

**DRAFT #3**  
**May 7, 2024**

Consolidated Financial Statements of

**THE CORPORATION OF  
THE CITY OF BRAMPTON**

And Independent Auditor's Report thereon

Year ended December 31, 2023

## INDEPENDENT AUDITOR'S REPORT

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

### ***Opinion***

We have audited the consolidated financial statements of The Corporation of the City of Brampton (the Entity), which comprise:

- the consolidated statement of financial position as at December 31, 2023
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of change in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

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

### ***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

***Emphasis of the Matter - Comparative Information***

We draw attention to Note 3 to the financial statements ("Note 3"), which explains that certain comparative information presented for the year ended December 31, 2022, has been restated as a result of the modified retroactive adoption of the asset retirement obligation standard.

Note 3 explains the reason for the restatement and also explains the adjustments that were applied to restate certain comparative information.

Our opinion is not modified in respect of this matter.

***Other Matter - Comparative Information***

As part of our audit of the financial statements for the year ended December 31, 2023, we also audited the adjustments that were applied to restate certain comparative information presented for the year ended December 31, 2022. In our opinion, such adjustments are appropriate and have been properly applied.

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

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

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

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

***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 generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 Entity 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.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

***DRAFT***

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

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# THE CORPORATION OF THE CITY OF BRAMPTON

**DRAFT** Consolidated Statement of Financial Position  
(Expressed in thousands of dollars)

December 31, 2023, with comparative information for 2022

	2023	2022
		(Restated - note 3)
<b>Financial Assets</b>		
Cash and short-term investments (note 5)	\$ 180,810	\$ 326,384
Taxes receivable	107,752	74,243
User charges receivable	4,156	3,814
Accounts receivable	68,745	49,657
Long-term investments (note 5)	1,059,364	971,530
Other assets (note 6)	8,217	8,255
	<u>1,429,044</u>	<u>1,433,883</u>
<b>Financial Liabilities</b>		
Accounts payable and accrued liabilities	190,383	145,553
Capital lease obligation (note 7)	76,233	78,702
Deferred revenue - general (note 9(a))	10,041	30,553
Deferred revenue - obligatory reserve funds (note 9(b))	696,480	715,746
Employee benefits and other liabilities (note 10)	128,654	122,285
Long-term liabilities (note 8)	39,532	40,943
Asset retirement obligation (note 3)	7,694	7,694
	<u>1,149,017</u>	<u>1,141,476</u>
Net financial assets	280,027	292,407
<b>Non-Financial Assets</b>		
Tangible capital assets (note 16)	4,264,069	4,109,713
Inventory and prepaids	15,122	12,726
	<u>4,279,191</u>	<u>4,122,439</u>
Guarantee (note 6)		
Commitments and contingencies (note 17)		
Contractual rights (note 20)		
Credit facility (note 22)		
Accumulated surplus (note 12)	<u>\$ 4,559,218</u>	<u>\$ 4,414,846</u>

See accompanying notes to consolidated financial statements.

# THE CORPORATION OF THE CITY OF BRAMPTON

**DRAFT** Consolidated Statement of Operations and Accumulated Surplus  
(Expressed in thousands of dollars)

Year ended December 31, 2023, with comparative information for 2022

	Budget 2023 (notes 1(q) and 18)	2023	2022 (Restated - note 3)
<b>Revenue:</b>			
Property taxation	\$ 546,083	\$ 545,717	\$ 503,328
Taxation from other governments	3,895	4,336	4,035
User charges	205,134	214,825	173,493
Government transfers (note 21)	969	29,461	13,848
Development levies earned and other restricted capital contributions (note 9(b))	92,300	222,858	149,353
Investment income	4,118	1,874	4,301
Interest earned on reserves	18,714	16,868	12,439
Penalties, fines and interest	37,065	36,180	33,453
Developer contributed tangible capital assets (note 16(b))	94,500	45,975	84,988
Other	5,134	16,051	9,341
	<u>1,007,912</u>	<u>1,134,145</u>	<u>988,579</u>
<b>Expenses (note 13):</b>			
General government	80,803	106,342	97,357
Protection to persons and property	156,350	146,089	145,030
Transportation services	424,045	438,312	400,324
Environmental services	27,193	30,754	32,680
Health services (cemeteries)	843	793	655
Social and family services	3,983	4,129	3,345
Recreation and cultural services	227,731	227,040	195,996
Planning and development services	37,053	36,314	36,213
	<u>958,001</u>	<u>989,773</u>	<u>911,600</u>
Annual surplus	<u>\$ 49,911</u>	144,372	76,979
Accumulated surplus, beginning of year, as previously reported		4,414,846	4,345,307
Adjustment on adoption of the asset retirement obligation (note 3)		—	(7,440)
Accumulated surplus, beginning of year as restated		4,414,846	4,337,867
Accumulated surplus, end of year		<u>\$ 4,559,218</u>	<u>\$ 4,414,846</u>

See accompanying notes to consolidated financial statements.

# THE CORPORATION OF THE CITY OF BRAMPTON

## **DRAFT** Consolidated Statement of Change in Net Financial Assets (Expressed in thousands of dollars)

Year ended December 31, 2023, with comparative information for 2022

	Budget 2023 (notes 1(q) and 18)	2023	2022 (Restated - note 3)
Annual surplus	\$ 49,911	\$ 144,372	\$ 76,979
Acquisition of tangible capital assets	–	(269,712)	(150,613)
Developer contributed tangible capital assets	(94,500)	(45,975)	(84,988)
Amortization of tangible capital assets	153,510	161,308	157,294
Loss on disposal of tangible capital assets	–	23	15
Acquisition of inventory and prepaids	–	(19,344)	(17,756)
Use of inventory and prepaids	–	16,948	16,703
Change in net financial assets	108,921	(12,380)	(2,366)
Net financial assets, beginning of year, as previously reported	292,407	292,407	302,467
Adjustment on adoption of the asset retirement obligation (note 3)	–	–	(7,694)
Net financial assets, beginning of year, as restated	292,407	292,407	294,773
Net financial assets, end of year	\$ 401,328	\$ 280,027	\$ 292,407

See accompanying notes to consolidated financial statements.

