (2019 - \$13) to BEC in respect of this contract.

## 12. Segmented information

The City of Burlington is a diversified lower tier municipality that provides a wide range of services to its citizens, including fire, public transit and recreation programs.

City services are provided by departments and their activities are reported in these funds. Certain departments that have been separately disclosed in the segmented information, along with the services they provide are as follows:

### *General Government*

The General Government section is a key part of the City of Burlington enabling the city to meet its strategic plan goals and in assisting the Community Services and Development & Infrastructure divisions in achieving their service delivery and operational needs. It includes the Mayor and Council, Finance Department, Human Resources Department, Legal Department, Information Technology Services Department and Clerks Department.

### *Protection of Persons & Property*

This section includes net revenue the City realizes from the operations of the Provincial Offences Act ("POA") as well as the costs associated with operating the Burlington Fire Department. The Burlington Fire Department is a composite force consisting of highly trained and caring professionals who provide vital emergency services serving the diverse needs of the community.

Activities of the Department include fire suppression, fire prevention, public education, training and emergency planning.

# The Corporation of the City of Burlington

Notes to the consolidated financial statements

For the Year Ended December 31, 2020

(All amounts are in thousands of dollars)

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## 12. Segmented information

### *Roads, Parks and Forestry department*

The Roads, Parks and Forestry Department provides services related to maintaining roads and parks. This includes awareness and planning for maintenance activities related to growth. The services include winter control activities.

### *Transit and traffic department*

The Transit and Traffic Department is comprised of 3 sections:

The Transit Section is responsible for the provision of public transit services in Burlington including the administration, planning, operations and vehicle maintenance for conventional and specialized transit services.

The Traffic Signal Systems and Parking Section are responsible for the operation and maintenance of the computerized Traffic Signal Control System, Parking By-law enforcement and the management of municipal parking facilities within the downtown.

The Traffic Services Section is responsible for traffic control, traffic calming projects, collision data analysis and School Crossing Guards.

### *Recreation and culture*

It is under the umbrella of recreation and culture that the City presents recreational and cultural opportunities to its citizens. This not only includes recreational programs that foster healthy, active living but also includes the operations of the Libraries and Museums of the City.

### *Planning and Development*

This division's responsibilities include planning development, planning policy, economic development, environmental initiatives, building approvals and inspections within the jurisdiction of the department.

### *Other*

This section consists of other corporate Revenues and Expenses that are not department specific.

Certain allocation methodologies are employed in the preparation of segmented financial information. The General Revenue Fund reports on municipal services that are funded primarily by taxation such as property and business tax revenues. Taxation and payments-in-lieu of taxes are apportioned to General Revenue Fund services based on the Fund's net surplus. The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1.

