

**THE CORPORATION OF THE COUNTY OF BRANT**

**CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended December 31, 2018**

# THE CORPORATION OF THE COUNTY OF BRANT

For the year ended December 31, 2018

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## INDEPENDENT AUDITORS' REPORT

### To the Members of Council, Inhabitants and Ratepayers of The Corporation of the County of Brant

#### Opinion

We have audited the consolidated financial statements of The Corporation of the County of Brant (the 'Entity'), which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2018, and its results of operations, its 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. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of Financial Statements* section of our report. We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Emphasis of Matter - Amended Financial Statements

We draw attention to Note 21 to the financial statements, which describes that the financial statements that we originally reported on September 19, 2019, have been amended and describes the matter that gave rise to the amendment of the financial statements. Our opinion is not modified in respect of this matter.

#### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

#### Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when

it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

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



September 19, 2019, except as to Note 21, which is  
as of October 30, 2019  
Brantford, Ontario

CHARTERED PROFESSIONAL ACCOUNTANTS  
Licensed Public Accountants

**THE CORPORATION OF THE COUNTY OF BRANT**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

<b>As at December 31</b>	<b>2018</b>	<b>2017</b>
<b>Financial Assets</b>		
Cash and cash equivalents (Note 6)	17,858,178	16,038,303
Investments (Note 6)	35,725,420	35,174,584
Taxes receivable	2,025,283	2,425,168
Accounts receivable	10,552,414	8,858,483
Accounts receivable - Boundary adjustment (Note 7)	18,256,256	20,036,148
Land inventory for sale, net (Note 2)	57,527	1,273,609
Affordable housing loan (Note 8)	192,228	207,014
Investment in Brant Municipal Enterprises Inc. (Note 9)	1,168,198	965,876
	<b>85,835,504</b>	<b>84,979,185</b>
<b>Financial Liabilities</b>		
Accounts payable and accrued liabilities	17,974,737	15,247,767
Deferred revenues - library bequest	32,562	33,340
Deferred revenues - obligatory reserve funds (Note 10)	5,983,202	4,430,014
Future employee benefits (Note 11)	1,702,886	1,625,643
Accrued interest on long term liabilities	464,728	497,038
Landfill closure and post closure costs (Note 13)	4,995,954	4,900,762
Net long term liabilities (Note 14)	49,762,020	52,778,385
	<b>80,916,089</b>	<b>79,512,949</b>
<b>Net Financial Assets</b>	<b>4,919,415</b>	<b>5,466,236</b>
<b>Non-Financial Assets</b>		
Tangible capital assets - net (Page 26)	274,866,959	258,234,917
Inventories and prepaid expenses	616,795	36,346
	<b>275,483,754</b>	<b>258,271,263</b>
<b>Total Net Assets</b>	<b>280,403,169</b>	<b>263,737,499</b>
<b>Accumulated Surplus - End of Year (Note 15)</b>	<b>280,403,169</b>	<b>263,737,499</b>

# THE CORPORATION OF THE COUNTY OF BRANT

## CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the year ended December 31	Budget (Note 19)	2018 (restated Note 21)	2017
<b>Revenue</b>			
Taxation	52,148,892	53,075,724	49,309,915
Fees and user charges	15,075,604	13,581,499	13,101,093
Grants - Ontario	7,561,909	8,314,819	7,639,527
Grants - Canada	-	564,343	8,226
Recoveries from other municipalities	5,271,875	5,693,449	5,765,657
Licenses, permits and rents	1,669,270	3,832,476	2,184,903
Investment income	800,000	903,405	672,027
Development charges and contributions	-	7,642,366	2,908,004
Boundary transfer compensation (Note 7)	-	1,259,982	20,036,148
Other income (Note 17)	1,244,473	7,459,371	7,045,820
	<b>83,772,023</b>	<b>102,327,434</b>	<b>108,671,320</b>
<b>Expenditures</b>			
General government	5,402,894	3,617,958	3,156,782
Protection services	10,496,508	11,519,581	11,737,431
Transportation services	12,777,460	13,152,204	12,531,566
Environmental services	11,898,628	11,976,839	12,305,089
Health services	14,047,154	14,788,881	12,866,992
Social and family services	3,327,550	3,518,623	3,649,581
Recreation and cultural services	9,580,075	9,873,813	9,056,993
Planning and development	3,562,043	5,268,444	5,396,221
	<b>71,092,312</b>	<b>73,716,343</b>	<b>70,700,655</b>
<b>Income Before Under-noted Items</b>	<b>12,679,711</b>	<b>28,611,091</b>	<b>37,970,665</b>
<b>Other (Income)/Expense</b>			
Contributed tangible capital assets		1,353,518	358,883
Gain/(loss) on disposal of tangible capital assets		(41,491)	(4,267,117)
Amortization of tangible capital assets		(13,257,448)	(12,607,410)
		<b>(11,945,421)</b>	<b>(16,515,644)</b>
<b>Annual Surplus from Operations</b>		<b>16,665,670</b>	<b>21,455,021</b>
<b>Accumulated Surplus - Beginning of Year</b>		<b>263,737,499</b>	<b>242,282,478</b>
<b>Accumulated Surplus - End of Year (Note 15)</b>		<b>280,403,169</b>	<b>263,737,499</b>