# THE CORPORATION OF THE CITY OF BRAMPTON

## **DRAFT** Consolidated Statement of Cash Flows (Expressed in thousands of dollars)

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
		(Restated - note 3)
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 144,372	\$ 76,979
Items not involving cash:		
Amortization of tangible capital assets	161,308	157,294
Loss on disposal of tangible capital assets	23	15
Developer contributed tangible capital assets	(45,975)	(84,988)
Change in non-cash assets and liabilities:		
Taxes receivable	(33,509)	(15,705)
User charges receivable	(342)	(639)
Accounts receivable and other assets	(19,050)	(2,128)
Accounts payable and accrued liabilities	44,830	4,258
Deferred revenue - general	(20,512)	(4,720)
Deferred revenue - obligatory reserve funds	(19,266)	17,077
Employee benefits and other liabilities	6,369	14,787
Inventory and prepaids	(2,396)	(1,053)
	215,852	161,177
Capital activities:		
Acquisition of tangible capital assets	(269,712)	(150,613)
Financing activities:		
Repayment of capital lease obligation	(2,469)	(2,289)
Sinking fund deposits made	(1,411)	(1,345)
	(3,880)	(3,634)
Investing activities:		
Net increase in long-term investments	(87,834)	(94,977)
Decrease in cash and short-term investments	(145,574)	(88,047)
Cash and short-term investments, beginning of year	326,384	414,431
Cash and short-term investments, end of year	\$ 180,810	\$ 326,384

See accompanying notes to consolidated financial statements.



# THE CORPORATION OF THE CITY OF BRAMPTON

**DRAFT** Notes to Consolidated Financial Statements  
(Expressed in thousands of dollars)

Year ended December 31, 2023

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The Corporation of the City of Brampton (the "City") 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, 2001, Municipal Affairs Act, Development Charges Act and related legislation.

## 1. Significant accounting policies:

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

### (a) Reporting entity:

The consolidated financial statements reflect the assets, liabilities, revenue, expenses and accumulated surplus of the reporting entity. The reporting entity is comprising 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 consolidated financial statements include:

- Brampton Public Library Board (the "Library"); and
- Downtown Brampton Business Improvement Area.

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

# THE CORPORATION OF THE CITY OF BRAMPTON

**DRAFT** Notes to Consolidated Financial Statements (continued)  
(Expressed in thousands of dollars)

Year ended December 31, 2023

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## 1. Significant accounting policies (continued):

### (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 ("Region of Peel");
- The Peel District School Board;
- The Dufferin-Peel Catholic District School Board;
- Conseil Scolaire de District du Centre-Sud Ouest; and
- Conseil Scolaire de District Catholique Centre-Sud.

Trust funds and their related operations administered by the City are not included in these consolidated financial statements but are reported separately on the trust funds' financial statements.

### (c) Accounting for region and school board transactions:

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

### (d) Basis of accounting:

The City follows the accrual method of accounting. Under the accrual method of accounting, revenue is recognized in the year in which the transactions or events that gave rise to the revenue occurred.

Expenses are the cost of goods or services acquired in the period whether or not payment has been made or invoices received.

# THE CORPORATION OF THE CITY OF BRAMPTON

**DRAFT** Notes to Consolidated Financial Statements (continued)

(Expressed in thousands of dollars)

Year ended December 31, 2023

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## 1. Significant accounting policies (continued):

### (e) Cash and short-term investments:

Cash and short-term investments include short-term highly liquid investments with terms to maturity of 90 days or less. Cash and short-term investments are recorded at cost with write down to market when there is a decrease in value.

### (f) Long-term investments:

Long-term investments consist of bonds and debentures and are recorded at amortized cost. Discounts and premiums arising on the purchase of these investments are amortized over the term of the investments. When there has been a loss of value that is other than a temporary decline in value, the respective investment is written down to market value to recognize the loss in the consolidated statement of operations and accumulated surplus.

### (g) Other assets:

Other assets are valued at cost and include long-term receivables. Recoverability is assessed annually, and a valuation allowance is recorded when recoverability has been impaired. Other assets including long-term receivables are written off when they are no longer recoverable. Recoveries of other assets including long-term receivables that have been previously written off are recognized in the year received. Other assets including long-term receivables with significant concessionary terms are reported as an expense on the consolidated statement of operations and accumulated surplus.

### (h) Contaminated sites:

Contaminated sites are defined as the result of contamination being introduced that exceeds an environmental standard. A liability for remediation of contaminated sites is recognized, net of any expected recoveries, when all of the following criteria are met:

- (i) an environmental standard exists;
- (ii) contamination exceeds the environmental standard;
- (iii) the organization is directly responsible or accepts responsibility for the liability;

# THE CORPORATION OF THE CITY OF BRAMPTON

**DRAFT** Notes to Consolidated Financial Statements (continued)

(Expressed in thousands of dollars)

Year ended December 31, 2023

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## 1. Significant accounting policies (continued):

(iv) future economic benefits will be given up; and

(v) a reasonable estimate of the liability can be made.

The liability is estimated based upon information that is available when the consolidated financial statements are prepared. It is based upon the costs directly attributable to the remediation activities required using a present value measurement technique.

### (i) Non-financial assets:

Non-financial assets include tangible capital assets and inventory and prepaids. They are not available to discharge existing liabilities and are held for use in the provision of services.

Inventory and prepaid expenses held for consumption are recorded at the lower of cost and replacement cost.

### (j) Tangible capital assets:

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:

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Land	Unlimited
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
Assets under capital lease	Lesser of useful life and lease term

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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.

# THE CORPORATION OF THE CITY OF BRAMPTON

**DRAFT** Notes to Consolidated Financial Statements (continued)  
(Expressed in thousands of dollars)

Year ended December 31, 2023

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## 1. Significant accounting policies (continued):

### (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 consolidated financial statements. The City owns both works of art and historical treasures at various City-owned facilities. These assets are deemed worthy of preservation because of the social rather than financial benefits they provide to the community.

### (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.

### (k) Government transfers:

Government transfers are recognized in the consolidated financial statements as revenue in the year 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.

# THE CORPORATION OF THE CITY OF BRAMPTON

**DRAFT** Notes to Consolidated Financial Statements (continued)

(Expressed in thousands of dollars)

Year ended December 31, 2023

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## 1. Significant accounting policies (continued):

### (l) Deferred revenue - general:

Deferred revenue represents 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 revenue in the fiscal year the services are performed.

### (m) 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 year they are expended.

### (n) Taxation and user charges revenue:

Tax receivable and tax revenue are recognized when they meet the definition of an asset, the tax is authorized and the taxable event has occurred. User charges are recognized when measurable and earned.

