

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the consolidated financial statements of The Corporation of the City of Stratford (the 'Corporation'), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statements of operations, changes in net debt 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 Corporation as at December 31, 2020, and the consolidated results of its operations, its consolidated changes and net debt and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation'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 Corporation'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 Corporation'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 Corporation 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 26, 2022
Brantford, Ontario

CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

CORPORATION OF THE CITY OF STRATFORD

Consolidated Statement of Financial Position

For the year ended December 31, 2020 with comparative figures for 2019

	2020	2019
Financial assets		
Cash and cash equivalents (note 2)	\$ 40,503,113	\$ 26,160,772
Other receivables	6,852,422	5,791,515
Taxes receivable	2,385,054	2,664,938
Loans receivable (note 3)	1,292,051	1,509,013
Investments (note 4)	24,945,091	24,706,067
Investment in government business enterprises (note 5)	45,070,404	44,217,304
Land held for resale	347,651	1,045,550
	<u>121,395,786</u>	<u>106,095,159</u>
Liabilities		
Accounts payable and accrued liabilities	\$ 16,126,935	\$ 14,732,533
Deferred revenue (note 7)	23,435,706	20,050,615
Solid waste landfill closure and post closure liability (note 8)	3,336,907	2,094,297
Employee benefits payable (note 10)	14,011,993	11,925,000
Long term debt (note 11)	56,029,731	62,327,653
	<u>112,941,272</u>	<u>111,130,098</u>
Net financial assets (debt)	<u>8,454,514</u>	<u>(5,034,939)</u>
Non-financial assets		
Prepaid expenses	1,534,482	878,040
Inventory	331,867	327,718
Other non financial assets	148,238	133,007
Tangible capital assets (note 20)	301,452,985	297,530,651
	<u>303,467,572</u>	<u>298,869,416</u>
Accumulated surplus (note 13)	<u>\$ 311,922,086</u>	<u>\$ 293,834,477</u>

Commitments (note 9)
Contingencies (note 14)

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



CAO, City of Stratford



Treasurer, City of Stratford

CORPORATION OF THE CITY OF STRATFORD
Consolidated Statement of Operations

For the year ended December 31, 2020 with comparative figures for 2019

	2020 budget (note 21)	2020 actual	2019 actual
Revenue:			
Net municipal taxation	\$ 63,728,660	\$ 61,486,067	\$ 59,392,354
Payments-in-lieu of taxation	-	475,316	465,694
Conditional grants	26,568,441	35,566,834	32,772,769
Revenue from other municipalities	6,821,030	2,599,993	2,854,717
User fees and service charges	23,654,425	23,522,717	24,340,999
Licences, permits and rents	7,760,311	13,939,219	11,629,222
Fines and penalties	592,000	568,801	574,168
Other revenue	9,450,796	8,225,131	4,168,369
Income from government business enterprises	-	1,358,200	1,801,654
Total revenue	138,575,663	147,742,278	137,999,946
Expenses:			
General government	9,233,982	\$ 8,515,785	\$ 8,301,985
Protection services	22,359,122	22,425,611	21,693,923
Transportation services	11,232,509	15,633,552	13,770,754
Environmental services	9,991,634	14,060,395	13,640,567
Health services	7,984,387	8,687,353	7,406,742
Social and family services	25,289,466	24,414,561	25,049,075
Social housing	15,803,423	17,372,158	14,735,206
Recreation and cultural services	11,516,508	11,616,670	13,153,735
Planning and development	6,172,039	7,436,319	5,133,604
Total expenses	119,583,070	130,162,404	122,885,591
Annual surplus (deficit)	18,992,593	17,579,874	15,114,355
Net effect of restructuring transaction (Note 16)	-	931,034	-
Increase (decrease) in Net Municipal Position		18,510,908	15,114,355
Change in proportionate consolidation (Note 18)	-	(423,299)	-
Opening accumulated surplus	293,834,477	293,834,477	278,720,122
Ending accumulated surplus	\$ 312,827,070	\$ 311,922,086	\$ 293,834,477

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

CORPORATION OF THE CITY OF STRATFORD
Consolidated Statement of Changes in Net Financial Assets

For the year ended December 31, 2020 with comparative figures for 2019

	2020 budget (note 21)	2020	2019
Annual surplus	18,992,593 \$	18,510,908 \$	15,114,355
Acquisition of tangible capital assets	(31,897,615)	(13,426,535)	(21,521,859)
Acquisition of tangible capital assets-WIP	-	(1,088,106)	2,521,821
Amortization of tangible capital assets	9,342,038	9,342,038	8,717,893
(Gain)/loss on disposal of tangible capital assets	-	(9,063)	1,099,477
Proceeds from sale of tangible capital assets	-	45,904	250,214
Net effect of restructuring transaction (Note 16)	-	814,940	-
Change in net financial assets	\$ (3,562,984)	\$ 14,190,086	\$ 6,181,901
Change in inventory	-	(4,149)	(14,977)
Change in other non financial assets	-	(15,231)	12,155
Change in prepaid expenses	-	(656,442)	(185,144)
Change in net financial assets (debt)	\$ (3,562,984)	\$ 13,514,264	\$ 5,993,935
Net financial assets (debt), beginning of the year	\$ (5,034,939)	(5,034,939)	(11,028,874)
Change in proportional consolidation (Note 18)		(24,811)	-
Net financial assets (debt), end of the year	\$ (8,597,923)	\$ 8,454,514	\$ (5,034,939)

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

CORPORATION OF THE CITY OF STRATFORD
Consolidated Statement of Cash Flows

For the year ended December 31, 2020 with comparative figures for 2019

	2020	2019
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 18,510,908	\$ 15,114,355
Items not involving cash:		
Amortization of tangible capital assets	9,342,038	8,717,893
Government business enterprises net earnings	(1,358,200)	(1,801,654)
(Gain)/loss on disposal of tangible capital assets	(9,063)	1,099,477
Net effect of restructuring transaction (Note 16)	814,940	-
Changes in non-cash operating working capital:		
Other receivables	(1,060,907)	1,163,315
Taxes receivable	279,884	(122,600)
Inventory	(4,149)	(14,977)
Prepaid expenses	(656,442)	(185,144)
Other non financial assets	(15,231)	12,155
Accounts payable and accrued liabilities	1,394,401	310,254
Deferred revenue	3,385,091	1,392,460
Employee benefits payable	2,086,993	(1,944,245)
Land held for resale	697,899	-
Solid waste landfill closure and post closure liability	1,242,610	682,163
	34,650,772	24,423,452
Financing activities:		
Proceeds from long term debt	-	-
Repayment of long term debt	(6,298,403)	(6,428,015)
	(6,298,403)	(6,428,015)
Investing activities:		
Dividends from Government business enterprises	505,581	991,100
Net increase in investments	(239,024)	(7,425,860)
Net (increase)/decrease in loans receivable	216,962	239,364
	483,519	(6,195,396)
Capital transactions		
Purchase of tangible capital assets	(14,514,641)	(19,000,038)
Proceeds from the sale of tangible capital assets	45,904	250,214
	(14,468,737)	(18,749,824)
Change in cash and cash equivalents	14,367,152	(6,949,783)
Cash and cash equivalents, beginning of year	26,160,772	33,110,555
Change in proportionate consolidation (Note 18)	(24,811)	-
Cash and cash equivalents, end of year	\$ 40,503,113	\$ 26,160,772