**THE CORPORATION OF THE COUNTY OF BRANT**  
**CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS**

<b>For the year ended December 31</b>	<b>2018</b>	<b>2017</b>
<b>Annual Surplus from Operations</b>	16,665,670	21,455,021
Amortization of tangible capital assets	13,257,448	12,607,410
Acquisition of tangible capital assets (net of transferred CIP)	(28,856,910)	(18,959,956)
Contributed tangible capital assets	(1,353,518)	(358,883)
(Gain)/Loss on disposal of tangible capital assets	41,491	4,267,117
Proceeds on disposal of tangible capital assets	279,447	149,672
Decrease/(Increase) in inventory and prepaid expense	(580,449)	(19,303)
<b>Increase/(Decrease) in Net Financial Assets (Debt)</b>	(546,821)	19,141,078
<b>Net Financial Assets (Debt) - Beginning of Year</b>	5,466,236	(13,674,842)
<b>Net Financial Assets - End of Year</b>	4,919,415	5,466,236

**THE CORPORATION OF THE COUNTY OF BRANT**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**

<b>For the year ended December 31</b>	<b>2018</b>	<b>2017</b>
<b>Cash Provided By (Used In)</b>		
<b>Operating Activities</b>		
Annual Surplus from operations	16,665,670	21,455,021
Items not involving cash:		
Amortization of tangible capital assets	13,257,448	12,607,410
Contributed tangible capital assets	(1,353,518)	(358,883)
Loss/(Gain) on disposal of tangible capital assets	41,491	4,267,117
	<u>28,611,091</u>	<u>37,970,665</u>
Sources (uses) of cash (Note 18)	5,555,770	(13,801,863)
<b>Cash provided by operating transactions</b>	<u>34,166,861</u>	<u>24,168,802</u>
<b>Capital Activities</b>		
Acquisition of tangible capital assets (net of transferred CIP)	(28,856,910)	(18,959,956)
Proceeds on disposal of tangible capital assets	279,447	149,672
<b>Cash provided by (applied to) capital transactions</b>	<u>(28,577,463)</u>	<u>(18,810,284)</u>
<b>Investing Activities</b>		
(Increase) / Decrease in investments	(550,836)	(658,247)
Investment in Brant Municipal Enterprises Inc.	(202,322)	(164,825)
<b>Cash provided by (applied to) investing transactions</b>	<u>(753,158)</u>	<u>(823,072)</u>
<b>Financing Activities</b>		
Proceeds from new debt	-	12,816,132
Repayment of long-term liabilities	(3,016,365)	(2,402,062)
	<u>(3,016,365)</u>	<u>10,414,070</u>
<b>Net Change in Cash and Cash Equivalents</b>	1,819,875	14,949,516
<b>Cash and Cash Equivalents - Beginning of Year</b>	16,038,303	1,088,787
<b>Cash and Cash Equivalents - End of Year</b>	<u>17,858,178</u>	<u>16,038,303</u>

# THE CORPORATION OF THE COUNTY OF BRANT

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

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The Corporation of the County of Brant is a County 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 County of Brant (the “County”) are prepared by management in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants Canada.

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the period. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgment. Actual results could differ from these estimates. Significant aspects of the accounting policies adopted by the County are as follows:

#### (a) Reporting Entities

- (i) The consolidated financial statements reflect the assets, liabilities, revenues, expenditures and fund balances of the reporting entity. The reporting entity is composed of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the County and which are owned or controlled by the County. These consolidated financial statements include:

Paris Business Improvement Area  
Brant County Public Library Board

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

#### (ii) Non-Consolidated Entities

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

The Brant County Health Unit  
John Noble Home

#### (iii) 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 municipal fund balances of these financial statements.

#### (iv) Trust Funds

Trust funds and their related operations administered by the County are not consolidated, but are separately reported on the Trust Funds Statements of Continuity and Financial Position.

