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## Audit Committee

**Date:** May 3, 2021  
**Time:** 9:30 AM  
**Location:** Online Video Conference

### Members

Mayor Bonnie Crombie	
Councillor Stephen Dasko	Ward 1 (Vice-Chair)
Councillor Karen Ras	Ward 2
Councillor Ron Starr	Ward 6
Councillor Dipika Damerla	Ward 7 (Chair)

### Participate Virtually and/or via Telephone

Advance registration is required to participate and/or make a comment in the virtual meeting. **Questions for Public Question Period are required to be provided to Clerk's staff at least 24 hours in an advance of the meeting.** Any materials you wish to show the Committee during your presentation must be provided as an attachment to the email. Links to cloud services will not be accepted. Comments submitted will be considered as public information and entered into public record.

To register, please email [megan.piercey@mississauga.ca](mailto:megan.piercey@mississauga.ca) and for Residents without access to the internet via computer, smartphone or tablet, can register by calling Megan Piercey at 905-615-3200 ext. 4915 no later than **Friday, April 30, 2021 before 12:00 PM**. You will be provided with directions on how to participate from Clerks' staff.

### Contact

Megan Piercey, Legislative Coordinator  
905-615-3200 ext. 4915  
Email: [megan.piercey@mississauga.ca](mailto:megan.piercey@mississauga.ca)

1. **CALL TO ORDER**

2. **APPROVAL OF AGENDA**

3. **DECLARATION OF CONFLICT OF INTEREST**

4. **MINUTES OF PREVIOUS MEETING**

4.1. Audit Committee Minutes - March 1, 2021

5. **DEPUTATIONS**

5.1. Wesley Anderson, Manager, Financial and Treasury Services regarding the 2020 Financial Statements

Item 8.1

6. **PUBLIC QUESTION PERIOD - 15 Minute Limit**

**Public Comments:** Advance registration is required to participate and/or to make comments in the virtual public meeting. Any member of the public interested in speaking to an item listed on the agenda must register by calling 905-615-3200 ext. 4915 or by emailing [megan.piercey@mississauga.ca](mailto:megan.piercey@mississauga.ca) by Friday, April 30, 2021 before 12:00 PM.

Pursuant to Section 42 of the Council Procedure By-law 0139-2013, as amended:

Audit Committee may grant permission to a member of the public to ask a question of Audit Committee, with the following provisions:

1. Questions shall be submitted to the Clerk at least 24 hours prior to the meeting;
2. A person is limited to two (2) questions and must pertain specific item on the current agenda and the speaker will state which item the question is related to;
3. The total speaking time shall be five (5) minutes maximum, per speaker, unless extended by the Mayor or Chair; and
4. Any response not provided at the meeting will be provided in the format of a written response.

7. **CONSENT AGENDA**

8. **MATTERS TO BE CONSIDERED**

8.1. 2020 Financial Statements

8.2. 2020 External Audit Findings Report

8.3. Final Audit Reports:

1. Transportation & Works Department, Works Operations and Maintenance Division, Works Admin, Operations and Maintenance Section, Works Maintenance Unit – Works Current Maintenance Contracts Audit
2. Planning & Building Department, Building Division, Inspection Services Section – Building Permit Inspection Processes Audit

8.4. Internal Audit Work Plan 2021-2023

9. ENQUIRIES

10. CLOSED SESSION - Nil

11. ADJOURNMENT

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## Audit Committee

**Date:** March 1, 2021  
**Time:** 9:30 AM  
**Location:** Online Video Conference

### Members Present

Mayor Bonnie Crombie	
Councillor Stephen Dasko	Ward 1 (Vice-Chair)
Councillor Karen Ras	Ward 2
Councillor Ron Starr	Ward 6
Councillor Dipika Damerla	Ward 7 (Chair)

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### Staff Present

Paul Mitcham, City Manager and Chief Administrative Officer  
Gary Kent, Commissioner of Corporate Services and Chief Financial Officer  
Wesley Anderson, Manager, Financial and Treasury Services  
Luis Souza, Director, Internal Audit  
Shawn Slack, Director, Information Technology and Chief Information Officer  
Mark Beauparlant, Manager Financial and Treasury Services  
Amy Truong, Senior Auditor, Internal Audit  
Vandana Waghela, Internal Auditor, Internal Audit  
Barbara Webster, Senior Internal Auditor, Internal Audit  
Connie Mesih, Director, Revenue and Material Management  
Sacha Smith, Manager, Legislative Services and Deputy Clerk  
Megan Piercey, Legislative Coordinator



1. **CALL TO ORDER** – 9:30 AM

1.1 **Appointment of Vice-Chair**

Councillor Ras nominated Councillor Dasko.

Councillor Dasko accepted the nomination of Vice-Chair of the Audit Committee for the term ending November 14, 2022, or until a successor is appointed.

**RECOMMENDATION AC-0001-2021**

Moved By Councillor Ras

That Councillor Stephen Dasko be appointed as Vice-Chair of the Audit Committee for the term ending November 14, 2022, or until a successor is appointed.

YES (5): Mayor Crombie, Councillor Dasko, Councillor Ras, Councillor Starr, and Councillor Damerla

Carried (5 to 0)

2. **APPROVAL OF AGENDA**

Approved (Councillor Ras)

3. **DECLARATION OF CONFLICT OF INTEREST - Nil**

4. **MINUTES OF PREVIOUS MEETING**

4.1 **Audit Committee Minutes - December 7, 2020**

Approved (Councillor Dasko)

5. **DEPUTATIONS - Nil**

6. **PUBLIC QUESTION PERIOD - 15 Minute Limit – Nil**

7. **CONSENT AGENDA – Nil**

8. **MATTERS CONSIDERED**

8.1 **Final Audit Reports:**

1. Corporate Services Department, Finance Division, Accounts Payable Section – Procurement Cards Audit

2. Corporate Services Department, Information Technology Division – IT Projects Audit

Amy Truong, Senior Internal Auditor provided a presentation on the Corporate Services Department, Finance Division, Accounts Payable Section – Procurement Cards Audit. Ms. Truong spoke to the scope, objectives and observations regarding the audit. Ms. Truong advised that a total of 10 recommendations resulted from this audit and noted that Management agreed to all 10 recommendations, which should be completed by the end of 2021.

Committee Members engaged in discussion and enquired about outstanding procurement cards, determining misuse of procurement cards, the sample size of the audit and concerns with purchase splitting.

Ms. Truong responded to enquires and advised the following:

- 1200 procurement cards were outstanding;
- Misuse of procurement cards would be determined by Management or Finance based on judgment calls;
- The sample consisted of 50-70 reports; and
- Accounts Payable would be requested to complete an analysis to pinpoint purchase splitting for the year or the quarter.

Vandana Waghela, Internal Auditor provided a presentation on the Corporate Services Department, Information Technology Division – IT Projects Audit. Ms. Waghela spoke to the scope, objectives and observations regarding the audit. Ms. Waghela advised that a total of 8 recommendations resulted from this audit and noted that Management had agreed to all 8 recommendations. Ms. Waghela further advised that 1 would be completed by end of December 2021, 2 would be completed by end of June 2022, and the remaining 5 would be completed by March 2023.

Councillor Ras enquired about time tracking and efficiency within the IT department. Shawn Slack, Director, Information Technology & Chief Information Officer responded.

#### RECOMMENDATION AC-0002-2021

Moved By Councillor Ras

That the report dated February 16, 2021 from the Director, Internal Audit with respect to final audit reports:

1. Corporate Services Department, Finance Division, Accounts Payable Section – Procurement Cards Audit; and
  2. Corporate Services Department, Information Technology Division – IT Projects Audit
- be received for information.

YES (4): Councillor Dasko, Councillor Ras, Councillor Starr, and Councillor Damerla

ABSENT (1): Mayor Crombie

Carried (4 to 0)

#### 8.2 Status of Outstanding Audit Recommendations as of December 31, 2020

Councillor Dasko enquired if there were any updates to the Street Lighting Program. Gary Kent, Commissioner of Corporate Services and Chief Financial Officer advised that he would follow up with Geoff Wright, Commissioner, Transportation & Works and update the Councillor.

RECOMMENDATION AC-0003-2021

Moved By Councillor Dasko

That the Corporate Report dated February 8, 2021 from the City Manager & Chief Administrative Officer regarding the status of outstanding audit recommendations as of December 31, 2020 be received for information.

YES (4): Councillor Dasko, Councillor Ras, Councillor Starr, and Councillor Damerla

ABSENT (1): Mayor Crombie

Carried (4 to 0)

**9. OTHER BUSINESS**

Councillor Ras enquired about moving to an Auditor General Model and requested a report be brought back to Audit Committee. Gary Kent, Commissioner of Corporate Services and Chief Financial Officer advised that staff would provide a short report back to Audit Committee and noted that this matter would need to be discussed at Governance Committee as well.

**10. DATE OF NEXT MEETING - May 3, 2021**

**11. ADJOURNMENT – 10:08 AM (Councillor Starr)**

# 2020 Financial Results

Audit Committee

May 3, 2021

# Agenda

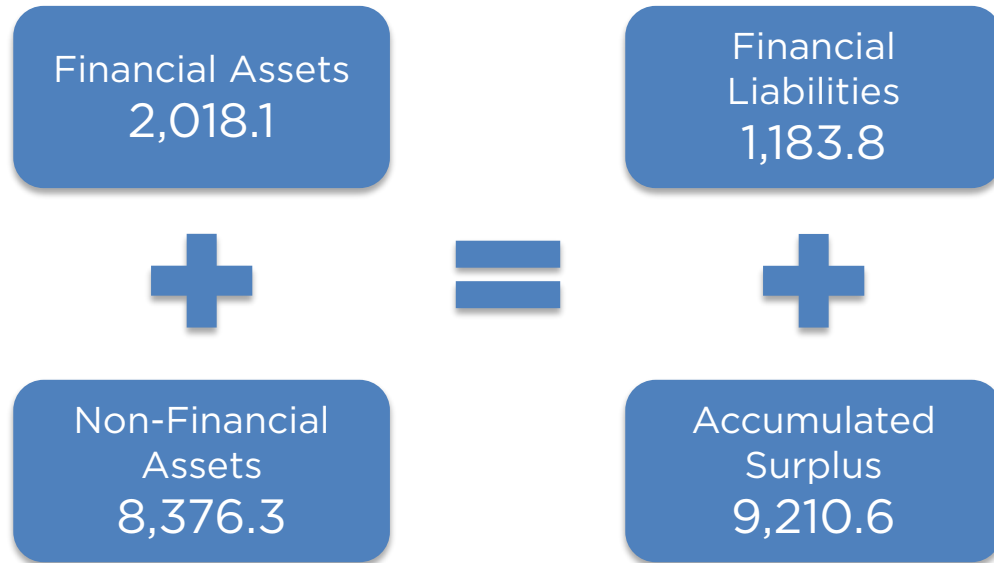
1. Financial Statements vs. Budget
2. Financial Assets
3. Non-Financial Assets
4. Financial Liabilities
5. Accumulated Surplus
6. Revenues
7. Expenses
8. Sustainability Accounting & Reporting

## 2020 Financial Overview

- The City's financial statements are presented on an accrual basis, different than the annual budget approved by Council.
- Amortization is not included in the budget
- Enersource, BIA's
- Employment related liabilities
- Annual surplus versus budgeted surplus

# 2020 Financial Overview (\$ millions)

## Statement of Financial Position

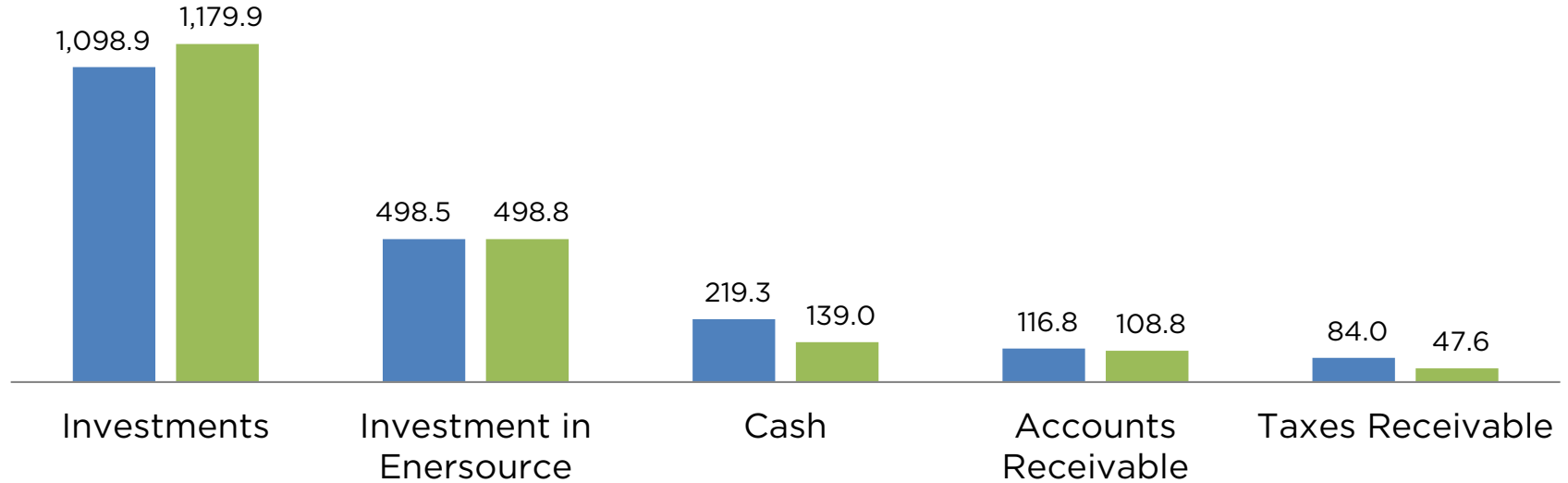


## Statement of Operations



# Financial Assets (\$2,018.1 million)

■ 2020 ■ 2019





## Investment in Enersource Corporation

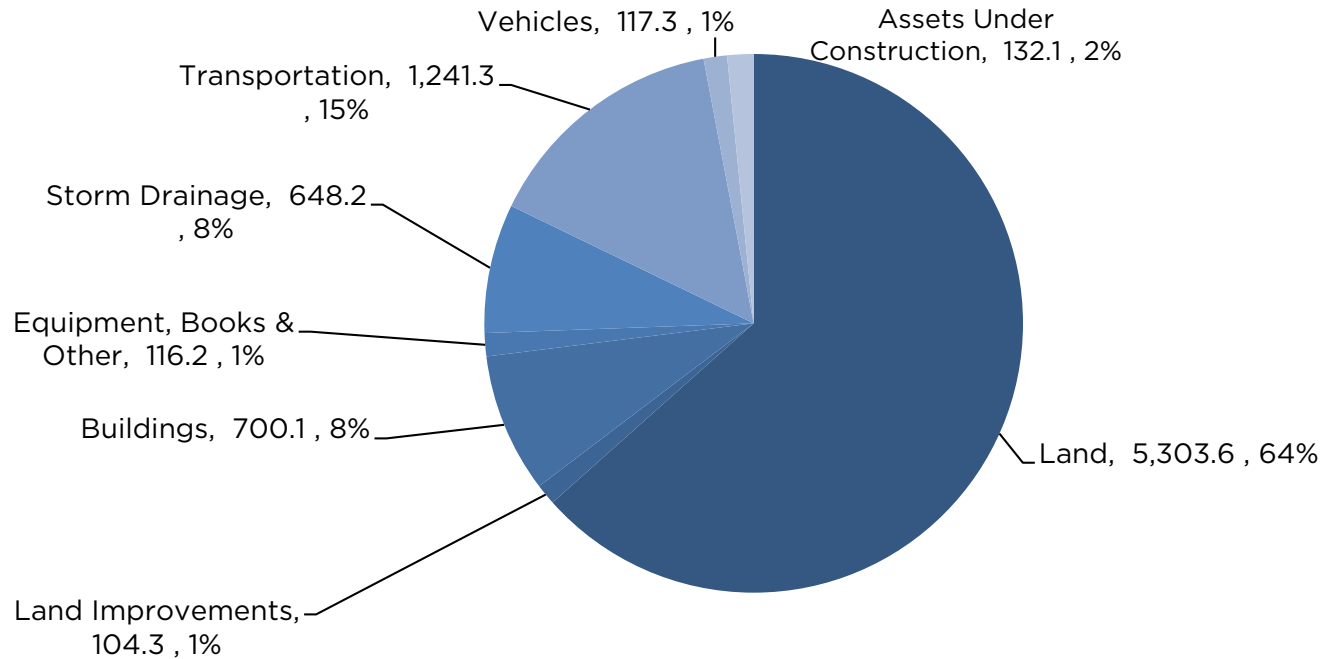
(\$millions)	2020	2019
Opening Balance	498.8	502.4
Share of Net Income in Enersource Corp.	17.5	10.8
Share of gain recognized on Alectra's amalgamation with GHESI	-	1.3
City's Share of Dividend	(17.7)	(15.7)
<b>Closing Balance</b>	<b>498.5</b>	<b>498.8</b>

Alectra amalgamation with Guelph Hydro Electric Systems Inc. ("GHESI") in 2019 reduced Enersource's interest in Alectra from 31% to 29.57%

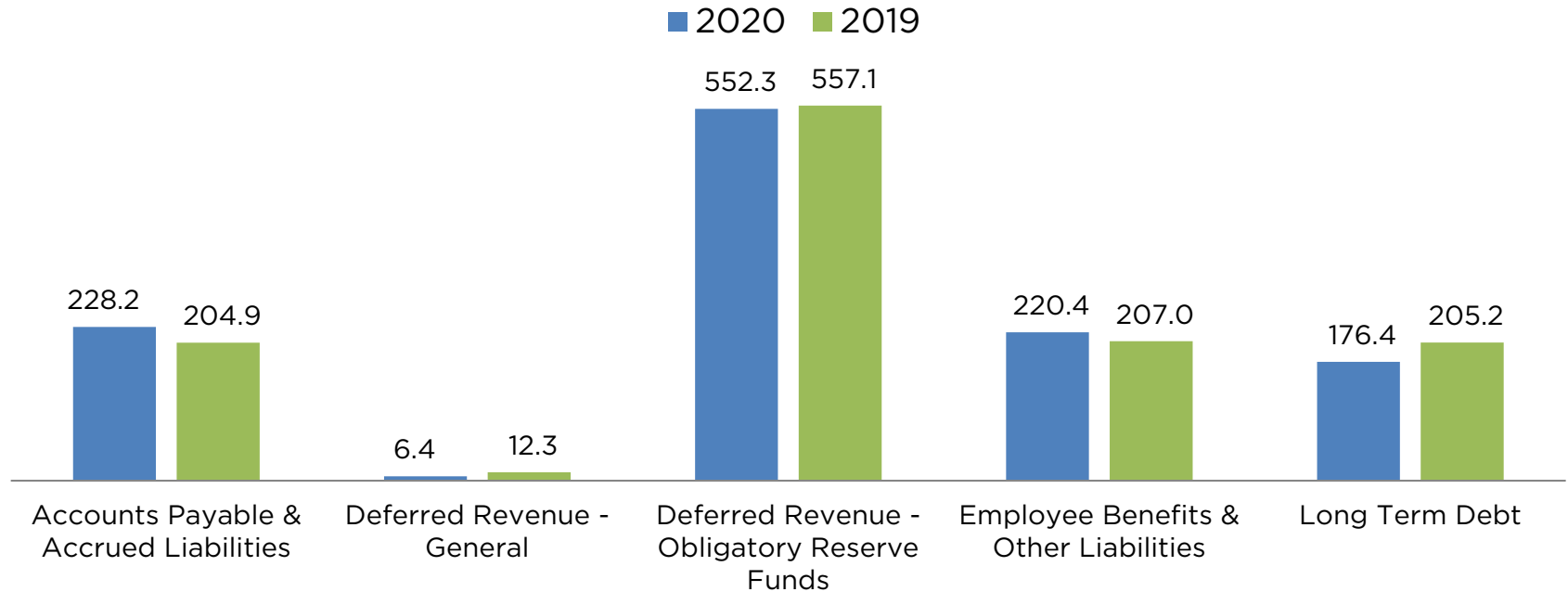


# Non-Financial Assets (\$8.376 billion)

## Tangible Capital Assets (\$8.36 billion)

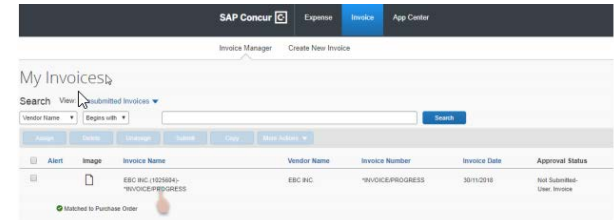


# Financial Liabilities (\$1,183.8 million)



# Use of Technology in Managing Financials

- SAP Concur expense and invoice automates the City's accounts payable workflows, speeds up time to complete year-end accruals and reporting functions
- Remote work
- Finance technology roadmap to automate transactional work, improve reporting

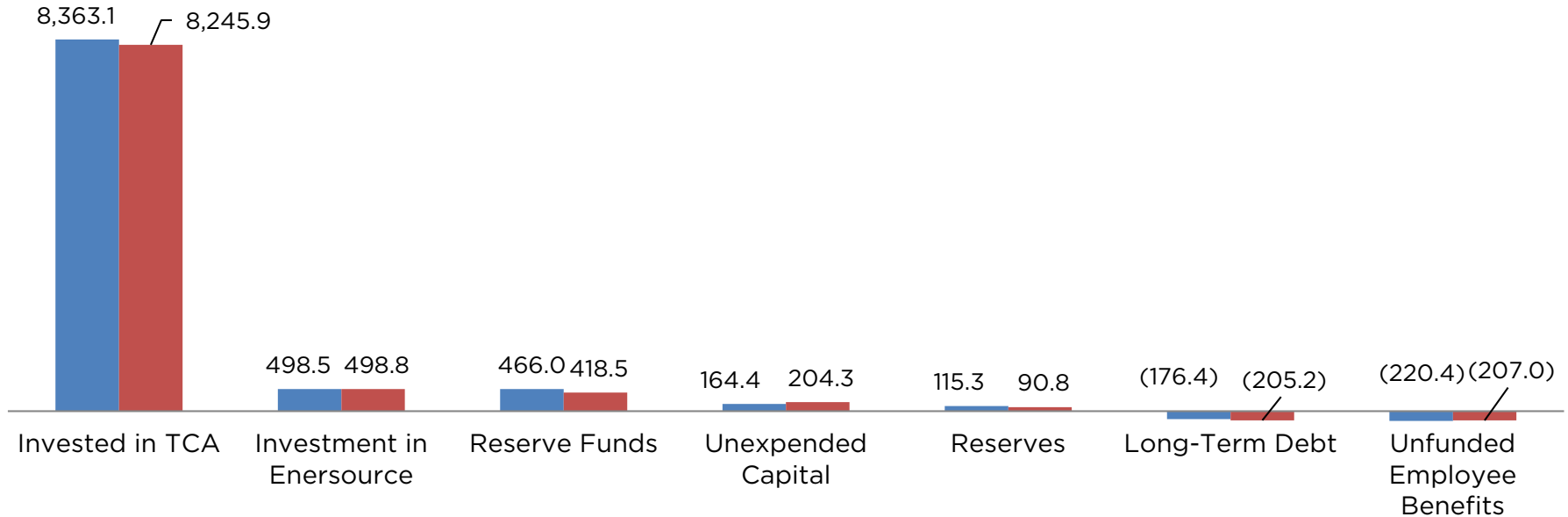


## Deferred Revenue-Obligatory Reserve Funds

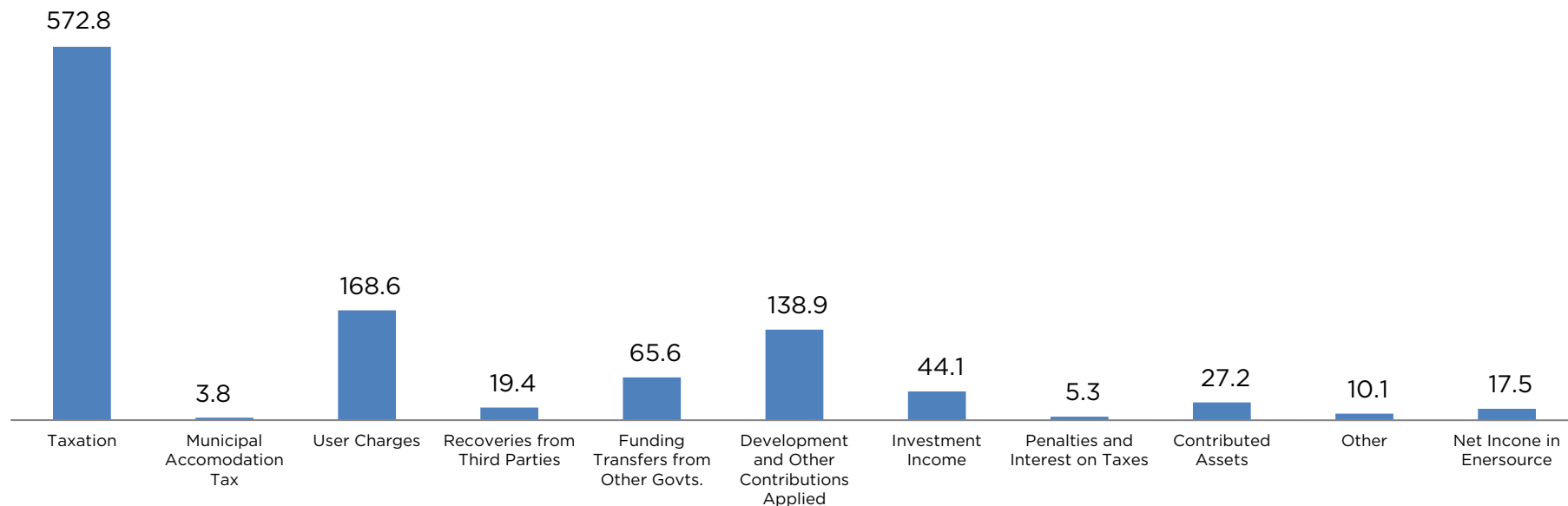
Item (\$ Million)	2020	2019
Development Charges	206.1	182.7
CIL Parkland	117.7	133.0
CIL Parking	10.9	10.1
Bonus Zoning	4.0	2.3
Provincial Public Transit Funds and Gas Tax	53.0	44.6
Federal Public Transit Funds and Gas Tax	160.6	184.3
<b>Total Deferred Revenue - Obligatory Reserve Funds</b>	<b>552.3</b>	<b>557.1</b>

- Certain reserve funds are re-classified as liabilities for financial reporting purposes.
- Includes both balances in the reserve funds at year-end, along with unspent balances that are in capital projects as of December 31<sup>st</sup>.