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

CORPORATION OF THE CITY OF STRATFORD
Notes to Consolidated Financial Statements

For the year ended December 31, 2020

1. Significant accounting policies:

The consolidated financial statements of the Corporation of the City of Stratford (the "Corporation") are prepared by management in accordance with Canadian public sector accounting standards for local governments as recommended by the Public Sector Accounting Board ("PSAB") of CPA Canada. Significant aspects of accounting policies are as follows:

(a) Reporting entity:

These consolidated financial statements reflect the assets, liabilities, revenues, and expenditures of the Corporation and include the activities of all committees of Council and the following local boards, municipal enterprises and utilities which are accountable to the Corporation for the administration of their financial affairs and resources and are owned or controlled by the Corporation.

(i) Consolidated entities:

- Stratford Public Library
- Police Services Board
- Board of Parks
- Stratford City Centre Committee
- Perth & Stratford Housing Corporation
- SEED CO

(ii) Proportionally consolidated entities:

The following entities are proportionally consolidated with the financial statements of the Corporation based on an approved funding agreement effective January 1, 2020.

	2020	2019
Perth District Health Unit	23.58%	42.27%
Spruce Lodge Home for the Aged	41.59%	42.27%
Spruce Lodge Home Assistance Corporation	41.59%	42.27%
Spruce Lodge Foundation	41.59%	42.27%

The method of consolidation is based on notional weighted assessment as stated in the new shared services costing agreement.

CORPORATION OF THE CITY OF STRATFORD
Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2020

1. Significant accounting policies (continued):

(a) Reporting entity (continued):

(iii) Equity accounting:

Government business enterprises are accounted for by the modified equity method. Under the modified equity method, the accounting principles of government business enterprises are not adjusted to conform to the Corporation's accounting principles and inter-organizational transactions and balances are not eliminated. However, inter-organizational gains and losses are eliminated on assets remaining with the government reporting entities at the reporting date.

The government business enterprises include:

- Festival Hydro Inc.
- Festival Hydro Services Inc.

(b) Accrual accounting:

Revenues and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they are earned and measurable. Expenditures are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

(c) Cash and cash equivalents:

Cash and cash equivalents are comprised of cash on hand, cash held in financial institutions and temporary investments with maturities of 60 days or less.

(d) Bank indebtedness:

Bank indebtedness is a fluctuating short term line of credit held in a financial institution.

(e) Tangible capital assets:

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset, and include interest charges when these charges are directly attributable to the capital project. Donated or contributed assets are capitalized and recorded at their estimated fair value upon acquisition. Leased capital assets are valued at the present value of the future minimum lease payments. Certain tangible capital assets for which historical cost information is not available have been recorded at current replacement cost deflated by a relevant inflation factor.

CORPORATION OF THE CITY OF STRATFORD
Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2020

1. Significant accounting policies (continued):

(e) Tangible capital assets (continued):

Works of art and other historical treasures are accounted for in the same method as the other tangible capital assets, with the exception that they are not amortized.

Work in progress identified in this and subsequent notes relates to assets under construction. The costs, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follow:

Land Improvements	20 to 30 years
Buildings and building equipment	15 to 50 years
Computer equipment	5 years
Furniture and fixtures	15 to 30 years
Vehicles	2 to 25 years
Machinery and equipment	5 to 25 years
Linear	20 to 40 years
Other capital assets	50 years
Roads	15 to 60 years
Bridges	60 to 75 years
Water and wastewater facilities	35 to 100 years
Underground and other networks	100 years

(f) Land held for resale:

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

(g) Tax revenues:

In 2020 the Corporation billed over \$62.2 million in property tax revenue for municipal purposes. A further \$13.4 million in provincial education taxes were billed on behalf of the Province of Ontario for education purposes and remitted to the Province during the year, and do not form part of these financial statements. The authority to levy and collect property taxes is established under the Municipal Act, 2001, the Assessment Act, the Education Act and other legislation.

The amount of the total annual property tax levy is determined each year through Council's approval of the annual operating budget. Municipal tax rates are set annually by Council for each class or type of property, in accordance with legislation and Council approved policies, in order to raise the revenues required to meet operating budget requirements. Education tax rates are established by the Province of Ontario each year in order to fund the costs of education on a Province wide basis.

Taxation revenues are recorded at the time tax billings are issued. Additional property tax revenue can be added throughout the year, related to new properties that become occupied, or that become subject to property tax, after the return of the annual assessment roll used for billing purposes. The Corporation may receive supplementary assessment rolls over the course of the year from MPAC that identify new or omitted assessments. Property taxes for these supplemental/omitted amounts are then billed according to the approved tax rate for the property class.

Taxation revenues in any given year may also be reduced as a result of reductions in assessment values rising from assessment and/or tax appeals. Each year, an amount is identified to cover the estimated amount of revenue loss attributable to assessment appeals, tax appeals or other deficiencies in tax revenue.

CORPORATION OF THE CITY OF STRATFORD
Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2020

1. Significant accounting policies (continued):

(h) Deferred revenue:

The recreational land (Planning Act), development charges funds, and sub divider contributions are prescribed by legislation, or agreement and are reported as deferred revenue on the consolidated statement of financial position. Grants that are received in the year, but are subject to external restrictions that have not been fulfilled, are recorded in deferred revenue until those obligations are met. In addition, certain user charges and fees are collected for which the related services have yet to be performed. These amounts are recognized as revenue in the fiscal year the related expenditures are incurred or services performed.

(i) Long-term investments:

Long-term investments are recorded at cost less any amounts written-off to reflect a permanent decline in market value below cost. Investments consist of authorized investments pursuant to provisions of the Municipal Act and comprise government and corporate bonds, debentures, pooled investment funds and short-term instruments of various financial institutions.

Investment income earned 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 respective deferred revenue balances.

(j) Inventory:

Inventory is valued at the lower of cost and net realizable value on a first-in, first-out basis.

(k) Employee benefits payable:

The Corporation provides post-retirement health care, life insurance and unused sick leave benefits to eligible retired employees. The benefits earned by employees are actuarially determined using management's best estimate of salary escalation, retirement ages of employees and expected benefit costs.