**THE CORPORATION OF THE COUNTY OF BRANT**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended December 31, 2018**

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

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**(a) Reporting Entities (continued)**

**(v) Government Business Enterprises**

Government business enterprises, consisting of Brant Municipal Enterprises Inc., are accounted for on a modified equity basis, consistent with the Canadian public sector accounting standards for government business enterprises. Under the modified equity basis, the business enterprise's accounting policies are not adjusted to conform with those of the County, 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. Expenditures 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 (liabilities) for the year.

**(a) Tangible Capital Assets**

Tangible capital assets are recorded at cost, which includes amounts that are directly attributable to construction, development, or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land and landfill sites, are amortized on a straight line basis over their estimated useful lives as following:

Land	No amortization
Land improvements	12 - 25 years
Infrastructure (road - right of way)	15 - 50 years
Infrastructure (water/wastewater/storm)	25 - 75 years
Buildings	50 years
Building improvements	10 - 50 years
Machinery and equipment	5 - 25 years
Vehicles	7 - 15 years

# THE CORPORATION OF THE COUNTY OF BRANT

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

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

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

##### (b) Contribution of Tangible Capital Assets

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

##### (c) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks 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 expensed as incurred.

##### (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

Deferred revenues represent user charges and fees which have been collected, but for which, the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

##### (v) Landfill Closure and Post Closure Cost

Landfill closure and post closure costs are accrued based on the estimated life span of the sites and estimated costs for closure and post closure monitoring and maintenance costs. Changes in the estimated liability due to capacity and cost estimates are charged to current year operations.

##### (vi) Cash and Cash Equivalents

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

### 2. LAND INVENTORY FOR SALE

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The land for sale is recorded at the lower of cost and net realizable value.

# THE CORPORATION OF THE COUNTY OF BRANT

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

### 3. OPERATIONS OF SCHOOL BOARDS

Further to Note 1(a)(iii), during 2018, the County made property tax transfers to school boards. The amount collected and remitted is summarized below by Board:

	2018	2017
Public English	12,553,405	12,125,733
Separate English	2,945,239	2,770,997
Public French	28,094	24,712
Separate French	83,790	71,509

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

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

	2018	2017
Brant County Health Unit	849,561	900,774
John Noble Home	691,138	738,698

### 5. TRUST FUNDS

Trust funds administered by the County amounting to \$1,401,016 (2017 - \$1,354,705) have not been included in the consolidated statement of financial position, nor have their operations been included in the consolidated statement of operations.

### 6. CASH AND INVESTMENTS

Total cash and investments are comprised as follows:

	2018	2018	2017	2017
	Cost	Market Value	Cost	Market Value
<b>Cash</b>	17,858,178	17,858,178	16,038,303	16,038,303
<b>Investments</b>				
Bond Fund	26,539,683	25,624,723	27,165,398	26,408,925
Equity Fund	5,819,641	6,343,180	3,150,298	3,940,872
Money Market Fund	1,701,864	1,698,241	3,212,974	3,206,903
Other	1,664,232	1,680,638	1,645,914	1,635,774
	35,725,420	35,346,782	35,174,584	35,192,474
	53,583,598	53,204,960	51,212,887	51,230,777

# THE CORPORATION OF THE COUNTY OF BRANT

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

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### 7. BOUNDARY ADJUSTMENT

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On January 1, 2017, the County's boundary lines were reduced by 2,720 hectares of land transferred to the City of Brantford ("the City") from the County's jurisdiction. Using a present value technique with a discount rate of 2.13%, a receivable is recognized for compensation due to the County from the City in the amount of \$18,256,256. The undiscounted balance is \$19,852,770. The City is required to pay the County \$11,633,500 by way of 10 equal annual installments from January 2018 to January 2027. In addition, the City must pay the County \$11,259,144 for the phase-out of County taxes based on the amount of the County municipal taxes levied on the lands in the transferred area in 2016. This amount will be received in annual installments that will decline on a straight-line basis until 2027.

As part of the agreement, the County transferred assets to the City in the amount of \$4,408,376 which resulted in a significant increase in loss on disposal of assets for 2017. The assets were mainly linear assets, traffic signals, traffic signs, land, and stormwater management ponds.

### 8. AFFORDABLE HOUSING LOAN

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The County has loaned funds to the 120 West River Street affordable housing project. The loan is forgivable at \$14,786 per year as long as the borrower is in compliance with all terms and conditions of its Municipal Facilities Agreement. The agreement also allows for a reduction in property tax on the project if the borrower is in compliance with the agreement.

# THE CORPORATION OF THE COUNTY OF BRANT

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

### 9. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES

#### **Brant Municipal Enterprises Inc.**

On August 31, 2013, Brant County Power Services Inc.'s net assets were transferred to the County through a dividend paid to the County. The County then transferred the net assets to this new corporation. The Company provides various non-regulated services to customers in Brant County and surrounding service areas. The services presently include: fibre optic, sentinel light rentals, and renewable energy services.

