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# Consolidated financial statements of The Corporation of the City of Burlington

December 31, 2023

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## Independent Auditor's Report

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

### Opinion

We have audited the consolidated financial statements of the Corporation of the City of Burlington (the "City"), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the City as at December 31, 2023, the results of its operations, changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards ("PSAS").

### Basis for Opinion

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

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

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

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

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

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

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

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

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

*Deloitte LLP*

Chartered Professional Accountants  
Licensed Public Accountants  
July 23, 2024

## The Corporation of the City of Burlington

### Consolidated statement of operations

Year ended December 31, 2023

(All amounts are in thousands of dollars)

	Notes	2023 Budget \$	2023 Actual \$	2022 Actual \$
		<b>(Note 17)</b>		(Restated- Note 2)
<b>Revenue</b>				
Taxation		224,114	225,129	194,827
User fees and charges		30,180	38,666	40,763
Grants				
Government of Canada		6,087	7,541	9,156
Province of Ontario		2,887	5,401	6,988
Contributions from developers		905	4,324	7,456
Investment income		5,484	10,716	8,361
(Loss) gain on sale of tangible capital assets		314	(211)	21,550
Penalties and interest on taxes		2,175	2,969	2,365
Donations		150	437	1,030
Fines and penalties		12,155	10,654	9,207
Rents and concessions		4,106	6,764	6,010
Licenses and permits		9,733	10,603	10,234
Other		710	1,212	1,578
Hydro dividends and interest		4,045	4,550	3,765
Contributed tangible capital assets		—	1,818	—
Burlington Enterprises Corporation, net increase in equity	13	—	1,049	4,415
		<b>303,045</b>	<b>331,622</b>	327,705
<b>Expenses</b>	14			
General government		45,400	53,441	43,936
Protection to persons and property		46,781	56,668	51,078
Transportation services		88,735	94,704	90,634
Environmental services		8,088	8,145	6,031
Health services		453	494	455
Recreation and cultural services		73,396	80,083	74,229
Planning and development		10,838	10,633	8,904
		<b>273,691</b>	<b>304,168</b>	275,267
Annual surplus		29,354	27,454	52,438
Accumulated surplus, beginning of year		1,181,191	1,181,191	1,128,753
<b>Accumulated surplus, end of year</b>	12	<b>1,210,545</b>	<b>1,208,645</b>	1,181,191

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

**The Corporation of the City of Burlington**  
**Consolidated statement of change in net financial assets**

Year ended December 31, 2023

(All amounts are in thousands of dollars)

	<b>2023</b>	<b>2023</b>	2022
	<b>Budget</b>	<b>Actual</b>	Actual
	\$	\$	\$
	<b>(Note 17)</b>		(Restated- Note 2)
<b>Annual surplus</b>	<b>29,354</b>	<b>27,454</b>	52,438
Purchase of tangible capital assets	<b>(72,061)</b>	<b>(76,446)</b>	(91,132)
Contributed tangible capital assets	—	<b>(1,818)</b>	—
Amortization	<b>41,721</b>	<b>40,725</b>	38,814
Loss (gain) on disposal of tangible capital assets	—	<b>211</b>	(21,550)
Proceeds on sale of tangible capital assets	—	<b>253</b>	21,955
Change in supplies of inventory	—	<b>(682)</b>	(253)
Change in prepaid expenses	—	<b>(830)</b>	87
(Decrease) increase in net financial assets	<b>(986)</b>	<b>(11,133)</b>	359
Net financial assets, beginning of year	<b>239,017</b>	<b>239,017</b>	238,658
<b>Net financial assets, end of year</b>	<b>238,031</b>	<b>227,884</b>	239,017

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

**The Corporation of the City of Burlington**  
**Consolidated statement of financial position**

Year ended December 31, 2023

(All amounts are in thousands of dollars)

	Notes	2023 \$	2022 \$ (Restated- Note 2)
<b>Financial assets</b>			
Cash and cash equivalents		43,079	11,118
Taxes receivable	3	16,810	12,262
Accounts receivable		22,881	31,287
Investments	5	321,214	273,088
Investment in Burlington Enterprises Corporation	13	145,464	144,415
		<b>549,448</b>	472,170
<b>Liabilities</b>			
Accounts payable and accrued liabilities		43,605	37,372
Asset retirement obligation	6	942	913
Other liabilities		380	279
Deferred revenue - general		8,702	7,514
Deferred revenue - obligatory reserve funds	7	113,136	78,008
Employee future benefits	8	40,396	35,238
Long-term debt	10	114,403	73,829
		<b>321,564</b>	233,153
Net financial assets		<b>227,884</b>	239,017
<b>Non-financial assets</b>			
Tangible capital assets	11	974,776	937,701
Inventory		3,492	2,810
Prepaid expenses		2,493	1,663
		<b>980,761</b>	942,174
Commitments and contingencies	16		
<b>Accumulated surplus</b>	12	<b>1,208,645</b>	1,181,191