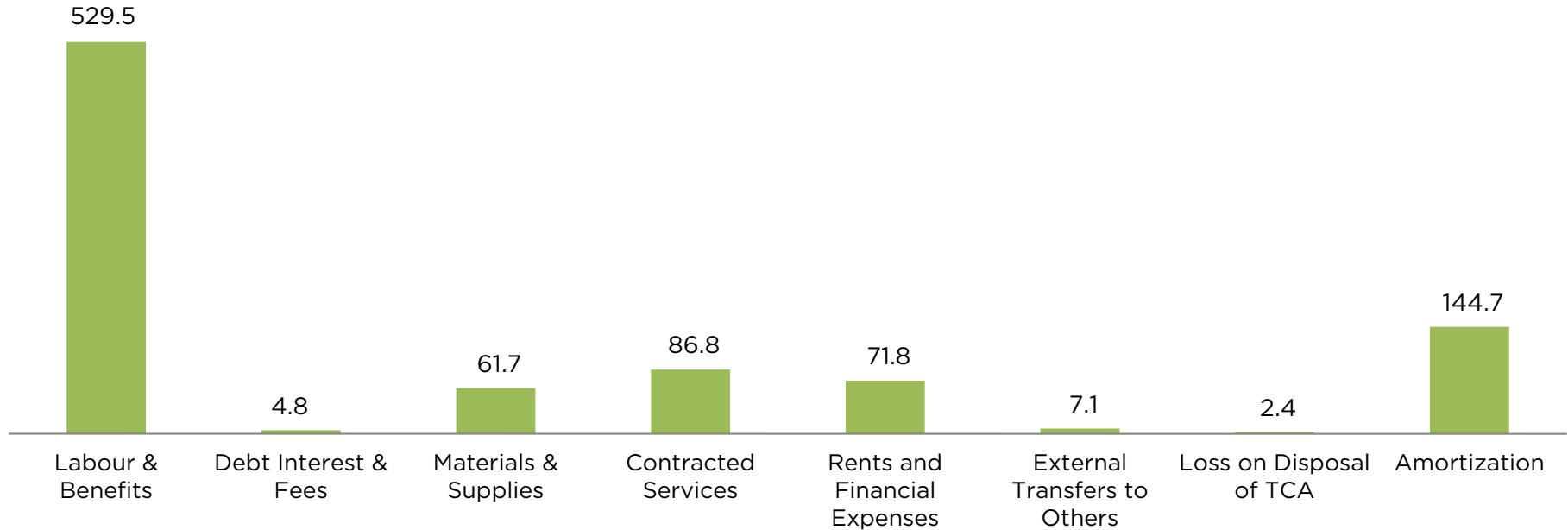
# Accumulated Surplus (\$9,210.6 million)



## 2020 Revenues (\$1,073.3 million)



## 2020 Expenses (\$908.8 million)





# 2020 Safe Restart Agreement Funding

- Safe restart recognized as a third party grant on 2020 financial statements
- \$46.1 million received from the Provincial government in 2020.
- An additional \$9.45 million received in 2021 but recognized in 2020 to finance budget deficit.



# Sustainability Accounting & Reporting

- Internal project was completed in 2020 on establishing processes for sustainability planning, accounting and reporting.
- Annual Financial Report to provide content on the City's commitment to sustainability.
- TCFD CFO Statement of Support signed
- Future disclosures and inclusion of sustainability within the financial statements



# Questions?

# City of Mississauga Corporate Report



Date: April 16, 2021

To: Chair and Members of Audit Committee

From: Gary Kent, CPA, CGA, ICD.D, Commissioner of  
Corporate Services and Chief Financial Officer

Originator's files:

Meeting date:  
May 3, 2021

## Subject

**2020 Financial Statements**

## Recommendation

That the 2020 Audited Financial Statements for the City Of Mississauga (consolidated), City of Mississauga Public Library Board, Tourism Mississauga, City of Mississauga Trust Funds, Clarkson Business Improvement Area, Cooksville Business Improvement Area, Port Credit Business Improvement Area, Streetsville Business Improvement Area, Malton Business Improvement Area, and Enersource Corporation be received for information.

## Executive Summary

- The audited financial statements have been reviewed and approved by the Director of Finance and Treasurer, and the Commissioner of Corporate Services and Chief Financial Officer.
- One of the fiduciary responsibilities of the Audit Committee is to review the annual financial statements and audit results.
- This report presents the following 2020 Audited Financial Statements for:
  - City of Mississauga (consolidated)
  - City of Mississauga Public Library Board
  - Tourism Mississauga
  - City of Mississauga Trust Funds
  - Clarkson Business Improvement Area
  - Cooksville Business Improvement Area
  - Port Credit Business Improvement Area
  - Streetsville Business Improvement Area

- Malton Business Improvement Area
- Enersource Corporation

## Background

The statutory function of the City's auditors, KPMG LLP, is to report to Audit Committee by expressing an opinion on the City's annual financial statements. The auditors conduct their audit in accordance with Canadian Generally Accepted Auditing Standards with the objective of expressing an opinion whether the City's annual financial statements present fairly, in all material respects, the financial position, results of operations and the cash flows of the City.

Management is responsible for the preparation and fair presentation of the City's annual financial statements in accordance with the Public Sector Accounting Board (PSAB) financial reporting framework. One of the fiduciary responsibilities of the Audit Committee is to review the annual financial statements and audit results.

KPMG LLP is in their sixth year of a ten year contract, for the year-ends 2015 to 2024.

## Comments

The City's external auditors, KPMG LLP, have audited the financial statements. The City's financial statements follow the Public Sector Accounting Board (PSAB) recommendations and comply fully with Canadian Generally Accepted Accounting principles.

As per the independent auditor's report in Appendix 1, KPMG has rendered an opinion that the City's financial statements present fairly, in all material respects, in accordance with Canadian public sector accounting standards.

The financial statements must provide information on the cost of all activities, how they were financed, investing activities and the assets and liabilities of the organization. The information is to reflect the full nature and extent of the City's financial affairs. The Audited Financial Statements are a report card on the financial position, health and strength of the City of Mississauga. The 2020 financial results continue to demonstrate Mississauga's legacy of strong leadership and excellence in financial planning and fiscal prudence.

The City of Mississauga consolidated financial statements are comprised of all organizations, committees and local boards accountable to the City for the administration of their financial affairs and resources and which are owned or controlled by the City. The other organizations and boards accountable to the City include the five Business Improvement Areas, Mississauga Library Board, Tourism Mississauga, and Enersource Corporation.

The 2020 audited financial statements have been prepared on a different basis from the 2020 Annual Budget. Note 15 (Segmented by Service Area) within the financial statements reconciles

Audit Committee	2021/04/16	3
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the actual revenues and expenses with the Service Area's adjusted budget. Note 16 (Budget Data) also breaks down the approved budget with the adjusted budget reported in the audited financial statements. Separate schedules within the Annual Financial Report will also breakdown the approved budget with the adjusted budget reported and actuals in the financial statements.

### **COVID-19 Impacts and Provincial Safe Restart Funding**

Note 19 (Funding Transfers from Other Governments) outlines grant funding received and recognized during 2020 to offset the financial impacts of COVID-19. During the year, the City received total funding of \$46.1 million from the Provincial government as part of the Safe Restart Agreement. The Safe Restart Agreement is a federal investment to help provinces and territories safely restart their economies. The province also announced \$110.5 million in funding to be received in 2021. The City recognized \$9.4 million as government transfers during the year, per the funding allocation from the province. The remaining amount (\$101.1 Million), or a portion thereof, will be recognized as revenue in 2021. Finance will continue to provide updates on the City's financial position to Council throughout the year.

### **Annual Financial Report and Annual Report Highlights**

Appendix 2 (2020 Financial Year in Review) provides detailed information and analysis on the financial statements and results. To complement the audited financial statements, Finance is currently preparing the 2020 Annual Financial Report and 2020 Annual Report Highlights (Popular Report), which will be available on the City's website.

This year, the City's Annual Financial Report will include additional content on the City's commitment to sustainability, a recommendation of the Sustainability Planning, Accounting and Reporting Project. Its purpose was to develop recommendations to implement sustainability reporting enterprise-wide, as part of the City's annual financial cycle, to support its efforts to balance social, environmental and governance/economic factors (or people, planet and prosperity) today, without compromising tomorrow's resources and opportunities.

### **Tourism Mississauga**

Finance has prepared financial statements for Tourism Mississauga for the year ended December 31, 2019, and December 31, 2020. Separate financial statements are required for Tourism Mississauga; however consolidate into the City's consolidated financial statements.

## **Financial Impact**

The City's year-end audit fees for the 2020 financial statements were \$138,470 plus applicable taxes.

The City's 90% interest in Enersource Corporation in 2020 was \$498.5 million (2019: \$498.8 million), a decrease of \$0.3 million and has been reported as a financial asset on the

Consolidated Statement of Financial Position. The decrease relates to higher dividends paid out by Enersource Corporation during the fiscal year.

## Conclusion

The 2020 Financial Statements report on the stewardship of the City's financial affairs and the Auditor's Reports attest that they present fairly our financial position as at December 31, 2020 and the results of operations for the year then ended.

There were no concerns identified with the 2020 audit or financial statements. The City's financial position remains healthy and strong through sound management practices and fiscal prudence.

## Attachments

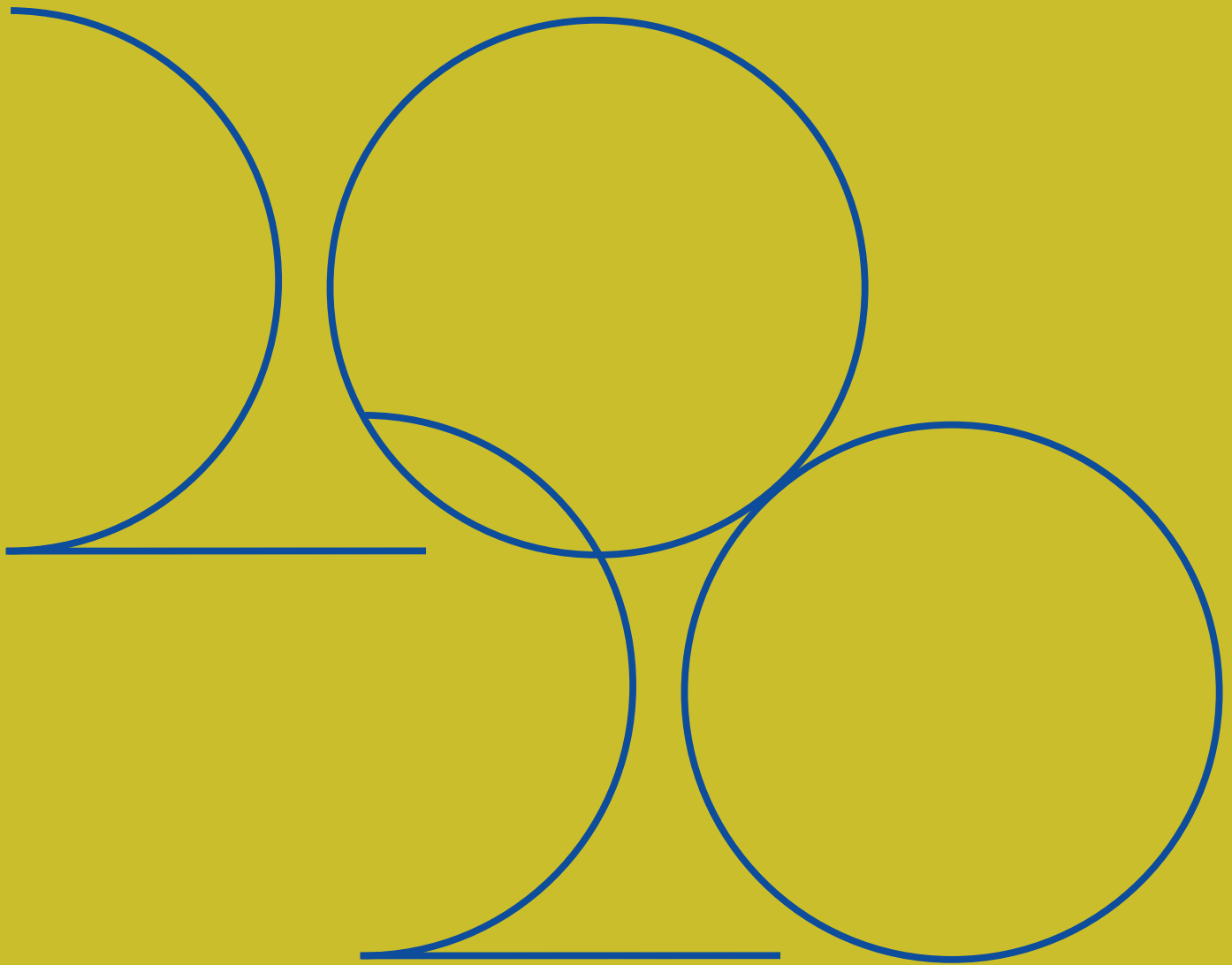
Appendix 1: 2020 Audited Financial Statements  
Appendix 2: Management Representation Letter  
Appendix 3: 2020 Financial Year in Review



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Gary Kent, CPA, CGA, ICD.D, Commissioner of Corporate Services and Chief Financial Officer

Prepared by: Wesley Anderson, Manager, Financial and Treasury Services



# 2020 Audited Financial Statements

For the period ending December 31, 2020

Prepared by:  
Finance Division, Corporate Services Department  
City of Mississauga





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**The Corporation of the City of Mississauga  
Consolidated Financial Statements**

**December 31, 2020**

**The Corporation of the City of Mississauga  
December 31, 2020**

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**DRAFT #1**  
**April 7, 2021**

## **INDEPENDENT AUDITORS' REPORT**

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

### ***Opinion***

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

- the consolidated statement of financial position as at December 31, 2020
- the consolidated statement of operations for the year then ended
- the consolidated statement of change in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2020, and its consolidated results of operations, its consolidated change in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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

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

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

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

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

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

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

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

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

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

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

We also:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

***DRAFT***

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

April 30, 2021

# The Corporation of the City of Mississauga

## Consolidated Statement of Financial Position

as at December 31, 2020 with comparatives for 2019  
(All dollar amounts are in \$000)

	2020 \$	2019 \$
<b>Financial Assets</b>		
Cash	219,313	139,017
Taxes receivable (Note 2)	83,979	47,597
Accounts receivable (Note 2)	116,841	108,819
Loans and other receivables	400	450
Inventories for resale	97	107
Investments (Note 3)	1,098,945	1,179,887
Investment in Enersource Corporation (Note 4)	498,520	498,783
<b>Total Financial Assets</b>	<b>2,018,095</b>	<b>1,974,660</b>
<b>Financial Liabilities</b>		
Accounts payable and accrued liabilities	228,222	204,908
Deferred revenue - general (Note 5)	6,391	12,277
Deferred revenue - obligatory reserve funds (Note 6)	552,274	557,057
Employee benefits and other liabilities (Note 7)	220,439	207,034
Long-term debt (Note 8)	176,434	205,193
<b>Total Financial Liabilities</b>	<b>1,183,760</b>	<b>1,186,469</b>
<b>Net Financial Assets</b>	<b>834,335</b>	<b>788,191</b>
<b>Non-Financial Assets</b>		
Tangible capital assets (Note 9)	8,363,128	8,245,855
Inventories of supplies	8,338	8,859
Prepaid expenses	4,784	3,160
<b>Total Non-Financial Assets</b>	<b>8,376,250</b>	<b>8,257,874</b>
<b>Accumulated Surplus (Note 10)</b>	<b>9,210,585</b>	<b>9,046,065</b>

Contractual Rights (Note 20)

Commitments (Note 21)

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

# The Corporation of the City of Mississauga

## Consolidated Statement of Operations

for the year ended December 31, 2020 with comparatives for 2019  
(All dollar amounts are in \$000)

	Budget 2020 \$ (Note 16)	Actual 2020 \$	Actual 2019 \$
<b>Revenues (Notes 14 and 15)</b>			
Taxation (Note 11)	578,894	572,824	545,728
Municipal Accommodation Tax	9,800	3,799	12,152
User charges	252,678	168,587	263,215
Recoveries from third parties	6,199	19,415	29,117
Funding transfers from other governments (Note 19)	1,957	65,597	14,086
Development and other contributions applied	-	138,854	90,407
Investment income	35,254	44,125	43,607
Penalties and interest on taxes	8,610	5,334	10,806
Contributed and assumed assets (Note 9)	-	27,197	62,392
Other	6,864	10,128	5,604
Gain on Acquisition of Living Arts Centre	-	-	1,455
City's Share of Net Income in Enersource Corporation (Note 4)	-	17,467	10,758
City's Share of dilution gain recognized on Alectra's amalgamation with Guelph Hydro Electric Systems Inc. (GHESI) (Note 4)	-	-	1,324
<b>Total Revenues</b>	<b>900,256</b>	<b>1,073,327</b>	<b>1,090,651</b>
<b>Expenses (Note 14)</b>			
General government services	191,146	219,367	253,459
Protection services	145,816	140,545	135,446
Transportation services	362,156	345,802	345,613
Environmental services	18,827	19,650	18,121
Health services	605	566	560
Social and family services	755	487	638
Recreation and cultural services	185,496	157,353	174,978
Planning and development services	25,200	22,665	22,841
Loss on disposal of tangible capital assets (Note 9)	-	2,372	2,504
<b>Total Expenses (Notes 15 &amp; 17)</b>	<b>930,001</b>	<b>908,807</b>	<b>954,160</b>
<b>Annual Surplus/(Deficit)</b>	<b>(29,745)</b>	<b>164,520</b>	<b>136,491</b>
Accumulated surplus, beginning of year	9,046,065	9,046,065	8,909,574
<b>Accumulated Surplus, end of year (Note 10)</b>	<b>9,016,320</b>	<b>9,210,585</b>	<b>9,046,065</b>

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



# The Corporation of the City of Mississauga

## Consolidated Statement of Change in Net Financial Assets

for the year ended December 31, 2020 with comparatives for 2019  
(All dollar amounts are in \$000)

	Budget 2020 \$ (Note 16)	Actual 2020 \$	Actual 2019 \$
<b>Annual Surplus/(Deficit)</b>	<b>(29,745)</b>	<b>164,520</b>	<b>136,491</b>
Acquisition of tangible capital assets (Note 9)	-	(264,288)	(207,551)
Amortization of tangible capital assets (Note 9)	144,568	144,655	140,098
Loss on disposal of tangible capital assets (Note 9)	-	2,372	2,504
	<b>114,823</b>	<b>47,259</b>	<b>71,542</b>
Acquisition of inventory of supplies	-	(8,338)	(8,859)
Acquisition of prepaid expenses	-	(4,784)	(3,160)
Consumption of inventory of supplies	-	8,847	7,616
Use of prepaid expenses	-	3,160	2,760
<b>Change in Net Financial Assets</b>	<b>114,823</b>	<b>46,144</b>	<b>69,899</b>
Net Financial Assets, beginning of year	788,191	788,191	718,292
<b>Net Financial Assets, end of year</b>	<b>903,014</b>	<b>834,335</b>	<b>788,191</b>

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

# The Corporation of the City of Mississauga

## Consolidated Statement of Cash Flows

for the year ended December 31, 2020 with comparatives for 2019  
(All dollar amounts are in \$000)

	2020 \$	2019 \$
<b>Cash Provided By (Used In):</b>		
<b>Operating Activities</b>		
Annual surplus	164,520	136,491
<b>Items Not Involving Cash</b>		
Amortization of tangible capital assets	144,655	140,098
Loss on disposal of tangible capital assets	2,372	2,504
Contributed and assumed assets	(27,197)	(62,392)
Change in employee benefits and other liabilities	13,405	(2,616)
Equity in income of Enersource Corporation	(17,467)	(10,758)
City's Share of dilution gain recognized on Alectra's amalgamation with GHESI	-	(1,324)
<b>Change in Non-Cash Assets and Liabilities</b>		
Taxes receivable	(36,382)	(2,030)
Accounts receivable	(8,022)	(12,024)
Inventories for resale	10	66
Accounts payable and accrued liabilities	23,302	20,966
Deferred revenue - general	(5,886)	2,256
Deferred revenue - obligatory reserve funds	(4,783)	83,991
Inventories of supplies	521	(1,243)
Prepaid expenses	(1,624)	(400)
<b>Net Change in Cash from Operating Activities</b>	<b>247,424</b>	<b>293,585</b>
<b>Capital Activities</b>		
Tangible capital asset additions	(237,091)	(145,159)
<b>Net Change in Cash from Capital Activities</b>	<b>(237,091)</b>	<b>(145,159)</b>
<b>Investing Activities</b>		
Decrease/(Increase) in investments	80,942	(159,746)
Decrease in loans and other receivables	50	50
Dividends from Enersource Corporation	17,730	15,660
<b>Net Change in Cash from Investing Activities</b>	<b>98,722</b>	<b>(144,036)</b>
<b>Financing Activities</b>		
Proceeds from issuance of long-term debt	-	48,150
Repayment of long-term debt	(28,759)	(24,448)
<b>Net Change in Cash from Financing Activities</b>	<b>(28,759)</b>	<b>23,702</b>
<b>Net Change in Cash</b>	<b>80,296</b>	<b>28,092</b>
Cash, beginning of year	139,017	110,925
<b>Cash, end of year</b>	<b>219,313</b>	<b>139,017</b>

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

**The Corporation of the City of Mississauga**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended December 31, 2020**  
**(All dollar amounts are in \$000)**

The Corporation of The City of Mississauga (the "City") is a municipality in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act 2001, Planning Act, Building Code Act, Provincial Offences Act and other related legislation.

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. Since the first quarter of 2020, the COVID-19 pandemic has impacted the global economic environment due to government-imposed lockdowns and social distancing requirements. The economic conditions and City's response to the COVID-19 pandemic had an operational and financial impact on the City. The full extent of the financial impact is currently indeterminable due to the evolving nature of the COVID-19 pandemic.

**1. Significant Accounting Policies**

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

**a) Basis of consolidation**

**(i) Consolidated entities**

The consolidated financial statements reflect the assets, liabilities, revenues, and expenses of the reporting entity. The reporting entity comprises all organizations, committees, and local boards accountable for the administration of their financial affairs and resources to the City and which are owned or controlled by the City except for the City's Government Business Enterprise which is accounted for on the modified equity basis of accounting.

These entities and organizations included in the reporting entity are:

- City of Mississauga Public Library Board
- Clarkson Village Business Improvement Association
- Malton Business Improvement Area
- Port Credit Business Improvement Area
- Streetsville Business Improvement District Association
- Cooksville Business Improvement Area
- Tourism Mississauga

Inter-departmental and inter-organizational transactions and balances between these entities and organizations are eliminated.

**(ii) Investment in a Government Business Enterprise**

The City's investment in Enersource Corporation is accounted for on a modified equity basis, consistent with GAAP as recommended by PSAB for investments in Government Business Enterprises. Under the modified equity basis, the Government Business Enterprise's accounting policies are not adjusted to conform with those of the City, and inter-organizational transactions and balances are not eliminated. The City recognizes its equity interest in the annual income of Enersource Corporation in its consolidated statement of operations with a corresponding increase or decrease in its investment asset account. Any dividends that the City may receive from Enersource Corporation will be reflected as reductions in the investment asset account.

**(iii) Accounting for Region and School Board transactions**

The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the Regional Municipality of Peel ("the Region") and the school boards are not reflected in these consolidated financial statements.

**The Corporation of the City of Mississauga**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended December 31, 2020**  
**(All dollar amounts are in \$000)**

**1. Significant Accounting Policies**

**a) Basis of consolidation**

(iv) Trust funds

Trust funds and their related operations administered by the City are not included in these consolidated financial statements. The Perpetual Care Fund and Election Trust Fund are not accounted for as part of the City's assets. The City acts as a trustee, investing and administering such funds, in accordance with regulations of the Funeral, Burial and Cremations Services Act and Municipal Elections Act.

**b) Basis of accounting**

The City follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the legal obligation to pay.

**c) Government transfers**

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

**d) Taxation and user charges revenue**

Taxation revenues and taxes receivable are recognized when they meet the definition of an asset, the tax is authorized and the taxable event has occurred. Additional property taxation revenue can be added throughout the year, related to new properties that become occupied, or that become subject to property taxation, after the return of the annual assessment roll used for billing purposes. The City may receive supplementary assessment rolls over the course of the year from MPAC, identifying new or omitted assessments. Property taxes for these supplementary and/or omitted amounts are then billed according to the approved tax rate for the property class. User charges are recognized when earned and measurable.

**e) Municipal accommodation tax revenue**

Municipal accommodation tax revenue is recognized as revenue in the period that the tax is levied on accommodation charges by accommodation providers.