#### **Brant Municipal Enterprises Inc.**

	<b>2018</b>	<b>2017</b>
<b>Financial Position</b>		
Current assets	562,056	967,036
Long term assets	899,872	637,225
<b>Total assets</b>	<b>1,461,928</b>	<b>1,604,261</b>
Current liabilities	293,730	638,385
<b>Total liabilities</b>	<b>293,730</b>	<b>638,385</b>
<b>Net Equity</b>	<b>1,168,198</b>	<b>965,876</b>

	<b>2018</b>	<b>2017</b>
<b>Results of Operations</b>		
Revenues	1,443,575	3,155,851
Expenses	1,241,253	2,991,026
<b>Net Income/(Loss)</b>	<b>202,322</b>	<b>164,825</b>

The County's investment is comprised of the following:

Common shares	475,329	475,329
Prior year retained earnings/(deficit)	490,547	325,722
<b>Net Investment- Beginning of Year</b>	<b>965,876</b>	<b>801,051</b>
Net income (loss) for the year	202,322	164,825
<b>Net Investment- End of Year</b>	<b>1,168,198</b>	<b>965,876</b>

# THE CORPORATION OF THE COUNTY OF BRANT

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

### 10. DEFERRED REVENUES - OBLIGATORY RESERVE FUNDS

A requirement of Canadian public sector accounting standards 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 County are summarized as follows:

<b>2018</b>	<b>Opening balance</b>	<b>Contributions received</b>	<b>Investment income</b>	<b>Revenue recognized</b>	<b>Ending balance</b>
Federal Gas Tax transfer	1,192,802	2,270,209	22,033	2,893,182	591,862
Provincial Gas Tax transfer	-	91,361	1,662	-	93,023
OCIF Formula Funding	400,449	658,827	6,848	1,045,244	20,880
MTO Ont Municipal Commuter Cycling	-	247,488	3,094	-	250,582
Main Street Revitalization Building Department charges	-	62,061	601	-	62,662
Development charges	1,315,321	1,546,110	51,349	68,838	2,843,942
Recreational land (The Planning Act)	793,453	1,668,207	14,609	1,289,824	1,186,445
	727,989	259,364	20,516	74,063	933,806
	4,430,014	6,803,627	120,712	5,371,151	5,983,202

<b>2017</b>	<b>Opening balance</b>	<b>Contributions received</b>	<b>Investment income</b>	<b>Revenue recognized</b>	<b>Ending balance</b>
Federal Gas Tax transfer	1,142,842	2,205,381	28,835	2,184,256	1,192,802
OCIF Formula Funding	-	462,136	3,069	64,756	400,449
Building Department charges	1,418,518	9,493	33,751	146,441	1,315,321
Development charges	1,014,387	451,042	18,512	690,488	793,453
Recreational land (The Planning Act)	833,617	186,320	19,279	311,227	727,989
	4,409,364	3,314,372	103,446	3,397,168	4,430,014

The County has accumulated total net expenditures of \$12,565,703 (2017 - \$16,635,357) related to public works, sanitary sewer and water infrastructure development. Development charges to recover these expenditures are recorded as revenue when levied and received.

# THE CORPORATION OF THE COUNTY OF BRANT

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

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### 11. FUTURE EMPLOYEE BENEFITS

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The County provides certain employee benefits which will require funding in future periods. An actuarial valuation was completed in March 2017 for the year ended December 31, 2016 and forms the basis for the estimated liability reported in these financial statements.

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

	<b>2018</b>	<b>2017</b>
Discount Rate	3.40%	3.30%
Healthcare cost increases		
Dental health care increases	4.00%	4.00%
Healthcare increases - initial	7.12%	7.30%
Healthcare increases - ultimate rate	4.00%	4.00%
Grading period	5 years	5 years

#### Future Employee Benefits

	<b>2018</b>	<b>2017</b>
Accrued Benefit - January 1	1,625,643	1,561,746
Current Period Benefit Cost	115,394	110,096
Interest accrued	56,681	55,148
Estimated Benefit Payment	(94,832)	(101,347)
Actuarial (Gain)/Loss in Year (beginning of year)	-	-
Liability as at December 31	1,702,886	1,625,643

### 12. PENSION AGREEMENTS

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The County makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf 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 average earnings. The OMERS pension plan has a deficit. If actuarial surpluses are not available to offset the existing deficit and subsidize future contributions, increases in contributions will be required in the future.

In 2018, the County of Brant contributed \$2,239,934 (2017 - \$2,063,309) to OMERS on behalf of its employees.