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

Approved by the Board

\_\_\_\_\_, Director

\_\_\_\_\_, Director

## The Corporation of the City of Burlington

### Consolidated statement of cash flows

Year ended December 31, 2023

(All amounts are in thousands of dollars)

	Notes	2023 \$	2022 \$ (Restated- Note 2)
<b>Operating activities</b>			
Annual surplus		27,454	52,438
Non-cash charges to operations			
Amortization		40,725	38,814
Loss (gain) on disposal of tangible capital assets		211	(21,550)
Contributed tangible capital assets		(1,818)	—
Burlington Enterprises Corporation, net income		(4,357)	(6,815)
Net change in non-cash working capital balances	19	50,183	(11,937)
		<b>112,398</b>	<b>50,950</b>
<b>Capital activities</b>			
Purchase of tangible capital assets		(76,446)	(91,132)
Proceeds on sale of tangible capital assets		253	21,955
		<b>(76,193)</b>	<b>(69,177)</b>
<b>Investing activity</b>			
Increase in investments		(48,126)	(26,690)
<b>Financing activities</b>			
New debt issued		54,740	13,093
Debt principal repayments		(14,166)	(14,090)
Dividends received		3,308	2,400
		<b>43,882</b>	<b>1,403</b>
Change in cash and cash equivalents		<b>31,961</b>	<b>(43,514)</b>
Cash and cash equivalents, beginning of year		<b>11,118</b>	<b>54,632</b>
<b>Cash and cash equivalents, end of year</b>		<b>43,079</b>	<b>11,118</b>
<b>Cash and cash equivalents consist of</b>			
Cash		<b>16,579</b>	<b>4,618</b>
Cash equivalents		<b>26,500</b>	<b>6,500</b>
		<b>43,079</b>	<b>11,118</b>

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



# The Corporation of the City of Burlington

## Notes to the consolidated financial statements

December 31, 2023

(All amounts are in thousands of dollars)

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### 1. Accounting policies

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

#### (a) Basis of consolidation

##### (i) Consolidated entities

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

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

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

##### (ii) Non-consolidated entities

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

- Burlington Art Gallery
- Tourism Burlington
- LaSalle Park Marina Association

##### (iii) Modified equity accounting

Burlington Enterprises Corporation ("BEC") (formerly Burlington Hydro Electric Inc.) is accounted for on a modified equity basis, consistent with the generally accepted accounting treatment for government business enterprises. Under the modified equity basis, the business enterprise's accounting principles are not adjusted to conform to those of the City, and inter-organizational transactions and balances are not eliminated.

##### (iv) Accounting for the Region and School Board Transactions

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

##### (v) Trust funds

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

**The Corporation of the City of Burlington**  
**Notes to the consolidated financial statements**

December 31, 2023

(All amounts are in thousands of dollars)

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**1. Accounting policies (continued)**

*(b) Basis of accounting*

*(i) Accrual accounting*

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

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

*(ii) Non-financial assets*

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year, and are not intended for sale in the ordinary course of operations.

*1. Tangible capital assets*

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

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

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

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

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

**The Corporation of the City of Burlington**  
**Notes to the consolidated financial statements**

December 31, 2023

(All amounts are in thousands of dollars)

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**1. Accounting policies (continued)**

*(b) Basis of accounting (continued)*

*(ii) Non-financial assets (continued)*

1. *Tangible capital assets (continued)*

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

2. *Contribution of tangible capital assets*

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

3. *Leases*

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

4. *Inventories*

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

*(iii) Government transfers*

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

*(iv) Deferred revenue - Obligatory reserve funds*

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

*(v) Employee future benefits*

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

**The Corporation of the City of Burlington**  
**Notes to the consolidated financial statements**

December 31, 2023

(All amounts are in thousands of dollars)

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**1. Accounting policies (continued)**

*(b) Basis of accounting (continued)*

*(vi) Tax revenue*

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

*(vii) Investment income*

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

*(viii) Cash and cash equivalents*

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

*(ix) Liability for contaminated Sites*

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

*(x) Use of estimates*

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

**The Corporation of the City of Burlington**  
**Notes to the consolidated financial statements**

December 31, 2023

(All amounts are in thousands of dollars)

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**2. Change in accounting policy**

The City adopted the following standards concurrently beginning January 1, 2023 prospectively: PS 1201 Financial Statement Presentation, PS 2601 Foreign Currency Translation, PS 3041 Portfolio Investments and PS 3450 Financial Instruments.

*PS 1201 – Financial Statement Presentation*

PS1201 Financial Statement Presentation replaces PS 1200 Financial Statement Presentation. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the Statement of Remeasurement Gains and Losses separate from the Statement of Operations. Requirements in PS 2601 Foreign Currency Translation, PS 3450 Financial Instruments, and PS 3041 Portfolio Investments, which are required to be adopted at the same time, can give rise to the presentation of gains and losses as remeasurement gains and losses.

