



**BRAMPTON**  
Flower City

## Report

**Committee of Council**  
Committee of the Council of  
The Corporation of the City of Brampton

COMMITTEE OF COUNCIL

Date: August 27, 2010

DATE: September 8, 2010

File: F36-2010

Subject: 2009 Audited Financial Statements for the City of Brampton

Contact: Shirley Gannon, Manager of Accounting (905) 874-2235

### OVERVIEW:

- The audit of the City's 2009 Financial Statements by the City's auditor, KPMG<sub>LLP</sub> Chartered Accountants is complete.
- In the auditor's opinion, the 2009 Financial Statements present fairly the City's financial position as at December 31, 2009, and comply with municipal financial reporting requirements of the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants, as required by the Province of Ontario.
- The 2009 Financial Statements reflect the implementation of two (2) new reporting standards, as required by PSAB.
- These new reporting standards do not change the municipal budget process, how the tax levy is calculated, or how funding decisions are made by Councils.
- The implementation of these new standards by all municipalities means that :
  - ✓ Financial activities are reported more consistently with the private sector.
  - ✓ Revenues and expenses are no longer categorized and reported as revenue/operating fund, reserve fund and capital funds.
  - ✓ The term "Total Fund Balances" is now replaced by the term "Accumulated Surplus/Deficit". The Accumulated Surplus represents total investment in Tangible Capital Assets (land, buildings and infrastructure) that the City has since incorporation.
  - ✓ Municipalities now record and amortize Tangible Capital Assets (TCA) in their financial statements. Previously, municipalities had to report all liabilities, but were not permitted to report their capital assets on their Statement of Financial Position (Balance Sheet).
  - ✓ Reporting TCA improves a municipality's ability to track and measure the investment in municipal infrastructure. It also means TCA is now the largest line item reported on a City's Statement of Financial Position. (For the City of Brampton, the TCA accounts for 78% of the City's total value of assets at \$3.4 billion (2008 -\$3.2 billion). More information on TCA reporting is found in Notes 1, 2, 8 and 14 of the Financial Statements.
- The Audit Findings Report for Year ended December 31, 2009 is presented by KPMG<sub>LLP</sub> Chartered Accountants, for information and receipt.

## RECOMMENDATION

- 1) That the report dated August 27, 2010 from Shirley Gannon, Manager of Accounting, Finance, to the Committee of Council Meeting of September 8, 2010, re: **2009 Audited Financial Statements for the City of Brampton** (File F36-2010), be received; and
- 2) That the 2009 Audited Financial Statements be approved; and
- 3) That the KPMG<sub>LLP</sub> Audit Findings Report for the year ended December 31, 2009, be received.

## BACKGROUND

The audit of the 2009 Annual Financial Statements by the City Auditor, KPMG<sub>LLP</sub> Chartered Accountants is complete and the statements are attached to this report. The 2009 Audited Annual Financial Statements for the City of Brampton reflect the financial position as at December 31, 2009 and the results of operations for the year for the City and its Local Boards and Committees of Council. The Local Boards and Committees of Council included in these financial statements are:

- The City of Brampton Public Library Board
- Brampton Downtown Development Corporation (BDDC)
- Brampton Theatre Board of Directors

The financial statements for the 2009 fiscal year have been prepared in compliance with the requirements of the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants as required by the Province of Ontario.

## CURRENT SITUATION

### Audit Results

KPMG audited the financial statements of the City for the fiscal year 2009. These financial statements are the responsibility of the City's management. The audit resulted in KPMG issuing an unqualified audit opinion, which means that the financial statements present fairly the financial position and comply with PSAB municipal financial reporting requirements.

## **New PSAB Financial Reporting Standards**

PSAB sets the financial reporting standards for all Canadian municipalities. In order to comply with the new PSAB reporting requirements, the City implemented PSAB Section 1200 and Section 3150 Tangible Capital Assets (TCA). Section 1200 establishes general reporting principles and standards for disclosure of information in government financial statements. Section 3150 requires municipal governments to report tangible capital assets in the consolidated statement of financial position (Balance Sheet). Non-cash amortization (depreciation) expenses associated with TCA, gains and losses on disposal and impairments not recognized in the prior years are now reported in the consolidated statement of operations.

PSAB's intent in approving this reporting model change is to move municipal financial reporting standards closer to the full accrual basis accounting (private sector model) that recognizes expenses when they are incurred or consumed and records revenues when they are earned and measurable with all financial transactions being recorded at actual or approximated historical cost.

The financial statements presented in this report comprise the following statements:

- Consolidated Statement of Financial Position
- Consolidated Statement of Operations
- Consolidated Statement of Change in Net Financial Assets, and
- Consolidated Statement of Cash Flows

## **Key Changes to Note**

### **Fund Accounting Model Eliminated**

For 2009 and subsequent years, the financial statements no longer utilize the traditional fund accounting model and do not report municipal fund balances. Instead, the new format financial statements provide a summary of revenues and expenses to arrive at an annual surplus or deficit (similar to profit or loss) and the total accumulated surplus (similar to retained earnings). Therefore, 2009 is the first year that revenues and expenses are no longer categorized and reported as revenue/operating fund, reserve fund and capital fund expenditures in the City's Financial Statements.

## **Impact of Tangible Capital Assets (TCA)**

Tangible capital assets and net book values are reported in the Consolidated Statement of Financial Position and the amortization expenses are reported in the Consolidated Statement of Operations.

To put this in context, in 2009 the City acquired \$318 million of capital assets (\$185 million direct City investment and \$133 million contributed by developers). In prior years, the \$185 million would have been reported as a capital fund expense and \$133 million would not have been reported in the City's financial statements.

This resulted in a TCA amount reported on the Statement of Financial Position (Balance Sheet) as of December 31, 2009 of \$2.7 billion (\$2008 - \$2.4 billion), which represents 78% of the City total assets of \$3.4 billion (2008 - \$3.2 billion).

Also, new for 2009 is the amortization (depreciation) expense of \$58 million (2008 - \$59 million) shown on the Consolidated Statement of Operations. Since this is a significant non-cash expense, it is not reflected in the City's 2009 budget for tax levy purposes. Therefore, there is no amount shown for amortization expense in the Budget column on the Consolidated Statement of Operations.

This reclassification of the money spent for capital (items and projects) from an expense to assets also creates a difference in the surplus reported for financial statement reporting purposes and the surplus reported for tax levy purposes. For example in 2009, the \$185 million spent to acquire capitals assets is shown as an expense for budget purposes; however, for financial reporting purposes, it is added to the City's asset pool, not reported as an expense and is the major contributor to the reported annual surplus of \$227 million. A reconciliation of the annual surplus reported in these financial statements and the surplus reported for tax levy purposes is provided in Schedule A of this report

Notes 1, 2, 8 and 14 of the Financial Statements provide details and explanations regarding Tangible Capital Assets and the impact of this new reporting requirement on the annual and accumulated surpluses for financial reporting purposes.

It is also important to note that the "accumulated surplus" reported on the new financial statements is significantly different from the "fund balances" reported in prior years and the annual surplus (or deficit) reported tax levy purposes. Fund balances are available to fulfill current or future financial commitments; whereas a large portion of the accumulated surplus represents the net value of Tangible Capital Assets (the total investment that the City has made to date in its capital assets and infrastructure) which are held for use in the provision of public services. The accumulated surplus is invested in TCA (comprised

largely of land, public buildings and infrastructure) and is not readily available to be used to pay for the City's current or future financial commitments.

It should also be noted that the terminology used "annual and accumulated surplus" is dictated by PSAB is not unique to Brampton and must be used in the financial statements of all Canadian municipalities.