### (o) Investment income:

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

# THE CORPORATION OF THE CITY OF BRAMPTON

**DRAFT** Notes to Consolidated Financial Statements (continued)

(Expressed in thousands of dollars)

Year ended December 31, 2023

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## 1. Significant accounting policies (continued):

### (p) Pensions and employee benefits:

- (i) The City provides certain employee benefits which will require funding in future periods. These benefits include sick leave, benefits under the Workplace Safety and Insurance Board Act ("WSIB") and life insurance, extended health and dental benefits for early retirees. The costs of sick leave, benefits under WSIB and life insurance, extended health and dental benefits are actuarially determined using management's best estimate of salary escalation, accumulated sick days at retirement, insurance and health care cost trends, long-term inflation rates and discounted rates. For self-insured retirement and other employee future benefits that vest or accumulate over the periods of service provided by employees, such as compensated absences and health, dental and life insurance benefits for retirees, the cost is actuarially determined using the projected benefits method prorated on service. Under this method, the benefit costs are recognized over the expected average service life of the employee group. Any actuarial gains and losses related to the past service of employees are amortized over the expected average remaining service life of the employee group. For those self-insured benefit obligations that arise from specific events that occur from time to time, such as obligations for workers' compensation and life insurance and health care benefits for those on disability leave, the cost is recognized immediately in the period when the events occur. Any actuarial gains or losses that are related to these benefits are recognized immediately in the year they arise.
- (ii) The costs of a multi-employer defined benefit pension plan, such as the Ontario Municipal Employees Retirement System ("OMERS") pensions which is accounted for as a defined contribution plan, are the employer's defined contributions to the plan in the year.

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 WSIB are amortized over the average expected year during which the benefits will be paid.

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

# THE CORPORATION OF THE CITY OF BRAMPTON

**DRAFT** Notes to Consolidated Financial Statements (continued)  
(Expressed in thousands of dollars)

Year ended December 31, 2023

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## 1. Significant accounting policies (continued):

### (q) Budget figures:

The City budgets for the following items on the consolidated statement of operations and accumulated surplus: interest earned on reserves, developer contributed tangible capital assets and amortization expense.

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

The operating budget is based on projected operating expenses to be incurred during the current year. Budgets established for capital projects are set on a project-oriented basis, the costs of which may be carried out over one or more fiscal years.

### (r) Use of estimates:

The preparation of these consolidated 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 consolidated financial statements and the reported amounts of revenue and expenses during the year. Significant estimates and assumptions include allowance for doubtful accounts for certain accounts receivable, carrying value of tangible capital assets, provisions accrued liabilities and obligations related to employee future benefits. Actual results could differ from these estimates.

### (s) Related parties disclosure:

A related party exists when one party has the ability to exercise control or shared control over the other. Related parties include key management personnel, their close family members and the entities they control or have shared control over. Related party transactions are disclosed if they occurred at a value different from that which would have been arrived at if parties were unrelated and the transaction has material effect on the consolidated financial statements. As at December 31, 2023, there are no such related party transactions to disclose.



# THE CORPORATION OF THE CITY OF BRAMPTON

**DRAFT** Notes to Consolidated Financial Statements (continued)

(Expressed in thousands of dollars)

Year ended December 31, 2023

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## 1. Significant accounting policies (continued):

### (t) Contingent assets:

Contingent assets are possible assets arising from existing conditions or situations involving uncertainty which will be ultimately resolved when one or more future events occur that are not within the government's control. Disclosure of a contingent asset is required under this standard when the occurrence of a confirming future event is likely. As at December 31, 2023, there are no such contingent assets to disclose.

### (u) Contractual rights:

Contractual rights require the disclosure of information in regards to future rights to economic resources arising from contracts or agreements that will result in a future economic benefit. Such disclosure includes the nature, extent and timing of contractual rights. The City is involved with various contracts and agreements arising in the ordinary course of business. This results in contractual rights to economic resources. Contractual rights are reported in note 20.

### (v) Assets:

The assets standard provides additional guidance on the definition of assets and what is meant by economic resources, control, past transactions and events and from which future economic benefits are to be obtained. For the year ended December 31, 2023, all material assets have been disclosed and reported within this definition.

### (w) Newly adopted accounting standards:

Five new standards were effective for the City's consolidated financial statements for the fiscal year ending December 31, 2023:

- (i) PS 1201, Financial Statement Presentation, replaces PS 1200, Financial Statement Presentation. The new standard clarifies presentation for re-measurement of derivatives. There is no proposed financial or disclosure impact to the City's consolidated financial statements for this new standard for the December 31, 2023 year-end.

# THE CORPORATION OF THE CITY OF BRAMPTON

**DRAFT** Notes to Consolidated Financial Statements (continued)  
(Expressed in thousands of dollars)

Year ended December 31, 2023

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## 1. Significant accounting policies (continued):

- (ii) PS 2601, Foreign Currency Translation, replaces PS 2600, Foreign Currency Translation, and defines the measurement of foreign currency conversions. There is no proposed financial or disclosure impact to the City's consolidated financial statements for this new standard for the December 31, 2023 year-end.
- (iii) PS 3041, Portfolio Investments, is a new standard, and defines requirements for investments to be measured at either fair value or amortized cost method. There is no proposed financial or disclosure impact to the City's consolidated financial statements for this new standard for the December 31, 2023 year-end.
- (iv) PS 3280, Asset Retirement Obligations, is a new standard that replaces PS 3270, Solid Waste Landfill Closure and Post-Closure Liability. This new standard is larger in scope, as it includes all assets with a retirement obligation and not just the previously reported landfill liability. It addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in retired buildings by public sector entities.

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset
- The past transaction or event giving rise to the liability has occurred.
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

These obligations represent estimated retirement costs for the City owned buildings, including fuel tanks and restoration costs for leasehold improvements (note 3). The proposed financial impact to the City consolidated financial statements for the December 31, 2023 year-end is an increase of \$7,694 million to liabilities, \$158 in assets, and a corresponding decrease in accumulated surplus of approximately \$7,536. Asset retirement obligations are recorded on the consolidated financial statements as a liability and are based on accrual accounting. As such, there is no direct cash flow or budgetary impact to the City.

# THE CORPORATION OF THE CITY OF BRAMPTON

**DRAFT** Notes to Consolidated Financial Statements (continued)

(Expressed in thousands of dollars)

Year ended December 31, 2023

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## 1. Significant accounting policies (continued):

- (v) PS 3450, Financial Instruments, is a new standard that prescribes the treatment for measurement of financial instruments (at fair value or amortized cost). Financial instruments include primary instruments (such as receivables, payables and equity instruments) and derivative financial instruments (such as financial options, futures and forwards, interest rate swaps and currency swaps). There is no proposed financial impact to the City's consolidated financial statements for this new standard for the December 31, 2023 year-end.

## 2. Future accounting pronouncements:

These standards and amendments were not effective for the year ended December 31, 2023, and have therefore not been applied in preparing these consolidated financial statements. Management is currently assessing the impact of the following accounting standards updates on the future consolidated financial statements.

