

CITY OF BRANDON



Consolidated Financial Statements For the Year Ended December 31, 2009

BDO CANADA LLP
CHARTERED ACCOUNTANTS
BRANDON - MANITOBA

STATEMENT OF RESPONSIBILITY

The accompanying Consolidated Financial Statements are the responsibility of the management of the City of Brandon and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants.

In carrying out its responsibilities, management maintains appropriate systems of internal and administrative controls designed to provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly accounted for and safeguarded, and that financial information produced is relevant and reliable.

Council of the Municipality met with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

BDO Canada LLP as the Municipality's appointed external auditors, have audited the Consolidated Financial Statements. The Auditor's report is addressed to the Mayor and members of Council and appears on the following page. Their opinion is based upon an examination conducted in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures as they consider necessary to obtain reasonable assurance that the Consolidated Financial Statements are free of material misstatement and present fairly the financial position and results of the Municipality in accordance with Canadian generally accepted accounting principles.



Ted Snure

Chief Administrative Officer



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Brandon MB R7A 4E6 Canada

AUDITOR'S REPORT

To the Mayor and members of Council of the
CITY OF BRANDON

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

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

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

Brandon, Manitoba
June 4, 2010

BDO Canada LLP
Chartered Accountants

CITY OF BRANDON
Consolidated Financial Statements
For the Year Ended December 31, 2009

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**THE CITY OF BRANDON
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2009**

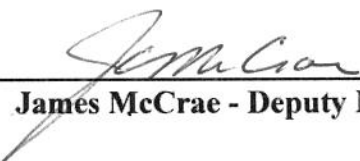
| | 2009 | 2008 |
|--|---------------------------|---------------------------|
| FINANCIAL ASSETS | | |
| Cash and temporary investments (Note 3) | 7,122,644 | 6,168,504 |
| Amounts receivable (Note 4) | 17,363,669 | 15,717,122 |
| Portfolio investments (Note 5) | 23,172,063 | 23,154,756 |
| Loans and advances | 200,000 | 220,000 |
| Real estate properties held for sale | 3,980,380 | 3,907,722 |
| Other assets | - | - |
| | <u>51,838,756</u> | <u>49,168,104</u> |
| LIABILITIES | | |
| Accounts payable & accrued liabilities (Note 7) | 10,514,615 | 12,850,595 |
| Severance and vested sick leave payable | 2,134,028 | 2,119,931 |
| Deferred revenue | 1,655,824 | 1,830,166 |
| Landfill closure & post closure liabilities (Note 8) | 789,960 | 734,687 |
| Liability for remediation of contaminated site(s) | - | - |
| Long-term debt (Note 9) | 19,893,719 | 11,884,080 |
| Obligations under capital lease | - | - |
| Other liabilities | 1,132,861 | 1,123,686 |
| | <u>36,121,007</u> | <u>30,543,145</u> |
| NET FINANCIAL ASSETS | <u>15,717,749</u> | <u>18,624,959</u> |
| NON-FINANCIAL ASSETS | | |
| Tangible capital assets (Schedule 1) | 262,812,096 | 241,505,667 |
| Inventories (Note 6) | 1,068,957 | 944,708 |
| Prepaid expenses | 584,466 | 484,708 |
| | <u>264,465,519</u> | <u>242,935,083</u> |
| ACCUMULATED SURPLUS (DEFICIT) | <u>280,183,268</u> | <u>261,560,042</u> |

COMMITMENTS AND CONTINGENCIES (NOTES 10 AND 11)

Approved on behalf of Council:



Shari Decter Hirst - Mayor



James McCrae - Deputy Mayor

**THE CITY OF BRANDON
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2009**

| | 2009 Budget | 2009 | 2008 |
|--------------------------------------|--------------------|--------------------|--------------------|
| REVENUES | | | |
| Property taxes | 27,775,610 | 27,897,106 | 27,085,560 |
| Grants in lieu of taxation | 2,217,777 | 2,217,777 | 2,024,224 |
| User fees | 11,648,721 | 12,350,074 | 11,719,431 |
| Grants - Province of Manitoba | 11,964,329 | 14,877,997 | 13,350,308 |
| Grants - Other | 4,851,355 | 3,112,611 | 3,142,967 |
| Permits, licenses and fines | 2,354,387 | 2,705,469 | 2,294,437 |
| Investment income | 18,900 | 622,204 | 1,237,007 |
| Other revenue | 817,122 | 2,121,413 | 1,521,251 |
| Water and sewer | <u>18,731,830</u> | <u>32,618,371</u> | <u>28,045,726</u> |
| Total revenue (Schedules 2, 4, 5) | <u>80,380,031</u> | <u>98,523,022</u> | <u>90,420,911</u> |
| EXPENSES | | | |
| General government services | 6,641,569 | 6,299,647 | 6,399,817 |
| Protective services | 20,445,873 | 20,914,173 | 19,699,671 |
| Transportation services | 8,775,524 | 14,427,027 | 14,873,100 |
| Environmental health services | 2,773,237 | 3,464,633 | 5,496,182 |
| Public health and welfare services | 514,746 | 594,861 | 515,040 |
| Regional planning and development | 2,540,465 | 2,200,095 | 1,982,005 |
| Resource conservation & indust dev | 616,087 | 642,175 | 532,009 |
| Recreation and cultural services | 9,723,107 | 15,595,905 | 10,341,524 |
| Water and sewer services | <u>13,119,693</u> | <u>15,761,278</u> | <u>15,315,487</u> |
| Total expenses (Schedules 3, 4, 5) | <u>65,150,301</u> | <u>79,899,794</u> | <u>75,154,835</u> |
| ANNUAL SURPLUS (DEFICIT) | 15,229,730 | 18,623,228 | 15,266,076 |
| ACCUMULATED SURPLUS (DEFICIT) | | | |
| BEGINNING OF YEAR (Note 15) | <u>261,560,040</u> | <u>261,560,040</u> | <u>246,293,964</u> |
| ACCUMULATED SURPLUS (DEFICIT) | | | |
| END OF YEAR | <u>276,789,770</u> | <u>280,183,268</u> | <u>261,560,040</u> |

**THE CITY OF BRANDON
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2009**

| | 2009 Budget | 2009 | 2008 |
|---|------------------------------|-------------------------------|-------------------------------|
| ANNUAL SURPLUS (DEFICIT) | <u>15,229,730</u> | <u>18,623,228</u> | <u>15,266,076</u> |
| Acquisition of tangible capital assets | 27,775,610 | (33,224,890) | (29,504,310) |
| Amortization of tangible capital assets | - | 11,564,664 | 10,412,229 |
| Loss (gain) on sale of tangible capital assets | (594,517) | (28,056) | (124,393) |
| Proceeds on sale of tangible capital assets | 11,964,329 | 381,851 | 517,504 |
| Decrease (increase) in inventories | - | (124,249) | 59,595 |
| Decrease (increase) in prepaid expense | - | (99,758) | (328,292) |
| | <u>39,145,422</u> | <u>(21,530,438)</u> | <u>(18,967,667)</u> |
| CHANGE IN NET FINANCIAL ASSETS | <u>54,375,152</u> | <u>(2,907,210)</u> | <u>(3,701,591)</u> |
| NET FINANCIAL ASSETS (DEBT), BEGINNING OF YEAR | <u>18,624,959</u> | <u>18,624,959</u> | <u>22,326,550</u> |
| NET FINANCIAL ASSETS (DEBT), END OF YEAR | <u>73,000,111</u> | <u>15,717,749</u> | <u>18,624,959</u> |

**THE CITY OF BRANDON
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2009**

| | 2009 | 2008 |
|---|---------------------|---------------------|
| OPERATING TRANSACTIONS | | |
| Annual surplus (deficit) | <u>18,623,228</u> | <u>15,266,076</u> |
| Changes in non-cash items: | | |
| Amounts receivable | (1,646,547) | (6,587,028) |
| Inventories | (124,249) | 59,595 |
| Prepays | (99,758) | (328,292) |
| Accounts payable and accrued liabilities | (2,335,980) | 5,365,246 |
| Severance and vested sick leave payable | 14,097 | 438,795 |
| Deferred revenue | (174,342) | 78,423 |
| Landfill closure and post closure liabilities | 55,273 | 51,801 |
| Other liabilities | 9,175 | (163,637) |
| Loss (gain) on sale of tangible capital assets | (28,056) | (124,393) |
| Loss (gain) on sale of real estate properties | (84,079) | (532,737) |
| Amortization | <u>11,564,664</u> | <u>10,412,229</u> |
| Cash provided by operating transactions | <u>25,773,426</u> | <u>23,936,078</u> |
| CAPITAL TRANSACTIONS | | |
| Proceeds on sale of tangible capital assets | 381,851 | 517,504 |
| Acquisition of tangible capital assets | <u>(33,224,890)</u> | <u>(29,504,310)</u> |
| Cash applied to capital transactions | <u>(32,843,039)</u> | <u>(28,986,806)</u> |
| INVESTING TRANSACTIONS | | |
| Proceeds on sale of portfolio investments | 13,079,579 | 22,700,977 |
| Proceeds on sale of real estate properties | 84,421 | 684,562 |
| Loans and advances repaid | 20,000 | - |
| Purchase of portfolio investments | (13,096,886) | (7,393,005) |
| Acquisition of real estate properties | (73,000) | (3,656,497) |
| Loans and advances issued | - | (20,000) |
| Cash applied to investing transactions | <u>14,114</u> | <u>12,316,037</u> |
| FINANCING TRANSACTIONS | | |
| Proceeds of long-term debt | 10,078,000 | 2,392,750 |
| Debt repayment | (2,068,361) | (6,326,892) |
| Obligation under capital lease | - | - |
| Repayment of obligation under capital lease | - | - |
| Cash applied to financing transactions | <u>8,009,639</u> | <u>(3,934,142)</u> |
| INCREASE (DECREASE) IN CASH AND TEMPORARY INVESTMENTS | 954,140 | 3,331,167 |
| CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR | <u>6,168,504</u> | <u>2,837,337</u> |
| CASH AND TEMPORARY INVESTMENTS, END OF YEAR | <u>7,122,644</u> | <u>6,168,504</u> |

CITY OF BRANDON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2009

1. Status of the City of Brandon

The incorporated City of Brandon is a municipal government that was created in 1882 pursuant to the Manitoba Municipal Act. The City of Brandon provides or funds municipal services such as police, fire, public works, urban planning, airport, parks and recreation, library and other general government operations. The City of Brandon owns one utility, has several designated special purpose reserves and provides funding support for other financial entities involved in recreational and cultural services.

2. Significant Accounting Policies

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants and reflect the following significant accounting policies:

a) Reporting Entity

The consolidated financial statements include the assets, liabilities, revenues and expenses of the reporting entity. The reporting entity is comprised of all the funds, agencies, local boards, and committees of the Council which are controlled by the City of Brandon. Control is defined as the power to govern the financial and reporting policies of another organization with the expected benefits or risk of loss to the Municipality. The controlled organizations are consolidated after adjusting their accounting policies to a basis consistent with the accounting policies of the municipality. Inter-fund and inter-company balances and transactions have been eliminated. The controlled organizations include:

Brandon Downtown Development Corporation

The City of Brandon has several partnership agreements in place, and as such, consistent with generally accepted accounting treatment for government partnerships, the following local agencies, boards and commissions are accounted on a proportionate consolidation basis whereby the City of Brandon's pro-rata share of each of the assets, liabilities, revenues and expenses are combined on a line by line basis in the financial statements. Inter-company balances and transactions have been eliminated. The government partnerships include:

Brandon & Area Planning District (21%) (2008 – 21%)
Western Manitoba Centennial Auditorium (50%) (2008 – 50%)
Keystone Agricultural & Recreational Centre (50%) (2008 – 50%)
Western Manitoba Regional Library (81%) (2008 – 81%)

The Keystone Centre has a July 31st year end.