*PS 2601 – Foreign Currency Translation*

PS 2601 Foreign Currency Translation replaces PS 2600 Foreign Currency Translation. The standard requires monetary assets and liabilities denominated in a foreign currency and non-monetary items denominated in a foreign currency that are reported as fair value, to be adjusted to reflect the exchange rates in effect at the financial statement date. Unrealized gains and losses arising from foreign currency changes are presented in the new Statement of Remeasurement Gains and Losses.

*PS 3041 - Portfolio Investments*

PS 3041 Portfolio Investments replaces PS 3040 Portfolio Investments. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 Financial Instruments. The distinction between temporary and portfolio investments has been removed in the new standard, and upon adoption, PS 3030 Temporary Investments no longer applies.

*PS 3450 – Financial Instruments*

PS 3450 Financial Instruments establishes accounting and reporting requirements for all types of financial instruments including derivatives. The standard requires fair value measurement of derivatives and portfolio investments in equity instruments that are quoted in an active market. All other financial instruments will generally be measured at cost or amortized cost. Unrealized gains and losses arising from changes in fair value are presented in the Statement of Remeasurement Gains and Losses.

*Establishing fair value*

The fair value of guarantees and letters of credit are based on fees currently charged for similar agreements or on the estimated cost to terminate them or otherwise settle the obligations with the counterparties at the reported borrowing date. In situations in which there is no market for these guarantees, and they were issued without explicit costs, it is not practicable to determine their fair value with sufficient reliability (if applicable).

**The Corporation of the City of Burlington**  
**Notes to the consolidated financial statements**

December 31, 2023

(All amounts are in thousands of dollars)

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**2. Change in accounting policy (continued)**

*Fair value hierarchy*

The following provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

Level 1 – fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist.

A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

This standard was adopted on January 1, 2023 on a prospective basis, and had no impact on the financial statements of the City.

*PS 3280 – Asset Retirement Obligations*

PS 3280 Asset Retirement Obligations (ARO) establishes the accounting and reporting requirements for legal obligations associated with the retirement of tangible capital assets controlled by a government or government organization. A liability for a retirement obligation can apply to tangible capital assets either in productive use or no longer in productive use.

The new standard requires the recognition of a liability for legal obligations that exist as a result of the acquisition, construction or development of a tangible capital asset, or that result from the normal use of the asset when the asset is recorded, and replaces Section PS 3270, Solid Waste Landfill Closure and Post-Closure Liability (PS 3270). Such obligation justifies recognition of a liability and can result from existing legislation, regulation, agreement, contract, or that is based on a promise and an expectation of performance. The estimate of the liability includes costs directly attributable to asset retirement activities. When recording an asset retirement obligation, the estimated retirement costs are capitalized to the carrying value of the associated assets and amortized over the asset's estimated useful life. The amortization of the asset retirement costs follows the same method of amortization as the associated tangible capital asset.

Effective January 1, 2023, the City adopted PS 3280, Asset Retirement Obligations using the modified retroactive application method. Under this method, the City recognized:

- A liability for any existing asset retirement obligations, adjusted for accumulated accretion;
- An asset retirement cost capitalized as an increase to the carrying amount of the related tangible capital assets;
- Accumulated amortization on that capitalized cost; and
- An adjustment to the opening balance of the accumulated surplus/deficit

**The Corporation of the City of Burlington**  
**Notes to the consolidated financial statements**

December 31, 2023

(All amounts are in thousands of dollars)

**2. Change in accounting policy (continued)**

*PS 3280 – Asset Retirement Obligations (continued)*

The change follows the effective implementation date for Asset Retirement Obligations in accordance with PS 3280 for fiscal years beginning on or after April 1, 2022. Comparative figures as at and for the year ended December 31, 2022 have been restated. The impact of the restatement to comparative figures is as follows:

*Statement of financial position*

	2022 As previously reported	ARO adjustments	2022 Restated
	\$	\$	\$
Tangible capital assets	937,247	454	937,701
Asset retirement obligation	—	913	913
Accumulated surplus	1,181,650	(459)	1,181,191

*Statement of operations*

	2022 As previously reported	ARO adjustments	2022 Restated
	\$	\$	\$
Accretion expense	—	29	29
Amortization expense	38,809	5	38,814
Annual surplus	52,472	(34)	52,438

**3. Taxes receivable**

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

	<b>2023</b>	2022
	\$	\$
City of Burlington	<b>7,649</b>	5,289
Region of Halton	<b>5,174</b>	3,917
Halton school boards	<b>3,987</b>	3,056
	<b>16,810</b>	12,262

**4. Trust funds**

Trust funds administered by the City amounting to \$14,968 (\$15,728 in 2022) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations.