- (i) PS 3400, Revenue, establishes a single framework to categorize revenue to enhance the consistency of revenue recognition and its measurement. This standard is effective for fiscal years beginning on or after April 1, 2023 (the City's December 31, 2024 year end).
- (ii) Public Sector Guideline 8, Purchased Intangibles, allows public sector entities to recognize intangibles purchased through an exchange transaction. This guideline is effective for fiscal years beginning on or after April 1, 2023 (the City's December 31, 2024 year end).
- (iii) PS 3160, Public Private Partnerships ("P3s"), identifies requirements on how to account for and disclose transactions in which public sector entities procure major infrastructure assets and/or services from private sector entities. Recognition of assets arising from P3s arrangements is ultimately dependent on whether public sector entities control the purpose and use of the assets, access to the future economic benefits and exposure to the risks associated with the assets, and significant residual interest in the asset, if any, at the end of the term of P3s. Measurement of the asset and related liability will also be dependent on the overall model used to compensate the private sector entity. Measurement of the asset and related liability will also be dependent on the overall model used to compensate the private sector entity.

# THE CORPORATION OF THE CITY OF BRAMPTON

**DRAFT** Notes to Consolidated Financial Statements (continued)  
(Expressed in thousands of dollars)

Year ended December 31, 2023

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### 3. Change in accounting policies:

Effective January 1, 2023, the City adopted a new Public Sector Accounting Board standard, PS 3280, Asset Retirement Obligations. The modified retroactive approach without discounting has been applied with prior period restatement as at January 1, 2022. This standard applies to all tangible capital assets controlled by the City that have a legal or contractual obligation. It addresses the reporting of legal obligations associated with the retirement of tangible capital assets, both in productive use and not in productive use and controlled by the entity, and the costs associated with the retirement of these assets. The new standard replaces Section PS 3270, Solid Waste Landfill Closure and Post-Closure Liability.

The estimate of the liability associated is measured based on the best estimate of directly attributable expenditures required to settle this obligation. Other costs would also include post-retirement operation, maintenance and monitoring costs required after the asset has been removed from service. To record the obligation, the total liability is added to the carrying value of the associated assets and amortized using straight-line basis over the remaining useful life of the asset. As new and updated information is available through maintenance of assets, the estimates for asset retirement obligation would be revised and any updates to the estimated costs of obligation will result in change in carrying value of the assets in productive use to be amortized for the remaining life of the asset.

# THE CORPORATION OF THE CITY OF BRAMPTON

**DRAFT** Notes to Consolidated Financial Statements (continued)

(Expressed in thousands of dollars)

Year ended December 31, 2023

### 3. Change in accounting policies (continued):

As a result of applying this PS accounting standard, an asset retirement obligation of \$7,694 was recognized as a long-term obligation in the consolidated statement of financial position. These obligations represent estimated retirement costs for the City owned buildings, including fuel tanks and restoration costs for leasehold improvements. Majority of these obligations are related to the removal and disposal of designated substances such as asbestos from buildings. The buildings have an expected useful life of 40 years, and the estimate has not changed since purchase. The impact of these changes has been adjusted and prior periods have been restated as follows:

	2022 as previously reported	Restatement adjustment	2022 as restated
<b>Consolidated statement of financial position</b>			
Tangible capital assets at December 31	\$ 4,109,507	\$ 206	\$ 4,109,713
Asset retirement obligation at December 31	—	(7,694)	(7,694)
Accumulated surplus at December 31	4,422,334	(7,488)	4,414,846
<b>Consolidated statement of operations and accumulated surplus</b>			
Accumulated surplus at January 1	\$ 4,345,307	\$ (7,440)	\$ 4,337,867
General government for the year ended December 31	97,321	36	97,357
Recreation and cultural services for the year ended December 31	195,984	12	195,996
Annual surplus for the year ended December 31	77,027	(48)	76,979
<b>Consolidated statement of change in net financial assets</b>			
Net financial assets as at January 1,	\$ 302,467	\$ (7,694)	\$ 294,773
Change in net financial assets for the year ended December 31	(2,366)	—	(2,366)
Net financial assets as at December 31	300,101	(7,694)	292,407
<b>Consolidated statement of cash flows</b>			
Annual surplus for the year ended December 31	\$ 77,027	\$ (48)	\$ 76,979
Amortization of tangible capital assets for the year ended December 31	157,246	48	157,294

# THE CORPORATION OF THE CITY OF BRAMPTON

**DRAFT** Notes to Consolidated Financial Statements (continued)

(Expressed in thousands of dollars)

Year ended December 31, 2023

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## 4. Financial instruments:

Financial instruments are classified in one of the following categories: (i) fair value; or (ii) cost or amortized costs.

Financial instruments measured at fair value are classified according to fair value hierarchy that reflects the importance of the data used to perform each valuation. The fair value hierarchy is made up of the following levels:

- 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).
- 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 carrying amount of cash and short-term investments, long-term investments are disclosed in note 5. Taxes receivable, accounts receivable, user charge receivable, accounts payable and accrued liabilities, employee benefits and other liabilities, and long-term liabilities approximate their fair value due to the short-term maturity of these financial instruments. All the above instruments are classified as Level 1.

There were no transfers between Level 1 and Level 2 for the year ended December 31, 2023. There were also no transfers in or out of Level 3 during the year.

# THE CORPORATION OF THE CITY OF BRAMPTON

**DRAFT** Notes to Consolidated Financial Statements (continued)  
(Expressed in thousands of dollars)

Year ended December 31, 2023

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## 4. Financial instruments (continued):

Risks arising from financial instruments and risk management:

The City is exposed to a variety of financial risks including credit risk, liquidity risk and market risk:

### (a) Credit risk:

Credit risk is the risk that a security issuer or counterparty will be unable to pay amounts in full when due. The City's principal financial assets are cash, accounts receivable and investments, which are subject to credit risk. The carrying amounts of financial assets on the consolidated statement of financial position represent the City's maximum credit exposure as at the consolidated statement of financial position date.

The City's credit risk is primarily attributable to its receivables. The amounts disclosed in the consolidated statement of financial position are net of an allowance for doubtful accounts, estimated by management of the City. The City does not have any significant past due accounts receivable that are not provided for.

As at December 31, 2023, there were no significant balances of accounts receivable due from any single customer. There was \$108 (2022 - \$10) of write-offs during the year which were approved by the City Council. There were no write-offs during the year related to section 354 of the Municipal Act, 2001. The City actively monitors accounts receivable and has the right to enforce payment as per the contract.

The credit risk on cash and investments is limited because the counterparties are chartered banks and government institutions with high credit ratings assigned by national credit rating agencies.