The taxation with respect to the operations of the school divisions are not reflected in the Municipal surplus of these financial statements.

Trust funds and their related operations administered by the City of Brandon are not held in separate bank accounts and are recorded as Other Liabilities on the Consolidated Statement of Financial Position. The trust funds administered by the City of Brandon are presented in Schedule 7 - Schedule of Trust Funds and consist of funds held for the maintenance of Community Centers.

b) Basis of Accounting

The consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon the receipt of goods and services or the creation of an obligation to pay.

c) Cash and Temporary Investments

Cash and temporary investments include cash and short-term investments with maturities of three months or less from the date of acquisition.

d) Investments

Temporary investments are accounted for at the lower of cost and market.

Portfolio investments are accounted for at cost.

CITY OF BRANDON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2009

e) Real Estate Properties Held for Sale

Real estate properties held for sale are recorded at the lower of cost and net realizable value. Cost includes the amount of acquisition, legal fees, and improvements to prepare the properties for sale or servicing.

It is reasonably anticipated that real estate properties held for resale will be sold outside the reporting entity within one year of the balance sheet date.

f) Landfill Closure and Post Closure Liabilities

The estimated cost to close and maintain solid waste landfill sites are based on estimated future expenses, in current dollars, adjusted for estimated inflation, and are charged to expenses as the landfill capacity is used.

g) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the change in net financial assets for the year.

Real estate properties and inventories held for sale are classified as non-financial assets if it is anticipated that the sale will not be completed within one year of the reporting date.

h) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. Donated assets are recorded at their estimated fair value upon acquisition. Certain tangible capital assets for which historical cost information is not available have been recorded at current fair market values discounted by a relevant inflation factor. Certain assets are disclosed at a nominal value as the determination of current fair market value was not available. The City of Brandon does not capitalize interest charges as part of the cost of its tangible capital assets.

The cost, less residual value, of the tangible capital asset is amortized on a straight line basis over its useful life. Assets under construction are not amortized until the asset is put into use.

General Tangible Capital Assets

| | |
|---|----------------|
| Land | Indefinite |
| Land Improvements | 10 to 30 years |
| Buildings and leasehold improvements | |
| Buildings | 25 to 40 years |
| Leasehold improvements | Life of lease |
| Vehicles and Equipment | |
| Vehicles | 5 years |
| Machinery, equipment and furniture | 10 years |
| Maintenance and road construction equipment | 15 years |

Infrastructure Assets

| | |
|---|----------------|
| Transportation | |
| Land | Indefinite |
| Road surface | 20 to 30 years |
| Road grade | 40 years |
| Bridges | 25 to 50 years |
| Traffic lights and equipment | 10 years |
| Water and Sewer | |
| Land | Indefinite |
| Land improvements | 30 to 50 years |
| Buildings | 25 to 40 years |
| Underground networks | 40 to 60 years |
| Machinery and equipment | 10 to 20 years |
| Dams and other surface water structures | 40 to 60 years |

CITY OF BRANDON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2009

Certain assets which have historical or cultural value including works of art, historical documents as well as historical and cultural artifacts are not recognized as tangible capital assets because a reasonable estimate of the future benefits associated with such property cannot be made. Intangibles, Crown lands that have not been purchased by the municipality, forests, water, and other natural resources are not recognized as tangible capital assets.

i) Leases

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

j) Inventories

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

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

k) Revenue Recognition

Revenues are recognized as they are earned and measurable.

Government transfers are recognized in the financial statements in the period which the events giving rise to the transfer occur, eligibility criteria are met, and reasonable estimates of the amount can be made.

Deferred revenue represents user charges and other fees which have been collected, for which the related services have yet to be provided. These amounts will be recognized as revenue in the fiscal year the services are provided.

l) Measurement Uncertainty

Estimates are used to accrue revenues and expenses in circumstances where the actual accrued revenues are unknown at the time the financial statements are prepared. Uncertainty in the determination of the amount at which an item is recognized in the financial statements is known as measurement uncertainty. Such uncertainty exists when there is a variance between the recognized amount and another reasonable possible amount, as there is whenever estimates are used.

Measurement uncertainty in these financial statements exists in the accrual of the landfill closure and post closure liabilities. The accrual of the landfill liabilities is based on estimated future cash flows discounted to the financial statement date. The estimate of the future cash flows and the closure date of the landfill are based upon the best estimates by management. The actual future cash flows and closure date may differ significantly.

3. Cash and Temporary Investments

Cash and temporary investments are comprised of the following:

| | <u>2009</u> | <u>2008</u> |
|-----------------------|---------------------|---------------------|
| Cash | \$ 6,713,076 | \$ 5,703,814 |
| Temporary Investments | <u>409,568</u> | <u>464,690</u> |
| | <u>\$ 7,122,644</u> | <u>\$ 6,168,504</u> |

The City of Brandon has designated \$35,367,209 (2008 \$31,309,154) to special purpose reserves. See Schedule 6 – Schedule of Change in Reserve Fund Balances.

The City of Brandon has established an operating line of credit with the Canadian Imperial Bank of Commerce, authorized by Council resolution, of up to \$5,000,000 bearing interest at prime rate minus .50% per year. At December 31, 2009 the City had \$5,000,000 (2008 - \$5,000,000) credit available.

CITY OF BRANDON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2009

4. Amounts Receivable

Amounts receivable are valued at their net realizable value.

| | <u>2009</u> | <u>2008</u> |
|--------------------------------------|----------------------|----------------------|
| Taxes on roll (Schedule 11) | \$ 2,949,903 | \$ 2,139,631 |
| Government grants | 1,091,630 | 649,775 |
| Utility customers | 11,131,223 | 8,729,906 |
| Accrued interest | 325,506 | 390,642 |
| Organizations and individuals | 1,476,187 | 2,732,031 |
| Federal Government - GST | 395,464 | 1,081,252 |
| | <u>17,369,913</u> | <u>15,723,237</u> |
| Less allowances for doubtful amounts | (6,244) | (6,115) |
| | <u>\$ 17,363,669</u> | <u>\$ 15,717,122</u> |

5. Portfolio Investments

| | <u>2009</u> | <u>2008</u> |
|------------------------|----------------------|----------------------|
| Marketable securities: | | |
| Government of Canada | \$ - | \$ - |
| Province of Manitoba | - | - |
| Bonds and Certificates | <u>22,500,000</u> | <u>22,349,397</u> |
| | <u>\$ 22,500,000</u> | <u>\$ 22,349,397</u> |
| Other investments | 672,063 | 805,359 |
| | <u>\$ 23,172,063</u> | <u>\$ 23,154,756</u> |

The aggregate market value of the marketable securities at December 31, 2009 is \$22,863,522 (2008 - \$22,581,125). Portfolio investments earned \$661,741 in investment income during the year (2008 - \$1,119,427).

6. Inventories

| | <u>2009</u> | <u>2008</u> |
|-------------------------------------|---------------------|-------------------|
| Chemicals, herbicides, insecticides | \$ 144,776 | \$ 100,816 |
| Fuel | - | - |
| Other supplies | <u>924,181</u> | <u>843,892</u> |
| | <u>\$ 1,068,957</u> | <u>\$ 944,708</u> |

7. Accounts Payable and Accrued Liabilities

| | <u>2009</u> | <u>2008</u> |
|-----------------------------|----------------------|----------------------|
| Accounts payable | \$ 6,249,968 | \$ 8,160,081 |
| Accrued expenses | 2,962,706 | 3,554,756 |
| Accrued interest payable | 137,164 | 165,615 |
| School levies (Schedule 13) | 1,164,777 | 970,143 |
| | <u>\$ 10,514,615</u> | <u>\$ 12,850,595</u> |

8. Landfill Closure and Post Closure Liabilities

a) Operating Landfill Site

The Municipality is currently operating a Class I landfill site in 2009. Legislation requires closure and post-closure care of solid waste landfill sites. Closure costs include final covering and landscaping of the landfill and implementation of drainage and gas management plans. Post closure care requirements include cap maintenance, groundwater monitoring, gas management system operations, inspections and annual reports.

CITY OF BRANDON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2009

| | <u>2009</u> | <u>2008</u> |
|---|--------------------------|--------------------------|
| Estimated closure and post closure costs over the next 42 years | <u>\$ 7,637,000</u> | <u>\$ 7,637,000</u> |
| Discount rate | <u>5.00%</u> | <u>5.00%</u> |
| Discounted costs | <u>\$ -</u> | <u>\$ -</u> |
| Expected year capacity will be reached | <u>2042</u> | <u>2042</u> |
| Capacity (tonnes): | | |
| Used to date | 1,917,500 | 1,872,500 |
| Remaining | 1,682,649 | 1,727,649 |
| Total | 3,600,149 | 3,600,149 |
| Percent utilized | <u>53.26%</u> | <u>52.01%</u> |
| Liability based on percentage | <u><u>\$ 789,960</u></u> | <u><u>\$ 734,687</u></u> |

9. Long Term Debt

| | <u>2009</u> | <u>2008</u> |
|---|---------------------|---------------------|
| General Authority: | | |
| Library/Arts Centre Renovations, interest at 5.625% to 5.875%, payable at \$319,188 to \$320,801, annually including interest, maturing December 2011. | 588,000 | 857,000 |
| Materials Recycling Facility Purchase, interest at 1.15% to 5.00%, payable at \$187,653 to \$187,770, annually including interest, maturing December 2023 | 1,950,468 | - |
| Keystone Renovations, interest at 1.15% to 5.00%, payable at \$372,812 to \$373,043, annually including interest, maturing December 2023 | <u>3,875,000</u> | - |
| Total Municipal | <u>\$ 6,413,468</u> | <u>\$ 857,000</u> |
| Controlled Entities & Government Partnerships | <u>\$ 2,317,507</u> | <u>\$ 2,392,750</u> |
| | <u>\$ 8,730,975</u> | <u>\$ 3,249,750</u> |
| Utility Funds: | | |
| Sewage Treatment Plant Upgrade, interest at 11.375%, payable at \$85,822 annually including interest, maturing December 2010. | 77,056 | 146,242 |
| 9th Street Water Reservoir Upgrade, interest at 6.625% to 6.750%, payable at \$356,288 to \$356,311 annually including interest, with a balloon payment in 2010 of \$1,571,334 including interest, maturing July 2010. | 1,472,000 | 1,713,000 |
| Industrial Wastewater Treatment Facility Construction, interest at 6.625% to 6.750%, payable at \$540,642 to \$540,923 annually including interest, with a balloon payment in 2010 of \$2,382,686 including interest, maturing July 2010. | 2,232,000 | 2,598,000 |
| Sewage Treatment Plant Upgrade, interest at 10.50%, payable at \$71,438 annually including interest, maturing December 2011. | 123,156 | 188,088 |
| Sewage Treatment Plant Upgrade, interest at 5.625% to 5.875%, payable at \$362,691 to \$363,151 annually including interest, maturing December 2011. | 667,000 | 974,000 |
| Sewage Treatment Plant Upgrade, interest at 8.25% to 8.50%, payable at \$569,176 to \$572,880 annually including interest, maturing December 2012. | 1,463,000 | 1,875,000 |

CITY OF BRANDON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2009

| | | |
|---|-----------------------------|-----------------------------|
| Water Meter Upgrade, interest at 5.00% to 5.50%, payable at \$324,123 to \$323,885 annually including interest, maturing December 2012. | 876,000 | 1,140,000 |
| Central Wastewater Treatment Facility Expansion, interest at 1.15% to 5.00%, payable at \$409,133 to \$409,387 annually including interest, maturing December 2023. | <u>4,252,532</u> | <u>-</u> |
| | <u>\$ 11,162,744</u> | <u>\$ 8,634,330</u> |
| | <u>\$ 19,893,719</u> | <u>\$ 11,884,080</u> |

Principal payments required in each of the next five years for the City of Brandon are as follows:

| | |
|------|--------------|
| 2010 | \$ 5,767,563 |
| 2011 | \$ 2,090,650 |
| 2012 | \$ 1,445,000 |
| 2013 | \$ 624,000 |
| 2014 | \$ 641,000 |

10. Commitments

The City of Brandon and the Brandon School Division has entered into an agreement to exchange parcels of land in Blocks 47 and 48 of Plan 15 BLTO. As part of this agreement the City has agreed to pay the former owner of Lots 1 through 5 inclusive, Block 48, Plan 15 BLTO the sum of fifty thousand dollars (\$50,000) should this land be rezoned on or before June 15th, 2014. The City has also agreed to pay the Brandon School Division the sum of sixty five thousand dollars (\$65,000) upon sale of any portion of Lots 1 through 5, Block 48, Plan 15 BLTO.