**The Corporation of the City of Burlington**  
**Notes to the consolidated financial statements**

December 31, 2023

(All amounts are in thousands of dollars)

**5. Investments**

Investments of \$321,214 (\$273,088 in 2022) reported on the Consolidated Statement of Financial Position at cost, had a market value of \$286,055 (\$226,772 in 2022) at the end of the year. Investments consist mainly of federal, provincial, and municipal bonds and money market securities that mature in the range of 1-32 years. Interest rates on these investments range from 1%-6.4%. These investments are carried at amortized cost and not fair value given their fixed maturity value and interest rates.

**6. Asset retirement obligations**

*Asbestos*

The City has a number of buildings containing asbestos requiring remediation upon decommissioning. Canada enacted significant health and safety regulations through the *Canada Occupational Health and Safety Regulations* ("COHSR") in 1986. The COHSR prescribed specific requirements on the presence and management of asbestos dust to which people may be exposed, including limits on airborne asbestos particles. Asbestos use has been less common since 1986 but was not completely banned in Canada until 2018, so a liability related to more recent constructions may also apply. This is particularly relevant to the municipality's older buildings where the liability is more imminent, as those buildings reach the end of their operating life.

*Fuel tanks*

In accordance with the Technical Standards and Safety Act and other applicable regulations, the Technical Standards & Safety Authority ("TSSA") regulates the transportation, storage, handling and use of fuels in Ontario. Regulations require underground fuel tanks to be registered with the TSSA, and establishes requirements for regular inspections, and for the abandonment and decommissioning of underground storage tanks. When an underground fuel tank is no longer in use, the removal must be performed by a qualified TSSA-registered contractor. The TSSA's regulations for underground fuel tanks clearly specify the requirements to decommission the tanks at the end of their useful lives, which would indicate that future economic benefits will be given up by the City, therefore resulting in an asset retirement obligation (ARO).

The estimated liability is the present value of the estimated future cash flows required to settle the asset retirement obligations is estimated at \$942.

A reconciliation of the beginning and ending aggregate carrying amount of the liability is as follows:

	<b>2023</b>	2022
	<b>\$</b>	\$
Balance, beginning of year	<b>913</b>	884
Changes during the year		
Accretion expense	<b>29</b>	29
Balance, end of year	<b>942</b>	913



**The Corporation of the City of Burlington**  
**Notes to the consolidated financial statements**

December 31, 2023

(All amounts are in thousands of dollars)

**7. Deferred revenue - obligatory reserve funds**

A requirement of PSAS is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as provincial legislation restricts how these funds may be used and under certain circumstances these funds may be refunded.

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

	<b>Development charges</b>	<b>Parkland</b>	<b>Gas tax</b>	<b>2023 Total</b>	2022 Total
	\$	\$	\$	\$	\$
Balance, beginning of year	47,128	11,179	19,701	78,008	84,451
Restricted funds received	35,816	2,022	8,483	46,321	12,744
Interest earned	2,375	218	162	2,755	894
Transfers between reserve funds	—	(200)	—	(200)	(200)
Revenue recognized	(1,862)	(2,262)	(9,624)	(13,748)	(19,881)
Balance, end of year	<b>83,457</b>	<b>10,957</b>	<b>18,722</b>	<b>113,136</b>	78,008

**8. Employee future benefits**

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

	<b>2023</b>	2022
	\$	\$
Banked overtime	406	470
WSIB	15,094	12,755
Vacation pay liability	6,722	4,673
Retiree benefits	17,550	16,716
Life, medical and dental benefits	624	624
	<b>40,396</b>	35,238

(a) *Liability for banked overtime*

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

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

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

An actuarial valuation as at December 31, 2021, provided the basis for the liability of \$15,094 (\$12,755 in 2022). This increase in liability is the result of settlements of firefighter survivor benefit claims awarded and pending. The liability is net of an actuarial loss of \$2,179 (\$2,553 in 2022). Amortization of \$374 (\$374 in 2022) is included. A reserve fund in the amount of \$8,893 (\$8,286 in 2022) has been provided for this liability and is reported in Note 10.

**The Corporation of the City of Burlington**  
**Notes to the consolidated financial statements**

December 31, 2023

(All amounts are in thousands of dollars)

**8. Employee future benefits (continued)**

*(c) Retiree benefits*

A liability of \$17,550 (\$16,716 in 2022) has been reported on the Consolidated Statement of Financial Position for the liability accruing to existing employees for dental, health care and life benefits and for retired employees for dental, health and life benefits coverage up to the age of 65. The amounts reported are based on an actuarial valuation that was conducted as at December 31, 2021, using a discount rate of 3.25% and assuming an inflation rate of 1.75%. The liability is net of an unamortized actuarial loss of \$2,718 (\$3,127 in 2022) due to the actual experience as compared with the previous actuarial update but includes amortization of \$613 (\$536 in 2022). A reserve fund in the amount of \$2,718 (\$4,367 in 2022) has been provided for this liability and is reported in Note 10.

The City maintains life, medical and dental insurance for disabled employees. The liability is estimated at \$624 (\$624 in 2022).