Past service costs from plan amendments related to prior period employee services are accounted for in the period of the plan amendment. The effects of a gain or loss from settlements or curtailments are expensed in the period they occur. Net actuarial gains and losses related to the employee benefits are amortized over the average remaining service life of the related employee group. Employee future benefit liabilities are discounted at the Corporation's cost of borrowing using estimated rates for debt with maturities similar to expected benefit payments in the future. The costs of workplace safety and insurance obligations are actuarially determined and are expensed.

CORPORATION OF THE CITY OF STRATFORD
Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2020

1. Significant accounting policies (continued):

(l) Use of estimates:

The preparation of the consolidated 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. The amounts subject to such estimates include employee benefits payable, assessment appeals, claims provisions, and solid waste landfill closure and post-closure liability. Actual results could differ significantly from those estimates.

(m) Transactions on behalf of others:

Trust funds operated by the Corporation amounting to \$2,777,777 (2019 - \$2,709,369) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations, as they are reported on separately. The Trust funds held by the Corporation consist primarily of funds related to legislated perpetual care amounts relating to cemetery activity.

(n) Government transfer revenue:

Government transfer revenue is recorded once it is authorized by the transferring government and the Corporation is eligible to receive the transfer. Any amount received but restricted is recorded as deferred revenue in accordance with Section 3410 of the Public Sector Accounting Handbook and recognized as revenue in the period in which the resources are used for the purpose specified.

Government transfers include social assistance program funding representing 80-100% of certain social services programs, social service administration funding covering 50% of certain administration costs and transfers for social housing totaling approximately 20% of costs of the program.

In addition, the Corporation periodically receives senior government capital funding in the form of infrastructure grants and receives ongoing funding from both senior levels of government as a result of an allocation of gas tax funds.

(o) Contaminated sites:

Public Sector Accounting Handbook section 3260 - Liability for Contaminated Sites, requires that the City recognize a liability for remediation of contaminated sites when contamination of a site, for which the City is directly responsible or accepts responsibility, exceeds an existing environmental standard and a reasonable estimate of the remediation costs can be made. The City has established an inventory of contaminated sites and is in the process of evaluating if it will be required to recognize a liability for remediation of any of the sites.

CORPORATION OF THE CITY OF STRATFORD
Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2020

2. Cash and cash equivalents and bank indebtedness:

The following is a breakdown of cash and cash equivalents and bank indebtedness:

	2020	2019
General bank accounts	\$ 12,423,311	\$ 1,696,998
Reserve bank accounts	28,076,166	24,460,138
Petty cash	3,636	3,636
	<u>40,503,113</u>	<u>26,160,772</u>

3. Loans receivable:

The following loans are outstanding at December 31:

	2020	2019
Stratford Perth Museum	\$ 283,202	\$ 296,048
Heritage Conservation District Loans	65,398	119,414
Stratford Soccer Association	70,000	80,000
Stratford Perth Museum (2)	131,955	139,152
Stratford Tourism Alliance	-	42,188
Stratford Chef School	248,880	298,544
Stratford Soccer Association Turf Field	492,616	533,667
	<u>\$ 1,292,051</u>	<u>\$ 1,509,013</u>

The Stratford Perth Museum loan matures in 2037, has an interest rate of 3% with repayments of \$1,791 being made monthly.

The Heritage Conservative District loans are interest-free 10 year loans with maturity dates between April 2022 and July 2027.

The Stratford Perth Museum (2) matures in 2038, has an interest rate of 0.5% with repayments of \$656.34 being made monthly.

The Stratford Soccer Association loan is a 15 year interest-free loan maturing September 2028 with a yearly payment of \$10,000.

The Stratford Chef School loan is a 6 year loan at an interest rate of 5%.

The Stratford Soccer Association turf field loan is a 15 year interest-free loan maturing December 2032 with a yearly payment of \$41,051.33.

4. Investments:

	2020 Cost	Market Value	2019 Cost	Market Value
Deposit notes/GIC's	3,490,670	3,488,873	4,546,386	4,405,376
Fixed Income	21,454,421	22,498,510	20,159,681	19,880,819
	<u>\$ 24,945,091</u>	<u>\$25,987,383</u>	<u>\$24,706,067</u>	<u>\$24,286,195</u>

Investments include general and reserve funds. Long-term investments earn interest between 1.58% and 5.04% and have maturity dates between June 2021 and June 2025.

CORPORATION OF THE CITY OF STRATFORD
Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2020

5. Investment in Government Business Enterprises:

The Corporation holds a 100% interest in Festival Hydro Inc. and Festival Hydro Services Inc. as follows

			2020		2019
Festival Hydro Inc.	(a)	\$	43,591,792	\$	42,879,435
Festival Hydro Services Inc.	(b)		1,478,612		1,337,869
		\$	45,070,404	\$	44,217,304

(a) Festival Hydro Inc.:

			2020		2019
Financial position:					
Current assets		\$	14,759,159	\$	14,882,974
Capital assets			55,447,062		54,738,043
Deferred tax assets			-		-
Other Assets			1,955,244		2,027,793
Total assets			72,161,465		71,648,810
Regulatory balances			2,806,457		1,286,173
Current liabilities					
Demand loan payable to the City of Stratford			12,163,083		12,558,503
Post-employment benefits			15,600,000		15,600,000
Other liabilities			1,492,917		1,472,268
Total liabilities			15,929,661		15,114,361
Regulatory balances			1,790,469		910,416
Equity		\$	27,991,792	\$	27,279,435
Financial activities:					
Revenues		\$	84,687,188	\$	84,262,436
Operating expenses			(81,221,772)		(79,590,913)
Finance costs (net)			(2,425,162)		(1,907,482)
Income tax			(403,821)		(572,745)
Net movement in regulatory balance			661,404		(249,098)
Other comprehensive income (loss)			(79,899)		(237,959)
Equity, beginning of year			27,279,435		26,566,296
Dividends paid or payable on common shares			(505,581)		(991,100)
Equity, end of year		\$	27,991,792	\$	27,279,435
Investment in Festival Hydro Inc.:					
Equity, end of year		\$	27,991,792	\$	27,279,435
Demand loan payable to the City of Stratford			15,600,000		15,600,000
Net investment		\$	43,591,792	\$	42,879,435

CORPORATION OF THE CITY OF STRATFORD
Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2020

5. Investment in Government Business Enterprises (continued):

(b) Festival Hydro Services Inc.:

	2020	2019
Financial position:		
Current assets	\$ 77,773	\$ 198,320
Capital assets	3,375,645	3,114,952
Other assets	16,401	31,780
Total assets	3,469,819	3,345,052
Current liabilities	33,015	260,348
Demand loan payable to the City of Stratford	372,000	372,000
Other liabilities	1,958,192	1,746,835
Total liabilities	2,363,207	2,379,183
Equity	\$ 1,106,612	\$ 965,869
Financial activities:		
Revenues	\$ 1,332,368	\$ 1,337,536
Operating expenses	(1,081,970)	(1,154,428)
Finance costs (net)	(58,655)	(38,693)
Income tax	(51,000)	(47,000)
Net assets, beginning of year	965,869	868,454
Dividends on common shares	-	-
Equity, end of year	\$ 1,106,612	\$ 965,869
	2020	2019
Investment in Festival Hydro Services Inc.:		
Equity, end of year	\$ 1,106,612	\$ 965,869
Demand loan payable to the City of Stratford	372,000	372,000
Net investment	\$ 1,478,612	\$ 1,337,869

During the year, and within the normal course of operations, the Corporation was provided water and sewer billing and collection services by Festival Hydro Inc. Amounts paid to Festival Hydro Inc. by the Corporation were \$490,245 (2019 - \$493,735).

The Corporation also leases space from Festival Hydro Inc. for which it paid rent of \$29,942 (2019 - \$36,058) during the year.

CORPORATION OF THE CITY OF STRATFORD
Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2020

6. Pension agreement:

The Corporation makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), a multi-employer plan, on behalf of its employees. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. The 2020 contribution rates are 9.0% for employee earnings below the year's maximum pensionable earnings and 14.6% thereafter for employees with a normal retirement age of 65. The 2020 contribution rates are 9.2% for employees earnings below the year's maximum pensionable earnings and 15.8% thereafter for employees with a normal retirement age of 60. Employees and employers contribute jointly to the plan.

OMERS is a multi-employer pension plan, therefore any pension plan surplus or deficit is a joint responsibility of all Ontario municipalities and their employees. As a result, the Corporation does not recognize any share of the OMERS pension surplus or deficit. Employer contributions for current service amounted to \$3,466,796 (2019 - \$3,435,962) and are matched by employee contributions in a similar manner. Employer contributions are recognized as an expenditure in the consolidated statement of financial activities in the year contributions are made. 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.

7. Deferred revenue:

	December 31, 2019		Additions		Withdrawals		December 31, 2020	
Obligatory reserve funds:								
Development charges	\$	11,608,507	\$	1,730,155	\$	743,124	\$	12,595,538
Subdivider contributions		111,954		1,371		-		113,325
Recreational land (The Planning Act)		507,945		166,010		-		673,955
Federal gas tax		6,993,594		2,006,875		2,759,414		6,241,055
Provincial gas tax		387,181		469,627		243,930		612,878
Other current miscellaneous		217,794		2,900,947		326,660		2,792,081
Other consolidated entities:								
Other		223,640		322,418		139,184		406,874
	\$	20,050,615	\$	7,597,403	\$	4,212,312	\$	23,435,706

	December 31, 2018		Additions		Withdrawals		December 31, 2019	
Obligatory reserve funds:								
Development charges	\$	10,525,644	\$	1,228,551	\$	145,688	\$	11,608,507
Subdivider contributions		109,936		2,018		-		111,954
Recreational land (The Planning Act)		470,633		37,312		-		507,945
Federal gas tax		5,362,080		4,037,030		2,405,516		6,993,594
Provincial gas tax		-		467,207		80,026		387,181
Other current miscellaneous		1,594,204		223,552		1,599,962		217,794
Other consolidated entities:								
Other		595,658		32,113		404,131		223,640
	\$	18,658,155	\$	6,027,783	\$	4,635,323	\$	20,050,615

CORPORATION OF THE CITY OF STRATFORD
Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2020

8. Solid waste landfill closure and post-closure liability:

Solid waste landfill closure and post-closure liability, accounts for anticipated closure and post-closure costs for the existing and closed landfill sites. This liability is the estimated cost to date, based on a volumetric basis, of the expenditures related to those activities required when the site or phase stops accepting waste.

Post-closure activities include all activities related to monitoring the site once it can no longer accept waste, including acquisition of any additional land for buffer zones, treatment and monitoring of leachate, monitoring ground water and surface water, gas monitoring and recovery, and ongoing maintenance of various control systems, drainage system and final cover.

The estimated liability for the care of landfill sites is the present value of future cash flows associated with closure and post-closure costs. The liability includes the portion of the landfill that was closed in 1995. This liability is not funded with reserves.

Key assumptions in arriving at the liability are:

	2020	2019
The landfill is expected to reach capacity in 2043		
Remaining capacity as at December 31, 2020	1.25 million tonnes	1.25 million tonnes
Expected closing cost in 2020 dollars	\$ 3,336,907	\$ 2,094,297
Costs still to be recognized	\$ 3,353,751	\$ 2,365,816
Expected inflation rate	2%	2%
Discount rate	3.90%	3.20%
Estimated time needed for post-closure care	50 Years	50 Years

9. Contractual obligations:

(a) The City has a contract with Ontario Clean Water Agency to operate the sewage system. The term of the agreement is 10 years for the period January 1, 2018 to December 31, 2027. The contract fees amounting to \$996,075 (2019 - \$1,402,412) are reported in the Consolidated Statement of Operations. The 2021 commitment is \$996,072.

(b) The City has contractual lease agreements for vehicles that are renewed every one to three years. The 2021 commitment is \$30,540 (2020 - \$30,164). The commitment thereafter will be affected by changes to the leased fleet and inflation.

CORPORATION OF THE CITY OF STRATFORD
Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2020

10. Employee benefits payable:

Employee future benefits are liabilities of the Corporation to its employees and early retirees for benefits earned but not taken. Details are as follows:

	2020	2019
Post-retirement benefits (a)	\$ 10,882,165	\$ 9,763,156
Workplace Safety and Insurance Board Obligation (b)	3,129,828	2,161,844
	\$ 14,011,993	\$ 11,925,000

The Corporation provides benefits to retirees until they reach 65 years of age, provides certain benefits to employees on long-term disability, allows certain employees to accumulate unused sick leave to be taken as a cash payment on termination. Above values are based on actuarial and management estimates as at December 31, 2020.