**f) Deferred revenue**

Deferred revenues represent licenses, permits and other fees which have been collected, but for which the related services or inspections have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

**g) Development charges**

Development charges are charges imposed on land development or redevelopment projects. Fees are set out in a City by-law, which conforms to the requirements of the Development Charges Act, 1997. Development charges are collected when an above grade building permit is issued and are deferred and recognized in revenues when used to fund the growth-related portion of qualifying capital projects, as required by the Act.

**h) Investment income**

Investment income is reported as revenue in the period earned. When required by the funding government or related Act, investment income earned on deferred revenue is added to the investment and forms part of the deferred revenue balance.

**The Corporation of the City of Mississauga**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended December 31, 2020**  
**(All dollar amounts are in \$000)**

**1. Significant Accounting Policies**

**i) Cash and cash equivalents**

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

**j) Loans and Other Receivables**

Loans and other receivables are valued at cost. Recoverability is reviewed annually and a valuation allowance is recorded when recoverability is impaired. A loan receivable is written off when it is no longer recoverable. Recoveries of loans receivable previously written off are recognized in the year received. Interest revenue is recognized as it is earned.

**k) Inventories for resale**

Inventory is valued at the lower of cost and net realizable value.

**l) Land held for resale**

Land held for resale is recorded at the lower of cost and net realizable value. Cost includes amounts for improvements to prepare the land for sale or servicing.

**m) Investments**

Investments consist of bonds and debentures with original dates to maturity of 91 days or longer and are recorded at amortized cost. Discounts and premiums arising on the purchase of these investments are amortized over the term of the investments. When there has been a loss of value that is other than a temporary decline in value, the respective investment is written down to recognize the loss in the consolidated statement of operations.

**n) Employee future benefits**

(i) The City provides certain employee benefits which will require funding in future periods. These benefits include sick leave, benefits under the Workplace Safety and Insurance Board ("WSIB") Act, and life insurance, extended health and dental benefits for early retirees.

The costs of sick leave, benefits under WSIB Act and life insurance, extended health and dental benefits are actuarially determined using management's best estimate of salary escalation, accumulated sick days at retirement, insurance and health care cost trends, long-term inflation rates and discounted rates.

For self-insured retirement and other employee future benefits that vest or accumulate over the periods of service provided by employees, such as retirement gratuities, compensated absences and health, dental and life insurance benefits for retirees, the cost is actuarially determined using the projected benefits method prorated on service. Under this method, the benefit costs are recognized over the expected average service life of the employee group. Any actuarial gains and losses related to the past service of employees are amortized over the expected average remaining service life of the employee group.

For those self-insured benefit obligations that arise from specific events that occur from time to time, such as obligations for workers' compensation and life insurance and health care benefits for those on disability leave, the cost is recognized immediately in the period when the events occur. Any actuarial gains or losses that are related to these benefits are recognized immediately in the period they arise.

(ii) The costs of a multi-employer defined benefit pension plan, such as the Ontario Municipal Employees Retirement System ("OMERS") pensions which is accounted for as a defined contribution plan, are the employer's defined contributions to the plan in the period.

**The Corporation of the City of Mississauga**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended December 31, 2020**  
**(All dollar amounts are in \$000)**

**1. Significant Accounting Policies**

**o) Loan guarantees:**

Provisions for liabilities arising under the terms of a loan guarantee program are made when it is likely that a payment will be made and an amount can be estimated.

**p) Contaminated sites**

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

- (i) an environmental standard exists
- (ii) contamination exceeds the environmental standard
- (iii) the organization is directly responsible or accepts responsibility for the liability
- (iv) future economic benefits will be given up, and
- (v) a reasonable estimate of the liability can be made.

Note 7 provides disclosure regarding the nature, extent and sources of contaminated on City owned sites.

**q) Non-financial assets**

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They are not intended for sale in the ordinary course of operations.

**(i) Tangible capital assets**

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

<b>Asset</b>	<b>Useful Life - Years</b>
Land	Unlimited
Land improvements	20
Buildings	5 - 50
Equipment, books and other	4 - 40
Linear - storm drainage	25 - 100
Linear - transportation	10 - 100
Vehicles	3 - 20

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

**(ii) Contributions of tangible capital assets**

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

**The Corporation of the City of Mississauga**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended December 31, 2020**  
**(All dollar amounts are in \$000)**

**1. Significant Accounting Policies**

**q) Non-financial assets**

(iii) Works of art and cultural and historic assets

Works of art and cultural and historic assets, including archaeological artifacts, memorabilia, photographs, and other heritage assets to support the City's museum and cultural programming, are not recorded as assets in these consolidated financial statements, as a reasonable estimate of the future benefits associated cannot be made. These assets are non-operational and are not amortized.

(iv) Leased tangible capital assets

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

(v) Inventories of supplies

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

**r) Contingent Assets**

PS 3320 requires disclosure of possible assets arising from existing conditions or situations involving uncertainty which will be ultimately resolved when one or more future events occur that are not wholly within the government's control, and when the occurrence of a confirming future event is likely.

As at December 31, 2020, there are no such contingent assets to disclose.

**s) Contractual Rights**

PS 3380 requires disclosure of information pertaining to future rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future. Note 20 provides disclosure regarding the nature, extent and timing of contractual rights.

**t) Related Party Disclosures**

PS 2200 requires disclosure of related party transactions when one party has the ability to exercise control or shared control over the other. Related parties include key management personnel, their close family members and the entities they control or have shared control over. Related party transactions are disclosed if they occurred at a value different from that which would have been arrived at if parties were unrelated and the transaction has a material effect on the consolidated financial statements.

For the year ended December 31, 2020, there are no such related party transactions to disclose.

**u) Inter-Entity Transactions**

PS 3420 requires disclosure of transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective. All City transactions are recorded at the exchange amount, being the amount agreed to by both parties.

For the year ended December 31, 2020, there were no material inter-entity transactions to disclose.

**The Corporation of the City of Mississauga**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended December 31, 2020**  
**(All dollar amounts are in \$000)**

**1. Significant Accounting Policies**

**v) Use of estimates**

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the consolidated financial statement, and the reported amounts of revenues and expenses during the period. Significant estimates and assumptions include allowance for doubtful accounts for certain accounts receivable, carrying value of tangible capital assets, provisions for accrued liabilities and obligations related to employee benefits. Actual results could differ from these estimates.

The full extent of the impact that COVID-19 pandemic, including government and regulatory responses to the pandemic, will have on the Canadian economy and the City's operations remains uncertain at this time. Actual results could differ from these estimates.

**w) Assets**

The assets standard provides additional guidance on the definition of assets and what is meant by economic resources, control, past transactions and events and from which future economic benefits are to be obtained. For the year ended December 31, 2020, all material assets have been disclosed and reported within this definition.

**x) Adoption of budgets**

The 2020 operating and capital budgets, as approved by Council, were adopted by the City at the January 22, 2020 meeting.

**y) Future accounting pronouncements**

These standards and amendments were not yet effective for the year ended December 31, 2020, and have therefore not been applied in preparing these consolidated financial statements. Management is currently assessing the impact of the following accounting standards updates on the future consolidated financial statements.

(i) PS 1201, Financial Statement Presentation, was issued in June, 2011. This standard requires entities to present a new statement of remeasurement gains and losses separate from the consolidated statement of operations and accumulated surplus. This new standard includes unrealized gains and losses arising from remeasurement of financial instruments and items denominated in foreign currencies and any other comprehensive income that arises when a government includes the results of government business enterprises and partnerships. This standard is effective for fiscal years beginning on or after April 1, 2022 and applies when PS 3450, Financial Instruments, and PS 2601, Foreign Currency Translation, are adopted (the City's December 31, 2023 year-end).

(ii) PS 3450, Financial Instruments, establishes the standards on accounting for and reporting all types of financial instruments including derivatives. The effective date of this standard has been deferred and is now effective for fiscal periods beginning on or after April 1, 2022 (the City's December 31, 2023 year-end).

(iii) PS 2601, Foreign Currency Translation, establishes the standards on accounting for and reporting transactions that are denominated in a foreign currency. The effective date of this standard has been deferred and is now effective for fiscal periods beginning on or after April 1, 2022 (the City's December 31, 2023 year-end). Earlier adoption is permitted. A public sector entity adopting this standard must also adopt the new financial instruments standard.

(iv) PS 3280, Asset Retirement Obligations, addresses the recognition, measurement, presentation and disclosure of legal obligations associated with retirement of tangible capital assets in productive use. This standard is effective for fiscal years beginning on or after April 1, 2022 (the City's December 31, 2023 year-end).

(v) PS 3400, Revenue, establishes a single framework to categorize revenues to enhance the consistency of revenue recognition and its measurement. This standard is effective for fiscal years beginning on or after April 1, 2023 (the City's December 31, 2024 year-end).

(vi) Public Sector Guideline 8 Purchased Intangibles, allows public sector entities to recognize intangibles purchased through an exchange transaction. This guideline is effective for fiscal years beginning on or after April 1, 2023 (the City's December 31, 2024 year-end).



**The Corporation of the City of Mississauga**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended December 31, 2020**  
**(All dollar amounts are in \$000)**

**2. Taxes Receivable and Accounts Receivable**

Taxes receivable are reported net of valuation allowances of \$102 (2019 \$182). Accounts receivable are reported net of a valuation allowance of \$933 (2019 \$546) and comprises the following:

	2020 \$	2019 \$
<b>Accounts Receivable</b>		
Government of Canada	18,835	25,635
Government of Ontario	39,071	24,399
Other Municipalities	24,485	24,026
School Boards	10,773	7,311
Others	24,610	27,994
<b>Sub-Total</b>	<b>117,774</b>	<b>109,365</b>
Less: Valuation Allowance	933	546
<b>Total Accounts Receivable</b>	<b>116,841</b>	<b>108,819</b>

**3. Investments**

Investments reported on the consolidated statement of financial position have cost and market values as follows:

	2020		2019	
	Cost \$	Market Value \$	Cost \$	Market Value \$
Bank deposit notes and finance paper	39,800	41,006	204,073	205,307
Government and government guaranteed bonds	874,165	949,379	772,784	802,939
Municipal bonds	184,980	202,190	203,030	207,863
<b>Total</b>	<b>1,098,945</b>	<b>1,192,575</b>	<b>1,179,887</b>	<b>1,216,109</b>

**4. Investment in Enersource Corporation**

The City has a 90 per cent interest in Enersource Corporation (the "Corporation") which is accounted for on the modified equity basis in these consolidated financial statements.

Enersource acts as a holding company whereby the Corporation's principal business activity is represented by its equity interest in Alectra Inc. ("Alectra"). Dividends are received from Alectra. The Corporation also distributes dividends to its shareholders. Alectra's primary businesses are to distribute electricity to customers in the greater golden horseshoe area, as well as provide non-regulated energy services. As at December 31, 2019, Enersource's interest in Alectra was 29.57% (2018- 31%).

On January 1, 2019, Alectra amalgamated with Guelph Hydro Electric Systems Inc. ("GHESI"). As a result of this amalgamation, Enersource's interest in Alectra was reduced to 29.57%.

Enersource's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS).

**The Corporation of the City of Mississauga**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended December 31, 2020**  
**(All dollar amounts are in \$000)**

**4. Investment in Enersource Corporation**

The following table provides condensed financial information for Enersource Corporation for its 2020 fiscal year, together with comparative figures for 2019:

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>Financial Position:</b>		
<b>Assets:</b>		
Current	7,320	6,967
Investment in Alectra Inc.	597,800	600,243
Other	-	148
<b>Total Assets</b>	<b>605,120</b>	<b>607,358</b>
<b>Liabilities:</b>		
Current	27	30
Non-current liabilities	51,182	53,125
<b>Total Liabilities</b>	<b>51,209</b>	<b>53,155</b>
<b>Shareholders' Equity:</b>		
Share capital	175,691	175,691
Accumulated other comprehensive income/(loss)	(7,291)	(6,108)
Retained earnings	385,511	384,620
<b>Total Shareholders' Equity</b>	<b>553,911</b>	<b>554,203</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>605,120</b>	<b>607,358</b>
<b>Results of Operations and Non-Operations:</b>		
Revenues	22,445	18,195
Expenses (including income tax provision)	3,037	6,242
<b>Net Income</b>	<b>19,408</b>	<b>11,953</b>
<b>City's Share of Net Income in Enersource Corporation</b>	<b>17,467</b>	<b>10,758</b>
<b>City's Share of dilution gain recognized on Alectra's amalgamation with GHESI</b>	<b>-</b>	<b>1,324</b>

During the year, the City received a dividend of \$17,730 (2019 \$15,660) declared by Enersource Corporation.

The City's investment in Enersource Corporation is reflected in the following table for its 2020 fiscal year together with comparative figures for 2019.

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>Investment in Enersource Corporation</b>		
Opening Balance, Beginning of Year	498,783	502,361
City's Share of Net Income in Enersource Corporation	17,467	10,758
City's Share of dilution gain recognized on Alectra's amalgamation with GHESI	-	1,324
City's Share of Dividend	(17,730)	(15,660)
<b>Closing Balance, End of Year</b>	<b>498,520</b>	<b>498,783</b>

**The Corporation of the City of Mississauga**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended December 31, 2020**  
**(All dollar amounts are in \$000)**

**5. Deferred Revenue - General**

Advance sales of goods and services are revenues received from operations in advance of the services being provided. Government grants are externally restricted amounts that are recognized in revenue when the conditions of use are satisfied. Other contributions relate primarily to private sponsorships and donations received for which the related expenditures have not yet been incurred. These funds are recognized as revenue in the period they are used for the purpose specified.

Deferred revenue general is comprised of the following:

	2020 \$	2019 \$
Advance sales of goods and services	5,670	12,028
Government grants	176	4
Other contributions	545	245
<b>Total Deferred Revenue General</b>	<b>6,391</b>	<b>12,277</b>

**6. Deferred Revenue - Obligatory Reserve Funds**

Revenues received that have been set aside for specific purposes by Provincial legislation, certain City by-laws, or agreements are included in deferred revenue and reported on the consolidated statement of financial position. Details of these deferred revenues are as follows:

	2020 \$	2019 \$
Development charges	206,079	182,735
CIL Parkland	117,746	132,956
CIL Parking	10,898	10,069
Bonus Zoning	3,952	2,346
Provincial Public Transit Funds and Gas Tax	52,991	44,616
Federal Public Transit Funds and Gas Tax	160,608	184,335
<b>Total Deferred Revenue - Obligatory Reserve Funds</b>	<b>552,274</b>	<b>557,057</b>

**Deferred Revenue - Obligatory Reserve Funds Continuity Schedule**

Source	Opening Balance \$	Receipts and Interest Applied \$	Recognized as Revenue \$	Closing Balance \$
Development charges	182,735	58,391	35,047	206,079
CIL Parkland	132,956	21,533	36,245	118,244
CIL Parking	10,069	331	-	10,400
Bonus Zoning	2,346	1,910	304	3,952
Provincial Public Transit Funds and Gas Tax	44,616	19,862	11,487	52,991
Federal Public Transit Funds and Gas Tax	184,335	43,113	66,840	160,608
<b>Total</b>	<b>557,057</b>	<b>145,140</b>	<b>149,923</b>	<b>552,274</b>

**The Corporation of the City of Mississauga**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended December 31, 2020**  
**(All dollar amounts are in \$000)**

**7. Employee Benefits and Other Liabilities**

Employee benefits and other liabilities, reported on the consolidated statement of financial position, are made up of the following:

	2020	2019
	\$	\$
WSIB	36,074	32,380
Sick leave benefits	17,010	15,166
Early retirement benefits	41,426	40,333
Post-employment benefits	9,635	8,226
Vacation pay	28,647	25,912
Developer charge credits	47,261	44,984
Contaminated sites liability	410	365
Other liabilities	39,976	39,668
<b>Total</b>	<b>220,439</b>	<b>207,034</b>

The City has established reserve funds of \$145,840 (2019 \$144,353) to mitigate the future impact of these obligations.

a) WSIB: The City has elected to be a Schedule 2 employer under the provisions of WSIB, and as such, remits payments to the WSIB only as required to fund disability payments. A full actuarial study of this obligation was completed in December 2019, in accordance with the financial reporting guidelines established by PSAB.

b) Sick leave benefits accrue to certain employees of the City and are paid out either on approved retirement, or upon termination or death. The accrued benefit obligation and the net periodic benefit cost were determined by an actuarial valuation completed in December 2019 in accordance with the financial reporting guidelines established by PSAB.

c) Early retirement benefits are representative of the City's share of the cost to provide certain employees with extended benefits upon early retirement. The accrued benefit obligation and the net periodic benefit cost were determined by an actuarial valuation completed in December 2019 in accordance with the financial reporting guidelines established by PSAB.

d) Post-employment benefits are paid on behalf of any employee on long-term disability. The accrued benefit obligation and the net periodic cost were determined by an actuarial valuation completed in December 2020, in accordance with the financial reporting guidelines established by PSAB.

Information about liabilities for defined benefit plans is as follows:

	WSIB	Sick	Early	Post	2020	2019
	\$	Leave	Retirement	Employment	Total	Total
	\$	\$	\$	\$	\$	\$
Accrued Benefit Liability, Beginning of Year	32,380	15,166	40,333	8,226	96,105	91,811
Service cost	5,365	1,789	1,946	2,350	11,450	7,084
Interest cost	1,555	844	1,452	267	4,118	3,861
Amortization of actuarial (gain)/loss	1,519	1,388	(60)	(263)	2,584	1,305
Benefit payments	(4,745)	(2,177)	(2,245)	(945)	(10,112)	(9,455)
Increase due to plan amendment	-	-	-	-	-	1,499
<b>Accrued Benefit Liability, End of Year</b>	<b>36,074</b>	<b>17,010</b>	<b>41,426</b>	<b>9,635</b>	<b>104,145</b>	<b>96,105</b>
Unamortized actuarial (gain)/loss	10,228	7,760	1,350	(444)	18,894	21,480
<b>Actuarial valuation update, end of year</b>	<b>46,302</b>	<b>24,770</b>	<b>42,776</b>	<b>9,191</b>	<b>123,039</b>	<b>117,585</b>
Expected average remaining service life	11 yrs	13 yrs	13 yrs	8 yrs	n/a	n/a

**The Corporation of the City of Mississauga**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended December 31, 2020**  
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**7. Employee Benefits and Other Liabilities**

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

	WSIB	Sick Leave	Early Retirement	Post Employment - Health and Dental	Post Employment - Life Insurance
Expected inflation rate	1.75%	1.75%	1.75%	1.75%	1.75%
Expected level of salary increases	n/a	2.75%	2.75%	2.75%	2.75%
Interest discount rate	3.50%	3.50%	3.50%	3.25%	3.25%
Expected health care increases	3.75%	n/a	6.75%	6.75%	n/a

e) Pension plans:

The City makes contributions to OMERS, a multi-employer plan, on behalf of 5,229 employees. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

Contributions for employees with a normal retirement age of 65 are being made at a rate of 9.0 per cent for earnings up to the annual maximum pensionable earnings of \$168,317 and at a rate of 14.6 per cent for earnings greater than the annual maximum pensionable earnings. Contributions for employees with a normal retirement age of 60 (firefighters) are being made at a rate of 9.2 per cent up to the annual maximum pensionable earnings of \$168,317 at a rate of 15.8 per cent for earnings greater than the annual maximum pensionable earnings.

The amount contributed to OMERS for 2020 was \$44,375 (2019 \$41,035) for current service and is included as an expense on the consolidated statement of operations. Employees' contributions to OMERS in 2020 totalled \$44,631 (2019 \$41,039).

The City is current with all payments to OMERS; therefore, there is neither a surplus nor deficit with the pension plan contributions. However, at OMERS, the pension plan's funding deficit in 2020 dropped to \$3.2 billion (2019 \$3.4 billion).

OMERS has held contributions for both employees and employers in 2020 at the 2016 rates for employees with a normal retirement age of 65 and for employees and employers with a normal retirement age of 60 (firefighters). If actuarial surpluses are not available to offset the existing deficit and subsidize future contributions, additional increases in the contributions may be required.

f) Developer charge credits are liabilities and obligations that arise through the Development Charges Act. For the year ended December 31, 2020, the developer charge credit liability is \$47,261 (2019 \$44,984).

g) The City is responsible for the remediation of contaminated sites that are no longer in productive use where the City is directly responsible or has accepted responsibility for remediation. A provision for future clean-up costs and monitoring has been accrued based on environmental assessments.

The liability for contaminated sites includes sites associated with former industrial operations. The nature of contamination includes polycyclic aromatic hydrocarbons, heavy metals and road salts. The sources of the contamination include, but are not limited to, activities related to historical operations and non-sanctioned activities on City land. Sites often have multiple sources of contamination.

From time to time, there may be uncertainty as to whether the City has a legal responsibility or accepts responsibility for a contaminated site or whether economic benefits will be foregone for a contaminated site. It is not expected that the impact of any such sites would have a material impact on the consolidated financial statements. When the City is able to determine that all inclusion criteria have been met, the City will accrue a liability for these future remediation costs. As at December 31, 2020, the amount of estimated recoveries is nil (2019 – nil).

**The Corporation of the City of Mississauga**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended December 31, 2020**  
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**8. Long-term Debt**

The long-term debt reported on the consolidated statement of financial position of \$176,434 was issued by the Region of Peel. Principal payment dates, payment amounts and the outstanding amounts for debt issued each year are as follows:

<b>Debt issuance year</b>	<b>Annual Payment Date</b>	<b>2020 Principal Payment \$</b>	<b>Outstanding Principal \$</b>
2013	June 20th	4,700	12,900
2014	June 10th	3,500	13,000
2015	August 20th	4,000	20,000
2016	June 1st	3,500	23,000
2017	September 28th	3,500	27,500
2018	March 27th	4,909	36,534
2019	October 15th	4,650	43,500
<b>Total</b>		<b>28,759</b>	<b>176,434</b>

No debt was issued in 2020.

Debt from the issuance of serial debentures has been approved by Council by-law. The annual principal and interest payments required to service this liability are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing and the City's Debt Management Policy. Interest rates range from 1.60 to 3.30 per cent.

Principal payments are repayable annually, as follows:

	<b>Principal Contributions \$</b>	<b>Interest \$</b>	<b>Total \$</b>
2021	29,112	4,133	33,245
2022	29,927	3,475	33,402
2023	27,755	2,754	30,509
2024	22,995	2,030	25,025
2025	20,105	1,601	21,706
Thereafter	46,540	2,163	48,703
<b>Total</b>	<b>176,434</b>	<b>16,156</b>	<b>192,590</b>

Interest expense and fees of \$4,821 (2019 \$4,507) are reported in the consolidated statement of operations.

The consolidated statement of operations represents the expenses by function; the following classifies those same expenses by object:

**9. Tangible Capital Assets**

a) Assets under construction:

Assets under construction having a value of \$132,134 (2019 \$106,841) have not been amortized. Amortization of these assets will commence when the asset is put into service.

b) Contributed and assumed assets:

Contributed and assumed assets have been recognized at fair market value at the date of contribution. The value of contributed and assumed assets received during the year is \$27,197 (2019 \$62,392) comprising infrastructure in the amount of \$9,038 (2019 nil) and land in the amount of \$18,159 (2019 \$62,392).

**The Corporation of the City of Mississauga**  
**Notes to Consolidated Financial Statements**  
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**9. Tangible Capital Assets**

c) Works of art and historical treasures:

The City owns both works of art and historical treasures at various City-owned facilities such as Benares and Bradley Museums and the Mississauga Art Gallery. These assets are deemed worthy of preservation because of the social rather than financial benefits they provide to the community. These assets are not recorded as tangible capital assets and are not amortized.

d) Write-down of tangible capital assets:

The write-down of tangible capital assets during the year was \$220 (2019 nil).

e) Disposal of tangible capital assets:

The costs of assets under construction are excluded in calculating the loss on disposal of tangible capital assets. Asset purchase costs of \$12,254 (2019 \$46,452) include land \$599; buildings \$32; land improvements \$1,112; linear transportation \$1,340 and vehicles \$9,171, less the accumulated amortization of \$9,882 (2019 \$38,870) resulted in a loss on disposal of \$2,372 (2019 \$2,504).

f) Interest capitalization:

The City does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset relating to certain projects. Rather, the interest costs are expensed within normal operations.