The City of Brandon has a contractual obligation to fund 50% of any deficits of the Western Manitoba Centennial Auditorium.

City Council, at its meeting held November 19, 2001, adopted a resolution to pay to the Keystone Centre, for the duration of the ninety-nine year land lease between the Keystone Centre and Canad Inns, an annual grant equal to the municipal portion of taxes collected on the Canad Inns hotel development on the Keystone grounds. Payment made for the year 2009 was \$188,577 (\$182,556). The payment for 2010 is \$164,708.

City Council, at its meeting held December 5, 2001, adopted a resolution to pay the Keystone Centre for a ten-year funding commitment in the annual amount of \$250,000 ending in 2011. A further resolution adopted March 31, 2009 extended the annual payments for an additional ten years.

City Council, at its meeting held April 10, 2006, adopted a resolution to pay the Keystone Centre for a three-year debt and deficit funding commitment in the annual amount of \$125,000 beginning in 2008 and ending in 2010. A further resolution adopted March 31, 2009 extended the annual payments for an additional ten years.

City council, at its meeting held September 26, 2005, adopted a resolution to provide an annual grant to the Art Gallery of Southwestern Manitoba in an amount equal to their rent calculated for each year less \$10,000 for the years 2005 through 2009 inclusive. The 2009 grant amount was \$179,647 (2008 - \$175,928). A further resolution adopted February 16, 2010 extends this grant for the years 2010 through 2014. The 2010 payment is \$183,440.

City Council, at its meeting held November 28, 2005, adopted a resolution to pay to the Commonwealth Air Training Plan Museum an annual capital grant beginning in 2006 and ending in 2012. The 2009 amount was \$100,000 (2008 - \$80,000). Payments for the remaining three years are as follows:

| | |
|------|-----------|
| 2010 | \$120,000 |
| 2011 | \$125,000 |
| 2012 | \$125,000 |

CITY OF BRANDON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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The City of Brandon, in a contribution agreement dated June 29, 2006, agreed to pay Brandon Riverbank Inc the sum of \$10,000 and value-in-kind support annually for the years 2007 through to 2010, for the purpose of developing and maintaining the Winter Lights Park.

City council, at its meeting held September 24, 2007, adopted a resolution to inter into a five year agreement with the Royal Canadian Legion Branch #3 to cost share the Remembrance Day Ceremony expenses on a 50% basis up to a maximum annually beginning in 2008.

City council, at its meeting held September 8, 2008, passed By-law No. 6893 which agrees to provide financial assistance to Assiniboine Community College equal to the municipal portion of taxes collected on the culinary arts facility for a period of 25 years beginning in 2007 or a maximum of \$20,290,000. The 2009 payment was \$86,319 (2008 - \$83,563).

The City of Brandon has committed up to \$400,000 as a profit guarantee related to the 2010 MasterCard Memorial Cup to be paid should the event experience a net deficit or a net profit less than \$400,000.

The City of Brandon continues to negotiate with The Brandon Family YMCA with respect to the construction and operation of a joint facility. The City of Brandon has committed to contribute up to \$5,000,000 to the construction of the Recreation Facility. Borrowing of these funds has been authorized by By-law 6904/E-08-136.

The City of Brandon continues to negotiate with Maple Leaf Foods Inc. and Wyeth Canada Inc. with respect to phase III upgrades to the City's wastewater treatment facilities. The City has made successful application under the Building Canada Fund for the necessary senior government funding to help finance this upgrade and a multi party financial agreement will be finalized. The City's contribution to the third and final phase of the upgrade project could require an additional \$10 million investment plus a contribution to Maple Leaf Foods to gain ownership of the assets they fully paid for in phase I of this project.

11. Contingencies

The City of Brandon owns property located on the east side of 1st Street at Pacific Avenue. Soil remediation occurred at this location during 2008. There will be ongoing monitoring requirements, although at this time the duration and extent of these has not been determined. Monitoring costs are estimated to be \$25,000 per year.

In accordance with PSAB's recommendations for environmental liabilities the City of Brandon has performed a risk assessment on potential city owned sites and has determined that there are no material liabilities and that no environmental remediation is required.

There are a number of legal claims pending against the City of Brandon. The estimated liability for these claims could not be determined as at the end of the year.

12. Retirement Benefits

The majority of the employees of the Municipality are members of the Municipal Employees' Benefit Program (MEBP), which is a multi-employer defined benefit pension plan. MEBP members will receive benefits based on 1.5% of their final average yearly Canada Pension Plan (CPP) earnings times years of service, plus 2% of their final average yearly non-CPP earnings times years of service. The costs of the retirement plan are not allocated to the individual entities within the related group. As a result, individual entities within the related group are not able to identify their share of the underlying assets and liabilities. Therefore, the plan is accounted for as a defined contribution plan in accordance with the requirements of the Canadian Institute of Chartered Accountants Handbook section PS3250.

Pension assets consist of investment grade securities. Market and credit risk on these securities are managed by MEBP by placing plan assets in trust and through MEBP investment policy. The pension expense is based on the contribution rate. The MEBP requires that employees contribute 5.8% of basic annual earnings up to the CPP ceiling plus 7.0% of basic annual earnings in excess of the CPP ceiling, plus an additional 0.1% of earnings below and in excess of the CPP ceiling from employees that are not members of the Municipal Disability Income Plan. The employers are required to match the employee contributions to the MEBP. Actual contributions to MEBP made during the year by the Municipality on behalf of its employees amounted to \$1,742,871 (2008 - \$1,427,516) and are included in the statement of operations.

CITY OF BRANDON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2009

Any unfunded liabilities are to be funded by the participating employers. The most recent actuarial valuation as of December 31, 2008 indicates the plan is fully funded on a going concern basis but has an unfunded solvency liability of \$1.1 million. The solvency position of the plan is determined by comparing the solvency of the plan assets to the actuarial present value of the benefits accrued in respect of credited service prior to the valuation date, calculated as if the plan were wound up on December 31, 2008. Effective January 2010, employee and employer contributions will increase to 6.3% of basic annual earnings up to the CPP ceiling, plus 7.5% of basic earnings in excess of the CPP ceiling. The new contribution rates are sufficient to fund the solvency liability by December 2013.

Some employees of the City of Brandon, who were employed prior to January 1, 1977, participate in pension plans for employees of the City of Brandon as provided under Pension By-law No. 6678 and 6679, which are both defined benefit pension plans. The actuarial report as of December 31, 2006 indicates a solvency deficiency of \$193,619 for these plans. Allocations to the plan were increased for 2008 and future to eliminate the deficiency.

The City of Brandon has agreements with the Brandon Professional Firefighters'/Paramedics' Association, and the E911/Police Dispatcher Division, the Brandon Police Association, the Canadian Union of Public Employees Local 69, Amalgamated Transit Union Division 1505 and all out of scope employees for a supplementary pension benefit of \$200 per month for those eligible employees who retire after attaining the Municipal Employees Benefits Board "rule of 80". The "rule of 80" is achieved when the sum of the employee's age and years of service is 80 or greater. The benefit of this supplementary pension will cease after the earliest of 60 months or the month in which the employee attains age 65.

13. Financial Instruments

The Municipality as part of its operations carries a number of financial instruments. It is management's opinion the Municipality is not exposed to significant interest, currency or credit risk arising from these financial instruments, except as otherwise disclosed. Unless otherwise noted, the fair value of these financial instruments approximates their carrying values.

14. Budget

The financial plan is prepared on a revenue and expenditure basis. For comparative purposes, the City of Brandon has modified its financial plan to prepare a budget that is consistent with the scope and accounting principles used to report the actual results. The budget figures used in these financial statements have been approved by council.

The reconciliation between the financial plan and the budget figures used in these statements is disclosed in Schedule 10 - Reconciliation of the Financial Plan to the Budget.

15. Changes in Accounting Policies

The City of Brandon has restated its financial statements to comply with the adoption of generally accepted accounting principles as recommended by the Public Sector Accounting Board (PSAB).

Section PS3150 requires governments to record and amortize their tangible capital assets on their financial statements. In addition, leases, which substantially transfer all of the risks and benefits of ownership to the government, should be treated as capital leases.

PS3270 requires governments to accrue their landfill closure and post closure costs as the landfill is used. In accordance with PSAB's recommendations on liabilities and contingent liabilities the City of Brandon has for the first time recorded the cost of remediation for contaminated sites.

Finally, PSAB also requires that the government reporting entity include all the organizations controlled by the government. PSAB also requires governments to account for government partnerships on a proportional consolidation basis whereby the government consolidates their pro-rata share of the partnership's assets, liabilities, revenues and expenses.

CITY OF BRANDON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2009

| | <u>2009</u> | <u>2008</u> |
|--|------------------------------|------------------------------|
| Opening fund balances: | | |
| Nominal Surplus - General Operating Fund | \$ 1,356,329 | \$ 1,258,006 |
| General Reserve Funds | 25,072,015 | 26,609,537 |
| Tax Reserve | 500,916 | 414,079 |
| Surplus - General Capital Fund | 64,725,949 | 58,218,520 |
| Nominal Surplus - Utility Operating Fund | 4,134,282 | 4,134,282 |
| Utility Reserve Funds | 6,237,139 | 10,041,321 |
| Surplus - Utility Capital Fund | 32,573,089 | 31,103,491 |
| | - | - |
| Opening accumulated surplus, all funds, as previously reported | \$ 134,599,719 | \$ 131,779,236 |
| Adjustments: | | |
| Tangible capital assets | 234,008,837 | 215,119,541 |
| Fixed assets in the capital funds | (111,258,871) | (105,383,057) |
| Landfill closure and post closure liabilities | (734,687) | (682,886) |
| Supplementary Pension Benefit | (451,367) | - |
| | - | - |
| Opening non-consolidated accumulated surplus, restated | \$ 256,163,631 | \$ 240,832,834 |
| Consolidation of controlled entities and government partnerships | 5,396,409 | 5,461,130 |
| Opening consolidated accumulated surplus, as restated | \$ 261,560,040 | \$ 246,293,964 |
| Consolidated annual surplus | 18,623,228 | 15,266,076 |
| Consolidated accumulated surplus, end of year | <u>\$ 280,183,268</u> | <u>\$ 261,560,040</u> |

16. Public Sector Compensation Disclosure

It is a requirement of the *Public Sector Compensation Disclosure Act* that annual public disclosure be made of aggregate compensation paid to members of council, and of individual compensation in an amount exceeding \$50,000 annually to any member of council, officer or employee of the Municipality.