(a) The actuarial analysis is only for the City of Stratford, not including WSIB. Significant assumptions used in the actuarial valuation are as follows:

	2020	2019
Discount rate	2.60%	3.20%
Rate of compensation increase	1.50%	1.50%
Healthcare cost increase	8.00%	8.00%

The benefit obligation continuity is as follows:

	2020	2019
Accrued benefit obligation end of prior year	\$ 9,932,000	\$ 9,472,100
Adjustment to accrued benefit obligation at January 1	(442,400)	613,200
Current period benefit cost	517,000	517,000
Retirement interest expenditure	307,000	304,600
Benefits paid	(826,200)	(974,900)
Accrued benefit obligation, December 31	9,487,400	9,932,000
Unamortized actuarial loss (gain)	1,118,300	(442,400)
Liability for post-retirement benefits	\$ 10,605,700	\$ 9,489,600

Post-retirement benefits expense is as follows:

	2020	2019
Current period benefit cost	\$ 517,000	\$ 517,000
Retirement interest expenditure	307,000	304,600
Amortization of actuarial (gain) loss	72,700	31,400
Total post-retirement benefits expense	\$ 896,700	\$ 853,000

Reserves have been established to partially provide for this past service liability, while the expense component is captured in the annual operations. The balance at the end of the year is \$5,994,090 (2019 - \$5,895,566). An amount of \$nil (2019 - \$nil) was paid out of reserves to employees who left the Corporation's employment during the current year.

CORPORATION OF THE CITY OF STRATFORD
Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2020

10. Employee benefits payable (continued):

- (b) The City of Stratford is a Workplace Safety and Insurance Board (WSIB) Schedule 2 employer. The City has recorded an accrual for the estimate of future benefit costs and administrative loading as calculated by WSIB. During the year \$295,878 (2019 - \$302,391) was paid by the City to the WSIB in relation to those benefits.

11. Long-term debt:

The balance of long-term debt reported on the consolidated statement of financial position consists of total long-term debt incurred by municipal enterprises. The amount at the end of the year is as follows:

	2020	2019
OSIFA debenture bearing interest at 2.57% due June 2032	\$ 15,408,224	\$ 16,748,065
OSIFA debenture bearing interest at 2.78% due September 2024	268,000	335,000
OSIFA debenture bearing interest at 2.74% due November 2028	2,313,610	2,602,813
OMEIFA debenture bearing interest at 4.96% due November 2034	9,417,166	10,089,821
OMEIFA debenture bearing interest at 2.70% due November 2034	830,189	878,401
OMEIFA debenture bearing interest at 4.28% due December 2024	1,466,667	1,833,333
OMEIFA debenture bearing interest at 3.21% due December 2026	8,417,054	9,819,898
OMEIFA debenture bearing interest at 3.42% due December 2033	5,297,933	5,705,467
Royal Bank loan payable, interest at 2.63% per annum, due February 2026	976,932	1,787,307
Royal Bank loan payable, interest at 2.42% per annum, due June 2024	872,650	1,057,058
Royal Bank loan payable, interest at 2.84% per annum, due April 2027	3,782,673	3,927,425
Royal Bank loan payable, interest at 2.88% per annum, due April 2028	3,744,475	3,887,134
Royal Bank loan payable, interest at 1.75% per annum, due April 2020	-	91,100
Royal Bank loan payable, interest at 2.49% per annum, due April 2025	928,500	1,128,806
Royal Bank loan payable, interest at 2.51% per annum, due April 2023	1,148,924	1,214,623
Royal Bank loan payable, interest at 2.80% per annum, due April 2026	1,156,734	1,221,402
	<u>\$ 56,029,731</u>	<u>\$ 62,327,653</u>

Principal repayments are summarized as follows:

2021	\$ 5,965,976
2022	5,661,560
2023	5,310,196
2024	5,290,851
2025	4,786,684
Thereafter	<u>29,014,464</u>
	<u>\$ 56,029,731</u>

Long-term liabilities and commitments to be financed from reserves beyond the term of Council are covered by by-law. The principal and interest payments required to service existing and pending issues and commitments are within the debt repayment limit prescribed by the Ministry of Municipal Affairs.

Total interest expense on long term debt was \$2,142,985 (2019 - \$2,166,465).

CORPORATION OF THE CITY OF STRATFORD
Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2020

12. Public liability insurance:

In recent years there have been substantial increases in the premiums charged by the insurance industry for public liability insurance. As a result, the Corporation has undertaken some portion of the risk, which would normally have been covered by outside insurers.

The Corporation is self insured for public liability claims up to \$50,000 for any individual claim and \$50,000 for any number of claims arising out of a single occurrence. Outside coverage is in place for claims in excess of these limits.

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

13. Accumulated surplus:

The accumulated surplus balance is comprised of balances in reserves and reserve funds, operating surplus, capital surplus, unfunded liabilities to be recovered in the future, investment in government business enterprises and investment in tangible capital assets.

	2020	2019
Reserves set aside for specific purpose by Council:		
Revenue purposes	\$ 9,888,234	\$ 9,798,639
Current purposes	4,323,548	2,384,575
Total reserves	\$ 14,211,782	\$ 12,183,214
Reserve Funds set aside for specific purpose by Council:		
Current purposes	\$ 1,928,418	\$ 2,246,258
Capital purposes	35,714,423	28,890,592
Total reserve funds	\$ 37,642,841	\$ 31,136,850
Amounts to be recovered:		
Investment in Government Business Enterprises	\$ (7,800,000)	\$ (7,800,000)
Solid waste landfill closure and post closure liability	(3,336,907)	(2,094,297)
Employee benefits payable	(14,011,993)	(11,925,000)
Long-term debt	(56,029,731)	(62,327,653)
Interest accrual on debt	(127,504)	(141,208)
Total amounts to be recovered	\$ (81,306,135)	\$ (84,288,158)
Cumulative operating deficit	\$ (5,497,442)	\$ (7,990,933)
Investment in Government Business Enterprise	45,070,404	44,217,304
Land held for resale	347,651	1,045,550
Work in Progress	13,772,470	12,684,364
Investment in tangible capital assets	287,680,515	284,846,287
Total accumulated surplus	\$ 311,922,086	\$ 293,834,477

The cumulative operating deficit reflects the City's \$2,041,130 cash-basis operating surplus as well as PSAB and consolidation adjustments.

14. Contingencies:

As of December 31, 2020, certain legal actions and other contingent liabilities are pending against the Corporation. Reference can be made to note 12 for details of the public liability insurance maintained by the Corporation. Not all contingencies can be estimated at year end since the outcome of these matters is indeterminate at this time.

CORPORATION OF THE CITY OF STRATFORD
Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2020

15. Financial Information for the Library Board:

The Ministry of Culture provides operating and pay equity grants to the Library. A condition of this grant is that the Library Board supply its financial information to the Ministry. This information may be included in the consolidated financial statements provided that the financial information of the library is identified either by a separate schedule or a note.