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

	<b>2023</b>	2022
	<b>\$</b>	\$
Accrued benefit obligation		
Balance, beginning of year	<b>(19,843)</b>	(19,620)
Current benefit expense	<b>(912)</b>	(866)
Interest	<b>(641)</b>	(631)
Benefits paid	<b>1,128</b>	1,274
Accrued benefit obligation, end of the year	<b>(20,268)</b>	(19,843)
Unamortized actuarial loss	<b>2,718</b>	3,127
Liability for benefits	<b>(17,550)</b>	(16,716)
Amortization of actuarial loss	<b>(409)</b>	(613)

**9. Pension agreements**

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

Contributions to OMERS are made at rates ranging from 9% to 15.8%. Contribution rates are dependent on proposed retirement age and the level of earnings. The amount contributed to OMERS for 2023 was \$11,728 (\$10,377 in 2022) for current service and is included as an expense on the Consolidated Statement of Operations.

The OMERS pension plan has a funding deficit of \$4,200,000 at December 31, 2023 based on the actuarial funding valuation as at that date. If actuarial surpluses are not available to offset the existing deficit and subsidize future contributions, additional increases in the contributions may be required.

**The Corporation of the City of Burlington**  
**Notes to the consolidated financial statements**

December 31, 2023

(All amounts are in thousands of dollars)

**10. Long-term debt**

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

	\$
2024	16,437
2025	13,687
2026	12,578
2027	9,350
2028	8,723
2029 and thereafter	53,628
	<u>114,403</u>

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

	2023 \$	2022 \$
Principal payments	<b>14,164</b>	14,090
Interest	<b>2,507</b>	2,002
	<b><u>16,671</u></b>	<u>16,092</u>

These charges were financed from the following sources:

	2023 \$	2022 \$
General municipal revenues	<b>14,160</b>	16,088
Benefiting landowners	<b>4</b>	4
	<b><u>14,164</u></b>	<u>16,092</u>

**The Corporation of the City of Burlington**  
**Notes to the consolidated financial statements**

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(All amounts are in thousands of dollars)

**10. Long-term debt (continued)**

By-law	Purpose	Interest rates %	Maturity dates	2023 \$
12-09	Performing arts centre	4.620	2024	<b>858</b>
17-09	Performing arts centre	4.620	2024	<b>45</b>
18-09	Performing arts centre	4.620	2024	<b>218</b>
41-09	Appleby ice expansion	4.620	2024	<b>646</b>
38-14	Various	1.200-3.450	2024	<b>1,350</b>
38-15	Various	0.850-2.300	2025	<b>2,910</b>
26-16	Various	1.200-2.650	2026	<b>10,274</b>
15-17	Various	1.150-2.850	2027	<b>3,433</b>
12-18	Various	1.850-3.200	2033	<b>12,874</b>
59-19	Various	1.900-2.500	2029	<b>4,828</b>
06-20	Various	0.650-1.800	2030	<b>4,871</b>
20-21	Various	0.300-2.250	2031	<b>5,402</b>
30-22	Various	2.600-3.700	2032	<b>11,954</b>
42-23	Various	3.500-4.650	2038	<b>34,740</b>
57-23	Various	4.800-5.450	2038	<b>20,000</b>
				<b>114,403</b>

**The Corporation of the City of Burlington**  
**Notes to the consolidated financial statements**

December 31, 2023

(All amounts are in thousands of dollars)

**11. Tangible capital assets**

	<b>Land</b>	<b>Buildings</b>	<b>Vehicles</b>	<b>Machinery and equipment</b>	<b>Land improvements</b>	<b>Linear Assets</b>	<b>Work-in- progress</b>	<b>2023 Total</b>
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Cost</b>								
Balance, beginning of year	<b>209,125</b>	<b>302,963</b>	<b>86,174</b>	<b>47,201</b>	<b>118,495</b>	<b>711,692</b>	<b>38,068</b>	<b>1,513,718</b>
Additions	<b>918</b>	<b>18,187</b>	<b>11,217</b>	<b>5,290</b>	<b>5,481</b>	<b>28,283</b>	<b>34,309</b>	<b>103,685</b>
Disposals	<b>—</b>	<b>(4,575)</b>	<b>(9,196)</b>	<b>(4,728)</b>	<b>(2,774)</b>	<b>(7,126)</b>	<b>(25,421)</b>	<b>(53,820)</b>
Balance, end of year	<b>210,043</b>	<b>316,575</b>	<b>88,195</b>	<b>47,763</b>	<b>121,202</b>	<b>732,849</b>	<b>46,956</b>	<b>1,563,583</b>
<b>Accumulated amortization</b>								
Balance, beginning of year	<b>—</b>	<b>156,343</b>	<b>53,547</b>	<b>34,573</b>	<b>46,998</b>	<b>284,556</b>	<b>—</b>	<b>576,017</b>
Disposals	<b>—</b>	<b>(4,575)</b>	<b>(8,879)</b>	<b>(4,722)</b>	<b>(2,774)</b>	<b>(6,985)</b>	<b>—</b>	<b>(27,935)</b>
Amortization expense	<b>—</b>	<b>9,525</b>	<b>6,552</b>	<b>4,266</b>	<b>4,219</b>	<b>16,164</b>	<b>—</b>	<b>40,726</b>
Balance, end of year	<b>—</b>	<b>161,293</b>	<b>51,220</b>	<b>34,117</b>	<b>48,443</b>	<b>293,735</b>	<b>—</b>	<b>588,807</b>
Net book value, end of year	<b>210,043</b>	<b>155,282</b>	<b>36,975</b>	<b>13,646</b>	<b>72,759</b>	<b>439,114</b>	<b>46,956</b>	<b>974,776</b>