# The Corporation of the City of Burlington

Notes to the consolidated financial statements

For the Year Ended December 31, 2020

## 12. Segmented information

	General government	Protection to persons & property	Roads, parks and forestry	Transit and traffic	Recreation and culture	Planning and development	Reserves and other	2020
	\$	\$	\$	\$	\$	\$	\$	
<b>Revenues</b>								
Taxation	23,123	31,433	46,656	10,454	29,870	5,965	30,983	178,484
User fees and charges	825	5,913	14,535	2,677	7,065	1,806	-	32,821
Government transfers	10,421	-	12,817	1,371	984	39	-	25,632
Investment income	-	45	636	-	285	165	9,783	10,914
Contributions from developers	-	-	-	-	-	-	7,166	7,166
Fines and penalties	1,479	6,109	-	1,069	21	-	-	8,678
Rents and concessions	158	49	113	246	2,824	46	-	3,436
Licenses and permits	56	3,626	277	539	172	345	-	5,015
Other revenues	1,373	(28)	223	-	242	42	4,936	6,788
Burlington Enterprises Corporation, net increase in equity	-	-	-	-	-	-	1,402	1,402
Contributed tangible capital assets	-	-	845	-	-	-	-	845
<b>Total revenues</b>	<b>37,435</b>	<b>47,147</b>	<b>76,102</b>	<b>16,356</b>	<b>41,463</b>	<b>8,408</b>	<b>54,270</b>	<b>281,181</b>
<b>Expenses</b>								
Salaries and wages	25,219	39,454	19,013	16,189	28,215	5,222	-	133,312
Interest on long-term debt	828	58	740	7	661	1	-	2,295
Materials	961	(77)	(1,922)	1,683	1,570	321	-	2,536
Contracted services	10,849	2,678	23,706	3,884	12,056	1,070	-	54,243
Rents and financial expenses	919	1,872	203	130	1,276	345	-	4,745
External transfers	39	3,979	-	-	343	657	-	5,018
Amortization	2,115	1,894	17,637	3,525	12,327	63	-	37,561
<b>Total expenses</b>	<b>40,930</b>	<b>49,858</b>	<b>59,377</b>	<b>25,418</b>	<b>56,448</b>	<b>7,679</b>	<b>-</b>	<b>239,710</b>
<b>Net (deficit) surplus</b>	<b>(3,495)</b>	<b>(2,711)</b>	<b>16,725</b>	<b>(9,062)</b>	<b>(14,985)</b>	<b>729</b>	<b>54,270</b>	<b>41,471</b>

# The Corporation of the City of Burlington

Notes to the consolidated financial statements

For the Year Ended December 31, 2020

## 12. Segmented information

	General government	Protection to persons & property	Roads and parks	Transit and traffic	Recreation and culture	Planning and development	Reserves and other	2019
	\$	\$	\$	\$	\$	\$	\$	
<b>Revenues</b>								
Taxation	28,239	26,482	18,759	10,461	30,002	972	56,456	171,371
User fees and charges	861	2,193	18,051	5,409	14,827	1,239	81	42,661
Government transfers	144	172	9,886	-	3,615	265	-	14,082
Investment income	-	32	598	-	267	180	9,018	10,095
Contributions from developers	-	-	-	-	-	-	13,619	13,619
Fines and penalties	2,284	10,536	-	1,819	90	-	-	14,729
Rents and concessions	153	48	206	454	5,356	44	-	6,261
Licenses and permits	125	5,409	163	1,095	281	289	-	7,362
Other revenues	796	1,467	271	-	703	41	4,936	8,214
Burlington Enterprises Corporation, net increase in equity	-	-	-	-	-	-	3,048	3,048
Contributed tangible capital assets	-	-	-	-	-	-	1,079	1,079
<b>Total revenues</b>	<b>32,602</b>	<b>46,339</b>	<b>47,934</b>	<b>19,238</b>	<b>55,141</b>	<b>3,030</b>	<b>88,237</b>	<b>292,521</b>
<b>Expenses</b>								
Salaries and wages	24,674	38,737	19,095	15,558	32,491	5,601	-	136,156
Interest on long-term debt	968	66	820	9	689	-	-	2,552
Materials	209	835	(1,305)	958	4,097	434	-	5,228
Contracted services	4,229	4,425	27,911	5,845	17,857	780	-	61,047
Rents and financial expenses	1,130	1,611	275	207	1,583	381	-	5,187
External transfers	201	4,008	(245)	-	(1,098)	96	-	2,962
Amortization	1,998	1,620	17,267	3,545	12,177	67	-	36,674
<b>Total expenses</b>	<b>33,409</b>	<b>51,302</b>	<b>63,818</b>	<b>26,122</b>	<b>67,796</b>	<b>7,359</b>	<b>-</b>	<b>249,806</b>
<b>Net (deficit) surplus</b>	<b>(807)</b>	<b>(4,963)</b>	<b>(15,884)</b>	<b>(6,884)</b>	<b>(12,655)</b>	<b>(4,329)</b>	<b>88,237</b>	<b>42,715</b>

# The Corporation of the City of Burlington

## Notes to the consolidated financial statements

For the Year Ended December 31, 2020

(All amounts are in thousands of dollars)