### **Audit Finding Report**

Each year as part of the annual audit, the City Auditor, KPMG<sub>LLP</sub> Chartered Accountants, conducts a review of Internal Controls and provides an Audit Finding Report to Council with recommendations for improvement and accompanying management responses.

The 2009 Audit Finding Report highlights the following area of concern arising from their audit.

- Tangible Capital Assets
- Formulation of key estimates by internal experts

KPMG<sub>LLP</sub> has provided their explanation of the issues and recommendations for improvement. Responses from the City's Management have been incorporated into the report showing what actions will be undertaken in response to the noted observations.

### **SUMMARY**

The audit of the City's financial statements by KPMG is now complete and in their opinion the 2009 financial statements comply with municipal financial reporting requirements, including the reporting of Tangible Capital Assets.

The change in the method used to report tangible Capital Assets is the most significant change experienced in the history of municipal accounting in Canada. However, PSAB feels that it is necessary since TCA are the most significant investment made by municipalities and are an integral part of the municipalities' ability to deliver quality services to their citizens.

PSAB approved this new reporting standard in September 2006 and due to the complexity and extent of work required gave municipalities until 2009 to comply.

Since 2006, the City of Brampton, along with all Canadian municipalities, has spent considerable time and effort in preparing to report Tangible Capital Assets. This involved significant collaboration and coordination between Finance and staff from all departments across the corporation. The City not only was required to develop policies and procedures



to prepare information on assets acquired or constructed in prior years, but put policies, procedures and systems in place to capture and retain information regarding tangible capital Assets on a go forward basis. This is significant, since all the information contained in the City's financial statements is based on historical costs.

Also for several years, the Association of Municipalities of Ontario (AMO) and the Federation of Canadian (FCM) have been strong advocates of the need for continued investment in municipal infrastructure and advising provincial and federal governments that a significant municipal infrastructure deficit exists. The efforts of these organizations have resulted in significant infrastructure investments being made by all three levels of government over the past few years. With the new reporting requirements, Tangible Capital Assets are now reported and measured on a consistent basis across Canada. It is felt that this information is important to all levels of government to track the nature and extent of investment in municipal infrastructure. Prior to 2009, the TCA figures reported by various municipalities were not prepared on a consistent basis and were not audited.

Implementation of this new reporting requirement has also brought more attention to the amount of investment required to manage (repair and replace) of these assets. Now, each municipality reports an annual amortization expense which provides a basis for Councils to decide how much money should be invested on an annual basis for the maintenance and replacement of Tangible Capital Assets.

### **Publication**

The 2009 consolidated financial statements will be made public and posted to the City's website.

Original Signed By



Peter Honeyborne  
Director of Treasury Services, Deputy Treasurer

Original Signed By



Mo Lewis  
Commissioner of Finance & Treasurer

Authored by: Shirley Gannon, Manager of Accounting

**Attachments:**

**Auditors Report & 2009 Audited Financial Statements**

**Audit Findings Report to the Committee of Council (for the year ended December 31, 2009)**

**Schedule A – 2009 Municipal Surplus Reconciliation, Tax Levy Purpose vs Financial Statements**



**KPMG LLP**

**Chartered Accountants**

Yonge Corporate Centre  
4100 Yonge Street, Suite 200  
Toronto ON M2P 2H3  
Canada

Telephone (416) 228-7000  
Fax (416) 224-4671  
Internet [www.kpmg.ca](http://www.kpmg.ca)

## **AUDITORS' REPORT**

To the Members of Council, Inhabitants and Ratepayers  
of the Corporation of the City of Brampton

We have audited the consolidated statement of financial position of the Corporation of the City of Brampton as at December 31, 2009 and the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation of the City of Brampton as at December 31, 2009 and the results of its operations, change in net financial assets and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in black ink that reads 'KPMG LLP' in a cursive, stylized font. A horizontal line is drawn underneath the signature.

Chartered Accountants, Licensed Public Accountants

Toronto, Canada

April 23, 2010



# THE CORPORATION OF THE CITY OF BRAMPTON

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at December 31, 2009

	2009	2008 (Restated - note 2)
<b>FINANCIAL ASSETS</b>		
Cash and short-term investments (Note 3)	\$ 283,861,361	\$ 386,868,846
Taxes receivable	52,616,017	46,264,631
User charges receivable	2,071,199	2,544,239
Accounts receivable	18,823,208	23,260,081
Long-term investments (Note 3)	388,667,328	363,375,326
Other assets (Note 4)	8,129,880	7,984,176
<b>Total financial assets</b>	<b>754,168,993</b>	<b>830,297,299</b>
<b>FINANCIAL LIABILITIES</b>		
Accounts payable and accrued liabilities	84,516,710	66,477,084
Deferred revenue - general (Note 5 (a))	3,442,142	3,209,243
Deferred revenue - obligatory reserve funds (Note 5 (b))	155,655,323	223,905,490
Employee benefits and other liabilities (Note 6)	36,337,248	31,494,641
<b>Total financial liabilities</b>	<b>279,951,423</b>	<b>325,086,458</b>
<b>NET FINANCIAL ASSETS</b>	<b>474,217,570</b>	<b>505,210,841</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 14)	2,666,731,286	2,407,787,336
Inventory and prepaids	4,206,224	4,578,288
<b>Total non-financial assets</b>	<b>2,670,937,510</b>	<b>2,412,365,624</b>
Contingencies (Note 12)		
Commitments (Note 16)		
<b>ACCUMULATED SURPLUS (Note 8)</b>	<b>\$ 3,145,155,080</b>	<b>\$ 2,917,576,465</b>

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

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

for the year ended December 31, 2009

	2009 Budget (Unaudited note 1 (n))	2009	2008 (Restated - note 2)
<b>REVENUES</b>			
Property taxation (Note 9)	\$ 249,580,458	\$ 250,246,546	\$ 228,744,509
Taxation from other governments	2,171,200	2,120,314	2,292,679
User charges	83,197,182	69,712,817	69,475,808
Government grants	16,921,946	5,701,660	1,117,431
Development levies earned and other restricted capital contributions	182,166,713	133,413,080	74,745,210
Investment income	11,750,000	10,154,839	16,783,217
Penalties, fines and interest	15,853,600	16,733,908	15,875,185
Interest earned on reserves	-	27,023,959	23,195,867
Developer contributed tangible capital assets (Note 14 (b))	-	133,296,302	50,709,677
Other	1,370,163	950,014	2,397,050
<b>Total revenues</b>	<b>563,011,262</b>	<b>649,353,439</b>	<b>485,336,633</b>
<b>EXPENSES</b>			
General government	31,133,773	29,101,651	26,242,496
Protection to persons and property	64,390,332	64,695,016	60,919,849
Transportation services	136,914,737	130,465,611	128,910,032
Environmental services	3,233,168	3,069,493	1,720,270
Health services (cemeteries)	975,506	966,334	504,595
Social and family services	1,774,696	2,192,182	1,756,867
Recreation and cultural services	102,074,395	103,530,540	95,754,532
Planning and development services	31,065,784	28,847,879	27,942,993
Amortization expense (Note 14)	-	58,118,669	59,289,864
Other	-	787,449	859,415
<b>Total expenses</b>	<b>371,562,391</b>	<b>421,774,824</b>	<b>403,900,913</b>
<b>ANNUAL SURPLUS</b>	<b>\$ 191,448,871</b>	<b>\$ 227,578,615</b>	<b>\$ 81,435,720</b>
Accumulated surplus, beginning of year		2,917,576,465	548,471,183
Restatement (Note 2)		-	2,287,669,562
<b>Accumulated surplus, end of year (Note 8)</b>		<b>\$ 3,145,155,080</b>	<b>\$ 2,917,576,465</b>