**The Corporation of the City of Burlington**  
**Notes to the consolidated financial statements**

December 31, 2023

(All amounts are in thousands of dollars)

**11. Tangible capital assets (continued)**

	Land	Buildings	Vehicles	Machinery and equipment	Land improvements	Linear Assets	Work-in- progress	2022 Total
	\$	\$	\$	\$	\$	\$	\$	\$
								(Restated- Note 2)
<b>Cost</b>								
Balance, beginning of year	171,418	294,451	81,607	47,682	111,705	705,851	23,614	1,436,328
Additions	37,358	9,354	6,022	2,763	9,620	11,561	35,996	112,674
Disposals	(11)	(1,061)	(1,455)	(3,244)	(2,830)	(5,720)	(21,542)	(35,863)
ARO additions	360	219	—	—	—	—	—	579
Balance, end of year	209,125	302,963	86,174	47,201	118,495	711,692	38,068	1,513,718
<b>Accumulated amortization</b>								
Balance, beginning of year	—	148,210	49,183	33,390	45,767	274,448	—	550,998
Disposals	—	(1,061)	(1,309)	(3,244)	(2,830)	(5,473)	—	(13,917)
Amortization expense	—	9,072	5,673	4,427	4,061	15,581	—	38,814
ARO amortization	—	122	—	—	—	—	—	122
Balance, end of year	—	156,343	53,547	34,573	46,998	284,556	—	576,017
Net book value, end of year	209,125	146,620	32,627	12,628	71,497	427,136	38,068	937,701

**The Corporation of the City of Burlington**  
**Notes to the consolidated financial statements**

December 31, 2023

(All amounts are in thousands of dollars)

**12. Accumulated surplus**

	<b>2023</b>	2022
	\$	\$
		(Restated- Note 2)
Accumulated surplus		
Tangible capital assets	<b>974,776</b>	937,701
Operating fund	<b>243,362</b>	217,629
Reserve fund	<b>145,306</b>	134,927
Unfunded	<b>(154,799)</b>	(109,066)
	<b>1,208,645</b>	1,181,191
Reserve and reserve funds set aside by Council		
Capital purposes	<b>50,883</b>	48,013
Vehicle and equipment replacement	<b>3,249</b>	4,123
Stabilization reserve funds	<b>20,756</b>	18,252
Contingency reserve	<b>13,787</b>	15,532
Employee accident reserve fund	<b>8,893</b>	8,286
Employee benefits reserve fund	<b>4,564</b>	4,367
Corporate reserve	<b>5,393</b>	5,251
Program specific reserve funds	<b>26,583</b>	20,246
Local boards reserve funds	<b>11,132</b>	10,761
Program specific reserve	<b>66</b>	96
	<b>145,306</b>	134,927

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

**13. Investment in Burlington Enterprises Corporation (formerly "Burlington Hydro Electric Inc.")**

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

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

**The Corporation of the City of Burlington**  
**Notes to the consolidated financial statements**

December 31, 2023

(All amounts are in thousands of dollars)

**13. Investment in Burlington Enterprises Corporation (formerly "Burlington Hydro Electric Inc.") (continued)**

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

	\$
Continuity of investment	
Balance at January 1, 2023	144,415
Net income for year	4,357
Dividends received during the year	(3,308)
Net increase in equity during the year	1,049
Ending balance, December 31, 2023	<b>145,464</b>

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

The following table provides condensed, consolidated supplementary financial information for BEC for the years ended December 31, 2023 and 2022:

	2023	2022
	\$	\$
Financial position		
Current assets	<b>62,562</b>	52,578
Capital assets	<b>197,441</b>	173,195
Other assets	<b>12,682</b>	13,042
Regulatory balances	<b>26,753</b>	28,625
	<b>299,438</b>	267,440
Current liabilities	<b>51,997</b>	36,234
Promissory note payable to City of Burlington	<b>47,879</b>	47,879
Customer's deposits	<b>2,648</b>	2,731
Ontario Infrastructure Loan	<b>16,915</b>	18,957
Finance lease liabilities	<b>77</b>	175
Deferred revenue	<b>60,584</b>	41,452
Deferred tax liability	<b>7,913</b>	6,292
Liability for future benefits	<b>3,591</b>	3,415
Regulatory balances	<b>10,249</b>	13,769
	<b>201,853</b>	170,904
Net assets	<b>97,585</b>	96,536
Results of operations		
Net revenues	<b>39,543</b>	38,600
Operating expenses	<b>(35,186)</b>	(31,785)
	<b>4,357</b>	6,815