The City of Brandon issues a separate statement for The Public Sector Compensation Disclosure Report and receives a separate audit opinion.

a) Compensation paid to members of council amounted to \$296,290 in aggregate.

b) Compensation paid to individual members of City Council:

| | <u>Compensation</u> | <u>Expenses</u> | <u>Total</u> |
|-------------------------------|--------------------------|--------------------------|--------------------------|
| Mayor - Burgess, Dave | \$ 48,313 | \$ 48,062 | \$ 96,375 |
| Councillor - Barletta, Vince | 12,266 | 6,471 | 18,737 |
| Councillor - Black, Errol | 12,452 | 7,044 | 19,496 |
| Councillor - Blight, Murray | 12,166 | 6,521 | 18,687 |
| Councillor - Campbell, Margo | 12,916 | 7,418 | 20,334 |
| Councillor - Fitzpatrick, Ken | 12,970 | 8,144 | 21,114 |
| Councillor - Harwood, Jeff | 15,152 | 9,672 | 24,824 |
| Councillor - Jessiman, Don | 13,615 | 6,667 | 20,282 |
| Councillor - McCrae, Jim | 12,216 | 5,917 | 18,133 |
| Councillor - Paterson, Doug | 12,566 | 6,835 | 19,401 |
| Councillor - Rice, Garth | 12,166 | 6,741 | 18,907 |
| | <u>\$ 176,798</u> | <u>\$ 119,492</u> | <u>\$ 296,290</u> |

CITY OF BRANDON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2009

17. Public Utilities Board

The Public Utilities Board (PUB) regulates the rates charged by all water and sewer utilities, except the City of Winnipeg utility and those utilities operated by the Manitoba Water Services Board. PUB has the authority to order any owner of a utility to adopt uniform and prescribed accounting policies. PUB's prescribed accounting policies on tangible capital assets and government transfers do not meet the recommendations of PSAB.

For information purposes, the Municipality has deferred the capital grants it has received in the past for its utilities and amortized them over the useful life of the related tangible capital asset.

No capital grants have been deferred and amortized in these financial statements.

Water services:

| Description of Utility | Unamortized Opening Balance | Additions During Year | Amortization During Year | Unamortized Balance Ending |
|------------------------------|-----------------------------------|--------------------------|-----------------------------|----------------------------------|
| 9th St Reservoir Supply Line | \$ 670,000 | \$ - | \$ 20,000 | \$ 650,000 |
| WTF UV Disinfection | 456,000 | - | 60,800 | 395,200 |
| | - | - | - | - |
| | - | - | - | - |
| | <u>\$ 1,126,000</u> | <u>\$ -</u> | <u>\$ 80,800</u> | <u>\$ 1,045,200</u> |

Sewer services:

| Description of Utility | Unamortized Opening Balance | Additions During Year | Amortization During Year | Unamortized Balance Ending |
|------------------------|-----------------------------------|--------------------------|-----------------------------|----------------------------------|
| Lagoon Cell 3A | \$ 262,500 | \$ - | \$ 8,333 | \$ 254,167 |
| Combined WWTF Phase II | 5,063,353 | 10,441,743 | 258,418 | 15,246,678 |
| | - | - | - | - |
| | - | - | - | - |
| | <u>\$ 5,325,853</u> | <u>\$ 10,441,743</u> | <u>\$ 266,751</u> | <u>\$ 15,500,845</u> |

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

Year Ended December 31, 2009

| Cost | General Capital Assets | | | | | | Infrastructure | | | Totals | |
|--|----------------------------|--------------------------------------|------------------------|------------------|--------------------------|-----------------------------|--------------------|---------------------------|--------------------|--------------------|--|
| | Land and Land Improvements | Buildings and Leasehold Improvements | Vehicles and Equipment | Other Entities | Asset Under Construction | Roads, Streets, and Bridges | Water and Sewer | Assets Under Construction | 2009 | 2008 | |
| Opening costs | 10,172,877 | 32,186,942 | 28,772,123 | 18,238,129 | 1,559,321 | 154,263,534 | 174,558,051 | 11,703,828 | 431,454,805 | 404,182,406 | |
| Additions during the year | 1,333,376 | 526,900 | 2,261,201 | 1,460,214 | 3,608,960 | 1,053,662 | 9,129,838 | 13,850,739 | 33,224,890 | 29,504,310 | |
| Classification transfers | 1,019,160 | - | - | - | (1,019,160) | - | 25,064,997 | (25,064,997) | - | - | |
| Disposals and write downs | (72,270) | - | (2,354,829) | (146,689) | - | - | (115,201) | - | (2,688,989) | (2,231,912) | |
| Closing costs | 12,453,143 | 32,713,842 | 28,678,495 | 19,551,654 | 4,149,121 | 155,317,196 | 208,637,685 | 489,570 | 461,990,706 | 431,454,804 | |
| Accumulated Amortization | | | | | | | | | | | |
| Opening accum'd amortization | 1,088,139 | 12,822,423 | 14,516,455 | 10,741,298 | - | 86,475,686 | 64,305,136 | - | 189,949,137 | 181,384,500 | |
| Amortization | 135,475 | 834,845 | 2,271,441 | 764,234 | - | 3,521,591 | 4,037,078 | - | 11,564,664 | 10,412,229 | |
| Disposals and write downs | (56,266) | - | (2,025,897) | (145,027) | - | - | (108,001) | - | (2,335,191) | (1,847,592) | |
| Closing accum'd amortization | 1,167,348 | 13,657,268 | 14,761,999 | 11,360,505 | - | 89,997,277 | 68,234,213 | - | 199,178,610 | 189,949,137 | |
| Net Book Value of Tangible Capital Assets | 11,285,795 | 19,056,574 | 13,916,496 | 8,191,149 | 4,149,121 | 65,319,919 | 140,403,472 | 489,570 | 262,812,096 | 241,505,667 | |

Water and sewer underground networks contributed to the Municipality totals \$4,519,813 (2008 - \$4,745,589) and were capitalized at their fair value at the time of their receipt. Streets and roads infrastructure contributed to the Municipality totals \$532,806 (2008 - \$834,857) and were capitalized at their fair value at the time of their receipt.

**THE CITY OF BRANDON
CONSOLIDATED SCHEDULE OF REVENUES
FOR THE YEAR ENDED DECEMBER 31, 2009**

SCHEDULE 2

| | 2009 Budget | 2009 | 2008 |
|---|--------------------------|--------------------------|--------------------------|
| Property taxes: | | | |
| Municipal taxes levied (Schedule 12) | 26,650,610 | 26,654,528 | 25,227,404 |
| Taxes added | 800,000 | 933,787 | 1,567,921 |
| Penalties and interest | <u>325,000</u> | <u>308,791</u> | <u>290,235</u> |
| | <u>27,775,610</u> | <u>27,897,106</u> | <u>27,085,560</u> |
| Grants in lieu of taxation: | | | |
| Federal government | - | 356,989 | 345,592 |
| Federal government enterprises | - | - | - |
| Provincial government | 2,217,777 | 1,860,788 | 1,678,632 |
| Provincial government enterprises | - | - | - |
| Other local governments | - | - | - |
| Non-government organizations | <u>-</u> | <u>-</u> | <u>-</u> |
| | <u>2,217,777</u> | <u>2,217,777</u> | <u>2,024,224</u> |
| User fees: | | | |
| Parking meters | 210,472 | 248,284 | 242,697 |
| Sales of service | 7,011,246 | 7,291,177 | 6,919,745 |
| Sales of goods | 229,434 | 249,500 | 289,539 |
| Rentals | 575,552 | 504,504 | 570,488 |
| Development charges | 145,336 | 701,091 | 429,124 |
| Facility use fees | <u>3,476,681</u> | <u>3,355,518</u> | <u>3,267,838</u> |
| | <u>11,648,721</u> | <u>12,350,074</u> | <u>11,719,431</u> |
| Grants - Province of Manitoba: | | | |
| General assistance payment | 6,360,000 | 6,222,367 | 6,240,436 |
| General support grant | 552,000 | 628,003 | 581,442 |
| VLT revenues | 834,000 | 845,607 | 833,893 |
| Conditional grants | <u>4,218,329</u> | <u>7,182,020</u> | <u>5,694,537</u> |
| | <u>11,964,329</u> | <u>14,877,997</u> | <u>13,350,308</u> |
| Grants - Other: | | | |
| Federal government - gas tax funding | 2,989,135 | 2,661,035 | 2,764,042 |
| Federal government - other | 1,043,200 | 87,534 | 175,482 |
| Other organizations and foundations | <u>819,020</u> | <u>364,042</u> | <u>203,443</u> |
| | <u>4,851,355</u> | <u>3,112,611</u> | <u>3,142,967</u> |
| Permits, licenses and fines: | | | |
| Permits | 719,319 | 1,144,204 | 754,141 |
| Licenses | 1,078,368 | 1,154,481 | 1,092,943 |
| Aggregate mining & transportaton fees | - | - | - |
| Fines | <u>556,700</u> | <u>406,784</u> | <u>447,353</u> |
| | <u>2,354,387</u> | <u>2,705,469</u> | <u>2,294,437</u> |
| Investment income: | | | |
| Cash and temporary investments | 6,900 | 38,104 | 450,022 |
| Marketable securities | - | 546,000 | 746,192 |
| Municipal debentures | - | - | - |
| Other (Accounts Receivable Interest) | <u>12,000</u> | <u>38,100</u> | <u>40,793</u> |
| | <u>18,900</u> | <u>622,204</u> | <u>1,237,007</u> |
| Other revenue: | | | |
| Gain on sale of tangible capital assets | 594,517 | 28,056 | 124,393 |
| Gain on sale of real estate held for sale | 216,000 | 84,079 | 532,737 |
| Donations/contributions | 1,215 | 1,996,866 | 856,639 |
| Miscellaneous | <u>5,390</u> | <u>12,412</u> | <u>7,482</u> |
| | <u>817,122</u> | <u>2,121,413</u> | <u>1,521,251</u> |
| Water and sewer (Schedule 9) | <u>18,731,830</u> | <u>32,618,371</u> | <u>28,045,726</u> |
| Total revenue | <u>80,380,031</u> | <u>98,523,022</u> | <u>90,420,911</u> |