**The Corporation of the City of Mississauga**  
**Notes to Consolidated Financial Statements**  
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**9. Tangible Capital Assets**

**2020 Tangible Capital Assets**

<b>Cost</b>	<b>December 31, 2019</b>	<b>Additions</b>	<b>Disposals</b>	<b>December 31, 2020</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Land	5,248,591	55,636	599	5,303,628
Land improvements	219,253	8,371	1,112	226,512
Buildings	1,137,543	31,565	32	1,169,076
Equipment, books and other	298,105	33,518	-	331,623
Linear - storm drainage	898,037	15,167	-	913,204
Linear - transportation	2,248,162	82,579	1,340	2,329,401
Vehicles	322,523	12,171	9,171	325,523
Assets under construction	106,841	74,304	49,011	132,134
<b>Total</b>	<b>10,479,055</b>	<b>313,311</b>	<b>61,265</b>	<b>10,731,101</b>

<b>Accumulated Amortization</b>	<b>December 31, 2019</b>	<b>Amortization Expense</b>	<b>Disposals</b>	<b>December 31, 2020</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Land	-	-	-	-
Land improvements	114,624	8,404	835	122,193
Buildings	437,861	31,125	-	468,986
Equipment, books and other	188,136	27,290	-	215,426
Linear - storm drainage	256,862	8,126	-	264,988
Linear - transportation	1,036,402	52,849	1,119	1,088,132
Vehicles	199,315	16,861	7,928	208,248
Assets under construction	-	-	-	-
<b>Total</b>	<b>2,233,200</b>	<b>144,655</b>	<b>9,882</b>	<b>2,367,973</b>

<b>Net Book Value</b>	<b>December 31, 2019</b>	<b>December 31, 2020</b>
	<b>\$</b>	<b>\$</b>
Land	5,248,591	5,303,628
Land Improvements	104,629	104,319
Buildings	699,682	700,090
Equipment, books and other	109,969	116,197
Linear - storm drainage	641,175	648,216
Linear - transportation	1,211,760	1,241,269
Vehicles	123,208	117,275
Assets under construction	106,841	132,134
<b>Total</b>	<b>8,245,855</b>	<b>8,363,128</b>



**The Corporation of the City of Mississauga**  
**Notes to Consolidated Financial Statements**  
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**10. Accumulated surplus**

Accumulated surplus consists of individual fund surplus and reserves and reserve funds as follows:

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>Surplus:</b>		
<b>Invested in Tangible Capital Assets</b>		
Invested in tangible capital assets	8,362,653	8,245,561
Business Improvement Area tangible capital assets	475	294
<b>Total Invested in Tangible Capital Assets</b>	<b>8,363,128</b>	<b>8,245,855</b>
Operating surplus	119	-
Unexpended capital	164,357	204,257
Long-term debt	(176,434)	(205,193)
Enersource Corporation	498,520	498,783
Living Arts Centre	-	120
Unfunded employee benefits	(220,439)	(207,034)
<b>Total Surplus</b>	<b>8,629,251</b>	<b>8,536,788</b>
<b>Reserves Set Aside by Council:</b>		
Fiscal Stability Reserve	55,752	51,253
Operating Reserves	52,946	33,644
Stormwater Reserve	5,952	5,442
BIA Reserves	671	411
<b>Total Reserves</b>	<b>115,321</b>	<b>90,750</b>
<b>Reserve Funds Set Aside for Specific Purposes by Council:</b>		
Tax Reserve Funds	220,498	190,846
Stormwater Reserve Funds	64,450	40,756
Lot Levy Reserve Funds	65,305	62,868
Insurance Reserve Funds	46,052	45,891
Employee Benefits Reserve Funds	34,484	35,594
Development Contributions	23,157	21,444
Other Reserve Funds	12,067	21,128
<b>Total Reserve Funds</b>	<b>466,013</b>	<b>418,527</b>
<b>Total Accumulated Surplus</b>	<b>9,210,585</b>	<b>9,046,065</b>

**The Corporation of the City of Mississauga**  
**Notes to Consolidated Financial Statements**  
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**11. Taxation**

Taxation revenues are recorded at the time tax billings are issued. Additional property tax revenue can be added throughout the year, related to new properties that become occupied or that become subject to property tax, after the return of the annual assessment roll used for billing purposes. The City may receive supplementary assessment rolls over the course of the year from MPAC, identifying new or omitted assessments. Property taxes for these supplementary and/or omitted amounts are then billed according to the approved tax rate for the property class. Taxation revenue, reported on the consolidated statement of operations, is made up of the following:

	2020 \$	2019 \$
Municipal, region and school property taxes	1,778,229	1,718,457
Payments in lieu of property taxes	37,405	35,385
<b>Total Property Taxes Collected</b>	<b>1,815,634</b>	<b>1,753,842</b>
Payments to Region and school boards	(1,242,810)	(1,208,114)
<b>Net Property Taxes and Payments in Lieu Available for Municipal Purposes</b>	<b>572,824</b>	<b>545,728</b>

**12. Trust funds**

Trust funds administered by the City amounting to \$986 (2019 \$919) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations. Trust funds comprise cemetery perpetual care of \$986 (2019 \$919) and election trust funds of nil (2019 \$221).

**13. Contingent liabilities & guarantee**

a) As at December 31, 2020, the City has been named as defendant or co-defendant in a number of outstanding legal actions. No provision has been made for any claims that are expected to be covered by insurance or where the consequences are undeterminable. Where the claims are not expected to be covered by insurance and where management has assessed the likelihood of exposure as being likely and is able to reasonably assess the exposure, an amount is provided for in these consolidated financial statements.

b) On February 1, 2017, Enersource Corporation became a shareholder of Alectra, an entity created through the merger of certain hydro holding companies. The transactions included Enersource Corporation exchanging all of its ownership in its operating companies for this ownership in the newly created merged entity of Alectra. Included in these transactions and as of the same date, the City entered into an arrangement to provide \$70M of loan guarantees to Enersource Corporation. The secured bank loan balance as at December 31, 2020 is \$50,625 (2019 \$53,125).

**14. Segmented information**

Segmented information has been identified based upon lines of service provided by the City. City services are provided by departments and their activities are reported by functional areas in the Consolidated Statement of Operations. Certain lines of service that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

a) General Government Services:

The General Government Services segment comprises the following service areas: Mayor and Council, City Manager's Office, Internal Audit, Economic Development, Office of the City Clerk, Finance, Information Technology, Facilities and Property Management, Revenue, Materiel Management, Legal, and Strategic Communications. These divisions are responsible for by-laws and administrative policies, levying taxes, acquiring and managing City assets, ensuring effective financial management, planning and budgeting, monitoring financial and operating performance, and ensuring that high quality City service standards are met.

**The Corporation of the City of Mississauga**  
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**14. Segmented information**

b) Protection Services:

The Protection Services segment comprises the following service areas: Fire Services including fire suppression, fire prevention programs, and fire inspection, By-law Enforcement, Animal Control, Vehicle and Business Licensing, Security Services, and Provincial Offences Administration.

c) Transportation Services:

The Transportation Services segment comprises the following service areas: Road services including road maintenance, public works, street cleaning, traffic operations, planning, engineering and development, Winter maintenance control, MiWay Transit, and Street lighting.

d) Environmental Services:

The Environmental Services segment comprises primarily Storm Sewer Services. The City's Stormwater program manages the overall health and maintenance of creeks, rivers, and water channels in Mississauga. Water and sanitary sewer services are provided by the Region of Peel.

e) Health Services:

The Health Services segment comprises primarily the maintenance and operation of City-owned and managed cemeteries.

f) Social and Family Services:

The Social and Family Services segment comprises primarily assistance to aged persons. Social and Family Services are handled directly by the Region of Peel. However, the City does offer limited programs and services to support and aid seniors in Mississauga.

g) Recreation and Cultural Services:

The Recreation and Cultural Services segment comprises the following services: Parks, Forestry and Environment, Recreation Programs, Recreation Facilities, Marinas and Golf Courses, Libraries, Museums, the Living Arts Centre, and Other Cultural Services and Activities.

h) Planning and Development Services:

The Planning and Development Services segment comprises the following service areas: Planning and Zoning; Commercial and Industrial Developments, and Policy Planning. Planning and Development Services manages urban development for business interests, environmental concerns, heritage matters, local neighbourhoods and the downtown area through City planning and community development.

The segmented information was provided in accordance with the financial reporting guidelines established by the PSAB (section PS2700). For additional information, see the Segmented Information table.

Certain allocation methodologies are employed in the preparation of segmented financial information. User charges and other revenue have been allocated to the segments based upon the segment that generated the revenue. Government transfers have been allocated to the segment based upon the purpose for which the transfer was made. Development charges earned and developer contributions received were allocated to the segment for which the charge was collected.

Taxation revenues are reflected under General Government Services and not segmented based upon functional lines of service provided by the City. Municipal Taxes are allocated to the City's services based on the 2020 Operating Budget as approved by Council. The approved budget outlines how and where public resources will be spent, including the established framework for services, the way they will be provided, and how they will be funded.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1.

**The Corporation of the City of Mississauga**  
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**14. Segmented information**

2020											
	General Government Services \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Social and Family Services \$	Recreation and Cultural Services \$	Planning and Development Services \$	Other \$	2020 Total \$	2019 Total \$
Revenues:											
Taxation	571,110	-	-	-	-	-	-	1,714	-	572,824	550,983
Municipal Accommodation Tax	3,799	-	-	-	-	-	-	-	-	3,799	12,152
User charges	5,077	28,087	63,893	43,010	131	43	22,516	5,830	-	168,587	263,215
Recoveries from third parties	1,304	207	16,957	130	-	-	784	33	-	19,415	29,117
Funding transfers from other governments	21,081	-	40,509	1,948	-	43	1,691	325	-	65,597	14,086
Development and other contributions applied	-	-	-	-	-	-	-	-	138,854	138,854	90,407
Investment income	14,441	-	-	-	26	-	15	-	29,643	44,125	43,607
Penalties and interest on taxes	5,334	-	-	-	-	-	-	-	-	5,334	10,806
Contributed and assumed assets	-	-	-	-	-	-	-	-	27,197	27,197	62,392
Other	1,603	39	1,576	136	42	7	1,733	-	4,992	10,128	5,604
Equity in Enersource Corporation	-	-	-	-	-	-	-	-	17,467	17,467	12,082
Gain on Acquisition of Living Arts Centre	-	-	-	-	-	-	-	-	-	-	1,455
Total Revenues	623,749	28,333	122,935	45,224	199	93	26,739	7,902	218,153	1,073,327	1,095,906
Expenses:											
Salaries, wages and employee benefits	115,038	126,784	179,742	5,673	497	160	85,142	16,439	-	529,475	533,044
Long-term debt interest	4,721	-	-	100	-	-	-	-	-	4,821	4,507
Materials and supplies	11,127	3,205	34,105	400	40	3	12,123	734	-	61,737	65,049
Contracted services	35,367	862	40,192	3,346	20	1	3,994	3,030	-	86,812	138,702
Rents and financial expenses	29,548	4,297	17,521	1,504	9	8	18,268	689	-	71,844	68,770
External transfers to others	1,272	-	-	-	-	31	4,312	1,476	-	7,091	6,741
Loss on disposal of tangible capital assets	-	-	-	-	-	-	-	-	2,372	2,372	2,504
Amortization	22,294	5,397	74,242	8,627	-	284	33,514	297	-	144,655	140,098
Total Expenses	219,367	140,545	345,802	19,650	566	487	157,353	22,665	2,372	908,807	959,415
Annual Surplus (Deficit)	404,382	(112,212)	(222,867)	25,574	(367)	(394)	(130,614)	(14,763)	215,781	164,520	136,491

**The Corporation of the City of Mississauga**  
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**15. Segmented Information by Service Area**

Segmented information by Service Area has been identified based upon lines of service provided by the City as presented in the City Budget Document. City services are provided by departments and their activities are reported by service areas. These services are not presented in the Consolidated Statement of Operations. Rather, they are reported as an additional note to relate back to the Budget book presentation. Certain lines of service that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

**a) Business Services:**

Business Services includes five interrelated teams within the City of Mississauga: Corporate Performance and Innovation (CPI), Finance, Human Resources (HR), Revenue and Materiel Management, and Strategic Communications. Together these teams partner with all Divisions across the City to enable the delivery of excellent public service by providing advice, expertise and essential support.

**b) Culture Services:**

Culture works collaboratively with a wide variety of partners to build strong cultural institutions, complete communities and stimulate a creative economy. The Culture Division has two sections: Culture and Heritage Planning and Culture Operations. Culture and Heritage Planning is responsible for heritage planning, culture planning, public art, policy development, research and digital engagement. Culture Operations delivers performing arts, film and television services, arts and culture programs, grants, civic and major events, manages operations of the Living Arts Centre, Meadowvale Theatre, museums, and Mississauga Celebration Square (Celebration Square).

**c) City Manager's Office:**

The City Manager's Office (CMO) co-ordinates efforts across all five City departments to ensure alignment with all of the City's key plans, including the Strategic Plan, the City Business Plan, the Economic Development Strategy and Corporate Policies. Internal Audit, Legal Services and Economic Development are part of the CMO.

**d) Environmental Services:**

The Environment Division drives environmental sustainability in Mississauga by providing environmental strategic planning to develop plans, policies and programs that advance the City's environmental priorities; providing a framework for the City of Mississauga and the community to take action on climate change; providing an efficient waste program for City facilities; and, providing awareness and education for residents and City staff to take environmental action.

**e) Facilities and Property Management:**

Facilities & Property Management provides expertise in property, asset and project management to maintain the City's infrastructure and support the safety and security of the public and City staff. The service provides facilities maintenance, building services and operations, facilities development and accessibility, capital planning and asset management, security services, realty services, and energy management.

**f) Financial Transactions:**

The Financial Transactions area includes such items as banking and other professional fees; miscellaneous revenues and expenses such as discounts earned; risk management and insurance expenses; worker's compensation and rehabilitation; transfers; payments in lieu of property taxes from other levels of government; and special purpose levies.

**The Corporation of the City of Mississauga**  
**Notes to Consolidated Financial Statements**  
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**15. Segmented Information by Service Area**

g) Fire and Emergency Services:

Fire and Emergency Services' mission is to protect life, property and the environment in Mississauga from all risks through education, enforcement, engineering, emergency response and economic incentive.

h) Information Technology Services:

The Information Technology (IT) Service Area focuses on technology planning, service delivery, support, and operations to enable City services and drive efficiencies.

i) Land Development Services:

The mission of Land Development Services is to provide strategic, long term planning and high quality customer service, to ensure the health, safety, and wellbeing of the public. Land Development Services facilitates the legislated approval processes, creating policies and plans, processing development applications and building permits, and carrying out building inspections.

j) Legislative Services:

The purpose of Legislative Services is to meet customers' diverse service needs by providing statutory and legislated service to the public, Council and other internal and external customers through a variety of service channels. Examples of the kind of work done by this service include Access and Privacy; Administrative Penalty System (APS) Dispute/Review; Council and Committee support; Provincial Offences Court Administration; and municipal elections.

k) Library Services:

The Mississauga Library exists to provide library services to meet the life-long informational, educational, cultural and recreational needs of all citizens. The Library's 18 facilities provide physical spaces where the Library's services, programs and collections can be used and accessed. The Library also has a homebound service, and many online services and resources.

l) Mayor and Members of Council:

The Council Budget includes the Mayor's Office and Council. This includes the 12 elected officials (Mayor and 11 ward councillors) and their support staff. In Ontario, elections take place every four years. The next election year is 2022.

m) Parks, Forestry & Environment:

The Parks, Forestry and Environment Service provides an integrated approach to the planning, design, construction and ongoing maintenance of Mississauga's parks, woodlands, natural areas, boulevards, street trees and open space system. Services are delivered by a multi-disciplinary team composed of Park Planning, Park Development, Parks Operations, Forestry, and Environment working co-operatively to meet and deliver the open space and outdoor recreational needs of the community and drive environmental sustainability.

n) Recreation Services:

Recreation connects citizens, staff and Mississauga communities to one another through programming, infrastructure and recreational opportunities. The Recreation Division provides service to residents and customers through the following:

- Registration and drop-in recreational programs
- Community partnerships and affiliations
- Recreational facilities operations and facility rentals
- Sponsorship and grants
- Sport and tourism initiatives
- Banquet and food services
- Community events support

**The Corporation of the City of Mississauga**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended December 31, 2020**  
**(All dollar amounts are in \$000)**

**15. Segmented Information by Service Area**

o) Regulatory Services:

Regulatory Services achieve compliance with municipal by-laws and provide services in a safe and professional manner to maintain order, safety and community standards in the City.

p) Road Services:

Road services are responsible for the planning, design, construction, operation and maintenance of roadways, bridges, the cycling network, sidewalks, noise walls and related infrastructure. Road Services also manages the City's traffic signals, street lighting, municipal parking, and fleet of vehicles (with the exception of transit and fire vehicles).

q) Stormwater Service:

The Stormwater Service Area plans, develops, constructs, maintains and renews a stormwater system which protects property, infrastructure and the natural environment from erosion and flooding and enhances water quality.

r) Transit Services:

Mississauga's transit service, MiWay, provides Mississauga with a shared travel choice that is friendly, reliable and respects the environment.

s) Other:

Other represents all other non-budgeted financial transactions which includes asset amortization, BIA consolidation, PSAB actuarial liability adjustments, Reserve Fund interest, development contributions applied, Enersource income, capital project revenues, and non-capitalized capital project expenses.

**The Corporation of the City of Mississauga**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended December 31, 2020**  
**(All dollar amounts are in \$000)**

**15. Segmented Information by Service Area**

t) Revenues by Service Area

	Property Tax and MAT*	User charges	Recoveries from third parties	Funding transfers from other governments	Development and other contributions applied	Investment income	Penalties and interest on taxes	Contributed and assumed assets	Other	Equity in Enersource Corporation	2020 Total	2020 Budget **	2019 Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Business Services	-	1,770	71	-	-	-	163	-	5	-	2,009	2,666	2,429
City Manager's Office	-	210	1	315	-	-	-	-	8	-	534	393	1,508
Culture	-	1,656	427	283	-	13	-	-	456	-	2,835	6,352	6,739
Facilities & Property Management	-	352	-	-	-	-	-	-	227	-	579	449	907
Financial Transactions	574,755	258	66	20,473	-	14,433	5,171	27,197	5,826	-	648,179	611,926	652,132
Fire & Emergency Services	-	1,639	182	-	-	-	-	-	-	-	1,821	2,206	2,556
Information Technology	-	968	-	-	-	-	-	-	1	-	969	1,109	1,073
Legislative Services	-	6,671	-	-	-	-	-	-	-	-	6,671	11,983	9,642
Mississauga Library	-	658	-	768	-	2	-	-	112	-	1,540	2,102	2,037
Land Development Services	-	22,002	-	-	-	-	-	-	-	-	22,002	13,650	22,292
MiWay	-	44,993	1,980	35,060	-	-	-	-	196	-	82,229	93,555	95,019
Parks, Forestry & Environment	-	3,863	113	33	-	26	-	-	38	-	4,073	5,202	5,355
Recreation	1,868	18,004	-	607	-	8	-	-	403	-	20,890	51,419	49,021
Regulatory Services	-	11,137	-	-	-	-	-	-	39	-	11,176	18,079	17,351
Roads	-	11,035	5,849	-	-	-	-	-	(94)	-	16,790	14,252	17,385
Stormwater	-	42,938	-	-	-	-	-	-	136	-	43,074	41,606	40,185
Other	-	433	10,726	8,058	138,854	29,643	-	-	2,775	17,467	207,956	23,307	170,275
	<b>576,623</b>	<b>168,587</b>	<b>19,415</b>	<b>65,597</b>	<b>138,854</b>	<b>44,125</b>	<b>5,334</b>	<b>27,197</b>	<b>10,128</b>	<b>17,467</b>	<b>1,073,327</b>	<b>900,256</b>	<b>1,095,906</b>

\* Municipal Accommodation Tax (MAT).

\*\* The Service Area budget excludes the budgets for transfers between funds because they are eliminated in the financial statement consolidation.



**The Corporation of the City of Mississauga**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended December 31, 2020**  
**(All dollar amounts are in \$000)**

**15. Segmented Information by Service Area**

u) Expenses by Service Area

	Salaries, wages and employee benefits \$	Long-term debt interest \$	Materials and supplies \$	Contracted services \$	Rents and financial expenses \$	External transfers to others \$	Loss on disposal of tangible capital assets \$	Amortization \$	2020 Total \$	2020 Budget * \$	2019 Total \$
Business Services	32,190	-	462	1,912	1,314	-	-	-	35,878	37,065	33,633
City Manager's Office	9,830	-	104	2,601	421	134	-	-	13,090	13,252	14,390
Mayor & Members Of Council	4,315	-	309	2	161	-	-	-	4,787	4,886	4,892
Culture	7,643	-	587	504	1,154	3,432	-	-	13,320	15,379	13,558
Facilities & Property Management	15,153	-	451	3,252	6,872	-	-	-	25,728	27,561	25,030
Financial Transactions	16,327	4,721	124	986	10,897	2,035	2,372	144,568	182,030	182,812	168,579
Fire & Emergency Services	106,874	-	2,393	120	2,767	-	-	-	112,154	115,650	108,802
Information Technology	24,363	-	101	101	9,716	-	-	-	34,281	34,644	32,589
Legislative Services	7,460	-	636	673	(408)	-	-	-	8,361	9,831	7,683
Mississauga Library	20,285	-	4,096	52	2,151	-	-	-	26,584	30,452	29,239
Land Development Services	19,626	-	240	83	660	-	-	-	20,609	22,672	20,879
MiWay	144,507	-	28,169	1,733	9,560	-	-	-	183,969	201,884	189,065
Parks & Forestry	25,457	-	5,737	5,168	4,119	-	-	-	40,481	42,275	40,640
Recreation	42,713	-	2,532	1,021	11,911	897	-	-	59,074	81,410	75,147
Regulatory Services	15,500	-	782	638	537	-	-	-	17,457	19,019	16,564
Roads	32,665	-	5,630	37,839	8,347	-	-	-	84,481	81,377	78,325
Stormwater	4,535	100	434	3,656	1,454	-	-	-	10,179	9,832	9,274
Other	32	-	8,950	26,471	211	593	-	87	36,344	-	91,126
	<b>529,475</b>	<b>4,821</b>	<b>61,737</b>	<b>86,812</b>	<b>71,844</b>	<b>7,091</b>	<b>2,372</b>	<b>144,655</b>	<b>908,807</b>	<b>930,001</b>	<b>959,415</b>

\* The Service Area budget excludes the budgets for transfers between funds because they are eliminated in the financial statement consolidation. Also an assigned budget for amortization has been included due to the large dollar value.

**The Corporation of the City of Mississauga**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended December 31, 2020**  
**(All dollar amounts are in \$000)**

**16. Budget Data**

Budget data presented in these consolidated financial statements are based upon the 2020 operating and capital budgets as approved by Council and adopted by the City on January 22, 2020. Adjustments to budgeted values were required to provide comparative budget values based on the full accrual basis of accounting. The chart below reconciles the approved budget with the budget figures as presented in these consolidated financial statements.

	<b>Budget Amount</b>
<b>Revenue</b>	<b>\$</b>
<b>Approved Operating Budget</b>	<b>965,916</b>
<b>Adjustments:</b>	
Budget adjustments	6,358
Contributions from reserve funds	(77,747)
BIAs	2,205
BIAs contributions from reserves	(90)
City budgeted levy for BIAs	(1,500)
Enersource dividend	(17,577)
<b>Adjusted Operating Budget</b>	<b>877,565</b>
<b>Approved Capital Budget</b>	<b>268,987</b>
Adjustments for transfers from reserve funds	(224,070)
Adjustments for debt proceeds	(43,000)
<b>Adjusted Capital Budget</b>	<b>1,917</b>
Reserve funds interest and other revenue	20,774
<b>Total Revenue</b>	<b>900,256</b>
<b>Expenses</b>	
<b>Approved Operating Budget</b>	<b>965,557</b>
<b>Adjustments:</b>	
Budget adjustments	6,718
Transfers to own	(156,938)
BIA budgeted expenses	2,205
BIA transfers to own	(15)
BIA budget on City's books	(1,500)
Amortization - City	144,568
Debt principal repayments, net of debt issuance	(30,594)
<b>Adjusted Operating Budget</b>	<b>930,001</b>
<b>Approved Capital Budget</b>	<b>268,987</b>
<b>Adjustments:</b>	
Eliminate capital expense budget	(268,987)
<b>Adjusted Capital Budget</b>	<b>-</b>
<b>Total Expenses</b>	<b>930,001</b>
<b>Annual Deficit</b>	<b>(29,745)</b>

**The Corporation of the City of Mississauga**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended December 31, 2020**  
**(All dollar amounts are in \$000)**

**17. Expenses by Object**

The consolidated statement of operations represents the expenses by function; the following classifies those same expenses by object:

	<b>Budget 2020 \$</b>	<b>Actual 2020 \$</b>	<b>Actual 2019 \$</b>
Salaries, wages and employee benefits	559,519	529,475	533,044
Long-term debt interest and fees	5,680	4,821	4,507
Materials and supplies	60,913	61,737	65,049
Contracted services	58,611	86,812	138,702
Rents and financial expenses	84,318	71,844	68,770
External transfers to others	16,392	7,091	6,741
Loss on disposal of tangible capital assets	-	2,372	2,504
Amortization	144,568	144,655	140,098
<b>Total</b>	<b>930,001</b>	<b>908,807</b>	<b>959,415</b>

**18. Provincial Offences Administration**

The Ministry of the Attorney General in the Province of Ontario requires all municipal partners administering Provincial Offences Administration to disclose in the year-end audited financial statements the gross and net provincial offence revenues earned. The following table provides condensed financial information required by the terms in the Memorandum of Understanding for the City's 2020 fiscal year with comparative figures for 2019:

	<b>2020 \$</b>	<b>2019 \$</b>
<b>Revenues</b>		
Gross revenues	5,508	9,527
Less refunds	53	91
<b>Net Revenues</b>	<b>5,455</b>	<b>9,436</b>
<b>Expenses</b>		
Provincial charges	385	843
City's operating expenses	3,632	3,555
<b>Total Expenses</b>	<b>4,017</b>	<b>4,398</b>
<b>Net Contribution</b>	<b>1,438</b>	<b>5,038</b>

**19. Funding Transfers from Other Governments**

	<b>2020 \$</b>	<b>2019 \$</b>
General government services	21,081	430
Protection services	-	-
Transportation services	40,509	10,605
Environmental services	1,948	678
Health services	-	4
Social and family services	43	-
Recreation and cultural services	1,691	2,109
Planning and development services	325	260
<b>Total</b>	<b>65,597</b>	<b>14,086</b>

**The Corporation of the City of Mississauga**  
**Notes to Consolidated Financial Statements**  
**For the Year Ended December 31, 2020**  
**(All dollar amounts are in \$000)**

**19. Funding Transfers from Other Governments**

During the current year, the City received total funding of \$46,083 from the Provincial government as part of the Safe Restart Agreement. The Safe Restart Agreement is a federal investment to help provinces and territories safely restart their economies. The province also announced \$110,507 in funding to be received in 2021. The City recognized \$9,450 as government transfers reported for the current year, as per the funding allocation from the Province of Ontario. The remaining \$101,057,300, or a portion thereof, will be recognized as revenue in 2021.