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

# THE CORPORATION OF THE CITY OF BRAMPTON

## CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

for the year ended December 31, 2009

	2009 Actual	2008 Actual (Restated- note 2)
<b>ANNUAL SURPLUS</b>	\$ 227,578,615	\$ 81,435,720
Acquisition of tangible capital assets	(317,968,494)	(180,408,711)
Amortization of tangible capital assets	58,118,669	59,289,864
Net book value of disposed tangible capital assets	905,875	1,001,073
Acquisition of inventory and prepaids	221,391	(539,515)
Use of inventory and prepaids	150,673	59,053
<b>CHANGE IN NET FINANCIAL ASSETS</b>	<b>(30,993,271)</b>	<b>(39,162,516)</b>
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<b>505,210,841</b>	<b>544,373,357</b>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<b>\$ 474,217,570</b>	<b>\$ 505,210,841</b>

# THE CORPORATION OF THE CITY OF BRAMPTON

## CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended December 31, 2009

	2009 Actual	2008 Actual (Restated - note 2)
<b>OPERATING ACTIVITIES</b>		
<b>Cash provided by (used in):</b>		
Annual surplus	\$ 227,578,615	\$ 81,435,720
Decrease (increase) in taxes receivable	(6,351,386)	2,200,156
Decrease (increase) in user charges receivable	473,040	1,702,308
Decrease (increase) in accounts receivable and other assets	4,291,169	(2,805,571)
Increase (decrease) in accounts payable and accrued liabilities	18,039,626	(23,608,054)
Decrease (increase) in deferred revenue - general	232,899	(6,155,791)
Decrease (increase) in deferred revenue - obligatory reserve fund	(68,250,167)	25,459,049
Increase in employee benefits and other liabilities	4,842,607	3,865,991
Change in inventory and prepaids	372,064	(480,462)
	(46,350,148)	177,626
<b>Items not involving cash:</b>		
Amortization of tangible capital assets	58,118,669	59,289,864
Net book value of disposed tangible capital assets	905,875	1,001,073
Developer contributed tangible capital assets	(133,296,302)	(50,709,677)
<b>NET CHANGE IN CASH FROM OPERATIONS</b>	<b>106,956,709</b>	<b>91,194,606</b>
<b>INVESTING ACTIVITIES</b>		
Acquisition of tangible capital assets	(184,672,192)	(129,699,034)
Decrease (increase) in long-term investments	(25,292,002)	(10,509,377)
	(209,964,194)	(140,208,411)
<b>INCREASE (DECREASE) IN CASH AND SHORT TERM INVESTMENTS</b>	<b>(103,007,485)</b>	<b>(49,013,805)</b>
Cash and short term investments, beginning of year	386,868,846	435,882,651
<b>Cash and short term investments, end of year</b>	<b>\$ 283,861,361</b>	<b>\$ 386,868,846</b>
<b>Supplemental cash flow information:</b>		
Interest received as cash	\$ 6,565,651	\$ 20,243,559
Interest paid as cash	58,406	20,726

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

# THE CORPORATION OF THE CITY OF BRAMPTON

---

## Notes to Consolidated Financial Statements

Year ended December 31, 2009

The City of Brampton is a municipality in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislation.

### 1. Significant accounting policies:

The consolidated financial statements of The Corporation of the City of Brampton (the "City") are prepared by management in accordance with generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants ("CICA"). Significant aspects of the accounting policies adopted by the City are as follows:

#### a) Reporting entity:

The consolidated financial statements reflect the assets, liabilities, revenues, expenses and accumulated surplus of the reporting entity. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the City and which are owned or controlled by the City. These financial statements include:

- The City of Brampton Public Library Board
- Brampton Downtown Development Corporation
- Brampton Downtown Business Association
- Brampton Theatres Board of Directors

Interdepartmental and inter-organizational transactions and balances between these organizations are eliminated.

#### b) Non-consolidated entities:

The following Regional Municipality and local boards are not consolidated and should be contacted directly if examination of their annual audited financial statements is desired:

- The Regional Municipality of Peel
- The Peel District School Board
- The Dufferin-Peel Catholic District School Board
- Conseil Scolaire de District du Centre-Sud Ouest
- Conseil Scolaire de District Catholique Centre-Sud

Trust funds and their related operations administered by the City are not included in these financial statements but are reported separately on the Trust Funds Financial Statements.

# THE CORPORATION OF THE CITY OF BRAMPTON

## Notes to Consolidated Financial Statements Year ended December 31, 2009

### c) Accounting for Region and School Board transactions:

The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of The Regional Municipality of Peel and the school boards are not reflected in the municipal accumulated surplus of these financial statements.

### d) Basis of accounting:

The City follows the accrual method of accounting. The accrual basis of accounting recognizes revenues, as they become measurable. Expenses are the cost of goods or services acquired in the period whether or not payment has been made or invoices received.

### e) Non-financial assets:

Non financial assets are comprised of tangible capital assets and inventory and prepaids and 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.

### f) Cash and short-term investments:

Cash and short-term investments include short term highly liquid investments with a term to maturity of 90 days or less at acquisition.

### g) Tangible capital assets:

Tangible capital 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.

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

Asset	Useful Life - Years
Buildings and building improvements	10 - 40
Furniture, computer and office equipment	2 - 20
Infrastructure	10 - 40
Land improvements	10 - 30
Vehicles and machinery	7 - 15



# THE CORPORATION OF THE CITY OF BRAMPTON

---

## Notes to Consolidated Financial Statements Year ended December 31, 2009

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

(i) Contributions of tangible capital assets

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

(ii) Works of art and cultural and historic assets

Works of art and cultural and historic assets are not recorded as assets in these financial statements.

(iii) Interest capitalization

The City does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.

(iv) Leased tangible capital assets

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

(v) Tangible capital assets disclosed at nominal values

Where an estimate of fair value could not be made, the tangible capital asset was recognized at a nominal value. Land is the only category where nominal values were assigned.

### **h) Government transfers:**

Government transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

### **i) Deferred revenue - general:**

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

### **j) Deferred revenue – obligatory reserve funds**

The City receives gas taxes and transfer payments from other levels of government and development charges under the authority of Provincial Legislation and City By-Laws. These funds by their nature are restricted in their use and until applied to applicable capital works are recorded as deferred revenue. Amounts applied to qualifying capital projects are recorded as revenue in the fiscal period they are expended.

# THE CORPORATION OF THE CITY OF BRAMPTON

## Notes to Consolidated Financial Statements

Year ended December 31, 2009

### k) Taxation and related revenues:

Property tax billings are prepared by the City based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC"). Tax rates are established annually by City Council, incorporating amounts to be raised for local services, the requisition made by the Region of Peel in respect of Regional services and amounts the City is required to collect on behalf of the Province of Ontario in respect of education taxes. A normal part of the assessment process is the issue of supplementary assessment rolls, which provide updated information with respect to changes in property assessment. Once a supplementary assessment roll is received, the City determines the taxes applicable and renders supplementary tax billings. Taxation revenues are recorded at the time tax billings are issued. Assessments and the related property taxes are subject to appeal. Tax adjustments as a result of appeals are recorded when the results of the appeal process are known, and allocated to the various bodies proportionately as to their share of the levy.

The City is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are levied.

### l) Investment income:

Investment income earned on available surplus funds is reported as revenue in the period earned. Investment income earned on development charges and parkland obligatory reserve funds is added to the fund balance and forms part of respective deferred revenue balances.