### (b) Liquidity risk:

Liquidity risk results from the City's potential inability to meet its obligations associated with the financial liabilities as they come due. The City monitors its operations and cash flows to ensure current and future obligations will be met. The City believes its current sources of liquidity are sufficient to cover its currently known short and long-term cash obligations. The maturity analysis of the City's long-term debt is described in note 8. The majority of the accounts payable and accrued liabilities are expected to be settled in the next fiscal year.

# THE CORPORATION OF THE CITY OF BRAMPTON

**DRAFT** Notes to Consolidated Financial Statements (continued)  
(Expressed in thousands of dollars)

Year ended December 31, 2023

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## 4. Financial Instruments (continued):

### (c) Market risk:

Market risk comprises of three types of risk: Interest rate risk, other price risk and currency risk.

The effect that changing interest rates have on the present value of a fixed-income security is the interest rate risk.

While the current market value of the City's fixed income portfolio is lower than that of the book value, it doesn't pose any risk of realized loss as the City mostly holds the portfolio to maturity. The City's laddered investment approach for the fixed income portfolio allows a healthy amount of maturity every year to be used for either liquidity purposes or for re-investment.

The City is not exposed to any significant currency risk due to limited foreign currency transactions.

## 5. Cash and investments:

Cash and short-term investments of \$180,810 (2022 - \$326,384) includes short-term investments of \$136,863 (2022 - \$256,817) with a market value \$136,812 (2022 - \$256,817) at the end of the year.

Long-term investments of \$1,059,364 (2022 - \$971,530) have a market value of \$1,011,590 (2022 - \$888,167) at the end of the year.

As at December 31, 2023, the City's long-term investments measured at amortized cost exceed market value, representing a temporary decline in market value but no decline in the amortized cost value reported. There is no impairment due to the low-risk nature of the investments, the high credit ratings of the issuers, and the City's intention to hold these investments to their maturities.



# THE CORPORATION OF THE CITY OF BRAMPTON

**DRAFT** Notes to Consolidated Financial Statements (continued)

(Expressed in thousands of dollars)

Year ended December 31, 2023

## 6. Other assets:

Included in other assets in the consolidated statement of financial position is \$7,984 (2022 - \$7,984) consisting of a long-term loan receivable of \$6,000 advanced by the City towards the construction of the CAA Centre (formerly the "Powerade Centre") with a due date of August 31, 2034 and a further \$1,984 representing advances under the Loan and Priorities Agreement established in 1998 and bearing interest at the rate of 6.08% per annum.

The City is also the guarantor for the Powerade Centre Term Loan ("Term Loan", previously a mortgage) held by the Royal Bank of Canada. The Term Loan has an outstanding balance of \$6,040 on December 31, 2023 (2022 - \$6,432).

## 7. Capital lease obligation:

In 2014, the City entered into a capital lease arrangement (the "agreement") for the City Hall West Tower.

The agreement requires equal monthly lease payments over a period of 25 years until 2039. At the expiry of the agreement, the legal title of the building will be transferred to the City.

Annual lease payments under the agreement are as follows:

2024	\$	8,354
2025		8,354
2026		8,354
2027		8,354
2028		8,354
2029 and thereafter		88,405
Total minimum lease payments		130,175
Less amount representing implicit interest at 7.59%		53,942
Capital lease obligation	\$	76,233

Included in interest expense reported in the consolidated statement of operations and accumulated surplus is \$5,885 (2022 - \$6,065) for interest expense related to the capital lease obligation.

# THE CORPORATION OF THE CITY OF BRAMPTON

**DRAFT** Notes to Consolidated Financial Statements (continued)

(Expressed in thousands of dollars)

Year ended December 31, 2023

## 8. Long-term liabilities:

The City has long-term debt managed and issued by the Region of Peel. The City has the responsibility for the annual contribution towards sinking funds that would be used to extinguish the debt at maturity. The total long-term liabilities reported on the consolidated statement of financial position include the following:

	2023	2022
Unsecured debenture issued in 2019 by Region of Peel on behalf of the City, bearing interest at 3.85%, maturing on 2042	\$ 24,554	\$ 24,554
Unsecured debenture issued in 2021 by Regional of Peel on behalf of the City, bearing interest at 2.5%, maturing on 2042	18,471	18,471
Less sinking fund deposits bearing interest at 2.5%	3,493	2,082
	<b>\$ 39,532</b>	<b>\$ 40,943</b>

Actuarially determined funding contribution requirements for the next six years and thereafter are as follows:

2024	\$ 1,358
2025	1,378
2026	1,399
2027	1,420
2028	1,442
2029 and thereafter	27,767
Interest to be earned on sinking fund debt	4,768
<b>Unsecured debenture, net of sinking fund deposits</b>	<b>\$ 39,532</b>

Interest expense in the amount of \$1,386 (2022 - \$1,386) has been recognized on the consolidated statement of operations and accumulated surplus. The annual sinking fund deposits and interest payments required to service the long-term liabilities of the municipality are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

# THE CORPORATION OF THE CITY OF BRAMPTON

**DRAFT** Notes to Consolidated Financial Statements (continued)

(Expressed in thousands of dollars)

Year ended December 31, 2023

## 9. Deferred revenue:

### (a) Deferred revenue - general:

Deferred revenue - general is comprised of user charges for parks and recreation programs, transit advertising revenue applicable for the following year and unspent provincial funding for capital projects. As at December 31, 2023, the deferred revenue - general amounted to \$10,041 (2022 - \$30,553).

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

Obligatory reserve funds are to be reported as deferred revenue. This requirement is in place as Federal and 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, 2023, obligatory reserve funds amounted to \$696,480 (2022 - \$715,746). This balance includes unspent development charges, unspent gas tax receipts as well as unspent funding for specific infrastructure projects received from federal and provincial governments.

Details of these deferred revenue are as follows:

	Opening balance as at January 1, 2023	Amount received including interest	Amount recognized as revenue	Closing balance as at January 1, 2023	December 31 2022
Developer	\$ 383,632	\$ 97,524	\$ 68,723	\$ 412,433	\$ 383,632
Federal gas tax	102,266	39,046	48,107	93,205	102,266
Provincial gas tax	6,000	16,320	16,320	6,000	6,000
Other	223,848	50,702	89,708	184,842	223,848
<b>Total</b>	<b>\$ 715,746</b>	<b>\$ 203,592</b>	<b>\$ 222,858</b>	<b>\$ 696,480</b>	<b>\$ 715,746</b>

Other deferred revenue includes other obligatory reserves such as developer deposits for subdivision maintenance and future construction.