**THE CITY OF BRANDON
CONSOLIDATED SCHEDULE OF EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2009**

SCHEDULE 3

| | 2009 Budget | 2009 | 2008 |
|--|-------------------|-------------------|-------------------|
| General government services: | | | |
| Legislative | 490,924 | 427,070 | 414,563 |
| General administrative | 5,134,053 | 4,846,003 | 4,883,766 |
| Other | <u>1,016,592</u> | <u>1,026,574</u> | <u>1,101,488</u> |
| | <u>6,641,569</u> | <u>6,299,647</u> | <u>6,399,817</u> |
| Protective services: | | | |
| Police | 11,021,029 | 11,670,063 | 10,884,660 |
| Fire | 3,923,112 | 3,724,857 | 3,665,488 |
| Emergency measures | 4,861,244 | 4,926,684 | 4,578,943 |
| Other protection | <u>640,488</u> | <u>592,569</u> | <u>570,580</u> |
| | <u>20,445,873</u> | <u>20,914,173</u> | <u>19,699,671</u> |
| Transportation services: | | | |
| Road transport | | | |
| Administration and engineering | 1,242,463 | 1,356,308 | 2,379,800 |
| Road and street maintenance | 1,567,617 | 7,070,009 | 6,611,181 |
| Bridge maintenance | 1,725 | - | 701 |
| Sidewalk and boulevard maintenance | 814,760 | 561,932 | 683,033 |
| Street lighting | 1,060,997 | 1,044,887 | 1,023,876 |
| Other road transport | 111,241 | 139,823 | (239,552) |
| Air transport | 355,687 | 447,081 | 450,468 |
| Public transit | <u>3,621,034</u> | <u>3,806,987</u> | <u>3,963,593</u> |
| | <u>8,775,524</u> | <u>14,427,027</u> | <u>14,873,100</u> |
| Environmental health services: | | | |
| Waste collection and disposal | 1,815,819 | 2,169,231 | 4,658,466 |
| Recycling | 957,418 | 1,295,402 | 837,716 |
| Other | <u>-</u> | <u>-</u> | <u>-</u> |
| | <u>2,773,237</u> | <u>3,464,633</u> | <u>5,496,182</u> |
| Public health and welfare services: | | | |
| Public health | 247,714 | 327,829 | 248,008 |
| Medical care | - | - | - |
| Hospital care | - | - | - |
| Social assistance | <u>267,032</u> | <u>267,032</u> | <u>267,032</u> |
| | <u>514,746</u> | <u>594,861</u> | <u>515,040</u> |
| Regional planning and development: | | | |
| Planning and zoning | 1,214,925 | 1,349,537 | 1,005,652 |
| Urban renewal | 812,165 | 438,418 | 507,450 |
| Beautification and land rehabilitation | - | - | - |
| Urban area weed control | 186,698 | 134,033 | 168,311 |
| Other | <u>326,677</u> | <u>278,107</u> | <u>300,592</u> |
| | <u>2,540,465</u> | <u>2,200,095</u> | <u>1,982,005</u> |
| Resource conservation and industrial development: | | | |
| Rural area weed control | - | - | - |
| Drainage of land | - | - | - |
| Veterinary services | - | - | - |
| Water resources and conservation | - | - | - |
| Regional development | 334,236 | 335,324 | 262,035 |
| Industrial development | - | - | - |
| Tourism | 281,851 | 306,851 | 269,974 |
| Other | <u>-</u> | <u>-</u> | <u>-</u> |
| | <u>616,087</u> | <u>642,175</u> | <u>532,009</u> |

**THE CITY OF BRANDON
CONSOLIDATED SCHEDULE OF EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2009**

SCHEDULE 3

Recreation and cultural services:

| | | | |
|-------------------------------------|--------------------------|--------------------------|--------------------------|
| Administration | 747,707 | 773,890 | 649,276 |
| Community centres and halls | 48,635 | 48,635 | 48,635 |
| Swimming pools and beaches | 129,000 | 205,990 | 141,541 |
| Golf courses | 517,061 | 541,984 | 513,210 |
| Skating and curling rinks | 44,180 | 59,251 | 33,810 |
| Parks and playgrounds | 1,376,394 | 1,582,376 | 1,917,324 |
| Other recreational facilities | 4,931,945 | 10,635,666 | 5,402,691 |
| Museums | 29,062 | 34,704 | 33,054 |
| Libraries | 1,520,773 | 1,080,896 | 1,103,699 |
| Other cultural facilities | <u>378,350</u> | <u>632,513</u> | <u>498,284</u> |
| | <u>9,723,107</u> | <u>15,595,905</u> | <u>10,341,524</u> |
| Water and sewer (Schedule 9) | <u>13,119,693</u> | <u>15,761,278</u> | <u>15,315,487</u> |
| Total expenses | <u>65,150,301</u> | <u>79,899,794</u> | <u>75,154,835</u> |

THE CITY OF BRANDON
CONSOLIDATED SCHEDULE OF OPERATIONS BY PROGRAM
FOR THE YEAR ENDED DECEMBER 31, 2009

SCHEDULE 4

| | General Government* | | Protective Services | | Transportation Services | | Environmental Health Services | |
|------------------------------------|--------------------------|--------------------------|----------------------------|----------------------------|---------------------------|---------------------------|-------------------------------|---------------------------|
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| REVENUES | | | | | | | | |
| Property taxes | 27,897,106 | 27,085,560 | - | - | - | - | - | - |
| Grants in lieu of taxation | 2,217,777 | 2,024,224 | - | - | - | - | - | - |
| User fees | 384,057 | 159,836 | 3,596,202 | 3,152,694 | 1,822,907 | 2,194,952 | 1,832,476 | 1,542,084 |
| Grants - Province of Manitoba | 7,731,635 | 7,656,084 | 2,245,287 | 1,919,871 | 1,545,550 | 1,642,458 | 649,776 | 441,069 |
| Grants - Other | 35,658 | 2,800 | 52,750 | - | 2,661,035 | 2,764,041 | 5,643 | - |
| Permits, licenses and fines | 1,158,257 | 1,096,390 | 403,008 | 443,906 | 22,410 | 30,917 | - | - |
| Investment income | 613,681 | 1,208,877 | - | - | - | - | - | - |
| Other revenue | 241,487 | 4,058 | 4,455 | 2,551 | 1,348,587 | 945,729 | - | - |
| Water and sewer | - | - | - | - | - | - | - | - |
| Total revenue (Schedules 2, 4, 5) | <u>40,279,658</u> | <u>39,237,829</u> | <u>6,301,702</u> | <u>5,519,022</u> | <u>7,400,489</u> | <u>7,578,097</u> | <u>2,487,895</u> | <u>1,983,153</u> |
| EXPENSES | | | | | | | | |
| Personnel services | 3,377,992 | 3,573,008 | 16,582,005 | 15,795,294 | 6,655,455 | 6,110,255 | 916,276 | 910,133 |
| Contract services | 1,456,700 | 1,192,705 | 699,036 | 582,330 | 2,279,144 | 1,796,582 | 270,212 | 227,259 |
| Utilities | 149,312 | 153,725 | 599,081 | 596,548 | 995,719 | 959,523 | 71,038 | 68,082 |
| Maintenance materials and supplies | 122,625 | 117,634 | 191,996 | 224,890 | 2,435,984 | 2,433,103 | 142,577 | 2,785,736 |
| Grants and contributions | 356,114 | 355,241 | 22,991 | 28,811 | - | - | 510,712 | 361,553 |
| Amortization | 176,771 | 170,888 | 394,260 | 341,820 | 5,618,425 | 5,200,326 | 76,513 | 72,747 |
| Interest on long-term debt | - | - | - | - | - | - | - | - |
| Other | 660,133 | 836,616 | 2,424,804 | 2,129,978 | (3,557,700) | (1,626,689) | 1,477,305 | 1,070,672 |
| Total expenses (Schedules 3, 4, 5) | <u>6,299,647</u> | <u>6,399,817</u> | <u>20,914,173</u> | <u>19,699,671</u> | <u>14,427,027</u> | <u>14,873,100</u> | <u>3,464,633</u> | <u>5,496,182</u> |
| SURPLUS (DEFICIT) | <u>33,980,011</u> | <u>32,838,012</u> | <u>(14,612,471)</u> | <u>(14,180,649)</u> | <u>(7,026,538)</u> | <u>(7,295,003)</u> | <u>(976,738)</u> | <u>(3,513,029)</u> |

* The General Government category includes revenues and expenses that cannot be attributed to a particular program

**THE CITY OF BRANDON
CONSOLIDATED SCHEDULE OF OPERATIONS BY PROGRAM
FOR THE YEAR ENDED DECEMBER 31, 2009**

SCHEDULE 4

| | Public Health and Welfare Services | | Regional Planning and Development | | Resource Conservation and Industrial Dev | | Recreation and Cultural Services | |
|------------------------------------|---------------------------------------|------------------|--------------------------------------|------------------|---|------------------|-------------------------------------|--------------------|
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| REVENUES | | | | | | | | |
| Property taxes | - | - | - | - | - | - | - | - |
| Grants in lieu of taxation | - | - | - | - | - | - | - | - |
| User fees | 194,499 | 228,888 | 543,336 | 426,699 | - | - | 3,976,597 | 4,014,278 |
| Grants - Province of Manitoba | - | - | 18,017 | 990,075 | - | - | 2,687,732 | 700,751 |
| Grants - Other | - | - | 11,073 | 10,390 | - | - | 346,452 | 365,736 |
| Permits, licenses and fines | - | - | 1,121,794 | 723,224 | - | - | - | - |
| Investment income | - | - | 608 | 5,208 | - | - | 7,915 | 22,922 |
| Other revenue | - | - | 531,426 | 533,326 | - | - | (4,542) | 35,587 |
| Water and sewer | - | - | - | - | - | - | - | - |
| Total revenue (Schedules 2, 4, 5) | <u>194,499</u> | <u>228,888</u> | <u>2,226,254</u> | <u>2,688,922</u> | <u>-</u> | <u>-</u> | <u>7,014,154</u> | <u>5,139,274</u> |
| EXPENSES | | | | | | | | |
| Personnel services | 161,807 | 148,650 | 1,077,346 | 1,053,162 | 217,162 | 194,196 | 3,985,690 | 3,859,404 |
| Contract services | 347,257 | 282,387 | 540,746 | 554,450 | 11,982 | 14,123 | 740,124 | 630,328 |
| Utilities | 13,138 | 8,790 | 56,839 | 29,628 | 4,077 | 4,224 | 1,118,941 | 992,285 |
| Maintenance materials and supplies | 17,797 | 23,812 | 35,398 | 48,299 | 1,970 | 2,278 | 1,558,544 | 2,014,830 |
| Grants and contributions | - | - | 17,712 | (1,796) | 306,851 | 269,974 | 5,934,450 | 662,862 |
| Amortization | 287 | 287 | 2,529 | 2,701 | - | - | 1,244,544 | 1,241,971 |
| Interest on long-term debt | - | - | 1,953 | 1,503 | - | - | 126,720 | 192,333 |
| Other | 54,575 | 51,114 | 467,572 | 294,058 | 100,133 | 47,214 | 886,892 | 747,511 |
| Total expenses (Schedules 3, 4, 5) | <u>594,861</u> | <u>515,040</u> | <u>2,200,095</u> | <u>1,982,005</u> | <u>642,175</u> | <u>532,009</u> | <u>15,595,905</u> | <u>10,341,524</u> |
| SURPLUS (DEFICIT) | <u>(400,362)</u> | <u>(286,152)</u> | <u>26,159</u> | <u>706,917</u> | <u>(642,175)</u> | <u>(532,009)</u> | <u>(8,581,751)</u> | <u>(5,202,250)</u> |