### m) Pensions and employee benefits:

The City accounts for its participation in the Ontario Municipal Employee Retirement Fund ("OMERS"), a multi-employer public sector pension fund, as a defined contribution plan. Vacation entitlements are accrued for as entitlements are earned. Sick leave benefits are accrued where they are vested and subject to payout when an employee leaves the City's employment.

Other post-employment benefits and compensated absences are accrued in accordance with the projected benefit method prorated on service and management's best estimate of salary escalation and retirement ages of employees. Actuarial valuations, where necessary for accounting purposes, are performed triennially. The discount rate used to determine the accrued benefit obligation was determined by reference to market interest rates at the measurement date on high-quality debt instruments with cash flows that match the timing and amount of expected benefit payments.

Unamortized actuarial gains or losses are amortized on a straight-line basis over the expected average remaining service life of the related employee groups. Unamortized actuarial gains/losses for event-triggered liabilities, such as those determined as claims related to Workplace Safety Insurance Board ("WSIB") are amortized over the average expected period during which the benefits will be paid.

Costs related to prior period employee services arising out of plan amendments are recognized in the period in which the plan is amended.

Where applicable, the City has set aside reserve funds intended to fund these obligations, either in full or in part. These reserve funds were created under municipal by-law and do not meet the definition of a plan asset under PSAB Standard PS 3250, Retirement Benefits. Therefore, for the purposes of these financial statements, the plans are considered unfunded.

# THE CORPORATION OF THE CITY OF BRAMPTON

## Notes to Consolidated Financial Statements Year ended December 31, 2009

### n) Budget figures:

The City does not currently budget for following items on the Consolidates Statement of Operations: interest earned on reserves, contributed assets (developer assumptions) and amortization expense.

Brampton City Council completes separate budget reviews for its operating and capital budgets each year. Both budgets are reflected in the consolidated statement of operations.

The operating budget is based on projected operating expenses to be incurred during the current year.

Budgets established for capital are set on a project-oriented basis, the costs of which may be carried out over one or more fiscal years.

### o) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions. This affects 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 period. Actual results could differ from these estimates.

## 2. Change in accounting policies:

The City has implemented PSAB Standard 1200, Financial Statement Presentation and Standard 3150, Tangible Capital Assets ("TCA"). Standard 1200 establishes general reporting principles and standards for the disclosure of information in government financial statements. Standard 3150 requires governments to record and amortize their tangible capital assets in their financial statements. In prior years, tangible capital asset additions were expensed in the year of acquisition or construction.

The financial information recorded includes the actual or estimated historical cost of the tangible capital assets. When historical cost records were not available, other methods were used to estimate the costs and accumulated amortization of the assets. The City has applied a consistent method of estimating the replacement and reproduction cost of the tangible capital assets for which it did not have historical records.

This change has been applied retroactively and prior periods have been restated. This change in accounting policy has changed amounts reported in the prior period as follows:

#### Accumulated surplus at January 1, 2008:

Operating fund balance	\$ 409,639
Capital fund balance	309,589,328
Reserve funds	234,240,810
Reserves	31,860,056
Amounts to be recovered from reserves, reserve funds and future revenues	(27,628,650)
Accumulated surplus, as previously reported	548,471,183
Net book value of tangible capital assets recorded	2,287,669,562
Accumulated surplus, as restated	\$2,836,140,745

# THE CORPORATION OF THE CITY OF BRAMPTON

## Notes to Consolidated Financial Statements Year ended December 31, 2009

### Annual surplus for 2008:

Net revenues, as previously reported	\$ (39,101,137)
Assets capitalized but previously expensed	263,307,244
Amortization expense not previously recorded	(59,289,864)
Net book value of disposed TCA	(83,960,985)
Change in non-financial assets not previously reported as expense	480,462
Annual surplus, as restated	\$81,435,720

### 3. Investments:

Included in cash and short-term investments are short-term investments of \$227,809,999 (2008 - \$336,427,128) with a market value of \$227,786,190 (2008 - \$340,139,690), at the end of the year.

Long-term investments of \$388,667,328 (2008 - \$363,375,326) have a market value of \$392,192,074 (2008 - \$380,845,762), at the end of the year.

### 4. Powerade Centre:

Included under other assets in the consolidated statement of financial position is \$7,984,110 (2008 - \$7,984,110) consisting of a loan of \$6,000,000 advanced by the City towards the construction of the Powerade Centre and secured with a second mortgage with a due date of August 31, 2034 and a further \$1,984,110 representing advances provided to the Powerade Center under the Loan and Priorities Agreement established in 1998. In addition, the City has guaranteed a \$15,500,000 first mortgage, due January 1, 2019, with an outstanding balance of \$9,347,918 as at December 31, 2009 (2008 - \$10,095,140) which is defined as the "Project Loan".

The City has further agreed to fund any operating cash-flow deficiencies over the first 20 years as "Priority Advances" (PA) up to an annual maximum of \$600,000 per year until \$6,000,000 is reached, thereafter up to the \$300,000 per year to a maximum of \$3,000,000. Should there continue to be further cash-flow deficiencies after the operator, Real Ice Sports Facility Management Services Ltd., has contributed 50% of its annual management fees under the Complex Management Agreement, the City is also liable for one-half of the remaining cash flow deficiencies. In 2009, Priority Advances were \$272,665 (2008 - \$ 415,079). The accumulated amount of Priority Advances of \$6,129,922 paid to date, has been included in the consolidated statement of operations for the year ended December 31, 2009 and prior years.

# THE CORPORATION OF THE CITY OF BRAMPTON

## Notes to Consolidated Financial Statements Year ended December 31, 2009

### 5. (a) Deferred revenue – general:

Deferred revenue – general is comprised primarily of program registration fees for parks & recreation programs, Transit advertising revenues applicable for the following year and unspent Provincial funding for capital projects. As at December 31, 2009 the deferred revenue – general amounted to \$3,442,142 (2008 - \$3,209,243).

### (b) Deferred revenue – obligatory reserve funds:

Under PSAB accounting principles, obligatory reserve funds are to be reported as deferred revenue. This requirement is in place as Federal/ Provincial legislation and other City by-laws and agreements may restrict how these funds may be used and under certain circumstances these funds may possibly be refunded.

As at December 31, 2009 obligatory reserve funds amounted to \$155,655,323 (2008 - \$223,905,490). This balance includes unspent development charges, gas tax receipts as well as funding for specific infrastructure projects received from federal and provincial governments. Also included in this balance are unamortized downtown incentive charges.

The Downtown Incentive Program was initiated in 2000 with the intent of promoting new development in the downtown core. As part of this program, development charges are waived and amortized by the City over a 25 year period. As of December 31, 2009 unamortized downtown incentive charges were \$12,280,286 (2008 - \$12,790,572).

### 6. Employee benefits and other liabilities:

The City provides certain employee benefits, which will require funding in future periods. Under the sick-leave benefit plan, unused sick leave can accumulate and employees may become entitled to cash payment when they leave the City's employment. With respect to responsibilities under provisions of the Workplace Safety and Insurance Board Act, the City has elected to be treated as a Schedule 2 employer and remits payments to the WSIB as required to fund disability payments. An actuarial estimate of future liabilities has been completed and forms the basis for the estimated liability reported in these financial statements.