# THE CORPORATION OF THE CITY OF BRAMPTON

**DRAFT** Notes to Consolidated Financial Statements (continued)  
(Expressed in thousands of dollars)

Year ended December 31, 2023

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## 10. 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 WSIB, 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 consolidated financial statements.

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

	2023	2022
WSIB	\$ 31,899	\$ 28,879
Vested sick leave benefits	31,743	30,398
Vacation pay	15,478	14,892
Non-pension post-employment benefits	41,729	39,176
Self-insurance liability	7,805	8,665
Other	—	275
<b>Total</b>	<b>\$ 128,654</b>	<b>\$ 122,285</b>

As at December 31, 2023, the City has allocated reserves and reserve funds of \$6,757 (2022 - \$4,333) to fund some of these obligations. Any additional requirements to fund these obligations will be covered by General Rate Stabilization Reserve.

The most recent full actuarial valuation for WSIB, vested sick leave benefits and non-pension post-employment benefits was performed as at December 31, 2022.

# THE CORPORATION OF THE CITY OF BRAMPTON

**DRAFT** Notes to Consolidated Financial Statements (continued)

(Expressed in thousands of dollars)

Year ended December 31, 2023

## 10. Employee benefits and other liabilities (continued):

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

Item				2023	2022
	WSIB	Vested sick leave benefits	Non-pension post-employment benefits	Total	Total
Accrued benefit obligation ("ABO"), beginning of year	\$ 33,315	\$ 41,671	\$ 35,934	\$ 110,920	\$ 113,531
Add:					
Current benefit cost	6,244	3,821	1,767	11,832	9,816
Increase (decrease) due to survivor awards	(851)	—	—	(851)	2,865
Interest cost	1,495	1,839	1,616	4,950	4,204
	40,203	47,331	39,317	126,851	130,416
Less current benefit payments	4,743	5,418	1,819	11,980	8,478
ABO, end of year	35,460	41,913	37,498	114,871	121,938
Unamortized actuarial gain (loss)	(3,561)	(10,170)	4,231	(9,500)	(23,485)
Liability for benefits, end of year	\$ 31,899	\$ 31,743	\$ 41,729	\$ 105,371	\$ 98,453

The opening ABO balance changed with the most recent actuarial valuation for WSIB, vested sick leave benefits and non-pension post-employment benefits performed at December 31, 2022.

Item				Total
	WSIB	Vested sick leave benefits	Non-pension post-employment benefits	Total
As previously reported, December 31, 2022	\$ 35,559	\$ 36,351	\$ 50,028	\$ 121,938
Re-evaluation adjustment	(2,244)	5,320	(14,094)	(11,018)
ABO, beginning of year	\$ 33,315	\$ 41,671	\$ 35,934	\$ 110,920

The amortization of actuarial gains and losses for the current year is in the amount of \$13,985 (2022 - \$3,031).

# THE CORPORATION OF THE CITY OF BRAMPTON

**DRAFT** Notes to Consolidated Financial Statements (continued)

(Expressed in thousands of dollars)

Year ended December 31, 2023

## 10. Employee benefits and other liabilities (continued):

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

	WSIB	Vested sick leave benefits	Non-pension post- employment benefits
Expected inflation rate	2.00%	2.00%	2.00%
Expected level of salary increases	n/a	3.00%	3.00%
Interest discount rate	4.50%	4.50%	4.50%
Dental premium rates increase	n/a	n/a	4.00%
Health care premium rates increase	6.00%	n/a	6.00%
Expected average remaining service life	10.19 years	13 years	14 years

## 11. Pension agreements:

The City makes contributions to 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 City accounts for its participation in OMERS, as a defined contribution plan.

The amount contributed to OMERS for 2023 was \$32,084 (2022 - \$32,130) for current service and is included as an expense on the consolidated statement of operations and accumulated surplus. Employee contributions totaled \$32,084 (2022 - \$32,130).

The City is current with all payments to OMERS, therefore, there is neither a surplus nor deficit with the pension plan contributions. However, the OMERS pension plan had a deficit at December 31, 2023 of \$4.2 billion (2022 - \$6.7 billion) based on actuarial valuation of plan assets.

# THE CORPORATION OF THE CITY OF BRAMPTON

**DRAFT** Notes to Consolidated Financial Statements (continued)

(Expressed in thousands of dollars)

Year ended December 31, 2023

## 12. Accumulated surplus:

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

	2023	2022
Tangible capital assets	\$ 4,264,069	\$ 4,109,713
Deficit funds from committed capital projects and other	(261,058)	(271,277)
	4,003,011	3,838,436
Reserves	98,708	103,210
Reserve funds	457,499	473,200
<b>Total</b>	<b>\$ 4,559,218</b>	<b>\$ 4,414,846</b>

## 13. Expenses by object:

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

	Budget 2023	2023	2022 (Restated – note 3)
Salaries, wages and fringe benefits	\$ 534,258	\$ 507,634	\$ 486,039
Amortization of tangible capital assets (note 16)	153,510	161,308	157,294
Contracted services	137,494	162,048	139,155
Materials and supplies	105,725	117,790	106,075
Rents and financial expenses	25,069	25,005	21,164
Government transfers	1,945	15,950	1,858
Other	–	38	15
<b>Total expenses</b>	<b>\$ 958,001</b>	<b>\$ 989,773</b>	<b>\$ 911,600</b>

# THE CORPORATION OF THE CITY OF BRAMPTON

**DRAFT** Notes to Consolidated Financial Statements (continued)  
(Expressed in thousands of dollars)

Year ended December 31, 2023

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## 14. Trust funds:

Trust funds administered by the City amounted to \$32,015 (2022 - \$35,678) are presented in the separate financial statements of trust funds 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 statement of financial position or operations.

The City administers the following trust funds:

- Cemeteries Care and Maintenance Trust;
- Developers' Performance Deposits Trust;
- Developer Front End Financing Trust;
- Brampton Marketing Board, Greater Toronto Area and Greater Toronto Marketing Alliance;  
and
- Brampton Sports Hall of Fame.

## 15. Public liability insurance:

The City is self-insured for all lines of coverage including public liability, errors and omissions and Brampton Transit claims up to \$1,000. 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.

Claims settled during the year amounting to \$4,477 (2022 - \$3,651) have been provided for from the General Rate Stabilization Reserve, and are accordingly reported as expenses on the consolidated statement of operations and accumulated surplus with a corresponding liability recorded on the statement of financial position.

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 consolidated financial statements. In some instances, the ultimate outcome of these claims cannot be determined at this time. However, the City's management believes that the ultimate disposition of these matters will not have a material adverse effect on its consolidated statement of financial position.



