



Report
Staff Report
The Corporation of the City of Brampton
6/10/2025

Date: 2025-05-09

Subject: **2024 Audited Consolidated Financial Statements for the City of Brampton**

Contact: Maja Kuzmanov, Senior Manager Accounting Services/Deputy Treasurer

Report number: Corporate Support Services-2025-409

RECOMMENDATIONS:

1. That the report from Maja Kuzmanov, Senior Manager Accounting Services/Deputy Treasurer to the Audit Committee Meeting of June 10, 2025, re: **2024 Audited Consolidated Financial Statements for the City of Brampton**, be received;
2. That 2024 Audited Consolidated Financial Statements for the City of Brampton, be approved.

OVERVIEW:

- **The 2024 Audited Consolidated Financial Statements from the City Auditor KPMG LLP Chartered Accountants are being presented to the Audit Committee for approval.**
- **The consolidated financial statements have been prepared in accordance with the Canadian Public Sector Accounting Standards (PSAS). There are three new standards (PS 3160, 3400, and Public Sector Guideline 8) that are effective for City's consolidated financial statements for the fiscal year ending December 31, 2024.**
- **These consolidated financial statements reflect the financial position as at December 31, 2024 and the operating results for the year for the City, its Local Boards and Committees of Council including The Brampton Public Library Board and the Downtown Brampton Business Improvement Area.**

- **The financial reporting standards do not change the City’s budgeting process, how the tax levy is calculated or how funding decisions are made by Council.**
- **A reconciliation of the operating results for tax levy purposes and PSAS adjusted consolidated financial statements is provided in Schedule A of this report.**
- **As part of the annual audit, the City Auditor, KPMG_{LLP} Chartered Accountants, conducted a review of Internal Controls and provides an Audit Findings Report to the Audit Committee.**
- **KPMG_{LLP} did not identify any process improvement areas or control deficiencies.**
- **KPMG_{LLP} did not identify any corrected or uncorrected misstatements.**

BACKGROUND:

The audit of the 2024 Consolidated Financial Statements by the City Auditor, KPMG_{LLP} Chartered Accountants is complete and the statements are attached to this report (Appendix A – The Corporation of the City of Brampton; Appendix B – Trust Funds). The work KPMG_{LLP} performed is conducted in accordance with Canadian Generally Accepted Auditing Standards (GAAP) and relevant ethical requirements, including those pertaining to independence. The work is also planned and performed to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error.

The 2024 Audited Consolidated Financial Statements for the City of Brampton reflect the financial position as at December 31, 2024 and the results of operations for the year for the City and its Local Boards and Committees of Council. The following Local Boards and Committees of Council which are included in these consolidated financial statements are accountable for the administration of their financial affairs and resources to the City and are owned or controlled by the City:

- The Brampton Public Library Board
- Downtown Brampton Business Improvement Area (DBBIA)

The consolidated financial statements for the 2024 fiscal year have been prepared in compliance with the requirements of the Public Sector Accounting Standards (PSAS). The consolidated financial statements are presented to the Audit Committee for review and approval, which are part of the key statutory functions of the Audit Committee.

CURRENT SITUATION:

Audit Results

KPMG_{LLP} audited the consolidated financial statements of the City for the fiscal year 2024. These consolidated financial statements are the responsibility of the City's management. The audit resulted in KPMG_{LLP} issuing an unqualified audit opinion, which means that the consolidated financial statements present fairly the financial position and comply with PSAS.

Report Summary

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

- Consolidated Statement of Financial Position
- Consolidated Statement of Operations and Accumulated Surplus
- Consolidated Statement of Cash Flows
- Consolidated Statement of Change in Net Financial Assets, and
- Notes to the Consolidated Financial Statements

The consolidated financial statements provide information on the City's financial position including the value of assets and liabilities, cost of delivering the City's municipal services and investment in capital projects, financing sources and investing activities.

The City of Brampton's consolidated financial statements are prepared in accordance with PSAS.

There are five new standards that are effective for City's consolidated financial statements for the fiscal year ending December 31, 2024:

- PS 3160 'Public Private Partnership'
- PS 3400 'Revenue'
- Public Sector Guideline 8 'Purchased Intangibles'

PSAS requires full accrual basis of accounting and financial reporting. This provides for inclusion of certain items such as amortization of tangible capital assets and tangible capital assets contributed to the City through the subdivision assumption process.

The City uses a full accrual basis budgeting methodology. This methodology does not change how the tax levy is calculated, or how funding decisions are made by City Council. The 2024 Audited Consolidated Financial Statements reflects full accrual budget figures for comparison purposes.

Appendix C shows the 2024 fiscal year tax-based operating results versus that of the PSAS based financial reporting.