Employee benefits and other liabilities included in the financial statements are summarized below:

	<u>2009</u>	<u>2008</u>
WSIB	\$ 5,995,840	\$ 5,301,056
Vested sick leave benefits	8,515,518	7,304,718
Vacation pay	7,169,239	7,522,495
Other liabilities	14,656,651	11,366,372
<b>Total</b>	<b>\$ 36,337,248</b>	<b>\$ 31,494,641</b>

As at December 31, 2009, the City has allocated reserves and reserve funds of \$12,869,393 (2008 - \$12,408,397) to fund these obligations.

# THE CORPORATION OF THE CITY OF BRAMPTON

## Notes to Consolidated Financial Statements Year ended December 31, 2009

The most recent full actuarial valuation for post employment and sick leave benefits was performed as at December 31, 2009 and as at December 31, 2005 for WSIB.

The following table sets out the actuarial results for each of the plans as at December 31, 2009:

Item	Non-Pension Post Employment Benefits	Vested Sick Leave Benefits	WSIB	2009 Total	2008 Total
Accrued Benefit obligation ("ABO"), beginning of year	\$ 14,029,975	\$ 14,457,802	\$ 6,423,484	\$ 34,911,261	\$ 25,617,362
Add: Current service costs	1,479,057	1,364,695	1,475,061	4,318,813	2,965,453
Add: Interest Cost	745,113	721,629	327,104	1,793,846	1,302,882
Less: Current Benefit Payments	534,502	1,398,216	1,237,871	3,170,589	2,066,601
ABO, end of the year	\$ 15,719,643	\$ 15,145,910	\$ 6,987,778	\$ 37,853,331	\$ 27,819,096
Unamortized actuarial gain/(loss)	(5,208,388)	(6,630,392)	(991,938)	(12,830,717)	(6,874,834)
Liability for Benefits, end of the year	\$ 10,511,255	\$ 8,515,518	\$ 5,995,840	\$ 25,022,614	\$ 20,944,262

As recommended by PSAB, the projected benefit method pro-rated on service has been adopted to attribute the cost of non-pension post employment benefits to the periods of employee service.

The actuarial valuations of the plans were based upon a number of assumptions about future events, which reflect management's best estimates. The following represents the more significant assumptions made:

	Post Employment	Sick Leave	WSIB
Expected inflation rate	2.00%	2.00%	2.00%
Expected level of salary increases	3.00%	3.00%	n/a
Interest discount rate	5.00%	5.00%	n/a



# THE CORPORATION OF THE CITY OF BRAMPTON

## Notes to Consolidated Financial Statements Year ended December 31, 2009

### 7. Pension agreements:

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

The amount contributed to OMERS for 2009 was \$12,051,859 (2008 - \$11,226,595) for current service and is included as an expenses on the consolidated statement of operations. Employee contributions totaled \$12,051,859 (2008 - \$ 11,226,595).

### 8. Accumulated Surplus:

Accumulated surplus consists of individual fund surplus, including funds committed for capital projects, and reserves and reserve funds as follows:

	<u>2009</u>	<u>2008</u>
Invested in tangible capital assets	\$ 2,666,731,286	\$ 2,407,787,336
Surplus funds from committed capital projects and other	225,781,075	263,790,989
	2,892,512,361	2,671,578,325
 Reserves	 10,155,814	 22,983,306
Reserve Funds	242,486,905	223,014,834
 Total	 \$ 3,145,155,080	 \$ 2,917,576,465

### 9. Tax Revenues:

Property tax billings are prepared by the City based on an assessment roll prepared by the MPAC. All assessed property values in the City were reviewed and values established based on a common valuation date of January 1, 2005, which was used by the City in computing the property tax bills. However, the property tax revenue and tax receivables of the City are subject to measurement uncertainty as a number of appeals submitted by ratepayers for adjustments to assessment have yet to be heard by the Assessment Review Board. A significant allowance has been recorded to provide for possible negative adjustments. Further, changes to assessed value reflecting new construction is included in supplementary assessments prepared by MPAC. Any billing adjustments made necessary by the determination of such changes will be recognized in the fiscal year they are determined and the effect shared with regional government and school boards as appropriate.

The Province enacted legislation together with regulations, the Fairness for Property Taxpayers Act, 1998 (Bill 79) in December 1998, which was replaced in 2000 by Bill 140, "Continued Protection for Property Taxpayers Act". These pieces of legislation limited assessment-related increases in property tax bills to 5 per cent annually for commercial, industrial and multi-residential classes of property until the affected properties were taxed at a level equivalent to taxes based on their actual current assessed value.

# THE CORPORATION OF THE CITY OF BRAMPTON

## Notes to Consolidated Financial Statements Year ended December 31, 2009

Properties with decreases are liable to a "clawback" of some of the decrease to finance the "capping" of properties with increases.

Effective for the 2005 tax year, Bill 83 "Budget Measures Act" raises the upper limit of assessment-related increases in property tax bills from the 5 per cent maximum in Bill 79 and Bill 140 to 10 per cent annually for commercial, industrial and multi-residential property classes.

### 10. Expenses by object:

The following is a summary of the expenses reported on the consolidated statement of operations by object:

	<u>2009</u>	<u>2008</u>
Salaries, wages and fringe benefits	\$ 241,958,778	\$216,275,637
Materials and supplies	50,836,698	54,816,469
Contracted services	63,222,427	64,921,963
Rents and financial expenses	6,081,325	7,056,530
Government transfers	769,478	681,035
Amortization	58,118,669	59,289,864
Other	787,449	859,415
<b>Total expenses</b>	<b>\$421,774,824</b>	<b>\$403,900,913</b>

### 11. Trust funds:

Trust funds administered by the City amounted to \$17,490,261 (2008 - \$11,213,766) are presented in a separate financial statement of trust fund balances and operations. As such balances are held in trust by the City for the benefit of others, they are not presented as part of the City's consolidated financial position or operations.

### 12. Public liability insurance:

The City is self-insured for public liability, errors and omissions and Brampton Transit claims up to \$100,000. All other lines of coverage are at \$25,000. This is for any number of claims arising out of a single occurrence. Outside coverage is in place for claims in excess of these limits.

The City has created a reserve fund for self-insurance which as at December 31, 2009 amounted to \$475,051 (2008-\$935,389) and is reported on the consolidated statement of financial position. Claims settled during the year amounting to \$2,350,906 (2008 - \$1,699,993) have been provided for from the reserve fund, and are accordingly reported as an expenses on the consolidated statement of financial operations.

In the normal course of its operations, the City is subject to various litigation and claims. Where management has assessed the likelihood of the success of the claim as more likely than not and where a reasonable estimate as to the exposure can be made, an accrual has been recorded in these financial statements. In some instances, the ultimate outcome of these claims cannot be determined at this time.

# THE CORPORATION OF THE CITY OF BRAMPTON

---

## Notes to Consolidated Financial Statements Year ended December 31, 2009

However, the City's management believes that the ultimate disposition of these matters will not have a material adverse effect on its financial position.

### 13. Provincial Offences Administration:

The Provincial Offences Act ("POA") is a procedural law for administering and prosecuting provincial offences, including those committed under the Highway Traffic Act, Compulsory Automobile Insurance Act, Trespass to Property Act, Liquor Licence Act, Municipal By-laws and minor federal offences. The administration of POA was downloaded to the City from the Ontario Ministry of Attorney General in June 1999.

The revenues of the combined operations of the Court House and City Hall and revenues collected on behalf of the City at other POA court sites in the Province of Ontario consist of fines levied under Parts I and III for POA charges and amounted to \$4,936,345 for the year ended December 31, 2009. (2008 - \$5,067,172)

The operating costs for the administration of the POA for the year ending December 31, 2009 amounted to \$4,771,949 (2008 - \$4,660,332), resulting in a net contribution of \$164,397 (2008 - \$406,840) exclusive of capital asset additions.