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### 13. Lease agreements

The City has entered into lease agreements for office equipment, facility space, vehicles and other services, at a present value of \$36,532 (2019 - \$30,707), which have received Ontario Municipal Board approval where necessary. The aggregate minimum payments under these leases over the next five years and thereafter are as follows:

	\$
2021	1,639
2022	1,557
2023	1,484
2024	1,499
2025	1,504
2026 - 2048	38,967
	<hr/> 46,650

### 14. Commitments and contingencies

#### *Commitment*

BEC has a \$20,000 revolving line of credit facility available for use. A letter of credit in the amount of \$18,000 has been issued in favour of the Independent Electricity Service Operator ("IESO") as security for BEC's purchase of electricity through the IESO. No other amounts were drawn down on the line of credit or non-revolving credit facility at year-end. The credit facility is secured by a general security agreement over Burlington Hydro Inc.'s assets.

#### *Joseph Brant Hospital*

Council approved a commitment to the Joseph Brant Hospital expansion project of \$60,000. This was approved as part of the 2010 current budget approval which took place at the Council meeting of March 22, 2010. Funding of the commitment will be through a dedicated tax levy which began in 2010. The 2020 dedicated tax levy was \$3,100 (2019 - \$3,100). A contribution agreement between the City of Burlington and the Joseph Brant Hospital has been signed. As of December 31, 2020 the City had contributed \$56,906 (2019 - \$56,906) to the project.

#### *Contingencies*

As at December 31, 2020, certain legal actions and other contingent liabilities are pending against the City. The outcome of these matters is indeterminate at this time and has therefore not been reflected in these consolidated financial statements.

#### *Randle Reef*

Council approved a commitment to the Randle Reef Contaminated Sediment Remediation project of \$2,300. This was approved at the Council meeting of September 24, 2012. Funding of the commitment will take place within the 2013-2022 capital budget submission as an annual contribution of \$230 per year for each of the 10 years. A contribution agreement between the City of Burlington and Environment Canada has been signed.

# The Corporation of the City of Burlington

Notes to the consolidated financial statements

For the Year Ended December 31, 2020

(All amounts are in thousands of dollars)

## 15. Budget figures

Budget figures presented in these consolidated financial statements are based upon the 2020 operating and capital budgets approved by Council. The chart below reconciles the approved budget figures reported in these consolidated financial statements.

	<b>Budget Amount</b>
	\$
<b>Revenue</b>	
Operating	257,130
Capital	6,063
Local Boards	1,500
<b>Less</b>	
Transfers from (to) other funds	6,832
Proceeds on debt issue	(6,832)
<b>Total revenue</b>	<b>264,693</b>
<b>Expenses</b>	
Operating	219,154
Amortization	37,886
Local Boards	2,158
<b>Less</b>	
Transfers to (from) other funds	(2,237)
Debt principal payments	(13,650)
Contributions to boards	15,887
<b>Total expenses</b>	<b>259,198</b>
<b>Annual deficit</b>	<b>5,495</b>

## 16. Contractual rights

The City holds leases with the tenants of Sims Square, a City-owned property located at 390 Brant Street, for the rental of office and retail spaces. The City is contractually entitled to lease payments for the next 5 years and thereafter, as follows:

	\$
2021	699
2022	540
2023	488
2024	284
2025	162
thereafter	459
	<b>2,632</b>

# The Corporation of the City of Burlington

Notes to the consolidated financial statements

For the Year Ended December 31, 2020

(All amounts are in thousands of dollars)

## 1 i I balances

The changes in non-cash working capital items are as follows:

	2020	2019
	\$	\$
Taxes rec ivable	(2,465)	(1,281)
Accounts rec ivable	2,864	(1)
Invento ies	18	(276)
Prep id expenses	102	(615)
Accounts payable and accrued lia ili ies	(1,182)	1,788
Other lia ili ies	(12)	(11)
Deferred reveue - l	(355)	(1,869)
Deferred revenu - ligatory reserve funds	(1,008)	(2,925)
Employee future bene its	1,658	1,404
	(380)	(3,786)