New PSAS Standards

There are three new standards that are effective for City's consolidated financial statements for the fiscal year ending December 31, 2024:

- PS 3160, Public Private Partnerships ("P3"), 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 P3 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 P3. Measurement of the asset and related liability will also be dependent on the overall model used to compensate the private sector entity. The City adopted the standard prospectively. The implementation of this new standard did not result in identification of transactions that would meet the definition of P3.
- PS 3400, Revenue, establishes a single framework to categorize revenue to enhance the consistency of revenue recognition and its measurement. Specifically, it differentiates between revenue arising from transactions that include performance obligations and those that do not. The City adopted the standard prospectively. The implementation of this new standard did not have an impact on the amounts presented in the financial statements.
- Public Sector Guideline 8, Purchased Intangibles, allows public sector entities to recognize intangibles purchased through an exchange transaction. The City adopted the standard prospectively. The implementation of this new standard did not result in identification of assets that would meet the definition of purchased intangibles.

Highlights of 2024 Consolidated Financial Statements:

Consolidated Statement of Financial Position

The Consolidated Statement of Financial Position provides information on the financial assets, liabilities and accumulated surplus. Two key components make up accumulated surplus: net financial assets and non-financial assets (tangible capital assets, inventory and prepaid expenses).

- "Net Financial Assets" is the net of assets (cash, investments, receivables and other assets) minus liabilities (accounts payable, capital lease obligation, deferred revenues and employee benefits and other liabilities) generated from the City's operations, activities of capital projects and Reserves and Reserve Funds. This value serves as a key indicator of the City's ability to manage its cash resources to meet its financial obligations. The City's 2024 net financial assets had a balance of \$194 million (2023 - \$280 million), a decrease of \$86 million from 2023.
- "Non-Financial Assets" primarily consists of the City's investment in tangible capital assets of \$4.5 billion (2023 - \$4.3 billion). An increase in tangible capital assets is

attributable to the combination of assets constructed by the City and brought into service and assets contributed to the City through the subdivision assumption process. Increase in tangible capital assets reflect the City as a growth municipality.

The accumulated surplus (retained earnings) as at December 31, 2024 is \$4.7 billion (2023 - \$4.6 billion), an increase of \$114 million.

Key items to note:

- **Increase in cash, short-term and**
 - Cash and short-term investments increased from \$181 million in 2023 to \$294 million in 2024. The increase is driven by the strategy to increase the allocation to short-term investment for liquidity purpose.
- **Decrease in long-term investment balances**
 - City reduced the allocation to longer-term investments to ensure higher liquidity in the backdrop of increasing Tax receivable balance and planned higher capital expenditures. As a result, long-term investments decreased from \$1,059 million in 2023 to \$944 million in 2024.
- **Increase in Taxes Receivable**
 - Taxes receivable increased from \$108 million in 2023 to \$148 million in 2024. It is likely that continuous high inflation and interest rates experienced throughout 2024 caused pressure on homeowners' budgets.
- **City Hall West Tower Capital Lease Obligation**
 - In 2014, the City entered into a capital lease arrangement for City Hall West Tower. The lease value has been recorded in the City's consolidated financial statements as a tangible capital asset (TCA) with a corresponding capital lease obligation with remaining balance of \$74 million as at December 31, 2024.
- **Deferred Revenue - Obligatory Reserve Funds**
 - Any unspent development charges (DCs), gas tax funds and other obligatory reserves at the end of the fiscal year are recorded as deferred revenue. Deferred revenue increased by \$72 million from \$696 in 2023 to

\$768 in 2024 caused by increase in capital project spending as well as decrease in obligatory reserve receipts.

- **Employee Benefits and Other Liabilities**

- Employee benefits and other liabilities increased from \$129 million in 2023 to \$140 million in 2024 mainly due to increase in actuarial valuations for vested sick leave, WSIB liability and early retirement liability.

- **Long-term Liabilities**

- In 2019 and 2021 the City acquired long-term sinking fund 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. As at December 31, 2024 unsecured debenture net of sinking fund deposits was \$38 million (2023 - \$40 million).

- **Net Book Value of Tangible Capital Assets**

- An increase of \$198 million due to the infrastructure assets assumed from developers through subdivision agreements, property acquisitions, purchase of transit buses, road construction activities as well as facility construction.

The Net Financial Assets position continues to be in a strong, positive position, which signifies that the City is fully able to meet its financial obligations.

Consolidated Statement of Operations and Accumulated Surplus

The Consolidated Statement of Operations and Accumulated Surplus presents the sources and uses of City's operating financial resources recognized in the reporting period.

Accumulated Surplus represents the City's equity (equivalent to retained earnings of a private business). 95% of the City's Accumulated Surplus represents the City's investment (net book value) in tangible capital assets required to deliver municipal services. The remainder of the Accumulated Surplus consists of funds committed for capital projects, reserves and reserve funds. Most of Accumulated Surplus is therefore not available to be used to moderate the annual tax levy since it would require selling City assets that are used to deliver municipal services.