The City constructed POA Court-Hearing Facility, a permanent facility to accommodate the POA court operation (including courtrooms and accessory uses, an administration office and related requirements, on-site office space for prosecutors, a police bureau and accessory uses) and hearing rooms, which can be used for Ontario Municipal Board and Assessment Review Board hearings on a regular basis. The POA Court-Hearing Facility became operational in August 2004. The total cost of design and construction including acquisition of land amounted to \$10.7 million. Funding for the POA Court-Hearing Facility has been provided from tax-based reserves.

# THE CORPORATION OF THE CITY OF BRAMPTON

## Notes to Consolidated Financial Statements Year ended December 31, 2009

### 14. Tangible capital assets:

The City's 2009 consolidated financial statements have been prepared to comply with PSAB Standard 3150, which became mandatory January 1, 2009. The provisions in Standard 3150 require all local governments to recognize and report tangible capital assets in the consolidated statement of financial position. Any amortization of tangible capital assets, gain and losses on disposals and impairment are reported in the consolidated statement of operations.

The City has identified six major asset categories: Buildings and building improvements; Furniture, Computer & office equipment; Infrastructure; Land; Land improvements and Vehicles and machinery.

	Balance at December 31, 2008	Additions	Disposals	Transfers	Balance at December 31, 2009
Land	\$ 1,496,078,295	\$ 16,474,623	\$ (706,045)	\$ -	\$ 1,511,846,873
Buildings and building improvements	375,653,974	4,057,094	-	-	379,711,068
Furniture, computer and office equipment	48,581,592	6,766,365	(1,269,003)	-	54,078,954
Infrastructure	929,876,446	163,658,364	(71,798)	-	1,093,463,012
Land improvements	31,950,674	3,847,539	(122,445)	-	35,675,768
Vehicles and machinery	118,910,579	37,357,121	(6,112,412)	-	150,155,288
Assets under construction	161,429,021	114,186,922	-	(28,379,534)	247,236,409
<b>Total</b>	<b>\$ 3,162,480,581</b>	<b>\$ 346,348,028</b>	<b>\$ (8,281,703)</b>	<b>\$(28,379,534)</b>	<b>\$3,472,167,372</b>

Accumulated amortization	Balance at December 31, 2008	Disposals	Amortization expense	Balance at December 31, 2009
Land	\$ -	\$ -	\$ -	\$ -
Buildings and building improvements	100,159,252	-	11,853,629	112,012,881
Furniture, computer and office equipment	32,722,854	(1,211,782)	5,225,147	36,736,219
Infrastructure	542,189,611	(44,422)	26,361,848	568,507,037
Land improvements	14,650,605	(113,547)	2,101,840	16,638,898
Vehicles and machinery	64,970,922	(6,006,077)	12,576,205	71,541,050
Assets under construction	-	-	-	-
<b>Total</b>	<b>\$ 754,693,244</b>	<b>\$ (7,375,828)</b>	<b>\$ 58,118,669</b>	<b>\$ 805,436,085</b>

# THE CORPORATION OF THE CITY OF BRAMPTON

## Notes to Consolidated Financial Statements Year ended December 31, 2009

	Net book value December 31, 2008	Net book value December 31, 2009
Land	\$ 1,496,078,295	\$ 1,511,846,873
Buildings and building improvements	275,494,722	267,698,187
Furniture, computer and office equipment	15,858,737	17,342,734
Infrastructure	387,686,835	524,955,975
Land improvements	17,300,069	19,036,870
Vehicles and machinery	53,939,657	78,614,238
Assets under construction	161,429,021	247,236,409
<b>Total</b>	<b>\$ 2,407,787,336</b>	<b>\$ 2,666,731,286</b>

	Balance at December 31, 2007	Additions	Disposals	Transfers	Balance at December 31, 2008
Land	\$ 1,478,440,491	\$ 18,293,799	\$ (655,995)	\$ -	\$ 1,496,078,295
Buildings and building improvements	291,912,243	83,741,731	-	-	375,653,974
Furniture, computer and office equipment	43,647,335	5,911,343	(1,057,086)	-	48,581,592
Infrastructure	866,230,592	63,645,854	-	-	929,876,446
Land improvements	26,967,133	5,150,878	(167,337)	-	31,950,674
Vehicles and machinery	120,004,428	858,099	(1,951,948)	-	118,910,579
Assets under construction	158,843,673	85,686,918	(141,658)	(82,959,912)	161,429,021
<b>Total</b>	<b>\$ 2,986,045,894</b>	<b>\$ 263,368,623</b>	<b>\$ (3,974,024)</b>	<b>\$(82,959,912)</b>	<b>\$3,162,480,581</b>

Accumulated amortization	Balance at December 31, 2007	Disposals	Amortization expense	Balance at December 31, 2008
Land	\$ -	\$ -	\$ -	\$ -
Buildings and building improvements	91,600,004	-	8,559,248	100,159,252
Furniture, computer and office equipment	28,634,634	(983,874)	5,072,094	32,722,854
Infrastructure	508,780,157	-	33,409,454	542,189,611
Land improvements	12,011,056	(116,635)	2,756,185	14,650,605
Vehicles and machinery	57,350,482	(1,872,442)	9,492,883	64,970,922
Assets under construction	-	-	-	-
<b>Total</b>	<b>\$ 698,376,332</b>	<b>\$ (2,972,951)</b>	<b>\$ 59,289,864</b>	<b>\$ 754,693,245</b>

# THE CORPORATION OF THE CITY OF BRAMPTON

## Notes to Consolidated Financial Statements Year ended December 31, 2009

	Net book value December 31, 2007	Net book value December 31, 2008
Land	\$ 1,478,440,491	\$ 1,496,078,295
Buildings and building improvements	200,312,239	275,494,722
Furniture, computer and office equipment	15,012,701	15,858,737
Infrastructure	357,450,435	387,686,835
Land improvements	14,956,077	17,300,069
Vehicles and machinery	62,653,946	53,939,657
Assets under construction	158,843,673	161,429,021
<b>Total</b>	<b>\$ 2,287,669,562</b>	<b>\$ 2,407,787,336</b>

### a) Assets under construction

Assets under construction having a value of \$247,236,409 (2008 - \$161,429,021) have not been amortized. Amortization of these assets will commence when the assets are put into service.

### b) Contributed tangible capital assets

Contributed capital assets have been recognized at fair market value at the date of contribution. The value of contributed assets received during the year is \$133,296,302 (2008 - \$50,709,677).

### c) Write-down of tangible capital assets

The write-down of tangible capital assets during the year was nil (2008 - nil)

## 15. Segmented Information

The City is a multifaceted municipal government that delivers a wide range of services that enhance quality of life to its citizens.

City services are provided by various divisions whose activities are organized in following segments for management reporting purposes:

### General government

General Government is comprised of Mayor and Councilor's as well as Corporate Management and Support sections.

The departments within Corporate Management and Support sections are responsible for adopting bylaws and administrative policies; risk management; providing effective financial reporting, planning and controls; developing and maintaining flexible computer networks and resources to deliver information and telecommunications to City employees and the citizens of Brampton; acquiring, managing and disposing City assets; levying and collecting taxes.



# THE CORPORATION OF THE CITY OF BRAMPTON

---

## Notes to Consolidated Financial Statements Year ended December 31, 2009

### Protection to persons and property

Protection Services delivers Fire Emergency Services, By-law and Enforcement and POA administration. The mandate of Fire department is to provide fire protection and emergency response but also superior level of Fire Prevention and Public Education. By-law and Enforcement assist in maintaining Brampton as a safe, healthy and attractive City by responding to public concerns, patrolling City property and enforcing the City's by-laws.