**The Corporation of the City of Burlington**  
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(All amounts are in thousands of dollars)

**13. Investment in Burlington Enterprises Corporation (formerly "Burlington Hydro Electric Inc.") (continued)**

	<b>2023</b>	2022
	<b>\$</b>	\$
The investment in BEC is represented by the following		
Total net assets	<b>97,585</b>	96,536
Promissory note receivable	<b>47,879</b>	47,879
	<b>145,464</b>	144,415

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

Gross revenue earned by BEC from the City of Burlington \$3,561 (\$3,253 in 2022). Of this amount, \$471 (\$434 in 2022) was net distribution revenue.

Payments in Lieu of Taxes paid to the City of Burlington by BEC were \$151 (\$151 in 2022).

In 2021, the City entered into a property lease agreement with BEC for a term of 25 years. During the year the City paid \$144 (\$130 in 2022) from this agreement and \$8 (\$4 in 2022) from other lease related transactions.

In 2023, the City entered into an additional lease agreement with BEC for a term of 4 years. During the year the City paid \$114 (nil in 2022) from this agreement.

**14. Segmented information**

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

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

*General Government*

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

*Protection of Persons & Property*

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

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

**The Corporation of the City of Burlington**  
**Notes to the consolidated financial statements**

December 31, 2023

(All amounts are in thousands of dollars)

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**14. Segmented information (continued)**

*Roads, Parks and Forestry department*

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

*Transit and traffic department*

The Transit and Traffic Department is comprised of 3 sections:

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

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

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

*Recreation and culture*

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

*Planning and Development*

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

*Other*

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

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

**The Corporation of the City of Burlington**  
**Notes to the consolidated financial statements**

December 31, 2023

(All amounts are in thousands of dollars)

**14. Segmented information (continued)**

	General government	Protection to persons & property	Roads, parks and forestry	Transit and traffic	Recreation and culture	Planning and development	Reserves and other	2023
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue								
Taxation	41,885	31,659	26,226	16,594	37,187	7,150	64,428	225,129
User fees and charges	2,653	2,106	8,728	6,682	16,108	2,389	—	38,666
Government transfers	1,807	—	5,415	4,574	1,059	87	—	12,942
Investment income	—	48	755	—	377	207	9,329	10,716
Contributions from developers	—	—	—	—	—	—	4,324	4,324
Fines and penalties	2,969	8,949	—	1,705	—	—	—	13,623
Rents and concessions	278	52	181	296	5,897	60	—	6,764
Licenses and permits	141	7,739	525	1,126	294	779	—	10,604
Other revenues	417	184	71	—	768	—	4,550	5,990
Burlington Enterprises Corporation, net increase in equity	—	—	—	—	—	—	1,049	1,049
Contributed tangible capital assets	—	—	1,818	—	—	—	—	1,818
	<b>50,150</b>	<b>50,737</b>	<b>43,719</b>	<b>30,977</b>	<b>61,690</b>	<b>10,672</b>	<b>83,680</b>	<b>331,625</b>
Expenses								
Salaries and wages	37,130	47,509	24,128	19,570	30,034	7,868	—	166,239
Interest on long-term debt	957	31	639	4	1,098	—	—	2,729
Materials	347	186	899	515	(5,392)	105	—	(3,340)
Contracted services	11,657	3,191	25,716	7,168	26,523	1,821	—	76,073
Rents and financial expenses	1,407	1,557	319	243	2,102	376	—	6,004
External transfers	125	2,132	200	—	12,818	439	—	15,714
Amortization	1,818	2,062	19,804	4,138	12,900	24	—	40,746
	<b>53,441</b>	<b>56,668</b>	<b>71,705</b>	<b>31,638</b>	<b>80,083</b>	<b>10,633</b>	<b>—</b>	<b>304,168</b>
Annual (deficit) surplus	<b>(3,291)</b>	<b>(5,931)</b>	<b>(27,986)</b>	<b>(661)</b>	<b>(18,393)</b>	<b>39</b>	<b>83,680</b>	<b>27,454</b>

**The Corporation of the City of Burlington**  
**Notes to the consolidated financial statements**

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(All amounts are in thousands of dollars)