	2020	2019
Revenue		
Other grant revenue	\$ -	\$ 6,921
Public library operating grant	56,853	60,827
Fees and charges	380,153	343,891
Donations	5,920	9,879
Total revenue	442,926	421,518
Expenses		
Wages	1,970,145	2,129,029
Materials	22,256	83,487
Services	366,282	317,781
Other	95,107	41,494
Total expenses	2,453,790	2,571,791
Deficiency of revenue over expenses	\$ 2,010,864	\$ 2,150,273
Deficiency was funded as follows:		
Transfer from (to) reserves and reserve funds	(256,273)	(268,797)
Contribution from the Corporation	2,267,137	2,419,071
	\$ 2,010,864	\$ 2,150,273

16. Government Partnership - Huron Perth Public Health

The Corporation of the City of Stratford is a partner in Huron Perth Public Health. The City provides 23.58% (2019 - 42.27%) of the municipal funding for the Cost Shared Mandatory related programs. The City's share of results of Huron Perth Public Health's financial results from operations for the year and its financial position at year-end have been consolidated within these financial statements. At December 31, 2020, Huron Perth Public Health's financial results and financial performance are as follows:

Effective January 1, 2020, the Perth District Health Unit and the Corporation of the County of Huron Board of Health amalgamated to form Huron Perth Public Health. This resulted in a net restructuring gain of \$3,948,406 which consisted of the net surplus as at December 31, 2020 of \$140,947, contributed furniture, equipment and technological systems of \$59,709 and property acquired for consideration of \$2 from the County of Huron with a fair market value of \$3,747,750. A letter of opinion of value was obtained with respect to the Legacy Perth District's real property brought into the merger. This letter indicated a value-in-use in the range of \$2,753,000 to \$3,120,000. The City's share of the restructuring gain is \$931,034.

	2020
Financial assets	\$ 2,756,590
Liabilities	2,233,731
Non-financial assets	5,706,203
Accumulated surplus	6,229,062
Revenues	18,770,997
Expenses	18,372,070
Annual surplus (before restructuring adjustments)	398,927
Restructuring gains	3,948,406

The City's share of Huron Perth Public Health's assets, liabilities and accumulated surplus at December 31, 2020 are as follows:

Financial assets	\$ 650,004
Liabilities	526,714
Non-financial assets	1,345,523
Accumulated surplus	1,468,813

CORPORATION OF THE CITY OF STRATFORD
Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2020

17. Government Partnership - Spruce Lodge

The Corporation of the City of Stratford is a partner in Spruce Lodge Home for the Aged and its related entities. The City provides 41.59% (2019 - 42.27%) of the municipal funding for the Cost Shared Mandatory related programs. The City's share of results of Spruce Lodge Home for the Aged and its related entities' financial results from operations for the year and its financial position at year-end have been consolidated within these financial statements. At December 31, 2020, Spruce Lodge Home for the Aged and its related entities's financial results and financial performance are as follows:

	2020
Financial assets	\$ 5,308,545
Liabilities	2,149,878
Non-financial assets	6,901,768
Accumulated surplus	10,060,435
Revenues	13,622,579
Expenses	13,678,698
Annual deficit	(56,119)

The City's share of Spruce Lodge Home for the Aged and its related entities' assets, liabilities and accumulated surplus at December 31, 2020 are as follows:

Financial assets	\$ 2,207,824
Liabilities	894,134
Non-financial assets	2,870,445
Accumulated surplus	4,184,135

18. Change in Proportionate Consolidation

The change in proportionate consolidation of joint local boards is the result of new funding agreements effective January 1, 2020. The resulting changes in funding percentages and their effects are as follows:

	2020	2019	Change
Funding percentage			
Huron Perth Public Health	23.58%	42.27%	-18.69%
Spruce Lodge	41.59%	42.27%	-0.68%

January 1, 2020

Effect of Change in Funding Percentages

Tangible capital assets		
Cost	\$	(641,622)
Accumulated amortization		243,134
Net book value		(398,488)
Net financial assets	\$	(5,083)
Other non-financial assets	\$	(19,728)
Change in Net Municipal Position		(423,299)

CORPORATION OF THE CITY OF STRATFORD
Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2020

19. Segmented information:

The Corporation of the City of Stratford is a diversified municipal government institution that provides a wide range of services to its citizens. For reporting purposes the Corporation's operations and activities are organized in segments. The services and activities of each segment are as follows:

General government

This item is related to the revenues and expenses of the operations of the Corporation itself and cannot be directly attributed to a specific segment.

Protection services

Protection is comprised of police services, fire department and building department. The police services department is to ensure the safety and protection of the citizens and their property, preserve peace and good order, detect offenders and enforce the law. The fire department provides fire suppression service, fire prevention programs, training and education related to prevention and detection of fires. The building department enforces the building and construction codes and municipal by-laws.

Transportation services

Transportation services includes public works services related to planning, development and maintenance of the roadway systems, street lighting, transit and parallel transit, parking administration and control and the operations of the Stratford Municipal Airport.

Environmental services

Environmental services include providing sanitary and storm sewer, water, waste collection and disposal and recycling services.

Health services

Health services are comprised of public health services which works to improve the overall health of the population and overcome health inequalities by providing services to individuals and communities. This segment also includes ambulance services and cemetery operations.

Social and Family services

Social Services provides services that are meant to help the less fortunate in society through Ontario Works assistance, child care subsidy program and best start and special needs programs. This segment also includes the operations of a municipal day care.

Social housing

Housing services are meant to help the less fortunate through social housing, affordable housing and public housing programs.

Recreation and Cultural services

Recreation and cultural services are meant to improve the health and development of the citizens. Programs such as swimming, skating, day camps, festivals and library services are provided at locations such as parks, library, art gallery, recreation complexes, arenas, sports fields and other municipal buildings. This segment also includes grants to numerous community organizations providing recreation and cultural activities.

Planning and Development

Planning and development services manages urban development for business interests, environmental concerns, heritage matters, local neighbourhoods and the city centre. This segment also includes economic development and tourism.

For each reported segment, revenues and expenses represent amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are used in preparation of segmented financial information. The revenue fund reports on municipal services that are funded primarily by property taxation revenues. Taxation and payments-in-lieu of taxes are apportioned based on the segment's net surplus. The segmented information follows the same accounting policies as disclosed in note 1.