The 2024 Annual Surplus was \$30 million lower than in 2023. Following is the analysis of revenue and expense variances contribution to Annual Surplus.

Revenues:

Total revenues in 2024 were \$48 million higher than 2023 increasing from \$1,134 million to \$1,182 million. Major factors contributing to this increase include:

- \$29 million increase in User Charges primarily in Transit and Recreation divisions. Transit realized an increase in its fare payment revenue of \$13 million in comparison to 2023 actuals. This is due to the continuous increase in ridership. Recreation revenues increased by \$8 million including increases in program registration, lessons swim/skate, ice and facility rentals as well as yearly fitness passes revenues.
- \$34 million increase in Property Taxation and Taxation from Other Governments
- Higher number of subdivisions assumed from developers resulted in a \$35 million increase in the Developer contributed tangible capital assets
- \$7 million increase in property tax penalties and interest

Revenue increases were partially offset by:

- \$59 million decrease in Development Levies Earned and Other Restricted Capital Contributions

Expenses:

Total operating expenses in 2024 were \$79 million higher than 2023, increasing from \$990 million to \$1,069 million. Included in this is a \$1 million increase in amortization expense representing the value of tangible capital assets that were consumed during the year. The amortization expense increased due to the \$282 million in new tangible capital assets that were added during 2024. Amortization expenses are non-cash in nature, meaning that there was no outlay of cash resources related to the expense.

Following are key items driving the operating expense variance from 2023 to 2024:

- Increase in labor expenses, primarily driven by increases resulting from new Union Collective Bargaining Agreements as well as increase in programs and services with the highest impact being in Transit, Recreation, Public Works and Parks
- Expense increases in the areas of vehicle repairs and maintenance, utilities, commission expense, demand maintenance and contracted services were seen throughout the City with biggest impact in Transit, Public Works and Parks
- \$3 million increase in WSIB costs

- \$2 million increase in insurance claims costs
- \$11 million increase in post-employment benefits and other liabilities

Consolidated Statement of Change in Net Financial Assets

This statement explains the change in the City's Accumulated Surplus during the year. It is intended to provide the reader of the consolidated financial statements with detailed information on non-financial assets including the acquisition of tangible capital assets and the use of the assets through the value of amortization. This statement also provides reporting of other non-financial asset items that impact the change in annual surplus and the change in net financial assets.

Consolidated Statement of Cash Flows

The Consolidated Statement of Cash Flows reports changes in cash and cash equivalents. It provides information on how the City uses its cash for operating, investing and financing activities. As at December 31, 2024 the City's cash and cash equivalents had a balance of \$294 million (2023 - \$181 million).

Audit Findings Report

Each year as part of the annual audit, the City Auditor, KPMG_{LLP} Chartered Accountants, conducts a review of Internal Controls and provides an Audit Findings Report to the Audit Committee with recommendations for improvement and accompanying management responses.

The 2024 Audit Findings Report from KPMG_{LLP} Chartered Accountants is attached to this report (Appendix D).

KPMG_{LLP} is prepared to issue an unmodified opinion that the City's Consolidated Financial Statements as at December 31, 2024 present fairly, in all material respects, the corporation's consolidated financial position, results of operations, change in net financial assets and cash flows in accordance with PSAS.

KPMG_{LLP} did not identify any process improvement areas or control deficiencies and there are no corrected or uncorrected misstatements.

Publication

The 2024 Consolidated Financial Statements will be made public and posted on the City's website.

CORPORATE IMPLICATIONS:

There are no corporate implications resulting from this report.

STRATEGIC FOCUS AREA:

This report fulfills the Government & Leadership strategic focus area through strict adherence to effective financial management policies by ensuring sustainable financial operations.

CONCLUSION:

KPMG_{LLP} audited the consolidated financial statements of the City for the fiscal year 2024. These consolidated financial statements are the responsibility of the City's management. The audit resulted in KPMG_{LLP} issuing an unqualified audit opinion, which means that the consolidated financial statements present fairly the financial position and comply with PSAS municipal financial reporting requirements.

KPMG_{LLP} Chartered Accountants also conducted a review of Internal Controls and provides an Audit Findings Report to the Audit Committee with recommendations for improvement.

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Attachments:

- Attachment 1 – Appendix A - 2024 Audited Financial Statements – The Corporation of the City of Brampton
- Attachment 2 – Appendix B - 2024 Audited Financial Statements – Trust Funds
- Attachment 3 – Appendix C - 2024 Municipal Surplus Reconciliations, Tax Levy Purpose vs Financial Statements
- Attachment 4 – Audit Findings Report (for the year ended December 31, 2024)