# THE CORPORATION OF THE CITY OF BRAMPTON

**DRAFT** Notes to Consolidated Financial Statements (continued)  
(Expressed in thousands of dollars)

Year ended December 31, 2023

## 16. Tangible capital assets:

The City has identified following major asset categories: land; asset under capital lease; buildings and building improvements; furniture, computer and office equipment; infrastructure; land improvements and vehicles and machinery.

	December 31, 2022 previously reported	Adjustments for PS3280	December 31, 2022, restated opening balance	Additions	Disposals	Transfers	December 31, 2023
<b>Cost</b>							
Land	\$ 1,753,057	\$ -	\$ 1,753,057	\$ 40,374	\$ -	\$ -	\$ 1,793,431
Asset under capital lease	93,500	26	93,526	-	-	-	93,526
Buildings and building improvements	931,744	7,668	939,412	21,583	(3,407)	-	957,588
Furniture, computer and office equipment	85,342	-	85,342	9,665	(19,318)	-	75,689
Infrastructure	2,606,590	-	2,606,590	81,993	(409)	-	2,688,174
Land improvements	128,747	-	128,747	13,663	(603)	-	141,807
Vehicles and machinery	461,613	-	461,613	11,914	(1,505)	-	472,022
Assets under construction	117,226	-	117,226	280,195	-	(143,700)	253,721
<b>Total</b>	<b>\$ 6,177,819</b>	<b>\$ 7,694</b>	<b>\$ 6,185,513</b>	<b>\$ 459,387</b>	<b>\$ (25,242)</b>	<b>\$ (143,700)</b>	<b>\$ 6,475,958</b>

# THE CORPORATION OF THE CITY OF BRAMPTON

**DRAFT** Notes to Consolidated Financial Statements (continued)

(Expressed in thousands of dollars)

Year ended December 31, 2023

## 16. Tangible capital assets (continued):

	December 31, 2022 previously reported	Adjustments for PS3280	December 31, 2022, restated opening balance	Disposals	Amortization expense	December 31, 2023
<b>Accumulated amortization</b>						
Land	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Asset under capital lease	31,478	26	31,504	-	3,740	35,244
Buildings and building improvements	449,178	7,462	456,640	(3,409)	36,317	489,548
Furniture, computer and office equipment	51,070	-	51,070	(19,298)	10,487	42,259
Infrastructure	1,174,553	-	1,174,553	(409)	75,672	1,249,816
Land improvements	65,245	-	65,245	(603)	6,755	71,397
Vehicles and machinery	296,788	-	296,788	(1,500)	28,337	323,625
<b>Total</b>	<b>\$ 2,068,312</b>	<b>\$ 7,488</b>	<b>\$ 2,075,800</b>	<b>\$ (25,219)</b>	<b>\$ 161,308</b>	<b>\$ 2,211,889</b>

	December 31, 2022	Adjustments for PS3280	Restated opening balance	December 31, 2023
<b>Net book value</b>				
Land	\$ 1,753,057	\$ -	\$ 1,753,057	\$ 1,793,431
Asset under capital lease	62,022	-	62,022	58,282
Buildings and building improvements	482,566	206	482,772	468,040
Furniture, computer and office equipment	34,272	-	34,272	33,430
Infrastructure	1,432,037	-	1,432,037	1,438,358
Land improvements	63,502	-	63,502	70,410
Vehicles and machinery	164,825	-	164,825	148,397
Assets under construction	117,226	-	117,226	253,721
<b>Total</b>	<b>\$ 4,109,507</b>	<b>\$ 206</b>	<b>\$ 4,109,713</b>	<b>\$ 4,264,069</b>

### (a) Assets under construction:

Assets under construction having a value of \$253,721 (2022 - \$117,226) 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. Contributed capital assets are comprised of infrastructure assets acquired through subdivision assumptions. The value of contributed assets received during the year is \$45,975 (2022 - \$84,988).

# THE CORPORATION OF THE CITY OF BRAMPTON

**DRAFT** Notes to Consolidated Financial Statements (continued)

(Expressed in thousands of dollars)

Year ended December 31, 2023

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## 17. Commitments and contingencies:

### (a) Commitment for operating leases:

The City leases facilities and equipment under operating leases expiring beyond 2029. The minimum amounts payable under these arrangements are as follows:

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2024	\$ 7,706
2025	6,476
2026	5,659
2027	4,005
2028	3,449
2029 and thereafter	10,447
	<hr/>
	\$ 37,742

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Excluded from these amounts is the capital lease obligation reported in note 7.

### (b) Contingent legal liabilities:

As at December 31, 2023, there were various legal claims pending against the City arising in the ordinary course of its operations. The City has recorded a liability for certain uninsured claims, but has made no specific provision for those where the outcome is presently indeterminable. See notes 10 and 15.

## 18. Budget data:

Budget data presented in these consolidated financial statements are based upon the 2023 operating and capital budgets as approved by Council and adopted by the City at the March 9, 2023 meeting. Adjustments to budgeted values were required to provide comparative budget values based on the components of full accrual basis of accounting. The chart below reconciles the approved operating budget with the budget figures presented in these consolidated financial statements.

# THE CORPORATION OF THE CITY OF BRAMPTON

**DRAFT** Notes to Consolidated Financial Statements (continued)

(Expressed in thousands of dollars)

Year ended December 31, 2023

## 18. Budget data (continued):

### Revenue

Approved operating budget	\$ 845,002
Less:	
Contributions from reserve fund	42,298
Other	306
	<u>802,398</u>
Add:	
Development levies earned and other restricted capital contributions	92,300
Interest earned on reserves	18,714
Developer contributed tangible capital assets	94,500
	<u>205,514</u>
<b>Total reported on consolidated financial statements</b>	<b>\$ 1,007,912</b>

### Expenses

Approved operating budget	\$ 845,002
Less contributions to reserve funds	135,527
Add:	
Other	12,026
Operating projects budget	83,000
Amortization	153,500
	<u>248,526</u>
<b>Total reported on consolidated financial statements</b>	<b>\$ 958,001</b>

# THE CORPORATION OF THE CITY OF BRAMPTON

**DRAFT** Notes to Consolidated Financial Statements (continued)  
(Expressed in thousands of dollars)

Year ended December 31, 2023

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## 19. Segmented information:

The City is a multifaceted municipal government that delivers a wide range of services that enhance quality of life to its citizens. For additional information see the consolidated schedule of segment disclosure.

Certain allocation methodologies are employed in the preparation of segmented financial information. Services are funded primarily by taxation and user fees. Taxation revenue is allocated to the general government segment. Certain government grants, user charges and other revenue have been allocated based upon the same allocation as the related expenses. User fees are allocated based upon the segment that generated the fee.