**THE CITY OF BRANDON
CONSOLIDATED SCHEDULE OF OPERATIONS BY PROGRAM
FOR THE YEAR ENDED DECEMBER 31, 2009**

SCHEDULE 4

| | Total | |
|------------------------------------|-------------------|---------------------------------|
| | 2009 | 2008 |
| | | Water and Sewer Services |
| | | 2009 2008 |
| REVENUES | | |
| Property taxes | 27,897,106 | 27,085,560 |
| Grants in lieu of taxation | 2,217,777 | 2,024,224 |
| User fees | 12,350,074 | 11,719,431 |
| Grants - Province of Manitoba | 14,877,997 | 13,350,308 |
| Grants - Other | 3,112,611 | 3,142,967 |
| Permits, licenses and fines | 2,705,469 | 2,294,437 |
| Investment income | 622,204 | 1,237,007 |
| Other revenue | 2,121,413 | 1,521,251 |
| Water and sewer | <u>32,618,371</u> | <u>28,045,726</u> |
| Total revenue (Schedules 2, 4, 5) | <u>98,523,022</u> | <u>90,420,911</u> |
| EXPENSES | | |
| Personnel services | 36,290,866 | 34,953,524 |
| Contract services | 7,537,179 | 6,871,782 |
| Utilities | 4,110,301 | 3,847,631 |
| Maintenance materials and supplies | 7,498,516 | 10,720,986 |
| Grants and contributions | 7,389,113 | 1,859,564 |
| Amortization | 11,550,407 | 10,403,970 |
| Interest on long-term debt | 702,249 | 886,037 |
| Other | <u>4,821,163</u> | <u>5,611,341</u> |
| Total expenses (Schedules 3, 4, 5) | <u>79,899,794</u> | <u>75,154,835</u> |
| SURPLUS (DEFICIT) | <u>18,623,228</u> | <u>15,266,076</u> |

**THE CITY OF BRANDON
CONSOLIDATED SCHEDULE OF DETAILS AND RECONCILIATION TO CORE GOVERNMENT RESULTS
FOR THE YEAR ENDED DECEMBER 31, 2009**

SCHEDULE 5

| | Core Government | | Controlled Entities | | Government Partnerships | | Total | |
|------------------------------------|--------------------------|--------------------------|-----------------------|-----------------------|-------------------------|-------------------------|--------------------------|--------------------------|
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| REVENUES | | | | | | | | |
| Property taxes | 27,897,106 | 27,085,560 | - | - | - | - | 27,897,106 | 27,085,560 |
| Grants in lieu of taxation | 2,217,777 | 2,024,224 | - | - | - | - | 2,217,777 | 2,024,224 |
| User fees | 10,008,255 | 9,306,682 | - | - | 2,341,819 | 2,412,749 | 12,350,074 | 11,719,431 |
| Grants - Province of Manitoba | 14,778,717 | 12,564,013 | 18,017 | 161,983 | 81,263 | 624,312 | 14,877,997 | 13,350,308 |
| Grants - Other | 2,879,853 | 2,811,997 | - | - | 232,758 | 330,970 | 3,112,611 | 3,142,967 |
| Permits, licenses and fines | 2,695,669 | 2,287,480 | - | - | 9,800 | 6,957 | 2,705,469 | 2,294,437 |
| Investment income | 613,681 | 1,208,877 | - | - | 8,523 | 28,130 | 622,204 | 1,237,007 |
| Other revenue | 2,111,340 | 1,485,075 | - | - | 10,073 | 36,176 | 2,121,413 | 1,521,251 |
| Water and sewer | 32,618,371 | 28,045,726 | - | - | - | - | 32,618,371 | 28,045,726 |
| Total revenue | <u>95,820,769</u> | <u>86,819,634</u> | <u>18,017</u> | <u>161,983</u> | <u>2,684,236</u> | <u>3,439,294</u> | <u>98,523,022</u> | <u>90,420,911</u> |
| EXPENSES | | | | | | | | |
| Personnel services | 34,653,378 | 33,361,913 | 20,299 | - | 1,617,189 | 1,591,611 | 36,290,866 | 34,953,524 |
| Contract services | 7,105,482 | 6,447,948 | 64,734 | 161,983 | 366,963 | 261,851 | 7,537,179 | 6,871,782 |
| Utilities | 3,614,932 | 3,400,298 | - | - | 495,369 | 447,333 | 4,110,301 | 3,847,631 |
| Maintenance materials and supplies | 6,407,266 | 9,636,235 | 2,660 | 3,311 | 1,088,590 | 1,081,440 | 7,498,516 | 10,720,986 |
| Grants and contributions | 9,608,586 | 2,792,157 | (234,500) | (243,175) | (1,984,973) | (689,418) | 7,389,113 | 1,859,564 |
| Amortization | 10,786,173 | 9,603,072 | - | - | 764,234 | 800,898 | 11,550,407 | 10,403,970 |
| Interest on long-term debt | 623,606 | 755,555 | - | - | 78,643 | 130,482 | 702,249 | 886,037 |
| Other | 4,698,653 | 5,491,655 | 34,625 | 32,813 | 87,885 | 86,873 | 4,821,163 | 5,611,341 |
| Total expenses | <u>77,498,076</u> | <u>71,488,833</u> | <u>(112,182)</u> | <u>(45,068)</u> | <u>2,513,900</u> | <u>3,711,070</u> | <u>79,899,794</u> | <u>75,154,835</u> |
| SURPLUS (DEFICIT) | <u>18,322,693</u> | <u>15,330,801</u> | <u>130,199</u> | <u>207,051</u> | <u>170,336</u> | <u>(271,776)</u> | <u>18,623,228</u> | <u>15,266,076</u> |

CITY OF BRANDON

SCHEDULE 6

SCHEDULE OF CHANGE IN RESERVE FUND BALANCES

Year Ended December 31, 2009

2009

| | Affordable Housing | Ambulance | Andrews Field | Brandon Municipal Airport | Capital Development | Centennial Auditorium | Civic Services Complex | Clare Ave Extension |
|--|--------------------|------------|---------------|---------------------------|---------------------|-----------------------|------------------------|---------------------|
| REVENUE | | | | | | | | |
| Investment income | \$ 3,963 | \$ 5,765 | \$ 1,126 | \$ 10,444 | \$ 34,881 | \$ 8,180 | \$ 6,170 | \$ 4,931 |
| Other income | - | - | - | - | 289,916 | - | - | 6,246 |
| Total revenue | 3,963 | 5,765 | 1,126 | 10,444 | 324,797 | 8,180 | 6,170 | 11,177 |
| EXPENSES | | | | | | | | |
| Investment charges | - | - | - | - | - | - | - | - |
| Other expenses | - | - | - | - | - | - | - | - |
| Total expenses | - | - | - | - | - | - | - | - |
| NET REVENUES | 3,963 | 5,765 | 1,126 | 10,444 | 324,797 | 8,180 | 6,170 | 11,177 |
| TRANSFERS | | | | | | | | |
| Debt repayments | - | - | - | - | - | - | - | - |
| Transfers from (to) operating fund | 40,000 | - | 5,000 | 500,000 | (363,175) | (81,975) | 100,000 | - |
| Transfers from (to) utility fund | - | - | - | - | - | - | - | - |
| Acquisition of tangible capital assets | - | - | - | - | - | - | - | - |
| CHANGE IN RESERVE FUND BALANCES | 43,963 | 5,765 | 6,126 | 510,444 | (38,378) | (73,795) | 106,170 | 11,177 |
| FUND SURPLUS, BEGINNING OF YEAR | 151,941 | 263,110 | 47,784 | 404,297 | 1,450,085 | 378,571 | 233,499 | 223,649 |
| FUND SURPLUS, END OF YEAR | \$ 195,904 | \$ 268,875 | \$ 53,910 | \$ 914,741 | \$ 1,411,707 | \$ 304,776 | \$ 339,669 | \$ 234,826 |

SCHEDULE OF CHANGE IN RESERVE FUND BALANCES

Year Ended December 31, 2009

| | 2009 | | | | | | | |
|--|---------------------|----------------------------|------------------------|-----------------|------------|-------------------------|---------------|--------------|
| | Cumulative Benefits | Disposal Site (Sanitation) | Diking & Flood Control | E-911 Equipment | Elections | Fire Fighting Equipment | Fire Vehicles | Gas Tax |
| REVENUE | | | | | | | | |
| Investment income | \$ 6,623 | \$ 23,431 | \$ 18,204 | \$ 3,623 | \$ 4,405 | \$ 10,993 | \$ 25,623 | \$ 39,413 |
| Other income | - | - | - | - | - | - | - | - |
| Total revenue | 6,623 | 23,431 | 18,204 | 3,623 | 4,405 | 10,993 | 25,623 | 39,413 |
| EXPENSES | | | | | | | | |
| Investment charges | - | - | - | - | - | - | - | - |
| Other expenses | - | - | - | - | - | - | - | - |
| Total expenses | - | - | - | - | - | - | - | - |
| NET REVENUES | 6,623 | 23,431 | 18,204 | 3,623 | 4,405 | 10,993 | 25,623 | 39,413 |
| TRANSFERS | | | | | | | | |
| Debt repayments | - | - | - | - | - | - | - | - |
| Transfers from (to) operating fund | - | (692,949) | - | (13,022) | 15,000 | 357,058 | 131,976 | 1,008,683 |
| Transfers from (to) utility fund | - | - | - | - | - | - | - | - |
| Acquisition of tangible capital assets | - | - | - | - | - | - | - | - |
| CHANGE IN RESERVE FUND BALANCES | 6,623 | (669,518) | 18,204 | (9,399) | 19,405 | 368,051 | 157,599 | 1,048,096 |
| FUND SURPLUS, BEGINNING OF YEAR | 302,283 | 1,201,559 | 830,812 | 188,283 | 190,178 | 472,352 | 1,073,930 | 1,097,867 |
| FUND SURPLUS, END OF YEAR | \$ 308,906 | \$ 532,041 | \$ 849,016 | \$ 178,884 | \$ 209,583 | \$ 840,403 | \$ 1,231,529 | \$ 2,145,963 |

CITY OF BRANDON

SCHEDULE 6

SCHEDULE OF CHANGE IN RESERVE FUND BALANCES

Year Ended December 31, 2009

2009

| | General | Gravel Pit | Kirkcaldy Heights | Land Acquisition | Library / Arts Building | Machinery & Equipment | Major Events Hosting | Municipal Building |
|--|--------------|------------|-------------------|------------------|-------------------------|-----------------------|----------------------|--------------------|
| REVENUE | | | | | | | | |
| Investment income | \$ 22,867 | \$ 8,889 | \$ - | \$ 8,224 | \$ 1,617 | \$ 39,848 | \$ 2,806 | \$ 649 |
| Other income | - | - | - | - | - | - | - | - |
| Total revenue | 22,867 | 8,889 | - | 8,224 | 1,617 | 39,848 | 2,806 | 649 |
| EXPENSES | | | | | | | | |
| Investment charges | - | - | - | - | - | - | - | - |
| Other expenses | - | - | - | - | - | - | - | - |
| Total expenses | - | - | - | - | - | - | - | - |
| NET REVENUES | 22,867 | 8,889 | - | 8,224 | 1,616 | 39,848 | 2,806 | 649 |
| TRANSFERS | | | | | | | | |
| Debt repayments | - | - | - | - | - | - | - | - |
| Transfers from (to) operating fund | - | - | - | 692,354 | 5,000 | (95,922) | 10,000 | - |
| Transfers from (to) utility fund | - | - | - | - | - | - | - | - |
| Acquisition of tangible capital assets | - | - | - | - | - | - | - | - |
| CHANGE IN RESERVE FUND BALANCES | 22,867 | 8,889 | - | 700,578 | 6,616 | (56,074) | 12,806 | 649 |
| FUND SURPLUS, BEGINNING OF YEAR | 1,043,618 | 222,235 | 115,000 | 383,159 | 70,172 | 1,548,636 | 120,805 | 29,609 |
| FUND SURPLUS, END OF YEAR | \$ 1,066,485 | \$ 231,124 | \$ 115,000 | \$ 1,083,737 | \$ 76,788 | \$ 1,492,562 | \$ 133,611 | \$ 30,258 |