POA's mandate encompass the administration and prosecution of provincial offences, including those committed under the Highway Traffic Act, Compulsory Automobile Insurance Act, Trespass to Property Act, Liquor Licence Act, Municipal By-laws and minor federal offences.

### Transportation services

The Works department manages various infrastructure projects as part of a 10 Year Capital Program to expand and improve the City's road network and transportation infrastructure. In addition, major functions also includes maintenance of road system (road resurfacing and snow clearing) and all associated infrastructure such as sidewalks, bridges and curbs.

Brampton Transit is responsible for providing efficient and effective local public transportation service.

### Environmental services

Environmental Services are delivered by staff in the Works department. Primary responsibility of this section is catch basin and storm sewer maintenance. In addition, the department performs watercourse maintenance in order to ensure public safety and environmental controls are in place. Watercourse maintenance activities include controlling erosion, the removal of garbage and debris and responding to spills and illegal dumping to ensure water quality and proper cleanup.

### Health, social and family services

Health, Social and Family services are comprised of cemetery operations and assistance to aged persons. Assistance to aged persons includes seniors education tax rebate, senior snow clearing subsidy as well as maintenance of seniors centre.

### Recreation and cultural services

The Community Services department is responsible for the delivery of Parks, Recreation and Cultural services. The Parks Operations division maintains all parks, boulevards, sports fields, trees, horticultural displays, pathways and open space. This division provides the residents of Brampton with safe, attractive, outdoor facilities delivered through a highly skilled and versatile workforce.

The Recreation and Culture division is responsible for the delivery of all culture and recreation programs offered by the City and the day-to-day operation of all theatres and recreation buildings. This division provides the City's front-line contact with the citizens of Brampton in Culture, Recreation Facilities and Programs providing many activities that enhance the richness and quality of life for residents.

This section also contributes towards the information needs of the City's citizens through the provision of library services by the Brampton Public Library Board.

### Planning and development services

The Planning and Development Department responsibilities encompass planning, design and development approvals, management of building permit processes, long-range Brampton official plan and growth management. This department is also responsible for providing advice to City Council, the public, and the development/building industry with respect to a broad range of land use planning, development applications, urban design, public buildings and open space/facility development issues, development engineering, and transportation planning.

# THE CORPORATION OF THE CITY OF BRAMPTON

---

## Notes to Consolidated Financial Statements

### Year ended December 31, 2009

#### 16. Commitments

The City leases facilities and equipment under operating leases expiring beyond 2014. The minimum amounts payable under these arrangements are as follows:

---

2010	\$ 10,157,760
2011	3,026,285
2012	2,522,016
2013	2,001,821
2014	375,247
2015 and beyond	1,227,055
	<hr/>
	\$ 19,310,184

---

#### 17. Comparative figures:

Certain 2008 comparative figures have been reclassified to conform to the presentation adopted in the current year.

# THE CORPORATION OF THE CITY OF BRAMPTON

## CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE for the year ended December 31, 2009

	General government	Protection to persons and property	Transportation services	Environmental services	Health, social and family services	Recreation and cultural services	Planning and development services	2009 Total	2008 Total
<b>REVENUES</b>									
Property taxation	252,366,860	-	-	-	-	-	-	252,366,860	231,037,188
User charges	7,757,263	1,082,446	26,310,134	-	712,080	23,863,669	7,667,225	69,712,817	69,475,808
Government grants	-	-	5,017,178	-	113,237	430,820	140,425	5,701,660	1,117,431
Development levies earned and other restricted capital contributions	27,960	7,783,352	91,601,665	-	-	29,679,435	4,320,468	133,413,080	74,745,210
Investment income (including Reserves and Reserve Funds)	36,820,061	13	-	-	-	158,822	198,802	37,178,798	39,979,084
Penalties, fines and interest	8,448,771	7,783,739	-	-	-	491,398	-	16,733,908	15,875,185
Developer contributed tangible capital assets	3,219,680	-	130,076,622	-	-	-	-	133,296,302	50,709,677
Other	279,550	125,639	222,837	-	-	213,072	108,916	850,014	2,397,050
<b>Total Revenues</b>	<b>308,920,145</b>	<b>16,785,189</b>	<b>255,228,636</b>	<b>-</b>	<b>825,317</b>	<b>54,838,316</b>	<b>12,755,836</b>	<b>649,353,439</b>	<b>485,336,633</b>
<b>EXPENSES</b>									
Salaries and benefits	43,426,926	53,158,028	66,835,046	971,053	1,940,943	55,820,365	19,806,417	241,958,778	216,275,637
Materials	12,775,565	2,111,923	17,327,636	233,998	336,045	16,160,649	1,690,682	50,838,698	54,816,469
Contracted services	14,958,190	1,845,085	30,142,095	1,150,157	476,502	13,188,953	1,451,445	63,222,427	64,921,963
Rents and financial expenses	4,967,653	20,446	305,228	-	4,673	764,036	(711)	6,081,325	7,056,530
Government transfers	(47,138,441)	7,564,850	15,864,741	714,285	409,358	17,654,629	5,700,046	769,478	681,035
Amortization	2,431,868	2,826,667	28,352,408	6,211,253	190,505	16,329,277	776,691	58,118,669	59,289,884
Other	45,111	-	472,403	-	-	269,935	-	787,449	859,415
<b>Total Expenditures</b>	<b>31,466,872</b>	<b>67,527,009</b>	<b>160,299,757</b>	<b>9,280,746</b>	<b>3,358,026</b>	<b>120,217,844</b>	<b>29,624,570</b>	<b>421,774,824</b>	<b>403,900,913</b>
<b>Annual surplus (deficit)</b>	<b>277,453,273</b>	<b>(50,741,820)</b>	<b>94,928,879</b>	<b>(9,280,746)</b>	<b>(2,532,709)</b>	<b>(65,379,528)</b>	<b>(16,868,734)</b>	<b>227,578,615</b>	<b>81,435,720</b>

G11-29

G11-30



KPMG LLP  
Chartered Accountants  
Yonge Corporate Centre  
4100 Yonge Street, Suite 200  
Toronto ON M2P 2H3  
Canada

Telephone (416) 228-7000  
Fax (416) 228-7123  
Internet [www.kpmg.ca](http://www.kpmg.ca)

## AUDITORS' REPORT

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

We have audited the statement of financial position of the trust funds of the Corporation of the City of Brampton as at December 31, 2009 and the statements of operations and changes in fund balance for the year then ended. These financial statements are the responsibility of the Corporation of the City of Brampton's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the funds held in trust by the Corporation of the City of Brampton as at December 31, 2009 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in black ink that reads 'KPMG LLP' with a long horizontal line underneath.