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

### (a) General government:

General government is comprised of Mayor and Councillor'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.

### (b) Protection to persons and property:

Protection services delivers Fire Emergency Services, By-law and Enforcement and Provincial Offences Act administration. The mandate of the 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.

# THE CORPORATION OF THE CITY OF BRAMPTON

**DRAFT** Notes to Consolidated Financial Statements (continued)

(Expressed in thousands of dollars)

Year ended December 31, 2023

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## 19. Segmented information (continued):

Provincial Offences Act 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.

### (c) 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 include 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.

### (d) 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.

### (e) Health, social and family services:

Health, social and family services comprised cemetery operations and assistance to aged persons. Assistance to aged persons includes senior's education tax rebate, senior snow clearing subsidy as well as maintenance of seniors centre.

# THE CORPORATION OF THE CITY OF BRAMPTON

**DRAFT** Notes to Consolidated Financial Statements (continued)  
(Expressed in thousands of dollars)

Year ended December 31, 2023

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## 19. Segmented information (continued):

### (f) 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 Library.

### (g) 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

**DRAFT** Notes to Consolidated Financial Statements (continued)  
(Expressed in thousands of dollars)

Year ended December 31, 2023

## 19. Segmented information (continued):

Consolidated schedule of segment disclosure:

								2023	2022
								(Restated - note 3)	
	General government	Protection to persons and property	Transportation services	Environmental services	Health, social and family services	Recreation and cultural services	Planning and development services	Total	Total
<b>Revenue:</b>									
Property taxation and taxation from other governments	\$ 549,718	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 335	\$ 550,053	\$ 507,363
User charges	34,830	19,603	115,127	—	544	34,620	10,101	214,825	173,493
Government transfers (note 21)	8,442	3,983	11,814	7	89	3,018	2,108	29,461	13,848
Development levies earned and other restricted capital contributions	93,574	3,101	95,187	74	—	30,048	874	222,858	149,353
Investment income (including reserves and reserve funds)	18,067	—	—	—	—	645	30	18,742	16,740
Penalties, fines and interest	19,848	15,953	—	—	—	379	—	36,180	33,453
Developer contributed tangible capital assets	—	—	45,975	—	—	—	—	45,975	84,988
<b>Other</b>	<b>1,792</b>	<b>284</b>	<b>10,178</b>	<b>—</b>	<b>65</b>	<b>887</b>	<b>2,845</b>	<b>16,051</b>	<b>9,341</b>
	<b>726,271</b>	<b>42,924</b>	<b>278,281</b>	<b>81</b>	<b>698</b>	<b>69,597</b>	<b>16,293</b>	<b>1,134,145</b>	<b>988,579</b>
<b>Expenses (income) (note 13):</b>									
Salaries, wages and fringe benefits	93,227	115,684	180,804	2,774	2,096	95,508	17,541	507,634	486,039
Materials and supplies	21,227	5,967	68,642	140	426	17,093	4,295	117,790	106,075
Contracted services	47,738	3,999	64,565	7,116	670	30,615	7,345	162,048	139,155
Rents and financial expenses	14,138	263	9,939	—	9	624	32	25,005	21,164
Allocation of corporate expenses to segments	(91,812)	10,995	27,953	998	339	49,623	1,904	—	(2,585)
Government transfers	10,000	—	—	—	934	1,362	3,654	15,950	4,443
Amortization	11,824	9,181	86,409	19,726	448	32,177	1,543	161,308	157,294
<b>Other</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>38</b>	<b>—</b>	<b>38</b>	<b>15</b>
	<b>106,342</b>	<b>146,089</b>	<b>438,312</b>	<b>30,754</b>	<b>4,922</b>	<b>227,040</b>	<b>36,314</b>	<b>989,773</b>	<b>911,600</b>
<b>Annual surplus (deficit)</b>	<b>\$ 619,929</b>	<b>\$ (103,165)</b>	<b>\$ (160,031)</b>	<b>\$ (30,673)</b>	<b>\$ (4,224)</b>	<b>\$ (157,443)</b>	<b>\$ (20,021)</b>	<b>\$ 144,372</b>	<b>\$ 76,979</b>



# THE CORPORATION OF THE CITY OF BRAMPTON

**DRAFT** Notes to Consolidated Financial Statements (continued)

(Expressed in thousands of dollars)

Year ended December 31, 2023

## 20. Contractual rights:

The City is involved in various contracts and agreements arising in the ordinary course of business. This results in contractual rights to economic resources, leading to both assets and revenue in the future.

Future revenue from incoming lease agreements for City-owned properties are approximately \$17,147 (2022 - \$7,900). The City also has a number of material Federal and Provincial funding agreements with estimated future funding of approximately \$193,765 (2022 - \$35,952).

The timing of these funding agreements is as follows:

2024	\$ 36,908
2025	38,445
2026	38,445
2027	39,983
2028	39,983
	<b>\$ 193,765</b>

## 21. Government transfers:

Transfers from other governments recognized in the current year:

	2023	2022
General government	\$ 8,442	\$ 4,227
Protection to persons and property	3,983	83
Transportation services	11,814	4,546
Environmental services	7	6
Health, social and family services	89	83
Recreation and cultural services	3,018	3,074
Planning and development services	2,108	1,829
<b>Total funding</b>	<b>\$ 29,461</b>	<b>\$ 13,848</b>

# THE CORPORATION OF THE CITY OF BRAMPTON

**DRAFT** Notes to Consolidated Financial Statements (continued)

(Expressed in thousands of dollars)

Year ended December 31, 2023

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## 21. Government transfers (continued):

During 2023, the City recognized \$18,481 (2022 - \$7,420) of the Municipal and Transit Safe Restart/COVID-19 funds as government transfers. The Safe Restart/COVID-19 agreements were an investment to help provinces and territories safely restart their economies after the COVID-19 pandemic. As at year-end December 31, 2023, there are no deferred revenues related to these agreements.

## 22. Credit facility

On March 29, 2022, City Council approved the credit facility arrangement with the Canada Infrastructure Bank ("CIB") for financing of Zero Emission Buses ("ZEBs") in the amount of up to \$400 million between January 1, 2022 and December 31, 2027. The CIB is charging the City an interest rate of 1% on funding accessed through the credit facility. Repayment term is 15-years for each round of financing discharged by CIB to the City. Repayments of borrowing through the credit facility arrangement will be funded by operating savings realized as a result of fleet conversion to ZEBs. As at December 31, 2023, there have been no draws against this credit facility.

## 23. Comparative figures:

Certain 2022 comparative information has been reclassified to the consolidated financial statement presentation adopted in the current year.