**14. Segmented information (continued)**

	General government \$	Protection to persons & property \$	Roads, parks and forestry \$	Transit and traffic \$	Recreation and culture \$	Planning and development \$	Reserves and other \$	2022 \$
<b>Revenue</b>								
Taxation	37,372	29,073	23,466	13,497	34,274	4,532	52,712	194,827
User fees and charges	1,616	2,149	16,038	4,839	11,829	4,293	—	40,763
Government transfers	920	—	8,891	5,511	749	74	—	16,144
Investment income	—	56	696	—	320	175	7,114	8,361
Contributions from developers	—	—	—	—	—	—	7,456	7,456
Fines and penalties	2,365	8,021	—	1,185	—	—	—	11,572
Rents and concessions	299	42	129	257	5,212	71	—	6,010
Licenses and permits	144	7,723	323	921	255	869	—	10,234
Other revenues	877	26	233	—	22,997	25	3,765	27,923
Burlington Enterprises Corporation, net increase in equity	—	—	—	—	—	—	4,415	4,415
	<u>43,593</u>	<u>47,090</u>	<u>49,776</u>	<u>26,210</u>	<u>75,636</u>	<u>10,039</u>	<u>75,462</u>	<u>327,705</u>
<b>Expenses</b>								
Salaries and wages	32,369	42,462	21,006	17,794	34,234	6,431	—	154,296
Interest on long-term debt	881	41	591	6	416	—	—	1,934
Materials	229	1,376	1,945	4,202	3,209	562	—	11,523
Contracted services	7,480	2,067	23,740	4,759	21,931	1,048	—	61,022
Rents and financial expenses	974	1,754	167	290	1,552	366	—	5,104
External transfers	96	1,653	8	—	1,646	419	—	3,824
Amortization	1,907	1,725	18,916	3,696	11,241	78	—	37,564
	<u>43,936</u>	<u>51,078</u>	<u>66,373</u>	<u>30,747</u>	<u>74,229</u>	<u>8,904</u>	<u>—</u>	<u>275,267</u>
Annual (deficit) surplus	<u>(343)</u>	<u>(3,988)</u>	<u>(16,597)</u>	<u>(4,537)</u>	<u>1,407</u>	<u>1,135</u>	<u>75,462</u>	<u>52,438</u>

**The Corporation of the City of Burlington**  
**Notes to the consolidated financial statements**

December 31, 2023

(All amounts are in thousands of dollars)

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**15. Lease agreements**

The City has entered into lease agreements for office equipment, facility space, vehicles and other services, at a present value of \$34,598 (2022 - \$35,710), which have received Ontario Municipal Board approval where necessary. The aggregate minimum payments under these leases over the next five years and thereafter are as follows:

	\$
2024	2,621
2025	2,511
2026	2,424
2027	2,331
2028	1,820
2029 - 2048	37,686
	<u>49,393</u>

**16. Commitments and contingencies**

*Commitment*

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

*Joseph Brant Hospital*

Council approved a commitment to the Joseph Brant Hospital expansion project of \$60,000. This was approved as part of the 2010 current budget approval which took place at the Council meeting of March 22, 2010. Funding of the commitment will be through a dedicated tax levy which began in 2010. The 2023 dedicated tax levy was \$3,100 (\$3,100 in 2022). A contribution agreement between the City of Burlington and the Joseph Brant Hospital has been signed. As of December 31, 2023 the City had contributed \$56,906 (\$56,906 in 2022) to the project.

*Contingencies*

As at December 31, 2023, certain legal actions and other contingent liabilities are pending against the City. The outcome of these matters is indeterminate at this time and has therefore not been reflected in these consolidated financial statements.

*Randle Reef*

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

**The Corporation of the City of Burlington**  
**Notes to the consolidated financial statements**

December 31, 2023

(All amounts are in thousands of dollars)

**17. Budget figures**

Budget figures presented in these consolidated financial statements are based upon the 2023 operating and capital budgets approved by Council. The chart below reconciles the approved budget figures reported in these consolidated financial statements.

	Budget amount \$
Revenue	
Operating	298,446
Capital	2,945
Local Boards	1,654
Less	
Transfers from (to) other funds	54,740
Proceeds on debt issue	(54,740)
	<u>303,045</u>
Expenses	
Operating	230,019
Amortization	41,721
Local Boards	1,952
Less	
Transfers to (from) other funds	(2,417)
Debt principal payments	(14,165)
Contributions to boards	16,581
	<u>273,691</u>
Annual surplus	<u>29,354</u>

**18. Contractual rights**

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

	\$
2024	939
2025	580
2026	523
2027	457
2028	440
Thereafter	83
	<u>3,022</u>

**The Corporation of the City of Burlington**  
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(All amounts are in thousands of dollars)

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**19. Net change in non-cash working capital balances**

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

	<b>2023</b>	2022
	<b>\$</b>	\$
Taxes receivable	<b>(4,548)</b>	(1,605)
Accounts receivable	<b>8,406</b>	(7,907)
Inventories	<b>(682)</b>	(253)
Prepaid expenses	<b>(830)</b>	87
Accounts payable and accrued liabilities	<b>6,232</b>	5,214
Asset retirement obligation	<b>30</b>	30
Other liabilities	<b>101</b>	(10)
Deferred revenue - general	<b>1,188</b>	(814)
Deferred revenue - obligatory reserve funds	<b>35,128</b>	(6,443)
Employee future benefits	<b>5,158</b>	(236)
	<b>50,183</b>	(11,937)