Chartered Accountants, Licensed Public Accountants

Toronto, Canada

March 26, 2010

Statement of Operations and Changes in Fund Balances

Year Ended December 31, 2009, with comparative figures for 2008

	Cemeteries Care and Maintenance Trust Funds	Developers' Performance Deposits Trust	Developer Front End Financing Trust Fund	BMB, GTA and GTMA Trust Funds	2009 Total	2008 Total
<b>Revenue</b>						
Monuments and markers deposits	\$ 3,350	\$ -	\$ -	\$ -	\$ 3,350	\$ 4,150
Perpetual Care deposits	13,614	-	-	-	13,614	33,291
Other deposits - Trusts	-	12,000	-	-	12,000	22,807
Gain on sale of investments	-	-	-	-	-	326
Performance deposits received	-	9,974,302	-	-	9,974,302	3,060,017
	16,964	9,986,302	-	-	10,003,266	3,120,591
Interest Income	33,980	5,138	1,960	333	41,410	49,740
Total Revenues	50,944	9,991,440	1,960	333	10,044,677	3,170,331
<b>Expenditures</b>						
Transfers to City Revenue Fund:						
Maintenance Contribution	33,898	-	-	-	33,898	34,967
Interest Transfer	-	5,138	-	-	5,138	4,657
Administration Charges	82	-	-	-	82	74
	33,980	5,138	-	-	39,118	39,697
Return of performance deposits	-	3,726,279	-	-	3,726,279	1,866,116
Payments on behalf of developers	-	2,785	-	-	2,785	29,213
Total Expenditures	33,980	3,734,202	-	-	3,768,182	1,935,026
Increase in net financial resources	16,964	6,257,238	1,960	333	6,276,495	1,235,305
Fund balances, beginning of year	875,441	10,006,255	283,895	48,175	11,213,766	9,978,461
Fund balances, end of year	\$ 892,405	\$ 16,263,493	\$ 285,855	\$ 48,508	\$ 17,490,261	\$ 11,213,766

See accompanying notes to financial statements.

611-31

# THE CORPORATION OF THE CITY OF BRAMPTON

## TRUST FUNDS

### Statement of Financial Position

December 31, 2009, with comparative figures for 2008

	Cemeteries Care and Maintenance Trust Funds		Developers' Performance Deposits Trust		Developer Front End Financing Trust Fund		BMB, GTA and GTMA Trust Funds		2009 Total	2008 Total		
<b>Financial Assets and Liabilities</b>												
<b>Assets</b>												
Cash	\$	9,550	\$	16,260,946	\$	285,734	\$	48,487	\$	16,604,717	\$	10,492,488
Accounts receivable		221		9,951		121		21		10,314		10,784
Due from City Revenue Fund		3,534		-		-		-		3,534		3,723
Subtotal		13,305		16,270,897		285,855		48,508		16,618,565		10,506,995
Investments, at cost (market - \$883,094 2008 - \$713,675):												
Federal		99,018		-		-		-		99,018		99,018
Municipal Bonds		780,082		-		-		-		780,082		615,157
Subtotal		879,100		-		-		-		879,100		714,175
Total Assets		892,405		16,270,897		285,855		48,508		17,497,665		11,221,170
<b>Liabilities</b>												
Accounts payable		-		7,404		-		-		7,404		7,404
Total Liabilities		-		7,404		-		-		7,404		7,404
Net financial resources	\$	892,405	\$	16,263,493	\$	285,855	\$	48,508	\$	17,490,261	\$	11,213,766
Fund balances	\$	892,405	\$	16,263,493	\$	285,855	\$	48,508	\$	17,490,261	\$	11,213,766

See accompanying notes to financial statements.

611-32

# THE CORPORATION OF THE CITY OF BRAMPTON TRUST FUNDS

---

## Notes to Financial Statements Year ended December 31, 2009

### 1. Significant accounting policies:

Revenue recognition:

- (a) Receipts, other than interest and letters of credit receipts, are reported on receipt. Interest income and letters of credit receipts are recorded on the accrual basis of accounting.
- (b) Returns of performance deposits are reported in the periods in which they are paid either directly by the Trust Funds or through The City of Brampton (the "City") funds. All expenditures are reported on the accrual basis of accounting.

The accrual basis of accounting recognizes expenditures as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

- (c) Investments, including any term deposits not available on demand, are reported at the lower of cost and market value.

### 2. Cemeteries Care and Maintenance Trust Funds:

The City maintains several cemeteries, including the following which have Care and Maintenance Trust Funds which the City administers: Brampton, Page, Hilltop Gore, Shiloh, Alloa, Grahamsville, Zion, Mt. Olivet, St. John – Castlemore, St. John – Snelgrove, St. Mary – Tullamore and Eventide. Interest income attributable to each of the individual Trust Funds that is received during any particular year is transferred to the City Revenue Fund in that year to partially offset the maintenance cost for each cemetery to which the individual Trust Funds relate. The operations and investments of the fund are undertaken by the City in accordance with the regulation of the "Cemeteries Act (Revised)."

### 3. Developers' Performance Deposits Trust:

The Developers' Performance Deposits Trust was established for the following purposes:

- (a) To hold performance deposits made by individual parties to the City as assurance that specific obligations agreed upon are fulfilled. Once fulfilled, the deposit held is returned to the respective party.

**THE CORPORATION OF THE CITY OF BRAMPTON  
TRUST FUNDS**

---

**Notes to Financial Statements  
Year ended December 31, 2009**

**3. Developers' Performance Deposits Trust (continued):**

- (b) When a party develops a property in the City, generally a letter of credit is obtained from the party's bank, which provides a guarantee to the City that the contract will be completed as specified. Otherwise, the City is able to draw upon the letter of credit and to deposit the funds in the Trust to be later used to pay a third party to complete the contract.
- (c) As amounts are not significant enough to warrant their own trust, municipal election campaign surpluses of registered candidates are held in this Trust. In accordance with the Municipal Election Law Section 132(a)(i), the surplus should be held in trust until "the next regular election." At December 31, 2009, \$7,404 of campaign surpluses are held in this Trust (2008 - \$7,404).

**4. Developer Front End Financing Trust Fund:**

The Front End Financing Trust Fund was established in 1993 to receive contributions from developers for studies and construction of services which not only benefit their particular development, but will also ultimately benefit other future development. The Front End Developers provide the initial financing in lieu of the City for the required studies and capital works and enter into agreements with the City to recover the costs associated with other benefiting landowners on a best effort basis.

**5. Brampton Marketing Board, Greater Toronto Area and Greater Toronto Marketing Alliance:**

The Brampton Marketing Board (the "BMB"), the Greater Toronto Area (the "GTA") and the Greater Toronto Marketing Alliance (the "GTMA") Trust Funds were established to hold contributions made from the development and business community. The Trust Funds were formed as partnerships between the BMB, the GTA and the GTMA. Their mandate is to attain corporate and municipal sponsorship of marketing initiatives for the City, the GTA and the GTMA.



## Schedule A

### The Corporation of the City of Brampton 2009 Municipal Surplus Reconciliation, Tax Levy purpose VS Financial Statements

Surplus per CityWide Operating Summary, December 31, 2009 ( for tax levy purposes)	\$	253,707
Add : Net interfund transfer eliminated in consolidation		12,867,125
Less: Expenses charged to Capital projects are reclassified as operating in nature		17,613,258
Add: Interest earned on reserves and reserve funds not included in the City's operating budget for tax levy purposes		27,023,959
Other Adjustments required for PSAB and TCA purposes:		
Less: PSAB adjustments re employee post retirement benefits and other legal liabilities		4,840,789
Add: DC revenues recognized during the year for project funding		133,413,080
Add: Developers contributed assets recognized as municipal equity		133,296,302
Less: Amortization expenses expensed, new starting in 2009		56,110,387
Less: Net cost of tangible capital assets disposed		<u>767,257</u>
Total municipal surplus before consolidation		227,522,482
Consolidated entities surplus ( net of consolidated eliminations, including the Library, BDDC etc.):		56,133
Total annual surplus per Consolidated Statement of Operations , December 31, 2009	\$	<u><u>227,578,615</u></u>

**Note: Under Public Sector Accounting Board reporting standards, financial transactions are reported under one fund, i.e., transactions of revenue fund, capital and reserve funds are added together.**