SCHEDULE OF CHANGE IN RESERVE FUND BALANCES

Year Ended December 31, 2009

2009

| | Municipal Bldg Maintenance | Office Equipment | Parks | Perpetual Care | Police Equipment | Police Vehicles | Professional Fees | Protective Services Bldg |
|--|-------------------------------|---------------------|--------------|-------------------|---------------------|--------------------|----------------------|-----------------------------|
| REVENUE | | | | | | | | |
| Investment income | \$ 2,618 | \$ 27,049 | \$ 27,663 | \$ 10,874 | \$ 5,585 | \$ 12,352 | \$ 1,903 | \$ 15,832 |
| Other income | - | - | 184,419 | - | - | - | - | - |
| Total revenue | 2,618 | 27,049 | 212,082 | 10,874 | 5,585 | 12,352 | 1,903 | 15,832 |
| EXPENSES | | | | | | | | |
| Investment charges | - | - | - | - | - | - | - | - |
| Other expenses | - | - | - | - | - | - | - | - |
| Total expenses | - | - | - | - | - | - | - | - |
| NET REVENUES | 2,618 | 27,049 | 212,082 | 10,874 | 5,585 | 12,352 | 1,903 | 15,832 |
| TRANSFERS | | | | | | | | |
| Debt repayments | - | - | - | - | - | - | - | - |
| Transfers from (to) operating fund | 225,198 | 139,949 | (159,055) | 38,900 | 15,664 | 121,937 | 1,416 | 108,676 |
| Transfers from (to) utility fund | - | - | - | - | - | - | - | - |
| Acquisition of tangible capital assets | - | - | - | - | - | - | - | - |
| CHANGE IN RESERVE FUND BALANCES | 227,816 | 166,998 | 53,027 | 49,774 | 21,249 | 134,289 | 3,319 | 124,508 |
| FUND SURPLUS, BEGINNING OF YEAR | 52,756 | 796,553 | 966,349 | 475,497 | 235,898 | 393,153 | 81,184 | 643,920 |
| FUND SURPLUS, END OF YEAR | \$ 280,572 | \$ 963,551 | \$ 1,019,376 | \$ 525,271 | \$ 257,147 | \$ 527,442 | \$ 84,503 | \$ 768,428 |

SCHEDULE OF CHANGE IN RESERVE FUND BALANCES

Year Ended December 31, 2009

2009

| | Recreation Centre | Snow Clearing | Social Development | Sportsplex | Storm Sewer | Traffic Control Devices | Transit Funding | Transit System Equipment |
|--|----------------------|------------------|-----------------------|------------|----------------|----------------------------|--------------------|-----------------------------|
| REVENUE | | | | | | | | |
| Investment income | \$ 7,209 | \$ 5,754 | \$ 188 | \$ 16,874 | \$ 42,005 | \$ 1,496 | \$ 22,122 | \$ 75,215 |
| Other income | - | - | - | - | - | - | - | - |
| Total revenue | 7,209 | 5,754 | 188 | 16,874 | 42,005 | 1,496 | 22,122 | 75,215 |
| EXPENSES | | | | | | | | |
| Investment charges | - | - | - | - | - | - | - | - |
| Other expenses | - | - | - | - | - | - | - | - |
| Total expenses | - | - | - | - | - | - | - | - |
| NET REVENUES | 7,209 | 5,754 | 188 | 16,874 | 42,005 | 1,496 | 22,122 | 75,215 |
| TRANSFERS | | | | | | | | |
| Debt repayments | - | - | - | - | - | - | - | - |
| Transfers from (to) operating fund | (119,799) | - | - | 11,814 | 201,525 | (30,000) | 424,617 | 145,300 |
| Transfers from (to) utility fund | - | - | - | - | - | - | - | - |
| Acquisition of tangible capital assets | - | - | - | - | - | - | - | - |
| CHANGE IN RESERVE FUND BALANCES | (112,590) | 5,754 | 188 | 28,688 | 243,530 | (28,504) | 446,739 | 220,515 |
| FUND SURPLUS, BEGINNING OF YEAR | 336,374 | 262,615 | 8,569 | 680,513 | 1,908,655 | 85,546 | 737,841 | 3,377,635 |
| FUND SURPLUS, END OF YEAR | \$ 223,784 | \$ 268,369 | \$ 8,757 | \$ 709,201 | \$ 2,152,185 | \$ 57,042 | \$ 1,184,580 | \$ 3,598,150 |

SCHEDULE 6

**CITY OF BRANDON
SCHEDULE OF CHANGE IN RESERVE FUND BALANCES
Year Ended December 31, 2009**

| | 2009 | | | | | 2008 |
|--|-------------------------------|----------------------|-----------------------|----------------------------|--------------------|----------------------|
| | 26th Street S. of Maryland | 8th Street Bridge | Water Distribution | Wastewater Distribution | Industrial WWTF | Total |
| REVENUE | | | | | | |
| Investment income | \$ 3,048 | \$ 41,672 | \$ 70,279 | \$ 40,627 | \$ 4,836 | \$ 1,588,558 |
| Other income | 8,700 | - | - | - | 20,001 | 343,786 |
| Total revenue | 11,748 | 41,672 | 70,279 | 40,627 | 24,837 | 1,932,344 |
| EXPENSES | | | | | | |
| Investment charges | - | - | - | - | - | - |
| Other expenses | - | - | - | - | - | - |
| Total expenses | - | - | - | - | - | - |
| NET REVENUES | 11,748 | 41,672 | 70,279 | 40,627 | 24,837 | 1,932,344 |
| TRANSFERS | | | | | | |
| Debt repayments | - | - | - | - | - | - |
| Transfers from (to) operating fund | - | 75,000 | - | - | - | 8,184,171 |
| Transfers from (to) utility fund | - | - | (1,301,525) | 1,303,253 | - | (15,458,219) |
| Acquisition of tangible capital assets | - | - | - | - | - | - |
| CHANGE IN RESERVE FUND BALANCES | 11,748 | 116,672 | (1,231,246) | 1,343,880 | 24,837 | (5,341,704) |
| FUND SURPLUS, BEGINNING OF YEAR | 137,929 | 1,847,594 | 4,836,096 | 1,190,524 | 210,519 | 36,650,858 |
| FUND SURPLUS, END OF YEAR | \$ 149,677 | \$ 1,964,266 | \$ 3,604,850 | \$ 2,534,404 | \$ 235,356 | \$ 31,309,154 |

CITY OF BRANDON
 SCHEDULE OF TRUST FUNDS
 Year Ended December 31, 2009

SCHEDULE 7

| | Community Centre Assistance | Total 2009 | Total 2008 |
|---|--------------------------------|-------------------|-------------------|
| ASSETS | | | |
| Cash and temporary investments | \$ - | \$ - | |
| Portfolio investments | - | - | - |
| Other | 130,550 | 130,550 | 124,233 |
| | <u>\$ 130,550</u> | <u>\$ 130,550</u> | <u>\$ 124,233</u> |
| LIABILITIES AND FUND BALANCES | | | |
| Due to Municipality | \$ - | \$ - | \$ - |
| Fund balance | 130,550 | 130,550 | 124,233 |
| | <u>\$ 130,550</u> | <u>\$ 130,550</u> | <u>\$ 124,233</u> |
| REVENUES | | | |
| Contributions and donations | \$ 49,635 | \$ 49,635 | \$ 48,635 |
| Investment income | - | - | - |
| | <u>49,635</u> | <u>49,635</u> | <u>48,635</u> |
| EXPENDITURES | | | |
| Cemetery maintenance | - | - | - |
| Distribution to beneficiaries | 43,318 | 43,318 | 46,911 |
| Other | - | - | - |
| | <u>43,318</u> | <u>43,318</u> | <u>46,911</u> |
| EXCESS OF REVENUES OVER EXPENDITURES | 6,317 | 6,317 | 1,724 |
| FUND BALANCE, BEGINNING OF YEAR | 124,233 | 124,233 | 122,509 |
| FUND BALANCE, END OF YEAR | <u>\$ 130,550</u> | <u>\$ 130,550</u> | <u>\$ 124,233</u> |

**THE CITY OF BRANDON
SCHEDULE OF FINANCIAL POSITION FOR UTILITIES
AS AT DECEMBER 31, 2009**

SCHEDULE 8

| | 2009 | 2008 |
|--|----------------------------|----------------------------|
| FINANCIAL ASSETS | | |
| Cash and temporary investments | - | - |
| Amounts receivable | 11,131,223 | 8,729,906 |
| Portfolio investments | - | - |
| Loans and advances | - | - |
| Real estate properties held for sale | - | - |
| Due from other funds | - | - |
| | <u>11,131,223</u> | <u>8,729,906</u> |
| LIABILITIES | | |
| Accounts payable & accrued liabilities | - | - |
| Severance and vested sick leave payable | - | - |
| Deferred revenue | - | - |
| Landfill closure & post closure liabilities | - | - |
| Liability for remediation of contaminated site(s) | - | - |
| Long-term debt (Note 9) | 11,162,744 | 8,634,330 |
| Obligations under capital lease | - | - |
| Due to other funds | <u>19,040,986</u> | <u>13,759,146</u> |
| | <u>30,203,730</u> | <u>22,393,476</u> |
| NET FINANCIAL ASSETS | <u>(19,072,507)</u> | <u>(13,663,570)</u> |
| NON-FINANCIAL ASSETS | | |
| Tangible capital assets (Schedule 1) | 140,893,042 | 121,956,743 |
| Inventories | 392,753 | 322,295 |
| Prepaid expenses | <u>73,533</u> | <u>-</u> |
| | <u>141,359,328</u> | <u>122,279,038</u> |
| FUND SURPLUS (DEFICIT) | <u>122,286,821</u> | <u>108,615,468</u> |
| COMMITMENTS AND CONTINGENCIES (NOTES 10 AND 11) | | |