**20. Contractual Rights**

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

The City has a number of Federal and Provincial funding agreements, revenues from incoming lease agreements for City-owned properties and a number of third party contracts to provide shared services with estimated future funding/recoveries as follows:

	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>Total</b>
<b>Contractual Rights</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Provincial Agreements	123,051	2,193	2,221	-	-	<b>127,465</b>
Federal Agreements	50,870	41,881	43,702	-	-	<b>136,453</b>
Incoming Lease Payments	2,767	2,362	1,615	1,298	8,041	<b>16,083</b>
Third Party Contracts	456	337	347	357	-	<b>1,497</b>
<b>Total</b>	<b>177,144</b>	<b>46,773</b>	<b>47,885</b>	<b>1,655</b>	<b>8,041</b>	<b>281,498</b>

**21. Lease and other contractual commitments**

The City of Mississauga has entered into various operating leases for premises. Anticipated payments under such leases during the next five years are approximately as follows:

	<b>\$</b>
2021	2,977
2022	2,623
2023	1,098
2024	426
2025	349
<b>Total</b>	<b>7,473</b>

The City has entered into an agreement with a third party to construct an Avro Arrow sculpture to be displayed in Malton for a remaining cost of up to \$2.2 million.

**22. Comparative Figures**

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

**City of Mississauga - Public Library Board**  
**Financial Statements**  
**Year Ended December 31, 2020**

**DRAFT #2**  
**April 16, 2021**

## **INDEPENDENT AUDITORS' REPORT**

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

### ***Opinion***

We have audited the financial statements of the City of Mississauga Public Library Board (the Entity), which comprise:

- the statement of financial position as at December 31, 2020
- the statement of operations for the year then ended
- the statement of change in net financial assets (debt) for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2020, and its results of operations, its change in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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

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

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

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

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

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

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

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

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

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

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

We also:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

Page 3

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

***DRAFT***

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

April 30, 2021



# City of Mississauga - Public Library Board

## Statement of Financial Position

as at December 31, 2020 with comparatives for 2019  
(All dollar amounts are in \$000)

	2020 \$	2019 \$
<b>Financial Assets</b>		
Cash	727	15
Accounts receivable	19	27
Due from City of Mississauga (Note 2)	4,064	2,806
<b>Total Financial Assets</b>	<b>4,810</b>	<b>2,848</b>
<b>Financial Liabilities</b>		
Accounts payable and accrued liabilities	933	1,946
Employee benefits and other liabilities (Note 4)	3,363	3,043
<b>Total Financial Liabilities</b>	<b>4,296</b>	<b>4,989</b>
<b>Net Financial Assets/(Debt)</b>	<b>514</b>	<b>(2,141)</b>
<b>Non-financial Assets</b>		
Tangible capital assets (Note 7)	67,613	70,903
Prepaid expenses	78	51
<b>Total Non-Financial Assets</b>	<b>67,691</b>	<b>70,954</b>
<b>Accumulated Surplus</b>	<b>68,205</b>	<b>68,813</b>
Commitments (Note 5)		

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

# City of Mississauga - Public Library Board

## Statement of Operations

for the year ended December 31, 2020 with comparatives for 2019  
(All dollar amounts are in \$000)

	Budget 2020 \$ (Note 6)	Actual 2020 \$	Actual 2019 \$
<b>Revenues</b>			
City of Mississauga	28,928	28,557	27,258
Funding transfers from other governments	715	768	635
Contributed assets by the City of Mississauga	-	67	226
Fines, service charges and rents	1,217	563	1,141
Recoveries from third parties	40	97	117
Other	130	111	145
<b>Total Revenues</b>	<b>31,030</b>	<b>30,163</b>	<b>29,522</b>
<b>Expenses</b>			
Salaries, wages and employee benefits	23,416	20,605	22,275
Equipment	330	94	66
Materials and supplies	531	1,514	1,516
Communication	8	54	25
Staff development	166	99	167
Transportation	56	42	68
Professional Services	84	52	41
Advertising and promotion	41	68	30
Occupancy	1,757	1,814	1,849
Collection fees	50	15	54
Bank Charges	8	7	13
Amortization of tangible capital assets (Note 7)	5,897	5,897	5,715
Administrative support charged by the City	515	510	486
<b>Total Expenses</b>	<b>32,859</b>	<b>30,771</b>	<b>32,305</b>
<b>Annual deficit</b>	<b>(1,829)</b>	<b>(608)</b>	<b>(2,783)</b>
Accumulated surplus, beginning of year	68,813	68,813	71,596
<b>Accumulated surplus, end of year</b>	<b>66,984</b>	<b>68,205</b>	<b>68,813</b>

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

# City of Mississauga - Public Library Board

## Statement of Change in Net Financial Assets/(Debt)

for the year ended December 31, 2020 with comparatives for 2019

(All dollar amounts are in \$000)

	2020 Actual \$	2019 Actual \$
<b>Annual deficit</b>	(608)	(2,783)
Acquisition of tangible capital assets (Note 7)	(2,607)	(3,254)
Amortization of tangible capital assets (Note 7)	5,897	5,715
Acquisition of prepaid expenses	(78)	(51)
Use of prepaid expenses	51	-
<b>Change in Net Financial Assets/(Debt)</b>	<b>2,655</b>	<b>(373)</b>
<b>Net Debt, beginning of year</b>	<b>(2,141)</b>	<b>(1,768)</b>
<b>Net Financial Assets/(Debt), end of year</b>	<b>514</b>	<b>(2,141)</b>

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

# City of Mississauga - Public Library Board

## Statement of Cash Flows

for the year ended December 31, 2020 with comparatives for 2019  
(All dollar amounts are in \$000)

	2020 \$	2019 \$
<b>Cash provided by (used in):</b>		
Operating activities:		
<b>Annual deficit</b>	(608)	(2,783)
<b>Items not involving cash:</b>		
Amortization of tangible capital assets	5,897	5,715
Contributed assets by the City of Mississauga	(67)	(226)
Change in employee benefits and other liabilities	320	(108)
<b>Change in non-cash working capital:</b>		
Accounts receivable	8	(27)
Due from the City of Mississauga	(1,258)	(367)
Accounts payable and accrued liabilities	(1,013)	890
Prepaid expenses	(27)	(51)
<b>Net change in cash from operating activities</b>	<b>3,252</b>	<b>3,043</b>
<b>Capital Activities:</b>		
Tangible capital asset additions	(2,540)	(3,028)
<b>Net Change in Cash</b>	<b>712</b>	<b>15</b>
<b>Cash, beginning of year</b>	<b>15</b>	<b>-</b>
<b>Cash, end of year</b>	<b>727</b>	<b>15</b>

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

# City of Mississauga - Public Library Board

## Notes to the Financial Statements

For the Year Ended December 31, 2020

(All dollar amounts are in \$000)

### 1. Significant Accounting Policies

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

#### a) Basis of accounting

Sources of financing and expenses are reported on the accrual basis of accounting except for fines, service charges and rents which are reported upon receipt. The accrual basis of accounting recognizes revenues as they become measurable; expenses are the cost of goods and services acquired in the period whether or not payment has been made on invoices received.

#### b) Government transfers

Government transfers are recognized in the financial statements in the period in which the events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made. The Corporation of the City of Mississauga’s (the “City”) contribution consists of the current year's requisition as approved by Council.

#### c) Pensions and employee benefits

The Board accounts for its participation in the Ontario Municipal Employee Retirement System (“OMERS”), a multi-employer public sector pension fund, as a defined contribution plan.

Vacation entitlements are accrued for as entitlements are earned. Sick leave benefits are accrued where they are vested and subject to pay out when an employee leaves the Board’s employment. Other post-employment benefits and compensated absences are accrued in accordance with the projected benefit method prorated on service and management’s best estimate of salary escalation and retirement ages of employees. Actuarial valuations, where necessary for accounting purposes, are performed triennially. The discount rate used to determine the accrued benefit obligation was determined by reference to market interest rates at the measurement date on high-quality debt instruments with cash flows that match the timing and amount of expected benefit payments. Unamortized actuarial gains or losses are amortized on a straight line basis over the expected average remaining service life of the related employee groups. Unamortized gains / losses for event-triggered liabilities, such as those determined as claims related to the Workplace Safety Insurance Board (“WSIB”) are amortized over the average expected period during which the benefits will be paid.

Costs related to prior period employee services arising out of plan amendments are recognized in the period in which the plan is amended. For the purposes of these financial statements, the plans are considered unfunded.

#### d) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They are not intended for sale in the ordinary course of operations.

##### (i) Tangible capital assets

Tangible capital assets are recorded at cost which includes amounts that are directly attributed to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land, are amortized on a straight-line basis over their estimated useful lives for Library assets in accordance with City policy as follows:

Asset	Useful Life (Years)
Land	Unlimited
Land improvements	20
Buildings	19 - 45
Equipment, books and other	8 - 15
Vehicles	10

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

# City of Mississauga - Public Library Board

## Notes to the Financial Statements

For the Year Ended December 31, 2020  
(All dollar amounts are in \$000)

### **1. Significant Accounting Policies**

#### **d) Non-financial assets**

##### **(ii) Contributions of tangible capital assets**

Tangible capital assets received as contributions are recorded at their fair market value at the date of receipt. The contributions are recorded as contributed assets in the statement of operations.

##### **(iii) Leased assets**

Leases are classified as either operating or capital leases. Lease agreements which substantially transfer all the risks and rewards of ownership to the Board are accounted for as a capital lease. All other leases are considered operating leases and the related payments are charged to operating expense as incurred.

##### **(iv) Works of art and historical treasures**

The Board does not own any notable works of art and historical treasures at their branches. Typically these assets are deemed worthy of preservation because of the social rather than financial benefits they provide to the community. The historic cost of art and treasures are not determinable or relevant to their significance hence a valuation is not assigned to these assets nor would they be disclosed of in the financial statements.

#### **e) Use of estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Significant estimates include assumptions used in performing actuarial valuations of employee benefits and determining useful lives of tangible capital assets.

Actual amounts could differ from these estimates.

#### **f) Future accounting pronouncements**

These standards and amendments were not effective for the year ended December 31, 2020, and have therefore not been applied in preparing these financial statements. Management is currently assessing the impact of the following accounting standards updates on the future financial statements.

(i) PS 1201, Financial Statement Presentation, was issued in June, 2011. This standard requires entities to present a new statement of remeasurement gains and losses separate from the statement of operations. This new statement includes unrealized gains and losses arising from remeasurement of financial instruments and items denominated in foreign currencies and any other comprehensive income that arises when a government includes the results of government business enterprises and partnerships. This standard is effective for fiscal years beginning on or after April 1, 2022 and applies when PS 3450, Financial Instruments, and PS 2601, Foreign Currency Translation, are adopted (the Board's December 31, 2023 year-end).

(ii) PS 3450, Financial Instruments, establishes the standards on accounting for and reporting all types of financial instruments including derivatives. The effective date of this standard has recently been deferred and is now effective for fiscal periods beginning on or after April 1, 2022 (the Board's December 31, 2023 year-end).

# City of Mississauga - Public Library Board

## Notes to the Financial Statements

For the Year Ended December 31, 2020

(All dollar amounts are in \$000)

### 1. Significant Accounting Policies

#### f) Future accounting pronouncements

(iii) PS 2601, Foreign Currency Translation, establishes the standards on accounting for and reporting transactions that are denominated in a foreign currency. The effective date of this standard has been deferred and is now effective for fiscal periods beginning on or after April 1, 2022 (the Board's December 31, 2023 year-end). Earlier adoption is permitted. A public sector entity adopting this standard must also adopt the new financial instruments standard.

(iv) PS 3280, Asset Retirement Obligations (ARO), addresses the recognition, measurement, presentation and disclosure of legal obligations associated with retirement of tangible capital assets in productive use. This standard is effective for fiscal years beginning on or after April 1, 2022 (the Board's December 31, 2023 year-end).

(v) PS 3400, Revenue, establishes a single framework to categorize revenues to enhance the consistency of revenue recognition and its measurement. This standard is effective for fiscal years beginning on or after April 1, 2023 (the Board's December 31, 2024 year-end).

### 2. Due from the City of Mississauga

There are no specific terms of repayment and the amounts do not bear any interest due from the City.

### 3. Pension Agreements

The Board makes contributions to OMERS, a multi-employer defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay on behalf of all permanent, full-time members of its staff. The plan is accounted for as a defined contribution plan. During the year, the Board contributed \$1,456 (2019 \$1,453) on behalf of these eligible employees and the employees contributed \$1,501 (2019 \$1,452).

### 4. Employee Benefits & Other Liabilities

Employee benefits and other liabilities, reported on the statement of financial position, are made up of the following:

	2020	2019
	\$	\$
WSIB benefits	316	131
Accumulated sick leave benefit plan entitlements	60	107
Early retirement benefits	982	985
Post-employment benefits	1,031	909
Vacation Liability	974	911
<b>Total</b>	<b>3,363</b>	<b>3,043</b>

(i) WSIB: The Board has elected to be a Schedule 2 employer under the provisions of WSIB, and as such, remits payments to the WSIB only as required to fund disability payments. A full actuarial study of this obligation was completed in December 2019, in accordance with the financial reporting guidelines established by PSAB.

(ii) Accumulated sick leave benefits accrue to certain employees of the Board and are paid out either on approved retirement, or upon termination or death. The accrued benefit obligation and the net periodic benefit cost were determined by a full actuarial valuation completed in December 2019, in accordance with the financial reporting guidelines established by PSAB.

(iii) Early retirement benefits are representative of the Board's share of the cost to provide certain employees with extended benefits upon early retirement. The accrued benefit obligation and the net periodic benefit cost were determined by a full actuarial valuation completed in December 2019, in accordance with the financial reporting guidelines established by PSAB.

(iv) Post-employment benefits are paid on behalf of any employee on long-term disability. The accrued benefit obligation and the net periodic cost were determined by a full actuarial valuation completed in December 2019, in accordance with the financial reporting guidelines established by PSAB.

# City of Mississauga - Public Library Board

## Notes to the Financial Statements

For the Year Ended December 31, 2020

(All dollar amounts are in \$000)

### 4. Employee Benefits & Other Liabilities

Information about the Board's defined benefit plans is as follows:

	2020				2019
	WSIB	Sick Leave	Early Retirement	Post-Employment	Total
	\$	\$	\$	\$	\$
Accrued benefit obligation, beginning of year	131	107	985	909	2,132
Service cost	190	-	31	171	392
Interest cost	37	1	31	31	100
Amortization of actuarial (gain)/loss	93	(41)	(5)	(5)	42
Benefit payments	(135)	(7)	(60)	(75)	(277)
<b>Accrued benefit obligation, end of year</b>	<b>316</b>	<b>60</b>	<b>982</b>	<b>1,031</b>	<b>2,389</b>
Unamortized actuarial (gain)/loss	814	(35)	(75)	(14)	690
Actuarial valuation update, end of year	1,130	25	907	1,017	3,079

Expected average remaining service life      10 years      3 years      13 years      8 years

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

	WSIB	Sick Leave	Early Retirement	Post Employment
Expected inflation rate	1.75 %	1.75 %	1.75 %	1.75 %
Expected level of salary increases	n/a	2.75 %	2.75 %	2.75 %
Interest discount rate	3.50 %	3.50 %	3.50 %	3.25 %
Expected health care increases	3.75 %	n/a	6.75 %	6.75 %

### 5. Commitments

The Board has entered into various operating leases for premises. Anticipated payments under such leases during the next five years are approximately as follows:

	\$
2021	343
2022	202
2023	156
2024	39
<b>Total</b>	<b>740</b>



# City of Mississauga - Public Library Board

## Notes to the Financial Statements

For the Year Ended December 31, 2020  
(All dollar amounts are in \$000)

### 6. Budget Data

Budget data presented in these financial statements are based upon the 2020 operating and capital budgets as approved by Council and adopted by the Board at the April 22, 2020 meeting. Adjustments to budgeted values were required to provide comparative budget values based on the full accrual basis of accounting. The chart below reconciles the approved budget with the budget figures as presented in these financial statements.

	Budget Amount \$
<b>Revenue</b>	
<b>Approved Operating Budget</b>	<b>2,102</b>
<b>Adjustments:</b>	
City contribution (net of allocations)	28,928
<b>Adjusted Operating Budget</b>	<b>31,030</b>
<b>Approved capital budget</b>	<b>4,021</b>
<b>Adjustments:</b>	
Adjustments for transfers from reserve funds	(4,021)
<b>Adjusted Capital Budget</b>	<b>-</b>
<b>Total Revenues</b>	<b>31,030</b>
<b>Expenses</b>	
<b>Approved Operating Budget</b>	<b>30,767</b>
<b>Adjustments:</b>	
Budget adjustments	(252)
Allocations	515
Library books transferred to TCA	(4,005)
Transfers to own	(63)
Amortization	5,897
<b>Adjusted Operating Budget</b>	<b>32,859</b>
<b>Approved capital budget</b>	<b>4,021</b>
<b>Adjustments:</b>	
Eliminate capital expense budget	(4,021)
<b>Adjusted Capital Budget</b>	<b>-</b>
<b>Total Expenses</b>	<b>32,859</b>
<b>Annual Deficit</b>	<b>(1,829)</b>

# City of Mississauga - Public Library Board

## Notes to the Financial Statements

For the Year Ended December 31, 2020

(All dollar amounts are in \$000)

### 7. Tangible Capital Assets

Tangible capital assets are non-financial assets that are generally not available to the Board for use in discharging its existing liabilities and are held for use in the provision of services. These assets are significant economic resources that are not intended for sale in the ordinary course of business and have an estimated useful life that extends beyond the current year. Examples include buildings, books, furniture, land, etc.

#### Library Tangible Capital Assets

Cost	December 31, 2019 \$	Additions \$	Disposals \$	December 31, 2020 \$
Land	1,247	-	-	1,247
Land improvements	404	-	-	404
Buildings	99,488	-	-	99,488
Equipment, books and other	35,140	2,548	-	37,688
Vehicles	158	59	50	167
<b>Total</b>	<b>136,437</b>	<b>2,607</b>	<b>50</b>	<b>138,994</b>

Accumulated Amortization	December 31, 2019 \$	Amortization Expense \$	Disposals \$	December 31, 2020 \$
Land	-	-	-	-
Land improvements	349	11	-	360
Buildings	45,781	2,620	-	48,401
Equipment, books and other	19,286	3,255	-	22,541
Vehicles	118	11	50	79
<b>Total</b>	<b>65,534</b>	<b>5,897</b>	<b>50</b>	<b>71,381</b>

Net Book Value	December 31, 2019 \$	December 31, 2020 \$
Land	1,247	1,247
Land Improvements	55	44
Buildings	53,707	51,087
Equipment, books and other	15,854	15,147
Vehicles	40	88
<b>Total</b>	<b>70,903</b>	<b>67,613</b>

# City of Mississauga - Public Library Board

## Notes to the Financial Statements

For the Year Ended December 31, 2020

(All dollar amounts are in \$000)

### 8. Financial risk management

It is management's opinion that the Board is not exposed to significant liquidity, interest rate, credit, market, or cash flow risk. There has been no change to the risk exposure from 2019, except as noted below.

General economic risk:

During the year, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in the Canadian and Provincial governments enacting emergency measures to combat the spread of the virus. These measures include the implementation of travel bans, self-imposed quarantine periods and social distancing.

The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on operations is not known at this time. These emergency measures and economic impacts could include potential future decreases in revenue and expenses.

### 9. Comparative Figures

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

**City of Mississauga - Trust Funds**  
**Financial Statements**  
**Year Ended December 31, 2020**

**DRAFT #1**  
**April 7, 2021**

## **INDEPENDENT AUDITORS' REPORT**

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

### ***Opinion***

We have audited the financial statements of the trust funds of the Corporation of the City of Mississauga (the Entity), which comprise:

- the statement of financial position as at December 31, 2020
- the statement of operations for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the trust funds of the Entity as at December 31, 2020, and its results of operations for the year then ended in accordance with Canadian public sector accounting standards.

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

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

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

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

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

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

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

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

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

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

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

We also:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

Page 3

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

***DRAFT***

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

April 30, 2021

# City of Mississauga - Trust Funds

## Statement of Financial Position

as at December 31, 2020 with comparatives for 2019  
(All dollar amounts are in \$000)

	2020		2019	
	Perpetual Care \$	Election Surplus \$	Total \$	Total \$
<b>Financial Assets</b>				
Cash	55	-	55	256
Accounts Receivable	4	-	4	4
Due (to)/from City of Mississauga (Note 2)	41	-	41	(13)
Investments (Note 3)	886	-	886	893
<b>Net Financial Assets and Accumulated Surplus</b>	<b>986</b>	<b>-</b>	<b>986</b>	<b>1,140</b>

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



# City of Mississauga - Trust Funds

## Statement of Operations

for the year ended December 31, 2020 with comparatives for 2019  
(All dollar amounts are in \$000)

	2020		2019	
	Perpetual Care \$	Election Surplus \$	Total \$	Total \$
<b>Revenues</b>				
Interest	26	1	27	36
Receipts	67	-	67	19
Surplus Proceeds	-	-	-	217
<b>Total Revenues</b>	<b>93</b>	<b>1</b>	<b>94</b>	<b>272</b>
<b>Expenses</b>				
Surplus forfeited to City (Note 5)	-	222	222	-
Cemetery maintenance	26	-	26	32
<b>Total Expenses</b>	<b>26</b>	<b>222</b>	<b>248</b>	<b>32</b>
<b>Annual surplus/(deficit)</b>	<b>67</b>	<b>(221)</b>	<b>(154)</b>	<b>240</b>
Accumulated surplus, beginning of year	919	221	1,140	900
<b>Accumulated surplus, end of year</b>	<b>986</b>	<b>-</b>	<b>986</b>	<b>1,140</b>

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

# City of Mississauga - Trust Funds

## Notes to the Financial Statements

For the Year Ended December 31, 2020  
(All dollar amounts are in \$000)

### 1. Significant Accounting Policies

The financial statements of the City of Mississauga Trust Funds are prepared by management in accordance with general accepted accounting principles (GAAP) for local governments as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada (CPA Canada). One significant aspect of the accounting policies adopted by the City is as follows:

#### a) Basis of Accounting

Perpetual Care revenue is reported on receipt and interest income is reported on the accrual basis of accounting. Expenditures are reported on the cash basis of accounting with the exception of administrative expenses which are reported on the accrual basis of accounting, which recognizes expenditures as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

### 2. Due (to)/from the City of Mississauga

This represents the net effect of the perpetual care receipts collected during the year offset by the interest earned resulting in an amount due to the City of Mississauga as at December 31, 2020 and transferred from the Trust Funds on March 1, 2021. The balance due (to)/from the City of Mississauga is non-interest bearing and due on demand.

### 3. Investments

The total investments by the Trust Funds of \$886 (2019 - \$893) reported on the statement of financial position at cost, have a market value of \$973 (2019 - \$936) at the end of the year.

### 4. Perpetual Care Fund

The Perpetual Care Fund administered by the City is funded by the sale of cemetery plots. These funds are invested and earnings derived therefrom are used to perform perpetual care maintenance to the municipality's cemeteries. The operations and investments of the Funds are undertaken by the City in accordance with the regulations of the Funeral, Burial and Cremations Services Act.

### 5. Election Trust Fund

The Election Trust Fund is established in accordance with the 2016 Municipal Elections Act ("Act"). The Act states, per S.88.31(4), that if the financial statement or supplementary financial statement filed with the clerk shows a surplus and the campaign period has ended at the time the statement is filed, the candidate or registered third party shall, when the statement is filed, pay the surplus to the clerk. Per S.88.31(5), the clerk shall hold the amount paid under subsection (4) in trust for the candidate or registered third party.

Per S.88.31(8), for a candidate, the amount held in trust becomes the property of the municipality or local board, as the case may be, when all of the following conditions are satisfied:

1. The election campaign period has ended under paragraph 2, 3 or 4 of subsection 88.24 (1).
2. It is no longer possible to recommence the campaign period under paragraph 5 of subsection 88.24 (1).
3. No recount, proceeding under section 83 (controversial elections) or compliance audit has been commenced.
4. The period for commencing a recount, a proceeding under section 83 or a compliance audit has expired.

Per S.88.31(9), for a registered third party, the amount held in trust becomes the property of the municipality when all of the following conditions are satisfied:

1. The campaign period has ended under paragraph 2 or 3 of section 88.28.
2. It is no longer possible to recommence the campaign period under paragraph 4 of section 88.28.
3. No compliance audit has been commenced.
4. The period for commencing a compliance audit has expired. 2016, c. 15, s. 62.

Per S.88.32(2), if the candidate or registered third party notifies the clerk in writing that he, she or it is incurring subsequent expenses relating to a compliance audit, the clerk shall return the amount of the surplus, with interest, to the candidate or registered third party.

# City of Mississauga - Trust Funds

## Notes to the Financial Statements

For the Year Ended December 31, 2020

(All dollar amounts are in \$000)

### 6. Financial Risk Management

It is management's opinion that the Trust Funds are not exposed to significant liquidity, interest rate, credit, market, or cash flow risk. There has been no change to the risk exposure from 2019, except as noted below.

General economic risk:

During the year, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in the Canadian and Provincial governments enacting emergency measures to combat the spread of the virus. These measures include the implementation of travel bans, self-imposed quarantine periods and social distancing.

The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on operations is not known at this time. These emergency measures and economic impacts could include potential future decreases in revenue and expenses.