# THE CORPORATION OF THE COUNTY OF BRANT

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

### 13. LANDFILL CLOSURE AND POST CLOSURE COSTS

The County operates three landfill sites, Biggar's Lane, Paris and Burford. Paris and Burford are at capacity and are closed. Biggar's Lane has approximately 145,000 cubic metres of capacity left and at present consumption levels, Biggar's Lane should be operational for approximately six years.

It is estimated that the total cost to close and maintain all three sites is approximately \$5,509,517 with \$513,564 still to be recognized in the financial statements as capacity of the Biggar's Lane site is used up.

It is estimated that the closed landfill sites will have to be monitored for approximately 100 to 150 years after closure.

### 14. NET LONG TERM LIABILITIES

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

	<b>2018</b>	<b>2017</b>
Total long term liabilities incurred by the County, outstanding at year end	49,768,975	52,787,715
Loans where the responsibility for the payment of principal and interest charges for tile drainage assistance loans has been assumed by others	(6,955)	(9,330)
<b>Net Long Term Liabilities - End of Year</b>	<b>49,762,020</b>	<b>52,778,385</b>

- (b) Of the net long term liabilities reported above, future principal payments are summarized as follows:

	<b>2019 - 2023</b>	<b>Thereafter</b>
Principal payments on long term debt	16,115,641	33,646,379

# THE CORPORATION OF THE COUNTY OF BRANT

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

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

(c) Loans outstanding as at December 31, 2018:

Name	Maturity	Amount
<b>Ontario Infrastructure Projects Corporation (OIPC)</b>		
OIPC, interest at 4.52%, semi-annual principal and interest payments of \$61,990	2025	691,583
OIPC, interest at 4.14%, semi-annual principal and interest payments of \$31,559	2026	403,394
OIPC, interest at 4.86%, semi-annual principal and interest payments of \$291,243	2030	5,085,708
OIPC, interest at 4.41%, semi-annual principal and interest payments of \$234,056	2031	4,461,511
OIPC, interest at 2.69%, semi-annual principal and interest payments of \$129,940	2022	862,552
OIPC, interest at 3.14%, semi-annual principal and interest payments of \$124,902	2027	1,850,947
OIPC, interest at 3.41%, semi-annual principal and interest payments of \$277,985	2032	5,975,210
OIPC, interest at 2.83%, semi-annual principal and interest payments of \$136,380	2023	572,450
OIPC, interest at 2.94%, semi-annual principal and interest payments of \$77,280	2027	1,214,436
OIPC, interest at 3.26%, semi-annual principal and interest payments of \$165,762	2028	1,344,907
OIPC, interest at 3.56%, semi-annual principal and interest payments of \$188,649	2033	2,122,301
OIPC, interest at 3.40%, semi-annual principal and interest payments of \$415,920	2034	10,200,265
OIPC, interest at 3.40%, semi-annual principal and interest payments of \$398,084	2037	11,076,299
OIPC, interest at 3.58%, semi-annual principal and interest payments of \$127,341	2039	3,737,253
Vendor take back mortgage, interest 2.60%, monthly principal and interest payments of \$6,225	2021	163,204
		<b>49,762,020</b>

(d) Interest expense paid on long term liabilities for the year was \$1,889,728 (2017 - \$1,553,307).

(e) The municipality is contingently liable for long term liabilities with respect to tile drainage and for those for which the responsibility for the payment of principal and interest has been assumed by other municipalities, school boards and non-consolidated local boards, municipal enterprises and utilities. The total amount outstanding as at December 31, 2018 is \$6,955 (2017 - \$9,330) and is not recorded on the consolidated statement of financial position.

# THE CORPORATION OF THE COUNTY OF BRANT

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

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### 15. ACCUMULATED SURPLUS

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Accumulated surplus is comprised of the following amounts:

	<b>2018</b>	<b>2017</b>
Operations	(56,904,371)	(54,819,672)
County of Brant Public Library	20,188	18,749
Paris Business Improvement Area	54,094	54,319
Government Business Enterprises - net investment (Note 9)	1,168,198	965,876
Reserves (Note 16)	10,201,945	10,054,951
Reserve Funds (Note 16)	50,996,156	49,228,359
Invested in tangible capital assets	274,866,959	258,234,917
	<b>280,403,169</b>	<b>263,737,499</b>