**THE CITY OF BRANDON
SCHEDULE OF UTILITY OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2009**

SCHEDULE 9

| | 2009 Budget | 2009 | 2008 |
|--|--------------------|--------------------|--------------------|
| REVENUES | | | |
| Water fees | 8,878,620 | 8,651,231 | 8,403,609 |
| Sewer fees | 3,908,989 | 3,736,341 | 3,557,715 |
| Bulk water fees | 40,000 | 61,573 | 62,911 |
| Lagoon tipping fees | 51,000 | 38,654 | 62,895 |
| Hydrant rentals | 249,200 | 259,000 | 257,350 |
| Connection charges | 784,560 | 797,461 | 716,904 |
| Penalties | 60,000 | 71,916 | 73,755 |
| Capital funding - government transfers | - | 5,324,320 | 2,475,680 |
| Capital funding - other organizations | - | 9,637,235 | 7,333,262 |
| Investment income | - | - | - |
| Other income | <u>3,067,912</u> | <u>2,233,351</u> | <u>2,980,262</u> |
| Total revenue | <u>17,040,281</u> | <u>30,811,082</u> | <u>25,924,343</u> |
| EXPENSES | | | |
| General | | | |
| Administration | 304,675 | 310,069 | 372,247 |
| Overhead, billing and collection | <u>1,473,234</u> | <u>1,569,589</u> | <u>1,417,831</u> |
| Sub-total - General | <u>1,777,909</u> | <u>1,879,658</u> | <u>1,790,078</u> |
| Water | | | |
| Purification | 3,323,287 | 3,356,324 | 2,956,009 |
| Transmission and distribution | 1,060,149 | 809,398 | 758,649 |
| Training costs | 41,083 | 35,697 | 24,692 |
| Utilities (telephone, electricity, etc.) | 531,741 | 503,338 | 479,784 |
| Connection costs | 433,752 | 509,120 | 490,393 |
| Amortization | - | 1,890,220 | 1,680,239 |
| Interest on long-term debt | <u>175,634</u> | <u>167,107</u> | <u>194,865</u> |
| Sub-total - Water | <u>5,565,646</u> | <u>7,271,204</u> | <u>6,584,631</u> |
| Sewer | | | |
| Collection system costs | 568,725 | 492,513 | 583,685 |
| Treatment and disposal costs | 3,660,451 | 2,887,003 | 3,576,476 |
| Lift stations costs | 34,000 | 56,500 | 20,189 |
| Training costs | 35,500 | 22,254 | 15,059 |
| Utilities (telephone, electricity, etc.) | 728,370 | 598,819 | 555,042 |
| Amortization | - | 2,146,858 | 1,692,991 |
| Interest on long-term debt | <u>749,092</u> | <u>406,469</u> | <u>497,336</u> |
| Sub-total - Sewer | <u>5,776,138</u> | <u>6,610,416</u> | <u>6,940,778</u> |
| Total expenses | <u>13,119,693</u> | <u>15,761,278</u> | <u>15,315,487</u> |
| NET REVENUES | 3,920,588 | 15,049,804 | 10,608,856 |
| TRANSFERS | | | |
| Property taxes from general operating fund | 1,691,549 | 1,691,549 | 1,748,146 |
| Transfers from (to) reserve funds | <u>-</u> | <u>(3,070,000)</u> | <u>(2,790,096)</u> |
| CHANGE IN UTILITY FUND BALANCE | <u>5,612,137</u> | <u>13,671,353</u> | <u>9,566,906</u> |
| FUND BALANCE, BEGINNING OF YEAR | 108,615,468 | 108,615,468 | 99,048,562 |
| FUND BALANCE, END OF YEAR | <u>114,227,605</u> | <u>122,286,821</u> | <u>108,615,468</u> |

CITY OF BRANDON
 RECONCILIATION OF THE FINANCIAL PLAN TO THE BUDGET
 Year Ended December 31, 2009

| | Financial Plan General | Financial Plan Utility(ies) | Amortization (TCA) | Interest Expense | Transfers | Long Term Accruals | Consolidated Entities | PSAB Budget |
|------------------------------------|---------------------------|--------------------------------|-----------------------|-----------------------|------------------------|-----------------------|--------------------------|----------------------|
| REVENUE | | | | | | | | |
| Property taxes | \$ 29,142,160 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 29,142,160 |
| Grants in lieu of taxation | 2,217,776 | - | - | - | - | - | - | 2,217,776 |
| User fees | 8,069,717 | - | - | - | - | - | 2,532,708 | 10,602,425 |
| Grants - Province of Manitoba | 11,273,774 | - | - | - | - | - | 672,880 | 11,946,654 |
| Grants - other | 4,032,335 | - | - | - | - | - | 1,849,053 | 5,881,388 |
| Permits, licences and fines | 2,818,366 | - | - | (117,848) | - | - | - | 2,700,518 |
| Investment income | 12,000 | - | - | - | - | - | 7,536 | 19,536 |
| Other revenue | 1,470,686 | - | - | - | - | - | 464,283 | 1,934,969 |
| Water and sewer | - | 18,731,830 | - | - | (1,691,549) | - | - | 17,040,281 |
| Transfers from accumulated surplus | - | - | - | - | - | - | - | - |
| Transfers from reserves | 1,760,000 | - | - | - | (1,760,000) | - | 3,150 | 3,150 |
| Total revenue | \$ 60,796,814 | \$ 18,731,830 | \$ - | \$ (117,848) | \$ (3,451,549) | \$ - | \$ 5,529,610 | \$ 81,488,857 |
| EXPENSES | | | | | | | | |
| General government services | \$ 6,856,015 | \$ - | \$ 176,771 | \$ - | \$ 89,421 | \$ - | \$ - | \$ 7,122,207 |
| Protective services | 20,030,386 | - | 394,260 | - | - | - | - | 20,424,646 |
| Transportation services | 10,197,038 | - | 5,101,050 | 7,497 | - | - | - | 15,305,585 |
| Environmental health services | 2,533,378 | - | 76,513 | 137,470 | - | 55,273 | - | 2,802,634 |
| Public health and welfare services | 514,746 | - | 287 | - | - | - | - | 515,033 |
| Regional planning and development | 1,929,306 | - | - | - | - | - | 292,234 | 2,221,540 |
| Resource cons and industrial dev | 334,236 | - | - | - | - | - | - | 334,236 |
| Recreation and cultural services | 5,821,428 | - | 510,213 | 324,320 | - | - | 4,476,398 | 11,132,359 |
| Water and sewer services | - | 18,731,830 | 2,721,307 | (2,002,137) | (1,850,000) | - | - | 17,601,000 |
| Fiscal services: | | | | | | | | |
| Transfer to utility | 1,691,549 | - | - | - | (1,691,549) | - | - | - |
| Transfer to capital | 348,500 | - | (348,500) | - | - | - | - | - |
| Debt charges | 1,085,649 | - | - | (1,085,649) | - | - | - | - |
| Short term interest | 117,848 | - | - | (117,848) | - | - | - | - |
| Transfer to reserves | 9,247,314 | - | - | - | (9,247,314) | - | - | - |
| Allowance for tax assets | 89,421 | - | - | - | (89,421) | - | - | - |
| Total expenses | \$ 60,796,814 | \$ 18,731,830 | \$ 8,631,901 | \$ (2,736,347) | \$ (12,788,863) | \$ 55,273 | \$ 4,768,632 | \$ 77,459,240 |
| Surplus (Deficit) | \$ - | \$ - | \$ (8,631,901) | \$ 2,618,499 | \$ 9,337,314 | \$ (55,273) | \$ 760,978 | \$ 4,029,617 |

**CITY OF BRANDON
ANALYSIS OF TAXES ON ROLL
Year Ended December 31, 2009**

SCHEDULE 11

| | <u>2009</u> | <u>2008</u> |
|--|----------------------------|----------------------------|
| Balance, beginning of year | \$ 2,139,632 | \$ 2,179,655 |
| Add: | | |
| Tax levy (Schedule 12) | 56,693,196 | 52,889,532 |
| Taxes added | 1,725,578 | 1,817,823 |
| Penalties or interest | 308,791 | 290,235 |
| Other accounts added | 369,337 | 330,810 |
| Tax Adjustments (specify) | | - |
| Difference between levy & financial plan | 3 | 2 |
| Sub-total | <u>59,096,905</u> | <u>55,328,402</u> |
| Deduct: | | |
| Cash collections - current | 55,361,581 | 52,786,928 |
| Cash collections - arrears | 1,738,354 | 1,979,888 |
| Writeoffs | 791,791 | 249,902 |
| Title value of land sales | - | - |
| Title value of tax titles acquired | - | - |
| Tax discounts | 71,777 | 76,011 |
| M.P.T.C. - cash advance | 223,207 | 159,144 |
| Other credits (Tax Offsetting Grants) | 99,924 | 116,553 |
| Sub-total | <u>58,286,634</u> | <u>55,368,426</u> |
| Balance, end of year | <u>\$ 2,949,903</u> | <u>\$ 2,139,631</u> |

CITY OF BRANDON
ANALYSIS OF TAX LEVY
Year Ended December 31, 2009

SCHEDULE 12

| | 2009 | | 2008 | |
|---|---------------|-----------|----------------------|----------------------|
| | Assessment | Mill Rate | Levy | Levy |
| Debt charges: | | | | |
| Frontage | - | 0.000% | 50,865 | 50,865 |
| L.I.D. | 1,239,238,900 | 1.287% | 1,594,901 | 1,849,144 |
| Other (At Large) | 1,091,178,990 | 0.883% | 963,511 | 294,685 |
| Deferred surplus | - | | - | - |
| Reserves: | | | | |
| Various | 1,091,178,990 | 7.857% | 8,573,393 | 7,445,572 |
| | - | 0.000% | - | - |
| | - | 0.000% | - | - |
| General Municipal | 1,091,178,990 | 15.418% | 16,823,798 | 16,722,855 |
| Special levies: | | | | |
| Department of Rural Development | 1,091,178,990 | 0.521% | 568,504 | 561,810 |
| School Portion - Mobile Home Revenue | - | 0.000% | (299,228) | (16,661) |
| | - | 0.000% | - | - |
| Business tax (rate%) | 7,033,300 | 1.000% | 70,333 | 67,280 |
| Total municipal taxes *** | | | 28,346,077 | 26,975,550 |
| Education support levy | 364,033,970 | 16.080% | 5,853,666 | 5,611,376 |
| Special levy: | | | | |
| Brandon School Division | 1,058,379,810 | 20.970% | 22,194,225 | 20,285,945 |
| Mobile Home Revenue | - | 0.000% | 299,228 | 16,661 |
| | - | 0.000% | - | - |
| Total education taxes | | | 28,347,119 | 25,913,982 |
| Total tax levy (Schedule 11) | | | \$ 56,693,196 | \$ 52,889,532 |
| *** Total Municipal taxes comprised of | | | | |
| General Municipal (Schedule 2) | | | 26,654,528 | 25,227,404 |
| Utility Debenture Debt Servicing (Schedule 9) | | | 1,691,549 | 1,748,146 |
| | | | <u>28,346,077</u> | <u>26,975,550</u> |

ANALYSIS OF SCHOOL ACCOUNTS

Year Ended December 31, 2009

| | 2009 | | | 2008 |
|-------------------------|-----------------|---------------------|-----------------|----------------|
| | Opening Balance | Current Requirement | Current Payment | Ending Balance |
| Education support levy | \$ 276,016 | \$ 6,890,977 | \$ (6,850,008) | \$ 316,985 |
| Special levies | | | | |
| Brandon School Division | 694,127 | 18,430,265 | (18,276,600) | 847,792 |
| | - | - | - | - |
| | - | - | - | - |
| | - | - | - | - |
| | - | - | - | - |
| | - | - | - | - |
| Sub-total | 694,127 | 18,430,265 | (18,276,600) | 847,792 |
| Total | \$ 970,143 | \$ 25,321,242 | \$ (25,126,608) | \$ 1,164,777 |

CITY OF BRANDON
SCHEDULE OF DEBENTURES PENDING
Year Ended December 31, 2009

SCHEDULE 14

| Authority | Purpose | Source of Funds | Authorized | Expended |
|-------------------|--------------------------|-----------------|----------------------|---------------------|
| B/L 6919/E-09-035 | Police Station | | 12,994,000 | 444,213 |
| B/L 6930/E-09-041 | Fire Hall | | 11,000,000 | 3,061,233 |
| B/L 6904/E-08-136 | Acquatics Centre Project | | 5,000,000 | 455,970 |
| | | | <u>\$ 28,994,000</u> | <u>\$ 3,961,416</u> |