**City of Mississauga - Tourism Mississauga**  
**Financial Statements**  
**Year Ended December 31, 2020**

**DRAFT #1**  
**April 14, 2021**

## **INDEPENDENT AUDITORS' REPORT**

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

### ***Opinion***

We have audited the financial statements of Tourism Mississauga (the Entity), which comprise:

- the statement of financial position as at December 31, 2020
- the statement of operations for the year then ended
- the statement of change in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2020, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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

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

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

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

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

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

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

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

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

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

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

We also:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

Page 3

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

***DRAFT***

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

April 30, 2021

# Tourism Mississauga

## Statement of Financial Position

as at December 31, 2020 with comparatives for 2019  
(All dollar amounts are in \$000)

	2020 \$	2019 \$
<b>Financial Assets</b>		
Due from the City of Mississauga (Note 2)	11,558	10,505
<b>Total Financial Assets</b>	<b>11,558</b>	<b>10,505</b>
<b>Financial Liabilities</b>		
Accounts payable and accrued liabilities	48	-
<b>Net Financial Assets</b>	<b>11,510</b>	<b>10,505</b>
<b>Non-Financial Assets</b>		
Prepaid expenses	1	-
<b>Total Non-Financial Assets</b>	<b>1</b>	<b>-</b>
<b>Accumulated Surplus</b>	<b>11,511</b>	<b>10,505</b>

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



# Tourism Mississauga

## Statement of Operations

for the year ended December 31, 2020 with comparatives for 2019  
(All dollar amounts are in \$000)

	Budget 2020 \$ (Note 3)	Actual 2020 \$	Actual 2019 \$
<b>Revenues</b>			
Municipal Accommodation Tax (Note 4)	4,861	1,868	10,505
<b>Expenses</b>			
Purchased services from the City	542	531	-
Staff development	30	12	-
Communication	2	2	-
Transportation	4	1	-
Equipment usage charge	35	31	-
Professional services	64	10	-
Advertising and promotion	370	186	-
Materials and supplies	42	59	-
External transfers to others	350	17	-
Administrative support charged by the City	13	13	-
<b>Total Expenses</b>	<b>1,452</b>	<b>862</b>	<b>-</b>
<b>Annual surplus</b>	<b>3,409</b>	<b>1,006</b>	<b>10,505</b>
Accumulated surplus, beginning of year	10,505	10,505	-
<b>Accumulated surplus, end of year</b>	<b>13,914</b>	<b>11,511</b>	<b>10,505</b>

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

**Tourism Mississauga****Statement of Change in Net Financial Assets**

for the year ended December 31, 2020 with comparatives for 2019

(All dollar amounts are in \$000)

	2020 Actual \$	2019 Actual \$
<b>Annual surplus</b>	1,006	10,505
Acquisition of prepaid expenses	(1)	-
<b>Increase in Net Financial Assets</b>	<b>1,005</b>	<b>10,505</b>
<b>Net Financial Assets, beginning of year</b>	10,505	-
<b>Net Financial Assets, end of year</b>	<b>11,510</b>	<b>10,505</b>

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

# Tourism Mississauga

## Statement of Cash Flows

for the year ended December 31, 2020 with comparatives for 2019  
(All dollar amounts are in \$000)

	2020 \$	2019 \$
<b>Cash provided by (used in):</b>		
Operating activities:		
Annual surplus	1,006	10,505
<b>Items not involving cash:</b>		
<b>Change in non-cash working capital:</b>		
Due from the City of Mississauga	(1,053)	(10,505)
Accounts payable and accrued liabilities	48	-
Prepaid expenses	(1)	-
<b>Net change in cash, being cash, end of year</b>	<b>-</b>	<b>-</b>

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

# Tourism Mississauga

## Notes to the Financial Statements

For the Year Ended December 31, 2020

(All dollar amounts are in \$000)

Tourism Mississauga (the “Corporation”), incorporated under Ontario Regulation 599/06, is a Municipal Services Corporation that was formed to promote tourism in The Corporation of the City of Mississauga (the “City”). The Corporation is owned 100% by the City.

### 1. Significant Accounting Policies

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

#### a) Basis of accounting

Sources of financing and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become measurable; expenses are the cost of goods and services acquired in the period whether or not payment has been made on invoices received.

#### b) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They are not intended for sale in the ordinary course of operations.

#### c) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period.

Actual results could differ from those estimates.

#### d) Future accounting pronouncements

These standards and amendments were not effective for the year ended December 31, 2020, and have therefore not been applied in preparing these financial statements. Management is currently assessing the impact of the following accounting standards updates on the future financial statements.

(i) PS 1201, Financial Statement Presentation, was issued in June, 2011. This standard requires entities to present a new statement of remeasurement gains and losses separate from the statement of operations. This new statement includes unrealized gains and losses arising from remeasurement of financial instruments and items denominated in foreign currencies and any other comprehensive income that arises when a government includes the results of government business enterprises and partnerships. This standard is effective for fiscal years beginning on or after April 1, 2022 and applies when PS 3450, Financial Instruments, and PS 2601, Foreign Currency Translation, are adopted (the Corporation's December 31, 2023 year-end).

(ii) PS 3450, Financial Instruments, establishes the standards on accounting for and reporting all types of financial instruments including derivatives. The effective date of this standard has recently been deferred and is now effective for fiscal periods beginning on or after April 1, 2022 (the Corporation's December 31, 2023 year-end).

(iii) PS 2601, Foreign Currency Translation, establishes the standards on accounting for and reporting transactions that are denominated in a foreign currency. The effective date of this standard has been deferred and is now effective for fiscal periods beginning on or after April 1, 2022 (the Corporation's December 31, 2023 year-end). Earlier adoption is permitted. A public sector entity adopting this standard must also adopt the new financial instruments standard.

(iv) PS 3280, Asset Retirement Obligations, addresses the recognition, measurement, presentation and disclosure of legal obligations associated with retirement of tangible capital assets in productive use. This standard is effective for fiscal years beginning on or after April 1, 2022 (the Corporation's December 31, 2023 year-end).

(v) PS 3400, Revenue, establishes a single framework to categorize revenues to enhance the consistency of revenue recognition and its measurement. This standard is effective for fiscal years beginning on or after April 1, 2023 (the Corporation's December 31, 2024 year-end).

# Tourism Mississauga

## Notes to the Financial Statements

For the Year Ended December 31, 2020  
(All dollar amounts are in \$000)

### 2. Due from the City of Mississauga

This represents the municipal accommodation tax revenue, less net expenses paid by the City on behalf of the Corporation, due from the City. There are no specific terms of repayment and the amounts do not bear any interest due from the City.

### 3. Budget Adoption

The 2020 budget was adopted by the Corporation on June 15, 2020, and subsequently approved by City Council on June 24, 2020.

### 4. Revenues - Municipal Accommodation Tax

This represents 50 percent of the City's net municipal accommodation tax revenue collected during the year of 2020. The 2019 amount represents revenue collected during the fiscal years of 2018 and 2019.

### 5. Financial Risk Management

It is management's opinion that the Corporation is not exposed to significant liquidity, interest rate, credit, market, or cash flow risk. There has been no change to the risk exposure from 2019, except as noted below.

General economic risk:

During the year, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in the Canadian and Provincial governments enacting emergency measures to combat the spread of the virus. These measures include the implementation of travel bans, self-imposed quarantine periods and social distancing.

The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on operations is not known at this time. These emergency measures and economic impacts could include potential future decreases in revenue and expenses.

Financial Statements of

**CITY OF MISSISSAUGA  
CLARKSON VILLAGE BUSINESS  
IMPROVEMENT ASSOCIATION**

And Independent Auditors' Report thereon

Year ended December 31, 2020



KPMG LLP  
Vaughan Metropolitan Centre  
100 New Park Place, Suite 1400  
Vaughan ON L4K 0J3  
Canada  
Tel 905-265-5900  
Fax 905-265-6390

## INDEPENDENT AUDITORS' REPORT

To the Members of City of Mississauga Clarkson Village Business Improvement Association, Council, Inhabitants and Ratepayers of The Corporation of the City of Mississauga

### ***Opinion***

We have audited the financial statements of City of Mississauga Clarkson Village Business Improvement Association (the Entity), which comprise:

- the statement of financial position as at December 31, 2020
- the statement of operations and accumulated surplus for the year then ended
- the statement of change in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2020, and its results of operations, its change in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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

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

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

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



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

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

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

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

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

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

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

We also:

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

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





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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P', with a small upward tick at the right end.

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

March 9, 2021

# CITY OF MISSISSAUGA CLARKSON VILLAGE BUSINESS IMPROVEMENT ASSOCIATION

## Statement of Financial Position

December 31, 2020, with comparative information for 2019

	2020	2019
<b>Financial Assets</b>		
Cash	\$ 98,699	\$ 71,495
Accounts receivable and other assets	4,347	4,991
Due from The Corporation of the City of Mississauga (note 2)	—	766
	103,046	77,252
<b>Financial Liabilities</b>		
Accounts payable and accrued liabilities	2,984	1,298
Due to The Corporation of the City of Mississauga (note 2)	1,635	—
	4,619	1,298
Net financial assets	98,427	75,954
Tangible capital assets (note 3)	5,494	6,868
Accumulated surplus (note 4)	\$ 103,921	\$ 82,822

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Treasurer

# CITY OF MISSISSAUGA CLARKSON VILLAGE BUSINESS IMPROVEMENT ASSOCIATION

## Statement of Operations and Accumulated Surplus

Year ended December 31, 2020, with comparative information for 2019

	Budget 2020	Actual 2020	Actual 2019
Revenue:			
Special levy on business assessment	\$ 73,000	\$ 71,365	\$ 73,766
Sponsorship	5,000	—	4,775
Other	—	201	2,600
	78,000	71,566	81,141
Expenses:			
Advertising and promotion	32,900	899	25,257
Beautification and maintenance	37,000	29,143	31,031
Office and general	10,050	13,679	11,040
Professional fees	3,000	3,180	2,951
Amortization of tangible capital assets	1,500	1,374	1,717
Insurance	2,050	2,192	2,027
	86,500	50,467	74,023
Annual surplus (deficit)	(8,500)	21,099	7,118
Accumulated surplus, beginning of year	82,822	82,822	75,704
Accumulated surplus, end of year (note 4)	\$ 74,322	\$ 103,921	\$ 82,822

See accompanying notes to financial statements.

# CITY OF MISSISSAUGA CLARKSON VILLAGE BUSINESS IMPROVEMENT ASSOCIATION

## Statement of Change in Net Financial Assets

Year ended December 31, 2020, with comparative information for 2019

	Actual 2020	Actual 2019
Annual surplus	\$ 21,099	\$ 7,118
Amortization of tangible capital assets	1,374	1,717
Change in net financial assets	22,473	8,835
Net financial assets, beginning of year	75,954	67,119
Net financial assets, end of year	\$ 98,427	\$ 75,954

See accompanying notes to financial statements.

# CITY OF MISSISSAUGA CLARKSON VILLAGE BUSINESS IMPROVEMENT ASSOCIATION

## Statement of Cash Flows

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 21,099	\$ 7,118
Items not involving cash:		
Amortization of tangible capital assets	1,374	1,717
Changes in non-cash operating working capital:		
Accounts receivable and other assets	644	2,232
Accounts payable and accrued liabilities	1,686	—
	24,803	11,067
Financing activities:		
Due from/to The Corporation of the City of Mississauga	2,401	(1,866)
Increase in cash	27,204	9,201
Cash, beginning of year	71,495	62,294
Cash, end of year	\$ 98,699	\$ 71,495

See accompanying notes to financial statements.

# CITY OF MISSISSAUGA CLARKSON VILLAGE BUSINESS IMPROVEMENT ASSOCIATION

Notes to Financial Statements

Year ended December 31, 2020

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On August 8, 1983, the Council of The Corporation of the City of Mississauga (the "City") passed a by-law pursuant to the Municipal Act to designate an area as an improvement area to be known as the Clarkson Business Improvement District. In 2012, the Clarkson Business Improvement District changed its name to Clarkson Village Business Improvement Association (the "Association"). The Association was entrusted with the improvement, beautification and maintenance of municipally owned lands, buildings and structures in the area, beyond such improvement, beautification and maintenance as provided at the expense of the municipality at large, and with the promotion of the district as a business or shopping area.

## 1. Significant accounting policies:

The financial statements of the Association are the representation of management prepared in accordance with generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

### (a) Basis of accounting:

Revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable; expenses are the cost of goods or services acquired in the year whether or not payment has been made or invoices received.

### (b) Revenue:

The special levy on business assessment represents the amounts levied by the City on behalf of the Association.

### (c) Tangible capital assets:

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

# CITY OF MISSISSAUGA CLARKSON VILLAGE BUSINESS IMPROVEMENT ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2020

## 1. Significant accounting policies (continued):

Tangible capital assets are recorded at cost, which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Amortization for furniture and fixtures is provided on a declining balance at 20% each year.

### (d) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

## 2. Due from/to The Corporation of the City of Mississauga:

The amount due from/to The Corporation of the City of Mississauga includes the cumulative underlevy as of December 31, 2020 (2019 - overlevy). The amount receivable has no specific terms of repayment and does not bear any interest due from the City.

Amounts payable to the City are non-interest bearing and payable on demand.

## 3. Tangible capital assets:

			2020	2019
	Cost	Accumulated amortization	Net book value	Net book value
Furniture and fixtures	\$ 23,167	\$ 17,673	\$ 5,494	\$ 6,868

# CITY OF MISSISSAUGA CLARKSON VILLAGE BUSINESS IMPROVEMENT ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2020

## 4. Accumulated surplus:

Accumulated surplus at December 31 comprises the following:

	2020	2019
Reserve for working capital needs	\$ 98,427	\$ 75,954
Invested in tangible capital assets	5,494	6,868
	<u>\$ 103,921</u>	<u>\$ 82,822</u>

## 5. Financial risk management:

It is management's opinion that the Association is not exposed to significant liquidity, interest rate, credit, market, or cash flow risk. There has been no change to the risk exposure from 2019, except as noted below.

General economic risk:

During the year, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in the Canadian and Provincial governments enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have resulted in a decline in revenues due to the cancellation of events and lockdown measures.

The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on operations is not known at this time. These emergency measures and economic impacts could include potential future decreases in revenue and expenses.



Financial Statements of

**CITY OF MISSISSAUGA  
MALTON BUSINESS  
IMPROVEMENT AREA**

And Independent Auditors' Report thereon

Year ended December 31, 2020



KPMG LLP  
Vaughan Metropolitan Centre  
100 New Park Place, Suite 1400  
Vaughan ON L4K 0J3  
Canada  
Tel 905-265-5900  
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## INDEPENDENT AUDITORS' REPORT

To the Members of City of Mississauga Malton Business Improvement Area, Council, Inhabitants and Ratepayers of The Corporation of the City of Mississauga

### ***Opinion***

We have audited the financial statements of City of Mississauga Malton Business Improvement Area (the Entity), which comprise:

- the statement of financial position as at December 31, 2020
- the statement of operations and accumulated surplus for the year then ended
- the statement of change in net financial assets (debt) for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2020, and its results of operations, its change in net financial assets (debt) and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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

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

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

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



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

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

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

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

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

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

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

We also:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.



Page 3

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

April 12, 2021

# CITY OF MISSISSAUGA MALTON BUSINESS IMPROVEMENT AREA

## Statement of Financial Position

December 31, 2020, with comparative information for 2019

	2020	2019
<b>Financial Assets</b>		
Cash	\$ 96,728	\$ 69,957
Accounts receivable and other assets (note 8)	35,642	40,454
Due from The Corporation of the City of Mississauga (note 3)	—	5,375
	132,370	115,786
<b>Financial Liabilities</b>		
Accounts payable and accrued liabilities (note 2)	17,692	30,496
Deferred revenue	24,937	—
Other liability (note 4)	535,995	—
Due to The Corporation of the City of Mississauga (note 3)	18,983	—
	597,607	30,496
Net financial assets (debt)	(465,237)	85,290
<b>Non-Financial Assets</b>		
Tangible capital assets (note 5)	742,602	157,912
Commitments (notes 4 and 7)		
Accumulated surplus (note 6)	\$ 277,365	\$ 243,202

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# CITY OF MISSISSAUGA MALTON BUSINESS IMPROVEMENT AREA

## Statement of Operations and Accumulated Surplus

Year ended December 31, 2020, with comparative information for 2019

	2020 Budget	2020	2019
Revenue:			
Special levy on business assessment	\$ 146,140	\$ 127,157	\$ 151,515
Special event - Canada Day sponsorship revenue	110,000	—	57,000
Other grants	52,080	18,284	33,000
Other	—	29,599	33,250
	308,220	175,040	274,765
Expenses:			
Special event - Canada Day expenses	104,360	1,667	86,256
Office and administration (note 2)	75,382	70,193	79,205
Beautification and maintenance	5,500	6,044	13,463
Advertising and promotion	6,400	6,935	3,674
Amortization	—	42,510	16,800
Other event	47,300	13,528	720
Sponsorship	10,000	—	250
	248,942	140,877	200,368
Annual surplus	59,278	34,163	74,397
Accumulated surplus, beginning of year	243,202	243,202	168,805
Accumulated surplus, end of year	\$ 302,480	\$ 277,365	\$ 243,202

See accompanying notes to financial statements.

## CITY OF MISSISSAUGA MALTON BUSINESS IMPROVEMENT AREA

### Statement of Change in Net Financial Assets (Debt)

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Annual surplus	\$ 34,163	\$ 74,397
Additions to tangible capital assets	(627,200)	(141,643)
Amortization of tangible capital assets	42,510	16,800
Change in net financial debt	(550,527)	(50,446)
Net financial assets, beginning of year	85,290	135,736
Net financial assets (debt), end of year	\$ (465,237)	\$ 85,290

See accompanying notes to financial statements.

# CITY OF MISSISSAUGA MALTON BUSINESS IMPROVEMENT AREA

## Statement of Cash Flows

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 34,163	\$ 74,397
Amortization of tangible capital assets which does not involve cash	42,510	16,800
Change in non-cash operating working capital:		
Decrease (increase) in accounts receivable and other assets	4,812	(25,775)
Increase (decrease) in accounts payable and accrued liabilities	(12,804)	567
Increase (decrease) in deferred revenue	24,937	(23,700)
Increase (decrease) in due to/from The Corporation of the City of Mississauga	24,358	(22,220)
	117,976	20,069
Capital activities:		
Additions to tangible capital assets	(627,200)	(141,643)
Other liability	535,995	—
	(91,205)	(141,643)
Increase (decrease) in cash	26,771	(121,574)
Cash, beginning of year	69,957	191,531
Cash, end of year	\$ 96,728	\$ 69,957

See accompanying notes to financial statements.



# CITY OF MISSISSAUGA MALTON BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2020

---

On December 12, 2012, the Council of The Corporation of the City of Mississauga passed a by-law pursuant to the Municipal Act to designate an area as an improvement area to be known as the Malton Business Improvement Area. The Malton Business Improvement Area (the "Association") was entrusted with the improvement, beautification and maintenance of municipally owned lands, buildings and structures in the area, beyond such improvement, beautification and maintenance as provided at the expense of the municipality at large, and with the promotion of the district as a business or shopping area.

## 1. Significant accounting policies:

The financial statements of the Association have been prepared in accordance with generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

### (a) Basis of accounting:

Revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable; expenses are the cost of goods or services acquired in the period whether or not payment has been made or invoices received.

### (b) Revenue:

The special levy on business assessment represents the amounts levied by The Corporation of the City of Mississauga on behalf of the Association.

Funds received in advance for specific purposes are deferred and recognized as revenue as the funds are spent in accordance with the funder's restrictions.

### (c) Tangible capital assets:

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

# CITY OF MISSISSAUGA MALTON BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2020

---

## 1. Significant accounting policies (continued):

Tangible capital assets are recorded at cost, which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Amortization for fixtures and decorations is provided on a straight-line basis for a term of five years. Assets under construction are not amortized until the asset is available for productive use.

### (d) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

## 2. Related party transactions:

Included in office and administration expense are \$4,862 (2019 - \$6,696) of services provided by companies owned by members of the Board of Directors. Accounts payable and accrued liabilities include \$684 (2019 - \$1,187) in respect of these related party transactions.

## 3. Due to (from) The Corporation of the City of Mississauga:

The amount due to (from) The Corporation of the City of Mississauga includes the cumulative underlevy as at December 31, 2020 (2019 - overlevy). The amount is non-interest bearing and payable on demand.

## 4. Other liability:

During the year, the Association entered into an agreement with the City whereby the Association would undertake to construct an Avro Arrow sculpture to be displayed in the area and the City will fund up to \$2,200,000 of the project. The Association is responsible for fundraising the remaining portion of the project costs. At the completion of the project, the sculpture and associated assets will transfer to the City at no cost.

# CITY OF MISSISSAUGA MALTON BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2020

## 4. Other liability (continued):

Also during the year, the Association entered into a design and development agreement with a contractor to construct the sculpture at a cost of \$2,731,500. To date, \$533,995 has been received from the City and recorded within Avro Arrow project liability. Costs expended towards the sculpture have been recorded as asset under construction and are disclosed in note 5.

## 5. Tangible capital assets:

			2020	2019
	Cost	Accumulated amortization	Net book value	Net book value
Fixtures and decorations	\$ 347,703	\$ 145,853	\$ 201,850	\$ 119,160
Assets under construction	540,752	—	540,752	38,752
	<b>\$ 888,455</b>	<b>\$ 145,853</b>	<b>\$ 742,602</b>	<b>\$ 157,912</b>

## 6. Accumulated surplus:

The accumulated surplus as at December 31 comprises the following:

	2020	2019
Reserve (deficit) for working capital needs	\$ (465,237)	\$ 85,290
Invested in tangible capital assets	742,602	157,912
	<b>\$ 277,365</b>	<b>\$ 243,202</b>

# CITY OF MISSISSAUGA MALTON BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2020

## 7. Commitments:

The Association has entered into an operating agreement for utilities that expires in 2021 and a lease agreement for premises that expires in 2023. Both agreements are with the Corporation of the City of Mississauga. The annual commitments are approximately as follows:

2021	\$ 3,600
2022	2,100
2023	525

## 8. Financial instruments:

It is management's opinion that the Association is not exposed to significant liquidity, interest rate, market, or cash flow risk. There has been no change to the risk exposure from 2019, except as noted in note 7(b).

### (a) Credit risk:

Credit risk is the risk of an unexpected loss if a counterparty to a financial instrument fails to meet its contractual obligations. The Association is exposed to credit risk on accounts receivable. The Association has recorded an allowance for doubtful accounts of nil (2019 - \$15,000) for accounts receivable.

### (b) General economic risk:

During the year, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in the Canadian and Provincial governments enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have resulted in a decline in revenue due to the cancellation of events and lockdown measures.

The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on operations is not known at this time. These emergency measures and economic impacts could include potential future decreases in revenue and expenses.

Financial Statements of

**CITY OF MISSISSAUGA  
PORT CREDIT BUSINESS  
IMPROVEMENT AREA**

And Independent Auditors' Report thereon

Year ended December 31, 2020



KPMG LLP  
Vaughan Metropolitan Centre  
100 New Park Place, Suite 1400  
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Canada  
Tel 905-265-5900  
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## INDEPENDENT AUDITORS' REPORT

To the Members of City of Mississauga Port Credit Business Improvement Area, Council, Inhabitants and Ratepayers of The Corporation of the City of Mississauga

### ***Opinion***

We have audited the financial statements of City of Mississauga Port Credit Business Improvement Area (the Entity), which comprise:

- the statement of financial position as at December 31, 2020
- the statement of operations and accumulated surplus for the year then ended
- the statement of change in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2020, and its results of operations, its change in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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

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

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

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



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

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

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

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

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

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

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

We also:

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



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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font. Below the signature is a long, horizontal, slightly wavy line.

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

March 29, 2021



# CITY OF MISSISSAUGA PORT CREDIT BUSINESS IMPROVEMENT AREA

## Statement of Financial Position

December 31, 2020, with comparative information for 2019

	2020	2019
<b>Financial Assets:</b>		
Cash	\$ 227,286	\$ 133,554
Investment (note 2)	39,725	-
Accounts receivable	61,006	62,252
	<u>328,017</u>	<u>195,806</u>
<b>Financial Liabilities:</b>		
Accounts payable and accrued liabilities	\$ 41,874	\$ 31,244
Due to The Corporation of the City of Mississauga (note 3)	36,045	19,703
	<u>77,919</u>	<u>50,947</u>
Net financial assets	250,098	144,859
Prepaid expenses	26,161	5,985
Tangible capital assets (note 4)	127,859	88,453
Commitment (note 7)		
Accumulated surplus (note 5)	<u>\$ 404,118</u>	<u>\$ 239,297</u>

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

# CITY OF MISSISSAUGA PORT CREDIT BUSINESS IMPROVEMENT AREA

## Statement of Operations and Accumulated Surplus

Year ended December 31, 2020, with comparative information for 2019

	2020 Budget	2020	2019
Revenue:			
Special levy on business assessment	\$ 901,000	\$ 864,955	\$ 836,830
Fundraising	78,300	120,386	52,619
Interest income	-	2,110	3,111
	979,300	987,451	892,560
Expenses:			
Office and general (note 6)	287,600	264,270	273,328
Beautification and maintenance	346,000	301,339	206,219
Project expenses	105,800	111,632	133,790
Advertising and promotion	81,500	88,359	49,484
Sponsorships	80,000	10,500	80,500
Amortization of tangible capital assets	-	26,009	33,162
Business development (note 6)	20,000	1,364	18,052
Information technology	5,000	15,050	-
Repairs and maintenance	20,000	4,107	4,396
Loss on disposal	-	-	12,655
	945,900	822,630	811,586
Annual surplus	33,400	164,821	80,974
Accumulated surplus, beginning of year	239,297	239,297	158,323
Accumulated surplus, end of year (note 5)	\$ 272,697	\$ 404,118	\$ 239,297

See accompanying notes to financial statements.

## CITY OF MISSISSAUGA PORT CREDIT BUSINESS IMPROVEMENT AREA

### Statement of Change in Net Financial Assets

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Annual surplus	\$ 164,821	\$ 80,974
Additions to tangible capital assets	(65,415)	(94,244)
Amortization of tangible capital assets	26,009	33,162
Loss on disposal of tangible capital assets	-	12,655
Change in prepaid expenses	(20,176)	4,325
Change in net financial assets	105,239	36,892
Net financial assets, beginning of year	144,859	107,967
Net financial assets, end of year	\$ 250,098	\$ 144,859

See accompanying notes to financial statements.