# THE CORPORATION OF THE COUNTY OF BRANT

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

### 16. RESERVES AND RESERVE FUNDS

	2018	2017
<b>Reserves set aside for specific purpose by Council:</b>		
Ambulance - cross border	122,458	122,458
Ambulance - equipment	201,816	173,723
Ambulance - fire station	36,000	33,000
Ambulance - general	-	107,924
Ambulance - vehicle	407,954	305,818
Brant Trail Improvement & River Access Reserve	482,859	-
Capital expenditures	91,592	141,600
Cemetery land purchase	1,672	1,672
Closure and post closure solid waste facilities reserve	650,000	650,000
Community services	248,580	227,241
Contingency rate stabilization	671,070	1,098,300
Corporate services	70,428	118,763
Development service capital	62,382	66,569
Election fund	-	60,000
Fire capital	-	8,329
Health unit	378,774	333,060
History books	26,587	26,587
Impounded water access	36,668	36,668
Industrial development	2,008,844	2,008,845
Insurance	573,362	51,660
John Noble Home B&C bed	199,894	199,894
John Noble Home general	539,846	388,962
Library capital	58,655	63,496
Old Town Hall	741	-
Police services	5,728	5,728
Property reserve	1,014,786	300,000
Public works	925,337	1,762,740
Road equipment	823,976	1,216,489
Rural fire suppression	12,295	9,600
Vehicle collision and prevention	17,000	17,000
Waste collection	32,641	18,825
Winter control and fleet	500,000	500,000
	<b>10,201,945</b>	<b>10,054,951</b>
<b>Reserve funds set aside for specific purposes by Council:</b>		
Brant County Power Sale	31,516,859	31,516,859
Financing	4,033,486	3,935,109
Water development	9,507,334	8,593,568
Sanitary sewers	5,936,534	5,180,927
Scholarship award	1,943	1,896
	<b>50,996,156</b>	<b>49,228,359</b>
<b>Total Reserves and Reserve Funds</b>	<b>61,198,101</b>	<b>59,283,310</b>

# THE CORPORATION OF THE COUNTY OF BRANT

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

### 17. OTHER INCOME

Other revenues are comprised of the following:

	<b>2018 Budget</b>	<b>2018 Actual <i>(restated Note 21)</i></b>	<b>2017 Actual</b>
Penalties and interest on taxation	475,000	377,262	428,245
Sale of land held for sale	-	1,026,098	2,952,570
OCIF formula funding	-	1,045,244	64,756
Change in equity of BME	-	202,322	164,825
Donations and other	2,000	213,452	188,563
Transfer from trust funds	35,000	39,396	39,787
Federal Gas Tax transfer	-	2,893,182	2,184,256
Other recoveries, fines and penalties	732,473	1,662,415	1,022,818
	<b>1,244,473</b>	<b>7,459,371</b>	<b>7,045,820</b>

### 18. SOURCES (USES) OF CASH

	<b>2018</b>	<b>2017</b>
Taxes receivable	399,885	344,813
Accounts receivable	(1,693,931)	248,355
Accounts receivable - Boundary adjustment	1,779,892	(20,036,148)
Affordable housing loan	14,786	14,786
Land inventory	1,216,082	2,221,745
Accounts payable and accruals	2,726,970	3,348,740
Deferred revenue	1,553,188	20,650
Deferred revenue - Library	(778)	(12,364)
Employee benefits and accrued interest on long term liabilities	44,933	90,256
Landfill closure and post closure liability	95,192	(23,393)
Inventories and prepaid expenses	(580,449)	(19,303)
	<b>5,555,770</b>	<b>(13,801,863)</b>

# THE CORPORATION OF THE COUNTY OF BRANT

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

### 19. BUDGET AMOUNTS

County of Brant Council approves the operating and capital budgets each year on a modified-accrual basis of accounting (sometimes referred to as cash basis). Since the audited financial statements are prepared on a full accrual basis, a reconciliation must be performed in order to present the annual budget. A summary of the reconciliation for 2018 is as follows:

<b>STATEMENT OF OPERATIONS</b>	2018 Approved Operating Budget	Adjustments*	2018 Full Accrual Budget
<b>Source of Revenue</b>			
Taxation	52,518,885	(369,993)	52,148,892
Fees and user charges	15,075,604	-	15,075,604
Grants - Ontario	7,561,909	-	7,561,909
Recoveries and other municipalities	5,271,875	-	5,271,875
Licenses, permits and rents	1,669,270	-	1,669,270
Investment income	800,000	-	800,000
Internal recoveries	5,132,526	(5,132,526)	-
Boundary transfer compensation	2,846,244	(2,846,244)	-
Other income	1,244,473	-	1,244,473
	<b>92,120,786</b>	<b>(8,348,763)</b>	<b>83,772,023</b>
<b>Expenses by Function</b>			
General government	19,647,411	(14,244,517)	5,402,894
Protection to services	10,234,034	262,474	10,496,508
Transportation services	15,991,710	(3,214,250)	12,777,460
Environmental services	15,515,112	(3,616,484)	11,898,628
Health services	13,743,113	304,041	14,047,154
Social and family services	3,783,651	(456,101)	3,327,550
Recreation and cultural services	9,514,722	65,353	9,580,075
Planning and development	3,691,033	(128,990)	3,562,043
	<b>92,120,786</b>	<b>(21,028,474)</b>	<b>71,092,312</b>
<b>Annual Surplus (Deficit)</b>	<b>-</b>	<b>12,679,711</b>	<b>12,679,711</b>