CORPORATION OF THE CITY OF STRATFORD

Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2020

19. Segmented information (continued):

For the year ended December 31	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Social Housing	Recreation and Cultural Services	Planning & Development	2020 Total
Revenue										
Taxation	\$ 4,053,781	\$ 10,675,293	\$ 7,442,061	\$ 6,693,189	\$ 4,135,452	\$ 11,622,096	\$ 8,269,692	\$ 5,529,899	\$ 3,539,921	\$ 61,961,384
Grants	4,067,674	472,992	2,974,782	345,165	3,612,344	18,966,030	3,493,016	170,381	1,464,450	35,566,834
Other Municipalities	97,460	1,566,193	-	-	-	895,710	-	40,630	-	2,599,993
Fees and user charges	812,353	251,113	744,163	15,059,981	75,931	3,341,741	2,559,981	485,034	192,420	23,522,717
Licences and permits	60,745	504,132	356,710	-	-	-	-	-	5,960	927,547
Rents, fines, penalties	493,844	255,574	181,498	-	364,720	-	11,120,629	1,164,208	-	13,580,473
Other	6,466,601	19,677	218,243	9,069	1,655,906	430,206	-	30,870	752,758	9,583,330
	<u>16,052,458</u>	<u>13,744,974</u>	<u>11,917,457</u>	<u>22,107,404</u>	<u>9,844,353</u>	<u>35,255,783</u>	<u>25,443,318</u>	<u>7,421,022</u>	<u>5,955,509</u>	<u>147,742,278</u>
Expenses										
Salaries & benefits	4,203,525	20,113,285	6,921,103	2,533,947	610,548	4,993,956	1,621,597	5,045,493	735,328	46,778,782
Material	367,431	747,820	2,247,387	1,610,890	87,201	123,100	2,532,373	1,129,896	48,598	8,894,696
Contracted Services	2,374,026	917,176	3,182,062	5,444,573	374,767	1,381,968	4,022,624	2,206,454	583,096	20,486,746
External Transfers	411,531	-	-	-	3,132,047	12,157,704	5,803,869	1,070,403	5,508,149	28,083,703
Amortization	652,966	642,047	3,198,148	2,376,372	78,013	6,448	679,596	1,532,087	3,117	9,168,794
Other	506,307	5,283	84,852	2,094,613	4,404,777	5,751,385	2,712,099	632,337	558,031	16,749,684
	<u>8,515,786</u>	<u>22,425,611</u>	<u>15,633,552</u>	<u>14,060,395</u>	<u>8,687,353</u>	<u>24,414,561</u>	<u>17,372,158</u>	<u>11,616,670</u>	<u>7,436,319</u>	<u>130,162,405</u>
Net Revenue (expenditures)	<u>\$ 7,536,672</u>	<u>-\$ 8,680,637</u>	<u>-\$ 3,716,095</u>	<u>\$ 8,047,009</u>	<u>\$ 1,157,000</u>	<u>\$ 10,841,222</u>	<u>\$ 8,071,160</u>	<u>-\$ 4,195,648</u>	<u>-\$ 1,480,810</u>	<u>\$ 17,579,873</u>

CORPORATION OF THE CITY OF STRATFORD

Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2020

19. Segmented information (continued):

For the year ended December 31	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Social Housing	Recreation and Cultural Services	Planning & Development	2019 Total
Revenue										
Taxation	\$ 4,122,583	\$ 10,620,198	\$ 7,363,992	\$ 6,144,645	\$ 3,638,930	\$ 12,221,631	\$ 7,248,453	\$ 5,977,252	\$ 2,520,365	\$ 59,858,048
Grants	102,517	567,884	1,589,870	4,400,447	3,433,724	19,134,629	3,208,045	120,475	215,178	32,772,769
Other Municipalities	126,041	1,539,885	-	-	-	1,150,344	-	39,447	-	2,855,717
Fees and user charges	1,851,864	214,322	334,239	15,131,434	64,162	3,395,194	2,575,331	774,453	-	24,340,999
Licences and permits	602,176	16,425	-	-	-	-	-	600	-	619,201
Rents, fines, penalties	946,748	-	667,569	-	475,866	-	7,341,102	2,151,904	-	11,583,189
Other	3,285,709	3,088	396,244	1,909,118	221,770	20,756	-	31,300	102,038	5,970,024
	<u>11,037,637</u>	<u>12,961,802</u>	<u>10,351,915</u>	<u>27,585,644</u>	<u>7,834,452</u>	<u>35,922,553</u>	<u>20,372,931</u>	<u>9,095,431</u>	<u>2,837,581</u>	<u>137,999,946</u>
Expenses										
Salaries & benefits	3,717,313	19,178,306	6,209,511	2,128,795	3,616,699	6,870,528	1,120,872	5,584,647	779,045	49,205,716
Material	492,840	779,370	4,044,312	2,273,177	342,051	816,997	3,032,147	1,555,652	267,804	13,604,350
Contracted Services	2,811,987	1,061,271	1,638,744	4,279,775	478,565	3,445,488	3,169,837	1,747,617	909,458	19,542,742
External Transfers	408,440	-	-	-	2,770,588	13,402,656	6,470,602	1,263,219	3,216,875	27,532,380
Amortization	566,313	588,553	3,081,658	2,293,461	133,811	201,380	386,460	1,478,683	4,380	8,734,699
Other	473,356	114,118	155,816	1,649,566	134,823	373,485	712,736	651,030	774	4,265,704
	<u>8,470,249</u>	<u>21,721,618</u>	<u>15,130,041</u>	<u>12,624,774</u>	<u>7,476,537</u>	<u>25,110,534</u>	<u>14,892,654</u>	<u>12,280,848</u>	<u>5,178,336</u>	<u>122,885,591</u>
Net Revenue (expenditures)	\$ 2,567,388	-\$ 8,759,816	-\$ 4,778,126	\$ 14,960,870	\$ 357,915	\$ 10,812,019	\$ 5,480,277	-\$ 3,185,417	-\$ 2,340,755	\$ 15,114,355

CORPORATION OF THE CITY OF STRATFORD
Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