# CITY OF MISSISSAUGA PORT CREDIT BUSINESS IMPROVEMENT AREA

## Statement of Cash Flows

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 164,821	\$ 80,974
Items not involving cash:		
Amortization of tangible capital assets	26,009	33,162
Loss on disposal of tangible capital assets	-	12,655
Changes in non-cash operating working capital:		
Increase (decrease) in accounts receivable	1,246	(17,357)
Increase (decrease) in prepaid expenses	(20,176)	4,325
Increase (decrease) in accounts payable and accrued liabilities	10,630	(3,202)
Increase in due to The Corporation of the City of Mississauga	16,342	4,514
	198,872	(115,071)
Investing activities:		
Increase in investment	(39,725)	-
Capital activities:		
Additions to tangible capital assets	(65,415)	(94,224)
Increase in cash	93,732	20,847
Cash, beginning of year	133,554	112,707
Cash, end of year	\$ 227,286	\$ 133,554

See accompanying notes to financial statements.

# CITY OF MISSISSAUGA PORT CREDIT BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2020

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On December 20, 1984, the Council of the Corporation of the City of Mississauga passed a by-law pursuant to the Municipal Act, to designate an area as an improvement area to be known as the Port Credit Business Improvement Area (the "Organization"). The Organization was entrusted with the improvement, beautification and maintenance of municipally owned lands, buildings and structures in the area, beyond such improvement, beautification and maintenance as provided at the expense of the municipality at large, and with the promotion of the area as a business or shopping area.

## 1. Significant accounting policies:

The financial statements of City of Mississauga Port Credit Business Improvement Area are the representation of management prepared in accordance with generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

### (a) Basis of accounting:

Revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable. Expenses are the cost of goods or services acquired in the period, whether or not payment has been made or invoices received.

### (b) Revenue:

The special levy on business assessment represents the amounts levied by The Corporation of the City of Mississauga on behalf of the Organization.

### (c) Investment:

Investment consists of a guaranteed investment certificate with original date to maturity of 91 days or longer and is recorded at amortized cost.

### (d) Tangible capital assets:

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

# CITY OF MISSISSAUGA PORT CREDIT BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2020

## 1. Significant accounting policies (continued):

Tangible capital assets are recorded at cost, which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Amortization of tangible capital assets is provided on a straight-line basis as follows:

Asset	Basis	Rate
Machinery and equipment	Straight-line	4 years
Furniture and fixtures	Straight-line	4 years
Leasehold improvements	Straight-line	5 years

### (e) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

## 2. Investment:

Investment consists of a guaranteed investment certificate bearing interest at 0.75% (2019 - nil) with a maturity date of January 2022 (2019 - nil).

## 3. Due to The Corporation of the City of Mississauga:

The amount due to The Corporation of the City of Mississauga includes the cumulative underlevy as at December 31, 2020. The amount is non-interest bearing and payable on demand.

# CITY OF MISSISSAUGA PORT CREDIT BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2020

## 4. Tangible capital assets:

				2020	2019
	Cost	Accumulated amortization		Net book value	Net book value
Machinery and equipment	\$ 214,093	\$ 106,724	\$	107,369	\$ 64,583
Furniture and fixtures	18,748	16,098		2,650	1,475
Leasehold improvements	22,775	4,935		17,840	22,395
	\$ 255,616	\$ 127,757	\$	127,859	\$ 88,453

## 5. Accumulated surplus:

The accumulated surplus at December 31 comprised the following:

	2020	2019
Invested in tangible capital assets	\$ 127,859	\$ 88,453
Reserves for working capital needs	276,259	150,844
	\$ 404,118	\$ 239,297

## 6. Related party transactions:

Office and general and business development expenses includes \$1,140 (2019 - \$4,000) of services provided by a company owned by a member of the Board of Directors. There are nil (2019 - nil) amounts included in accounts payable and accrued liabilities in respect of these related party transactions.

# CITY OF MISSISSAUGA PORT CREDIT BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2020

## 7. Commitment:

The Organization has an operating lease arrangement with the City for its office premises, expiring July 31, 2024.

Amounts payable under this lease is as follows:

2021	\$	16,666
2022		17,166
2023		17,681
2024		10,492
	\$	62,005

## 8. Financial risk management:

It is management's opinion that the Association is not exposed to significant liquidity, interest rate, credit, market, or cash flow risk. There has been no change to the risk exposure from 2019, except as noted below.

General economic risk:

During the year, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in the Canadian and Provincial governments enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have resulted in a decline in revenues due to the cancellation of events and lockdown measures.

The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on operations is not known at this time. These emergency measures and economic impacts could include potential future decreases in revenue and expenses.



Financial Statements of

**CITY OF MISSISSAUGA  
STREETSVILLE BUSINESS  
IMPROVEMENT DISTRICT  
ASSOCIATION**

And Independent Auditors' Report thereon

Year ended December 31, 2020



KPMG LLP  
Vaughan Metropolitan Centre  
100 New Park Place, Suite 1400  
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Tel 905-265-5900  
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## INDEPENDENT AUDITORS' REPORT

To the Members of City of Mississauga Streetsville Business Improvement District Association, Council, Inhabitants and Ratepayers of The Corporation of the City of Mississauga

### ***Opinion***

We have audited the financial statements of City of Mississauga Streetsville Business Improvement District Association (the Entity), which comprise:

- the statement of financial position as at December 31, 2020
- the statement of operations and accumulated surplus for the year then ended
- the statement of change in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2020, and its results of operations, its change in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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

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

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

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



Page 2

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

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

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

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

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

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

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

We also:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.



Page 3

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P', with a small upward tick at the end.

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

March 3, 2021

# CITY OF MISSISSAUGA STREETSVILLE BUSINESS IMPROVEMENT DISTRICT ASSOCIATION

## Statement of Financial Position

December 31, 2020, with comparative information for 2019

	2020	2019
<b>Financial assets:</b>		
Cash	\$ 84,267	\$ 12,299
Accounts receivable	26,150	41,773
	<b>\$ 110,417</b>	<b>\$ 54,072</b>
<b>Financial liabilities:</b>		
Accounts payable and accrued liabilities	\$ 26,119	\$ 7,669
Due to The Corporation of the City of Mississauga (note 2)	22,048	2,633
Deferred revenue (note 4)	10,635	-
	<b>58,802</b>	<b>10,302</b>
Net financial assets	51,615	43,770
Tangible capital assets (note 3)	39,053	49,507
Accumulated surplus (note 5)	<b>\$ 90,668</b>	<b>\$ 93,277</b>

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_ Director \_\_\_\_\_ Director

# CITY OF MISSISSAUGA STREETSVILLE BUSINESS IMPROVEMENT DISTRICT ASSOCIATION

## Statement of Operations and Accumulated Surplus

Year ended December 31, 2020, with comparative information for 2019

	2020 Budget	2020	2019
Revenue:			
Special levy on business assessment	\$ 399,766	\$ 377,721	\$ 384,680
Fundraising	62,800	30,602	79,244
Other income	4,000	-	16
	466,566	408,323	463,940
Expenses:			
Advertising and promotion	136,750	72,456	154,177
Office and administration	174,323	166,115	160,326
Beautification and maintenance	142,993	156,480	133,668
Amortization of capital assets	-	15,881	17,644
	454,066	410,932	465,815
Annual surplus (deficit)	12,500	(2,609)	(1,875)
Accumulated surplus, beginning of year	93,277	93,277	95,152
Accumulated surplus, end of year (note 5)	\$ 105,777	\$ 90,668	\$ 93,277

See accompanying notes to financial statements.

# CITY OF MISSISSAUGA STREETSVILLE BUSINESS IMPROVEMENT DISTRICT ASSOCIATION

## Statement of Change in Net Financial Assets

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Annual deficit	\$ (2,609)	\$ (1,875)
Additions to tangible capital assets	(5,427)	(4,800)
Amortization of tangible capital assets	15,881	17,644
Change in net financial assets	7,845	10,969
Net financial assets, beginning of year	43,770	32,801
Net financial assets, end of year	\$ 51,615	\$ 43,770

See accompanying notes to financial statements.

# CITY OF MISSISSAUGA STREETSVILLE BUSINESS IMPROVEMENT DISTRICT ASSOCIATION

## Statement of Cash Flows

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operating activities:		
Annual deficit	\$ (2,609)	\$ (1,875)
Item not involving cash:		
Amortization of tangible capital assets	15,881	17,644
Changes in non-cash operating working capital:		
(Increase) decrease in accounts receivable	15,623	(20,794)
Increase (decrease) in accounts payable and accrued liabilities	18,450	(3,555)
Decrease in due to The Corporation of the City of Mississauga	19,415	(3,176)
Increase (decrease) in deferred revenue	10,635	(1,538)
	77,395	(13,294)
Capital activities:		
Additions to tangible capital assets	(5,427)	(4,800)
Increase (decrease) in cash	71,968	(18,094)
Cash, beginning of year	12,299	30,393
Cash, end of year	\$ 84,267	\$ 12,299

See accompanying notes to financial statements.



# CITY OF MISSISSAUGA STREETSVILLE BUSINESS IMPROVEMENT DISTRICT ASSOCIATION

Notes to Financial Statements

Year ended December 31, 2020

---

On November 5, 1979, the Council of The Corporation of the City of Mississauga passed a by-law pursuant to The Municipal Act, to designate an area as an improvement area to be known as the Streetsville Business Improvement District Association (the "Association"). The Association was entrusted with the improvement, beautification and maintenance of municipally owned lands, buildings and structures in the area, beyond such improvement, beautification and maintenance as provided at the expense of the municipality at large, and with the promotion of the district as a business or shopping area.

## 1. Significant accounting policies:

The financial statements of the Association have been prepared in accordance with generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

### (a) Basis of accounting:

Revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable; expenses are the cost of goods or services acquired in the period whether or not payment has been made or invoices received.

### (b) Revenue:

The special levy on business assessment represents the amounts levied by The Corporation of the City of Mississauga on behalf of the Association.

### (c) Deferred revenue:

Deferred revenue represent grants for specific events or expenditures which have been received, but for which the related event or expenditures have yet to take place or be incurred. These amounts will be recognized as revenues in the fiscal year the event occurs or in which in the expenditures have been incurred.

# CITY OF MISSISSAUGA STREETSVILLE BUSINESS IMPROVEMENT DISTRICT ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2020

## 1. Significant accounting policies (continued):

### (d) Tangible capital assets:

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

Tangible capital assets are recorded at cost, which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset.

Amortization of tangible capital assets is provided on a straight-line basis as follows:

Asset	Basis	Rate
Furniture, fixtures and decoratives	Straight line	5 - 10 years
Benches	Straight-line	5 years

### (e) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

## 2. Due to The Corporation of the City of Mississauga:

The amount due to The Corporation of the City of Mississauga includes the cumulative underlevy as at December 31, 2020. The amount is non-interest bearing and payable on demand.

# CITY OF MISSISSAUGA STREETSVILLE BUSINESS IMPROVEMENT DISTRICT ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2020

## 3. Tangible capital assets:

			2020	2019
	Cost	Accumulated amortization	Net book value	Net book value
Furniture, fixtures and decoratives	\$ 159,477	\$ 126,439	\$ 33,038	\$ 46,535
Benches	26,258	23,246	3,012	2,972
Computer equipment	3,337	334	3,003	-
	<b>\$ 189,072</b>	<b>\$ 150,019</b>	<b>\$ 39,053</b>	<b>\$ 49,507</b>

## 4. Deferred revenue:

Deferred revenue as at December 31 comprises the following:

	2020	2019
Royal Bank of Canada grant	\$ 7,500	\$ -
City of Mississauga grant	3,135	-
	<b>\$ 10,635</b>	<b>\$ -</b>

## 5. Accumulated surplus:

The accumulated surplus as at December 31 comprises the following:

	2020	2019
Reserve for working capital needs	\$ 51,615	\$ 43,770
Invested in tangible capital assets	39,053	49,507
	<b>\$ 90,668</b>	<b>\$ 93,277</b>

# CITY OF MISSISSAUGA STREETSVILLE BUSINESS IMPROVEMENT DISTRICT ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2020

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## 6. Financial risk management:

It is management's opinion that the Association is not exposed to significant liquidity, interest rate, credit, market, or cash flow risk. There has been no change to the risk exposure from 2019, except as noted below.

General economic risk:

During the year, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in the Canadian and Provincial governments enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have resulted in a decline in revenues due to the cancellation of events and lockdown measures.

The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on operations is not known at this time. These emergency measures and economic impacts could include potential future decreases in revenue and expenses.

Financial Statements of

**CITY OF MISSISSAUGA  
COOKSVILLE BUSINESS  
IMPROVEMENT AREA**

And Independent Auditors' Report thereon

Period from February 19, 2020 to December 31, 2020



KPMG LLP  
Vaughan Metropolitan Centre  
100 New Park Place, Suite 1400  
Vaughan ON L4K 0J3  
Canada  
Tel 905-265-5900  
Fax 905-265-6390

## INDEPENDENT AUDITORS' REPORT

To the Members of City of Mississauga Cooksville Business  
Improvement Area, Council, Inhabitants and  
Ratepayers of The Corporation of the City of Mississauga

### ***Opinion***

We have audited the financial statements of City of Mississauga Cooksville Business Improvement Area (the Entity), which comprise:

- the statement of financial position as at December 31, 2020
- the statement of operations and accumulated surplus for the period from February 19, 2020 to December 31, 2020
- the statement of change in net financial assets for the period from February 19, 2020 to December 31, 2020
- the statement of cash flows for the period from February 19, 2020 to December 31, 2020
- and notes to the financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2020, and its results of operations, its change in net financial assets and its cash flows for the period from February 19, 2020 to December 31, 2020 in accordance with Canadian public sector accounting standards.

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

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

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

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



Page 2

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

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

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

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

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

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

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

We also:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.



Page 3

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

March 11, 2021



# CITY OF MISSISSAUGA COOKSVILLE BUSINESS IMPROVEMENT AREA

## Statement of Financial Position

December 31, 2020

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### Financial Assets

Cash	\$ 272,115
Due from The Corporation of the City of Mississauga (note 2)	25
	<hr/> 272,140

### Financial Liabilities

Accounts payable and accrued liabilities	<hr/> 2,620
Net financial assets	269,520
Prepaid expenses	706
Accumulated surplus (note 3)	<hr/> \$ 270,226

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Treasurer

# CITY OF MISSISSAUGA COOKSVILLE BUSINESS IMPROVEMENT AREA

## Statement of Operations and Accumulated Surplus

Period from February 19, 2020 to December 31, 2020

	Budget	Actual
Revenue:		
Special levy on business assessment	\$ 273,000	\$ 273,025
Expenses:		
Professional fees	8,500	2,620
Office and administration	79,062	179
Beautification and maintenance	165,040	—
Advertising and promotion	6,200	—
	258,802	2,799
Annual surplus, being accumulated surplus, end of period (note 3)	\$ 14,198	\$ 270,226

See accompanying notes to financial statements.

## CITY OF MISSISSAUGA COOKSVILLE BUSINESS IMPROVEMENT AREA

### Statement of Change in Net Financial Assets

Period from February 19, 2020 to December 31, 2020

Annual surplus	\$ 270,226
Change in prepaid expenses	(706)
Change in net financial assets, being net financial assets, end of period	\$ 269,520

See accompanying notes to financial statements.

# CITY OF MISSISSAUGA COOKSVILLE BUSINESS IMPROVEMENT AREA

## Statement of Cash Flows

Period from February 19, 2020 to December 31, 2020

---

Cash provided by (used in):

Operating activities:

Annual surplus	\$ 270,226
Change in non-cash operating items:	
Prepaid expenses	(706)
Accounts payable and accrued liabilities	2,620
	<hr/> 272,140

Financing activities:

Due from The Corporation of the City of Mississauga	(25)
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Increase in cash, being cash, end of period	<hr/> \$ 272,115
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See accompanying notes to financial statements.

# CITY OF MISSISSAUGA COOKSVILLE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Period from February 19, 2020 to December 31, 2020

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On February 19, 2020, the Council of the Corporation of the City of Mississauga (the "City") passed a by-law pursuant to the Municipal Act, to designate an area as an improvement area to be known as the Cooksville Business Improvement Area (the "Organization"). The Organization was entrusted with the improvement, beautification and maintenance of municipally owned lands, buildings and structures in the area, beyond such improvement, beautification and maintenance as provided at the expense of the municipality at large, and with the promotion of the area as a business or shopping area.

## 1. Significant accounting policies:

The financial statements of the Organization are the representation of management prepared in accordance with generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

### (a) Basis of accounting:

Revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenses are the cost of goods or services acquired in the year, whether or not payment has been made or invoices received.

### (b) Revenue:

The special levy on business assessment represents the amounts levied by the City on behalf of the Organization.

### (c) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

# CITY OF MISSISSAUGA COOKSVILLE

## BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Period from February 19, 2020 to December 31, 2020

### 2. Due from The Corporation of the City of Mississauga:

The amount due from The Corporation of the City of Mississauga includes the cumulative overlevy as at December 31, 2020. The amount receivable has no specific terms of repayment and does not bear any interest due from the City.

### 3. Accumulated surplus:

Accumulated surplus at December 31 comprises the following:

Reserve for working capital needs	\$ 270,226
-----------------------------------	------------

### 4. Financial risk management:

It is management's opinion that the Organization is not exposed to significant liquidity, interest rate, credit, market, or cash flow risk.

General economic risk:

During the year, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in the Canadian and Provincial governments enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have resulted in a decline in revenues and expenses due to the cancellation of events and lockdown measures.

The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on operations is not known at this time. These emergency measures and economic impacts could include potential future decreases in revenue and expenses.

Financial Statements of

# **ENERSOURCE CORPORATION**

Year ended December 31, 2020



KPMG LLP  
Vaughan Metropolitan Centre  
100 New Park Place, Suite 1400  
Vaughan ON L4K 0J3  
Canada  
Tel 905-265-5900  
Fax 905-265-6390

## INDEPENDENT AUDITORS' REPORT

To the Shareholders of Enersource Corporation

### ***Opinion***

We have audited the financial statements of Enersource Corporation (the Entity), which comprise:

- the statement of financial position as at December 31, 2020
- the statement of comprehensive income for the year then ended
- the statement of changes in shareholders' equity for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

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

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

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

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





Page 2

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

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

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

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

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

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

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

We also:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.



Page 3

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font. Below the signature is a single horizontal line.

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

April 27, 2021

**ENERSOURCE CORPORATION**Statement of Financial Position  
(In thousands of Canadian dollars)

December 31, 2020, with comparative information for 2019

	2020	2019
<b>Assets</b>		
Current assets:		
Cash	\$ 7,306	\$ 6,836
Prepaid expense	14	131
	<u>7,320</u>	<u>6,967</u>
Non-current assets:		
Investment in Alectra Inc. (note 5)	597,800	600,243
Interest rate swap (note 7)	-	148
	<u>597,800</u>	<u>600,391</u>
<b>Total assets</b>	<b>\$ 605,120</b>	<b>\$ 607,358</b>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Trade payables	\$ 27	\$ 30
Loans and borrowings (note 7)	2,500	2,500
	<u>2,527</u>	<u>2,530</u>
Non-current liabilities:		
Loans and borrowings (note 7)	48,125	50,625
Interest rate swap (note 7)	557	-
	<u>48,682</u>	<u>50,625</u>
<b>Total liabilities</b>	<b>51,209</b>	<b>53,155</b>
Shareholders' equity:		
Share capital (note 8)	175,691	175,691
Accumulated other comprehensive loss	(7,291)	(6,108)
Retained earnings	385,511	384,620
Total shareholders' equity	<u>553,911</u>	<u>554,203</u>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 605,120</b>	<b>\$ 607,358</b>

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_  
Director\_\_\_\_\_  
Director

**ENERSOURCE CORPORATION**Statement of Comprehensive Income  
(In thousands of Canadian dollars)

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Revenue:		
Finance income	\$ 124	\$ 187
Share of net income from investment in Alectra Inc. (note 5)	22,321	18,008
Dilution gain on Alectra Inc.'s acquisition of Guelph Hydro Electric Systems Inc. (note 5)	-	1,471
	22,445	19,666
Expenses:		
Office supplies	29	22
Professional and legal services fee	67	58
Board management fee (note 10)	79	82
Finance expense (note 7)	974	1,387
Unrealized fair value loss on interest rate swap (note 7)	705	257
	1,854	1,806
Income before income taxes	20,591	17,860
Income tax expense (note 6)	-	-
Net income	20,591	17,860
Other comprehensive loss:		
Share of other comprehensive loss from investment in Alectra Inc. (note 5)	(1,183)	(4,436)
Total comprehensive income	\$ 19,408	\$ 13,424

See accompanying notes to financial statements.

**ENERSOURCE CORPORATION**Statement of Cash Flows  
(In thousands of Canadian dollars)

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Cash flows provided by (used in):		
Operating activities:		
Comprehensive income	\$ 19,408	\$ 13,424
Items not involving cash:		
Share of net income from investment in Alectra Inc. (note 5)	(22,321)	(18,008)
Share of other comprehensive loss from investment in Alectra Inc. (note 5)	1,183	4,436
Gain recognized on Alectra Inc.'s acquisition of Guelph Hydro Electric Systems Inc. (note 5)	-	(1,471)
Change in fair value of Interest rate swap (note 7)	705	257
Finance income	(124)	(187)
Finance expense	(974)	1,387
Change in non-cash operating working capital (note 9)	114	(3)
Cash flows used in operating activities	(2,009)	(165)
Financing activities:		
Repayment of bank loans	(2,500)	(2,500)
Dividends paid	(19,700)	(17,400)
Interest paid	974	(1,387)
Cash flows used in financing activities	(21,226)	(21,287)
Investing activities:		
Interest received	124	187
Dividends from Alectra Inc. (note 5)	23,581	23,860
Cash flows used in investing activities	23,705	24,047
Increase in cash	470	2,595
Cash, beginning of year	6,836	4,241
Cash, end of year	\$ 7,306	\$ 6,836

See accompanying notes to financial statements.

**ENERSOURCE CORPORATION**

Statement of Changes in Shareholders' Equity  
(In thousands of Canadian dollars)

Year ended December 31, 2020, with comparative information for 2019

2020	Share capital	Accumulated other comprehensive loss	Retained earnings	Total shareholders' equity
Balance, beginning of year	\$ 175,691	\$ (6,108)	\$ 384,620	\$ 554,203
Net income	—	—	20,591	20,591
Other comprehensive loss	—	(1,183)	—	(1,183)
Dividends paid	—	—	(19,700)	(19,700)
Balance, end of year	\$ 175,691	\$ (7,291)	\$ 385,511	\$ 553,911

2019	Share capital	Accumulated other comprehensive loss	Retained earnings	Total shareholders' equity
Balance, beginning of year	\$ 175,691	\$ (1,672)	\$ 384,160	\$ 558,179
Net income	—	—	17,860	17,860
Other comprehensive loss	—	(4,436)	—	(4,436)
Dividends paid	—	—	(17,400)	(17,400)
Balance, end of year	\$ 175,691	\$ (6,108)	\$ 384,620	\$ 554,203

See accompanying notes to financial statements.

# ENERSOURCE CORPORATION

Notes to Financial Statements  
(In thousands of Canadian dollars)

Year ended December 31, 2020

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## 1. General information:

### (a) Corporate information:

Enersource Corporation (the "Corporation"), incorporated under the Ontario Business Corporations Act. The Corporation is owned 90% by the City of Mississauga (the "City") and 10% by BPC Energy Corporation ("Borealis"), a wholly owned subsidiary of the Ontario Municipal Employees Retirement System ("OMERS").

The Corporation's equity is not traded in a public market. The Corporation's registered office is located at 300 City Centre Drive, Mississauga, Ontario, L5B 3C1.

The Corporation's audited financial statements are presented in Canadian dollars, which is the Corporation's functional currency.

Further, all amounts contained herein are rounded to the nearest thousand, unless otherwise noted.

On January 31, 2017, Enersource Holdings Inc. amalgamated with Power Stream Holdings Inc. and Horizon Holdings Inc. to form Alectra Inc. ("Alectra"). Alectra's primary businesses are to distribute electricity to customers in municipalities in the greater golden horseshoe area, as well as provide non-regulated energy services.

On January 31, 2017, the Corporation received a 31% ownership interest in Alectra Inc.'s issued and outstanding common shares as a result of the formation of Alectra through a series of unrelated transactions. Accordingly, the Corporation is considered to have significant influence over Alectra's financial and operating policies and has accounted for its investment in Alectra under the equity method. Refer to note 5 for further details.

On January 1, 2019, Alectra Inc. amalgamated with Guelph Hydro Electric Systems Inc. ("GHESI").

The current shareholder ownership of Alectra Inc. as a result of the 2019 merger is as follows: Barrie Hydro Holdings - 8.4%, Enersource Corporation - 29.57%, Hamilton Utilities Corporation - 17.3%, Markham Enterprises Corporation - 15%, St. Catharines Hydro Inc. - 4.6%, Vaughan Holdings Inc. - 20.5% and GMHI - 4.6%.

# ENERSOURCE CORPORATION

Notes to Financial Statements (continued)  
(In thousands of Canadian dollars)

Year ended December 31, 2020

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## 1. General information (continued):

### (b) Nature of operations:

The Corporation acts as a holding company. The Corporation's principal business activity is to hold its equity interest in Alectra. The Corporation also distributes dividends to its shareholders.

## 2. Basis of preparation:

### (a) Statement of compliance:

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These financial statements have been approved by the Corporation's Board of Directors on April 27, 2021.

### (b) Basis of measurement:

These financial statements have been prepared on a historical cost basis, with the exception of the unrealized fair value gain (loss) on interest rate swap, which is measured at fair value through profit and loss.

## 3. Key accounting judgments, estimates and assumptions:

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and amounts reported and disclosed in the financial statements. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

There were no key sources of estimation uncertainty and judgments at the end of the reporting year that could have a significant impact on the financial statements.