\*Adjustments are required to convert the budget from a modified-accrual (cash) basis to a full accrual basis. These adjustments include the removal of all transfers to and from reserves and reserve funds and capital fund revenue and expenses, removal of debt principal payments from expenses, and the addition of non-cash accounting revenues and expenses such as changes in post-closure landfill liability and asset amortization.

# THE CORPORATION OF THE COUNTY OF BRANT

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

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### 20. COMPARATIVE FIGURES

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

### 21. AMENDED FINANCIAL STATEMENTS

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The financial statements have been amended to reflect the correct allocation of revenue between development charges and other revenue. On the statement of operations, the development charges and contributions line has decreased by \$2,929,035. In note 17 other income, the OCIF formula funding line has increased by \$658,827 and the Federal gas tax transfer line has increased by \$2,270,208. The overall effect on accumulated surplus is \$nil.

### 22. CONTRACTUAL OBLIGATIONS AND COMMITMENTS

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The County has entered into the following contracts:

**a) Glen Morris Road, West/East River Road, Sour Spring and Princess Street.**

The total construction cost of this project is \$2,328,713. Of this amount, \$1,254,532 has been spent to December 31, 2018 with the remaining balance to be spent in subsequent periods.

**b) Pete Lavoie Softball Diamonds**

The total construction cost of this project is \$790,578. Of this amount, \$747,896 has been spent to December 31, 2018 with the remaining balance to be spent in subsequent periods.

**c) Lynden & German School Road Resurfacing**

The total construction cost of this project is \$892,581. Of this amount, \$478,892 has been spent to December 31, 2018 with the remaining balance to be spent in subsequent periods.

**d) Paris Transfer Station Upgrade**

The total construction cost of this project is \$723,460. Of this amount, \$505,244 has been spent to December 31, 2018 with the remaining balance to be spent in subsequent periods.

**e) Flanner Bridge and Anderson Bridge Rehabilitations**

The total construction cost of this project is \$1,242,730. Of this amount, \$1,019,140 has been spent to December 31, 2018 with the remaining balance to be spent in subsequent periods.

**f) Airport Water Supply Facility**

The total construction cost of this project is \$550,000. Of this amount, \$309,771 has been spent to December 31, 2018 with the remaining balance to be spent in subsequent periods.

# THE CORPORATION OF THE COUNTY OF BRANT

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

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### 22. SEGMENTED INFORMATION

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The County of Brant 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 County's total operating expenditures. The revenues and expenditures reported for each segment include 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 County of Brant 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.

The services are performed by the Ontario Provincial Police and are based upon a contract for services.

#### **Ambulance Services**

The County provides ambulance services to the residents of Brant and Brantford.

#### **Transportation Services**

The transportation services department is responsible for the safe and efficient movement of people and goods within the County. Responsibilities include road construction and maintenance, traffic signals and signs, winter control, developing parking and traffic control bylaws, implementation and maintenance of street lighting, and management and maintenance of parking 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, libraries and cultural services.

Responsibilities include management and provision of recreational services, facilities and programs and administration and maintenance of the libraries.

#### **Social Services and Housing**

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

The services are performed by The Corporation of the City of Brantford and are based upon an agreement for services.