20. Tangible capital assets:

	General Land	Land Improvements	Buildings and Building Equipment	Computer Equipment	Furniture and Fixtures	Vehicles	Linear Assets	Machinery and Equipment	Bridges - Walking	Other	Infrastructure Roads	Bridges	W/WW Facilities	Underground and Other Networks	Total	Work In Progress	Grand Total
Cost																	
Balance, Dec 31, 2019	17,074,363	10,092,801	80,974,298	2,688,729	5,805,372	9,874,327	5,998,517	17,027,312	57,542	109,738	124,039,828	9,829,092	90,725,810	91,384,442	465,682,170	12,684,364	478,366,534
Additions	291,085	168,671	2,488,576	271,717	230,461	696,107	-	1,177,301	-	30,301	3,215,870	75,019	2,785,236	1,098,392	12,528,736	1,202,697	13,731,433
Adjustments	(8,411)	(523)	(432,758)	-	(63,085)	-	-	(136,845)	-	-	82,858	-	-	-	(558,764)	-	(558,764)
Disposals	-	-	-	-	5,466	334,667	1,122,206	173,676	-	-	-	48,045	-	23,134	1,707,194	114,591	1,821,785
Balance, Dec 31, 2020	17,357,037	10,260,949	83,030,116	2,960,446	5,967,282	10,235,767	4,876,311	17,894,092	57,542	140,039	127,338,556	9,856,066	93,511,046	92,459,700	475,944,948	13,772,470	489,717,418
Accumulated Amortization																	
Balance, Dec 31, 2019	-	2,297,697	32,621,266	2,211,992	4,374,008	5,658,516	5,012,685	10,870,853	13,586	15,517	54,466,005	3,412,756	34,628,502	25,252,500	180,835,884	-	180,835,884
Amortization	-	258,906	2,138,688	191,863	317,037	870,763	154,605	1,246,834	-	2,201	1,936,622	123,087	1,942,706	158,726	9,342,038	-	9,342,038
Adjustments	-	(398)	(170,535)	-	(36,570)	-	-	(35,299)	-	-	(333)	-	-	-	(243,135)	-	(243,135)
Disposals	-	-	-	-	5,466	301,092	1,122,206	173,293	-	-	-	45,162	-	23,134	1,670,353	-	1,670,353
Balance, Dec 31, 2020	-	2,556,205	34,589,419	2,403,855	4,649,009	6,228,187	4,045,084	11,909,095	13,586	17,718	56,402,294	3,490,681	36,571,208	25,388,092	188,264,434	-	188,264,434
Net Book Value Dec 31, 2020	17,357,037	7,704,744	48,440,697	556,591	1,318,273	4,007,580	831,227	5,984,997	43,956	122,321	70,936,262	6,365,385	56,939,838	67,071,608	287,680,515	13,772,470	301,452,985
Cost																	
Balance, Dec 31, 2018	17,074,786	10,109,666	74,642,636	3,957,916	6,470,702	10,820,999	5,998,517	16,481,231	57,542	109,738	119,932,325	9,829,092	85,118,631	90,649,451	451,253,231	15,206,185	466,459,416
Additions	-	107,106	8,598,061	180,734	279,154	327,040	-	1,579,384	-	-	4,108,209	-	5,607,179	734,991	21,521,858	1,286,971	22,808,829
Adjustments	(423)	(723)	(144,063)	-	(3,315)	-	-	(32,162)	-	-	(706)	-	-	-	(181,392)	-	(181,392)
Disposals	-	123,248	2,122,336	1,449,921	941,169	1,273,712	-	1,001,141	-	-	-	-	-	-	6,911,527	3,808,792	10,720,319
Balance, Dec 31, 2019	17,074,363	10,092,801	80,974,298	2,688,729	5,805,372	9,874,327	5,998,517	17,027,312	57,542	109,738	124,039,828	9,829,092	90,725,810	91,384,442	465,682,170	12,684,364	478,366,534
Accumulated Amortization																	
Balance, Dec 31, 2018	-	2,100,939	31,981,384	3,460,833	4,937,841	5,943,998	4,934,997	10,874,526	11,668	14,074	52,435,996	3,292,016	33,492,954	24,379,993	177,861,220	-	177,861,220
Amortization	-	305,387	1,936,580	195,807	300,948	883,323	77,688	956,748	1,918	1,443	2,030,443	120,740	1,135,548	872,507	8,819,080	-	8,819,080
Adjustments	-	(532)	(73,882)	-	(1,951)	-	-	(24,388)	-	-	(434)	-	-	-	(101,187)	-	(101,187)
Disposals	-	108,097	1,222,816	1,444,648	862,830	1,168,805	-	936,033	-	-	-	-	-	-	5,743,229	-	5,743,229
Balance, Dec 31, 2019	-	2,297,697	32,621,266	2,211,992	4,374,008	5,658,516	5,012,685	10,870,853	13,586	15,517	54,466,005	3,412,756	34,628,502	25,252,500	180,835,884	-	180,835,884
Net Book Value Dec 31, 2019	17,074,363	7,795,104	48,353,032	476,737	1,431,364	4,215,811	985,832	6,156,459	43,956	94,221	69,573,823	6,416,336	56,097,308	66,131,942	284,846,287	12,684,364	297,530,651

CORPORATION OF THE CITY OF STRATFORD
Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2020

21. Budget:

The Financial Plan (budget) By-Law was adopted by Council on January 25, 2020. As common with municipalities, the budget was prepared on a modified accrual basis. Canadian Public Sector Accounting Standards (PSAS) now require a full accrual basis, and the financial statements actual results have been adjusted for full PSAS presentation. The budget figures anticipated use of surpluses accumulated in previous years to reduce current year expenditures in excess of current year revenues to \$NIL. In addition, the budget expensed all tangible capital expenditures rather than including amortization expense. As a result, the budget figures presented in the statements of operations represent the Financial Plan adopted by Council January 25, 2020 including proportionate consolidated budgets of local boards with adjustments as follows:

	2020
Financial Plan (budget) Bylaw deficit for the year	\$ -
Add:	
Budgeted principal repayment of debt	6,816,880
Budgeted transfer to accumulated surplus (reserve funds)	14,057,540
Capital Expenditures	31,897,615
Less:	
Budgeted transfers from accumulated surplus (reserve funds)	(23,748,434)
Unfinanced Capital	(688,970)
Amortization	(9,342,038)
Budget surplus (deficit) per statement of operations	\$ 18,992,593

22. Financial information for SEED Co.:

	2020	2019
Revenue		
Ontario grants	\$ 313,810	\$ 207,216
Federal grants	1,150,640	-
Other revenue	42,572	50,338
Special project revenue	-	25,000
Total revenue	1,507,022	282,554
Expenses		
Wages	552,203	407,058
Materials	19,018	42,386
Services	125,789	190,140
Special project	12,351	80,797
Other	1,347,253	188,901
Total expenses	2,056,614	909,282
Deficiency of revenue over expenses	\$ 549,592	\$ 626,728

Deficiency was funded as follows:

Contribution from the Corporation	573,201	609,210
Contribution (to) from reserve	(23,609)	17,518
	\$ 549,592	\$ 626,728

23. COVID-19 Pandemic:

During and subsequent to year end, the outbreak of a novel strain of coronavirus has resulted in the declaration of a pandemic by the World Health Organization. Measures in place to combat the health threat of the virus have caused material disruption to businesses globally resulting in an economic slowdown. The duration and impact of the outbreak is unknown at this time, as are the efficacy of the government and central bank interventions. Recreation centres and other City facilities have been closed to the public and are now subject to limited reopenings. At the time of financial statement preparation, it is not possible to reliably estimate the length and severity of the measures nor their impact on the future financial results of the City.

For the City of Stratford, COVID-19 is not expected to have a significant financial impact. Operational service delivery continues to be impacted by legislated closures but management has determined that there is no material financial uncertainty that casts doubt on the entity's ability to continue as a going concern. It expects that COVID-19 might have some continued impacts, though not significant as such, for example, overall reduces revenues that have thus far been mitigated with provincial and federal funding assistance, reduced expenditures, and the effects on some future asset valuations.