# THE CORPORATION OF THE COUNTY OF BRANT

## SCHEDULE OF SEGMENTED INFORMATION

For the year ended December 31, 2018

	Police Services	Ambulance Services	Transportation Services	Environmental Services	Recreational & Cultural Services	Social Services and Housing	Other Services	Total 2018
<b>Revenue</b>								
Taxation	-	-	-	-	-	-	53,075,724	53,075,724
Grants	80,734	5,401,169	166,748	1,160,228	153,571	351,237	1,565,475	8,879,162
Revenue from other municipalities	-	4,911,861	279,951	1,250	11,644	-	488,743	5,693,449
Other revenue	47,456	6,273	50	10,948,284	1,729,726	-	23,098,509	35,830,298
Government business enterprise income and dividends	-	-	-	-	-	-	202,322	202,322
	128,190	10,319,303	446,749	12,109,762	1,894,941	351,237	78,430,773	103,680,955
<b>Expenses</b>								
Salaries and benefits	8,932	10,018,502	5,208,099	1,988,986	4,249,405	-	11,657,245	33,131,169
Materials and supplies	149,562	1,200,709	3,738,355	2,224,063	2,079,197	323,360	5,599,499	15,314,745
Contracted services	5,148,182	192,240	3,567,220	4,618,551	400,826	8,750	1,968,427	15,904,196
External transfers	-	31,980	-	285,285	2,146,783	2,956,223	1,460,056	6,880,327
Debt servicing	-	-	343,691	704,496	253,788	181,888	373,556	1,857,419
Other expenditures	19,032	152,317	24,790	306,688	342	14,786	152,030	669,985
Amortization	24,417	342,470	6,995,340	3,048,156	1,719,231	-	1,127,830	13,257,444
	5,350,125	11,938,218	19,877,495	13,176,225	10,849,572	3,485,007	22,338,643	87,015,285
<b>Net Surplus (Deficit)</b>	(5,221,935)	(1,618,915)	(19,430,746)	(1,066,463)	(8,954,631)	(3,133,770)	56,092,130	16,665,670

# THE CORPORATION OF THE COUNTY OF BRANT

## SCHEDULE OF SEGMENTED INFORMATION

For the year ended December 31, 2017

	Police Services	Ambulance Services	Transportation Services	Environmental Services	Recreational & Cultural Services	Social Services and Housing	Other Services	Total 2017
<b>Revenue</b>								
Taxation	-	-	-	-	-	-	49,309,913	49,309,913
Grants	175,932	4,873,043	133,745	357,492	173,206	322,077	1,612,260	7,647,755
Revenue from other municipalities	-	4,414,169	807,674	64,844	36,082	-	442,888	5,765,657
Other revenue	48,644	3,536	25	10,213,852	1,839,620	-	14,000,228	26,105,905
Government business enterprise income and dividends	-	-	-	-	-	-	164,825	164,825
Gain on boundary adjustment	-	-	-	-	-	-	20,036,148	20,036,148
	224,576	9,290,748	941,444	10,636,188	2,048,908	322,077	85,566,262	109,030,203
<b>Expenses</b>								
Salaries and benefits	14,537	8,728,185	5,041,960	1,959,202	3,512,589	163,396	10,526,068	29,945,937
Materials and supplies	144,612	1,023,465	3,598,746	2,954,641	2,308,459	108,032	6,074,148	16,212,103
Contracted services	5,251,505	206,141	3,518,459	4,465,599	446,437	-	1,524,447	15,412,588
External transfers	-	34,122	-	316,150	1,958,747	3,146,001	1,403,242	6,858,262
Debt servicing	-	-	226,829	554,008	205,791	193,849	399,187	1,579,664
Other expenditures	19,318	160,264	3,851,352	651,590	100,483	14,786	161,425	4,959,218
Amortization	24,084	279,759	6,543,545	2,973,364	1,640,594	-	1,146,064	12,607,410
	5,454,056	10,431,936	22,780,891	13,874,554	10,173,100	3,626,064	21,234,581	87,575,182
<b>Net Surplus (Deficit)</b>	(5,229,480)	(1,141,188)	(21,839,447)	(3,238,366)	(8,124,192)	(3,303,987)	64,331,681	21,455,021

**THE CORPORATION OF THE COUNTY OF BRANT**

**SCHEDULE OF TANGIBLE CAPITAL ASSETS**

**For the year ended December 31, 2018**

	Land	Land Improvements	Building	Machinery & Equipment	Infrastructure	Construction in Progress	Total 2018	Total 2017
<b>Cost</b>								
Balance, beginning of year	12,705,806	17,718,001	75,703,490	69,091,020	240,657,346	6,664,684	422,540,347	414,728,833
Additions during the year	1,493,890	2,112,975	1,154,360	4,823,062	18,217,656	6,033,236	33,835,179	21,029,878
Disposals during the year	-	173,328	30,421	2,232,596	1,313,460	3,624,751	7,374,556	13,218,364
Balance, end of year	14,199,696	19,657,648	76,827,429	71,681,486	257,561,542	9,073,169	449,000,970	422,540,347
<b>Accumulated Amortization</b>								
Balance, beginning of year	-	4,904,859	17,218,203	29,178,339	113,004,029	-	164,305,430	158,788,556
Amortization during the year	-	803,563	1,722,898	4,210,574	6,520,413	-	13,257,448	12,607,410
Accumulated amortization on disposal	-	167,615	24,337	2,034,945	1,201,970	-	3,428,867	7,090,536
Balance, end of year	-	5,540,807	18,916,764	31,353,968	118,322,472	-	174,134,011	164,305,430
Net Book Value of Tangible Capital Assets	14,199,696	14,116,841	57,910,665	40,327,518	139,239,070	9,073,169	274,866,959	258,234,917