# ENERSOURCE CORPORATION

Notes to Financial Statements (continued)  
(In thousands of Canadian dollars)

Year ended December 31, 2020

---

## 4. Significant accounting policies:

### (a) Changes in accounting policies:

The Corporation did not adopt any new IFRS standards in preparing the financial statements:

### (b) Investment in Alectra:

The Corporation's interest in Alectra is recognized and measured in accordance with IAS 28, Investments in Associates and Joint Ventures.

Associates are those entities over which the Corporation has significant influence, but not control or joint control, over the financial and operating policies. Significant influence is presumed to exist when the Corporation holds between 20% and 50% of the voting power of another entity, but can also arise where the Corporation holds less than 20%, if it has the power to be actively involved and influential in policy decisions affecting the entity.

Investments in associates are accounted for using the equity method. The equity method involves the recording of the initial investment at cost, which includes transaction costs. Subsequent to initial recognition, the financial statements include the Corporation's share of profit or loss and any other changes in the associates' net assets, such as dividends of equity accounted investees, until the date on which significant influence ceases.

Adjustments are made to align the accounting policies of the associate with those of the Corporation before applying the equity method. When the Corporation's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Corporation has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Corporation resumes recognizing its share of those profits only after its share of the profits equals the share of losses not recognized.

### (c) Revenue recognition:

The Corporation's source of income is interest and investment income. Interest income is recognized when earned, while investment income from Alectra is recorded as per note 4(b) above.

# ENERSOURCE CORPORATION

Notes to Financial Statements (continued)  
(In thousands of Canadian dollars)

Year ended December 31, 2020

---

## 4. Significant accounting policies (continued):

### (d) Income taxes:

The Corporation recognizes deferred tax using the balance sheet method. Under this method, deferred income taxes reflect the net tax effects of temporary differences between the tax basis of assets and liabilities and their carrying amounts for accounting purposes, as well as for tax losses available to be carried forward to future years that are probable. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates, at the reporting date, expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the year that includes the date of enactment or substantive enactment.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax liabilities are generally recognized on all taxable temporary differences, except on investments in subsidiaries where it is probable that the reversal of temporary differences associated with investments in subsidiaries will not occur.

Current taxes are based on taxable profit or loss for the year, which differ from profit or loss as reported in the statement of comprehensive income because it excludes items that are taxable or deductible in other years and items that are neither taxable nor deductible. The Corporation's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the end of the reporting year.

Both current and deferred taxes are included as part of income tax expense in the statement of comprehensive income.

In determining the amount of current and deferred tax, the Corporation takes into account the impact of uncertain tax provisions and whether additional taxes and interest may be due. The Corporation believes that its accruals for tax liabilities are adequate for all tax years subject to audit based on its assessment of many factors, including interpretations of tax laws and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Corporation to change its judgment regarding its income taxes.

# ENERSOURCE CORPORATION

Notes to Financial Statements (continued)  
(In thousands of Canadian dollars)

Year ended December 31, 2020

## 4. Significant accounting policies (continued):

### (e) Provisions and contingencies:

The Corporation recognizes provisions if, as a result of a past event, there is a present legal or constructive obligation that can be measured reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

The evaluation of the likelihood of the contingent events requires judgment by management as to the probability of exposure to potential gain or loss. Actual results could differ from these estimates.

A contingent asset is not recognized in the financial statements. However, a contingent asset is disclosed where an inflow of economic benefits is probable.

## 5. Investment in Alectra:

	2020	2019
Investment in Alectra	\$ 597,800	\$ 600,243

### Movement in equity-accounted investee:

	2020	2019
Balance, beginning of year	\$ 600,243	\$ 609,060
Share of net income from investment in Alectra	22,321	18,008
Share of other comprehensive loss	(1,183)	(4,436)
Gain recognized on acquisition of GHESI	-	1,471
Dividends received from Alectra	(23,581)	(23,860)
Balance, end of year	\$ 597,800	\$ 600,243

# ENERSOURCE CORPORATION

Notes to Financial Statements (continued)  
(In thousands of Canadian dollars)

Year ended December 31, 2020

## 5. Investment in Alectra (continued):

Certain former shareholders of predecessor companies which amalgamated to form Alectra own Class S shares of Alectra relating to Ring Fenced Solar Portfolio, a division of Alectra. In accordance with the Solar Services and Indemnity Agreement between the former shareholders and Alectra, the solar division within Alectra is beneficially owned indirectly by the former shareholders and as such, allocates the risks and rewards of Ring Fenced Solar Portfolio's operations to the former shareholders through Alectra's Class S shares. The Corporation does not hold Class S shares of Alectra.

On January 1, 2019, Alectra amalgamated with GHESI. Alectra issued 485,000 Class G common Shares to GMHI in consideration for all the issued and outstanding shares of GHESI. The dilution in ownership from 31% to 29.57% resulted in a gain of \$1,471 recorded in the statement of comprehensive income for 2019.

The following table summarizes the financial information of Alectra as included in its own financial statements, adjusted for fair value adjustments at acquisition as well as the removal of Ring Fenced Solar Portfolio's net assets and operating results. The table also reconciles the summarized financial information to the carrying amount of the Corporation's interest in Alectra.

	2020	2019
Ownership interest	29.57%	29.57%
Current assets	\$ 745,000	\$ 625,000
Non-current assets	4,605,000	4,431,000
Current liabilities	(1,060,000)	(750,000)
Non-current liabilities	(2,554,000)	(2,559,000)
Net assets (100%)	1,736,000	1,747,000
Ring Fenced Solar Portfolio net assets	(10,395)	(13,212)
Fair value adjustments from purchase price	296,145	296,145
	\$ 2,021,750	\$ 2,029,933

**ENERSOURCE CORPORATION**Notes to Financial Statements (continued)  
(In thousands of Canadian dollars)

Year ended December 31, 2020

**5. Investment in Alectra (continued):**

	2020	2019
Carrying value of investment in Alectra (29.57%)	\$ 597,800	\$ 600,243
Revenue	\$ 4,162,000	\$ 3,779,000
Depreciation and amortization	(165,000)	(158,000)
Other expenses	(3,816,000)	(3,463,000)
Finance expenses	(74,000)	(74,000)
Income tax expense	(28,000)	(20,000)
Net income	79,000	64,000
Other comprehensive loss	(4,000)	(15,000)
Total comprehensive income	75,000	49,000
Ring Fenced Solar Portfolio net gain	3,513	3,102
Share of income (29.57%)	\$ 22,321	\$ 18,008
Share of other comprehensive loss (29.57%)	(1,183)	(4,436)

**ENERSOURCE CORPORATION**

Notes to Financial Statements (continued)  
(In thousands of Canadian dollars)

Year ended December 31, 2020

**6. Income taxes:**

The components of income tax recovery for the years ended December 31, 2020 and 2019 were as follows:

	2020	2019
Current income tax expense:		
Expense for the year	\$ -	\$ -
<b>Total income tax expense</b>	<b>\$ -</b>	<b>\$ -</b>

The provision for income taxes differs from the amount that would have been recorded using the combined federal and Ontario statutory income tax rate. Reconciliation between the statutory and effective tax rates is provided as follows:

	2020	2019
Income before income taxes	\$ 20,591	\$ 17,860
Federal and Ontario statutory income tax rate	26.50%	26.50%
Provision for income taxes at statutory rate	\$ 5,457	\$ 3,557
Increase (decrease) resulting from:		
Differences between accounting and tax treatment of investments in subsidiaries	(5,915)	(3,557)
Losses not recognized as deferred tax asset	458	-
<b>Provision for income taxes</b>	<b>\$ -</b>	<b>\$ -</b>
Effective income tax rate	0.00%	0.00%

# ENERSOURCE CORPORATION

Notes to Financial Statements (continued)  
(In thousands of Canadian dollars)

Year ended December 31, 2020

## 7. Loans and borrowings:

	2020	2019
Bank loan:		
Current	\$ 2,500	\$ 2,500
Non-current	48,125	50,625
	<u>\$ 50,625</u>	<u>\$ 53,125</u>

Outstanding debt is comprised of two bank loans, Credit Facility A and Credit Facility B which were entered into on January 27, 2017 and an interest rate swap, held with Canadian Imperial Bank of Commerce ("CIBC"). The interest rate on Credit Facility A and B bank loans is determined through a combination of the 3-month CDOR rate, reset 4 times each year: February 1st, May 1st, August 1st and November 1st plus a stamping fee of 0.60%. Credit Facility A has a 10 year term to maturity with a balance of \$35,000 and will be carried for the duration of the Facility. Credit Facility A has a floating interest rate with the last interest rate being reset at 1.09% on November 1, 2020 and is carried with quarterly interest payments. Credit Facility B has a 10 year term to maturity and an outstanding balance of \$15,625. Credit Facility B is being paid down with quarterly principal and interest payments at a rate of \$625 per quarter and has an accompanying amortizing interest rate swap associated with it, to create an effective fixed interest rate of 2.414%.

The credit facilities contain a covenant stating that the Corporation cannot incur any additional debt without CIBC's consent. In addition, the Corporation must advise CIBC if dividends are not received from Alectra in any quarter if the dividend amount is not sufficient to make the required monthly or quarterly payments of principal and interest. These covenants have not been breached in 2020 or 2019. The secured bank loans are guaranteed by the City of Mississauga in the amount of \$70,000.

The Corporation included \$705 unrealized loss (2019 - \$257 loss) in its financial statements related to the interest rate swap. \$557 liability (2019 - \$148 asset) is the fair value of the interest rate swap, which represents the amount that the Corporation would have paid to unwind its position as at December 31, 2020. The notional value on the interest rate swap is equal to the outstanding value of Credit Facility B, or \$15,625.

# ENERSOURCE CORPORATION

Notes to Financial Statements (continued)  
(In thousands of Canadian dollars)

Year ended December 31, 2020

## 7. Loans and borrowings (continued):

Reconciliation of debt arising from financing activities:

	2020	2019
Balance, beginning of year	\$ 53,125	\$ 55,625
Principal repayment	(2,500)	(2,500)
Balance, end of year	\$ 50,625	\$ 53,125

The Corporation made interest payments of \$974 (2019 - \$1,387).

## 8. Share capital:

	2020	2019
Authorized:		
Unlimited Class A shares, voting		
1,000 Class B shares, non-voting		
100 Class C shares, voting		
Issued:		
180,555,562 Class A shares	\$ 155,628	\$ 155,628
1,000 Class B shares	1	1
100 Class C shares	20,062	20,062
	\$ 175,691	\$ 175,691

The holders of Class A shares and Class C shares are entitled to receive notice of, to attend, and to vote at all general and special meetings of the Corporation's shareholders. The holders of Class B shares are not entitled to vote at any meeting of the Corporation's shareholders (except as required by law) and are only entitled to receive notice of special meetings called to consider certain fundamental changes.

Holders of Class A shares are entitled to one vote per share. Holders of Class C shares are entitled to such number of votes in respect of each Class C share as will entitle the holders of the Class C shares, as a class, to the proportion of the total number of votes of all shareholders entitled to vote at any such meeting that the Class C total base equity is of the aggregate regulated rate base equity of the Corporation's and its subsidiaries.



# ENERSOURCE CORPORATION

Notes to Financial Statements (continued)  
(In thousands of Canadian dollars)

Year ended December 31, 2020

## 8. Share capital (continued):

The holders of the Class A shares and holders of the Class C shares, in priority to the holders of the Class B shares, are entitled to receive, if, as and when declared by the Corporation's Board of Directors, concurrent preferential dividends at a rate per annum equal to the regulated rate of return on the rate base equity represented by each such class of shares. The cumulative portion of such preferential dividend is the amount by which the preferential dividend for each class of shares exceeds the amount of regulated capital expenditures represented by each class of shares. The remaining portion is non-cumulative. As at December 31, 2020, there were no cumulative preferential dividends outstanding (2019 – \$Nil). Once these preferential dividend entitlements have been satisfied, holders of each class of shares are entitled to receive, on a concurrent basis with each other class of shares, additional dividends if, as and when declared by the Corporation's Board of Directors and in such amounts and payable in such manner as may be determined from time to time by the Corporation's Board of Directors. Holders of the Class A shares and the Class C shares are together entitled to 60% of any such additional dividends, which are to be allocated between the holders of each such class of shares in proportion to the rate base equity represented by each such class. Holders of the Class B shares are entitled to 40% of any such additional dividends. Class A, B and C shares have no par value.

Dividends may be declared by the Board of Directors through a resolution. In 2020, dividends of \$19,700 (2019 - \$17,400) were declared and paid to the shareholders of the Corporation.

## 9. Change in non-cash operating working capital:

	2020	2019
Prepaid expense	\$ 117	\$ 6
Trade payables	(3)	(9)
	<u>\$ 114</u>	<u>\$ (3)</u>

# ENERSOURCE CORPORATION

Notes to Financial Statements (continued)  
(In thousands of Canadian dollars)

Year ended December 31, 2020

## 10. Related party transactions and balances:

For 2020, a dividend of \$17,730 was declared and paid to the City of Mississauga (2019 - \$15,660), and a dividend of \$1,970 was declared and paid to Borealis (2019 - \$1,740). No Director had, during or at the end of the period, any material interest in any contract of significance in relation to the Corporation's business.

The following compensation has been provided to the key management personnel of the Corporation and members of the Board of Directors ("Directors Honorarium"), who have the authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly.

	2020	2019
Directors Honorarium and per diems	\$ 79	\$ 82

## 11. Contingencies, provisions, commitments and guarantees:

The Corporation is a member of the Municipal Electric Association Reciprocal Insurance Exchange ("MEARIE"). A reciprocal insurance exchange may be defined as a group of persons formed for the purpose of exchanging reciprocal contracts of indemnity or inter-insurance with each other. MEARIE is licensed to provide general liability insurance to its members. Insurance premiums charged to each member consist of a levy per thousand dollars of service revenue subject to a credit or surcharge based on each member's claims experience. Current liability coverage is provided to a level of \$30,000 per occurrence.

As at December 31, 2020 and December 31, 2019, there are no legal actions where the Corporation is a defendant.

# ENERSOURCE CORPORATION

Notes to Financial Statements (continued)  
(In thousands of Canadian dollars)

Year ended December 31, 2020

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## 12. Financial instruments and risk management:

Financial instruments which are disclosed at fair value are to be classified using a three-level hierarchy. Each level reflects the inputs used to measure the fair values disclosed of the financial liabilities, and are as follows:

- Level 1 - inputs are unadjusted quoted prices for identical instruments in active markets;
- Level 2 - inputs other than quoted market prices included within Level 1 that are observable for the instrument, either directly or indirectly; and
- Level 3 - inputs that are not based on observable market data. There were no financial instruments carried at fair value categorized in Level 3 as at December 31, 2020 and 2019.

There were no transfers between levels during the year.

The fair values of cash and trade payables approximate their carrying values due to the immediate or short-term maturity of these financial instruments.

The Corporation entered into an amortizing Interest Rate Swap ("IRS") with CIBC on January 31 2017. The IRS is amortizing (being paid down) at the same rate as Credit Facility B. Both Credit Facility B and the IRS will be retired effective February 1, 2027. The IRS is an interest rate hedging instrument against CIBC Credit Facility B (identified in note 7) and has the effect of locking in the interest rate associated with Credit Facility B at 2.414%. As a stand-alone financial instrument, CIBC provides a month-end "fair market value (FMV)" associated with the IRS. The fair market value for the IRS is a liability of \$557 (2019 - \$148 asset). The interest rate swap is classified as a Level 2 in the hierarchy.

# ENERSOURCE CORPORATION

Notes to Financial Statements (continued)  
(In thousands of Canadian dollars)

Year ended December 31, 2020

## 12. Financial instruments and risk management (continued):

The Corporation considers its capital to be its shareholders' equity. The Corporation manages its capital exposure to risk as described below. Exposure to market risk, credit risk and liquidity risk arises in the normal course of the Corporation's business.

### (a) Market risk:

Market risk refers primarily to risk of loss that results from changes in commodity prices, foreign exchange rates and interest rates.

The Corporation does not have a commodity risk or foreign exchange risk at December 31, 2020 and 2019.

The Corporation is exposed to short-term interest rate risk on its loans and borrowings and its net cash balances. The Corporation manages interest rate risk by monitoring its mix of fixed and floating rate instruments, and taking action as necessary to maintain an appropriate balance.

### (b) Credit risk:

The Corporation is not exposed to significant credit risk given the nature of its operations.

### (c) Liquidity risk:

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they come due. Short-term liquidity is provided through cash and funds from operations. Short-term liquidity is expected to be sufficient to fund normal operating requirements.

The Corporation has contractual obligations in the normal course of business; future minimum undiscounted contractual maturities are as follows:

Financial liabilities	Due within 1 year	Due between 1 and 5 years	Due past 5 years
Trade payables	\$ 27	\$ –	\$ –
Bank loan (interest and principal)	3,221	12,283	37,915
	<u>\$ 3,248</u>	<u>\$ 12,283</u>	<u>\$ 37,915</u>

# ENERSOURCE CORPORATION

Notes to Financial Statements (continued)  
(In thousands of Canadian dollars)

Year ended December 31, 2020

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## **13. Subsequent event:**

Dividend:

On March 19, 2021, the Corporation received a dividend of \$10,522 from Alectra.



**City of Mississauga**  
Corporate Services Department  
300 City Centre Drive  
MISSISSAUGA ON L5B 3C1  
mississauga.ca

KPMG LLP  
Vaughan Metropolitan Centre  
100 New Park Place, Suite 1400  
Vaughan, ON L4K 0J3  
Canada

April 30, 2021

We are writing at your request to confirm our understanding that your audit was for the purpose of expressing an opinion on the consolidated financial statements (hereinafter referred to as “financial statements”) of The Corporation of the City of Mississauga (“the Entity”) as at and for the year ended December 31, 2020.

*General:*

We confirm that the representations we make in this letter are in accordance with the definitions as set out in **Attachment I** to this letter.

We also confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

*Responsibilities:*

- 1) We have fulfilled our responsibilities, as set out in the terms of the engagement letter dated November 9, 2020 including for:
  - a) the preparation and fair presentation of the financial statements and believe that these financial statements have been prepared and present fairly in accordance with the relevant financial reporting framework.
  - b) providing you with all information of which we are aware that is relevant to the preparation of the financial statements (“relevant information”), such as financial records, documentation and other matters, including:
    - the names of all related parties and information regarding all relationships and transactions with related parties;
    - the complete minutes of meetings, or summaries of actions of recent meetings for which minutes have not yet been prepared, of City Council and committees of the City Council that may affect the financial statements. All significant actions are included in such summaries.
  - c) providing you with unrestricted access to such relevant information.
  - d) providing you with complete responses to all enquiries made by you during the engagement.
  - e) providing you with additional information that you may request from us for the purpose of the engagement.
  - f) providing you with unrestricted access to persons within the Entity from whom you determined it necessary to obtain audit evidence.

- g) such internal control as we determined is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. We also acknowledge and understand that we are responsible for the design, implementation and maintenance of internal control to prevent and detect fraud.
- h) ensuring that all transactions have been recorded in the accounting records and are reflected in the financial statements.
- i) ensuring that internal auditors providing direct assistance to you, if any, were instructed to follow your instructions and that we, and others within the entity, did not intervene in the work the internal auditors performed for you.

*Internal control over financial reporting:*

- 2) We have communicated to you all deficiencies in the design and implementation or maintenance of internal control over financial reporting of which we are aware.

*Fraud & non-compliance with laws and regulations:*

- 3) We have disclosed to you:
  - a) the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
  - b) all information in relation to fraud or suspected fraud that we are aware of that involves:
    - management;
    - employees who have significant roles in internal control over financial reporting; or
    - others
 where such fraud or suspected fraud could have a material effect on the financial statements.
  - c) all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements, communicated by employees, former employees, analysts, regulators, or others.
  - d) all known instances of non-compliance or suspected non-compliance with laws and regulations, including all aspects of contractual agreements, whose effects should be considered when preparing financial statements.
  - e) all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

*Subsequent events:*

- 4) All events subsequent to the date of the financial statements and for which the relevant financial reporting framework requires adjustment or disclosure in the financial statements have been adjusted or disclosed.

*Related parties:*

- 5) We have disclosed to you the identity of the Entity's related parties.
- 6) We have disclosed to you all the related party relationships and transactions/balances of which we are aware.
- 7) All related party relationships and transactions/balances have been appropriately accounted for and disclosed in accordance with the relevant financial reporting framework.

*Estimates:*

- 8) The methods, the data and the significant assumptions used in making accounting estimates, and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.

*Going concern:*

- 9) We have provided you with all information relevant to the use of the going concern assumption in the financial statements.
- 10) We confirm that we are not aware of material uncertainties related to events or conditions that may cast significant doubt upon the Entity's ability to continue as a going concern.

*Misstatements:*

- 11) We approve the corrected misstatements identified by you during the audit described in **Attachment II.**

*Other information:*

- 12) We confirm that the final version of the annual report will be provided to you when available, and prior to issuance by the Entity, to enable you to complete your audit procedures in accordance with professional standards.

*Non-SEC registrants or non-reporting issuers:*

- 13) We confirm that the Entity is not a Canadian reporting issuer (as defined under any applicable Canadian securities act) and is not a United States Securities and Exchange Commission ("SEC") Issuer (as defined by the Sarbanes-Oxley Act of 2002).
- 14) We also confirm that the financial statements of the Entity will not be included in the group financial statements of a Canadian reporting issuer audited by KPMG or an SEC Issuer audited by any member of the KPMG organization.

*Employee Benefits:*

- 15) The employee benefits costs, assets and obligation, if any, have been determined, accounted for and disclosed in accordance with the financial reporting framework.
- 16) All arrangements (contractual or otherwise) by which programs have been established to provide employee benefits, which include post-employment benefits, and that are funded or unfunded have been disclosed to you and included in the determination of employee benefit costs and obligations.
- 17) The set of actuarial assumptions for each plan is individually consistent.
- 18) The assumptions included in the actuarial valuation are those that management instructed Nexus Actuarial Consultants Ltd. to use in computing amounts to be used by the Entity in determining employee benefit costs and obligations and in making required disclosures in the above-named financial statements, in accordance with the relevant financial reporting framework.
- 19) In arriving at these assumptions, management has obtained the advice of Nexus Actuarial Consultants Ltd. but has retained the final responsibility for them.
- 20) All changes to plan provisions or events occurring subsequent to the date of the actuarial valuation and up to the date of this letter have been considered in the determination of employee benefits costs and obligations and as such have been communicated to you as well as to the actuary.
- 21) The extrapolations are accurate and properly reflect the effects of changes and events that occurred subsequent to the most recent valuation and that had a material effect on the extrapolation.
- 22) All material events and changes to the plan subsequent to the most recent actuarial valuation have been properly reflected in the extrapolation.
- 23) Each actuarial assumption used reflects management's best estimate solely with respect to that individual assumption, determined on a basis that the plan will continue to be in effect in the absence of evidence to the contrary.



- 24) Each of the best estimate assumptions used reflects management's judgment of the most likely set of conditions affecting future events.
- 25) The discount rate used to determine the accrued benefit obligation for each plan was determined by reference to market interest rates at the measurement date on high-quality debt instruments with cash flows that match the timing and amount of expected benefit payments; or inherent in the amount at which the accrued benefit obligation could be settled.

*Self-insurance:*

- 26) The self-insurance liability has been determined, accounted for and disclosed in accordance with the financial reporting framework.
- 27) All arrangements (contractual or otherwise) by which programs have been established to provide self-insurance, and that are funded or unfunded have been disclosed to you and included in the determination of self- insurance liability.
- 28) The assumptions included in the actuarial valuation are those that management instructed J.S Cheng & Partners Inc. to use in computing amounts to be used by the Entity in determining self-insurance liability and in making required disclosures in the above-named financial statements, in accordance with the relevant financial reporting framework.
- 29) In arriving at these assumptions, management has obtained the advice of J.S Cheng & Partners Inc. but has retained the final responsibility for them.
- 30) The source data and plan provisions provided to the actuary for preparation of the actuarial valuation are accurate and complete.
- 31) All changes to plan provisions or events occurring subsequent to the date of the actuarial valuation and up to the date of this letter have been considered in the determination of self-insurance liability and as such have been communicated to you as well as to the actuary.
- 32) Each actuarial assumption used reflects management's best estimate solely with respect to that individual assumption, determined on a basis that the plan will continue to be in effect in the absence of evidence to the contrary.
- 33) Each of the best estimate assumptions used reflects management's judgment of the most likely set of conditions affecting future events.
- 34) The discount rate used to determine the self-insurance liability was determined by reference to market interest rates at the measurement date on high-quality debt instruments with cash flows that match the timing and amount of expected claims payments; or inherent in the amount at which the claims could be settled.

*Management's Use of Specialists:*

- 35) We agree with the findings of Nexus Actuarial Consultants Ltd. as management's expert in evaluating WSIB and employee benefits liabilities. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.
- 36) We agree with the findings of J.S Cheng & Partners Inc. as management's expert in evaluating actuarial assessment of the self-insured retention levels and reserve funds. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.

Yours very truly,

THE CORPORATION OF THE CITY OF MISSISSAUGA



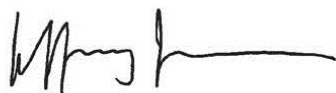
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Paul Mitcham, City Manager and Chief Administrative Officer



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Gary Kent, Commissioner of Corporate Services and Chief Financial Officer



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Jeff Jackson, Director of Finance and Treasurer



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Wesley Anderson, Manager, Financial and Treasury Services

cc: Audit Committee

## ***Attachment I – Definitions***

### ***Materiality***

Certain representations in this letter are described as being limited to matters that are material.

Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Judgments about materiality are made in light of surrounding circumstances, and are affected by perception of the needs of, or the characteristics of, the users of the financial statements and, the size or nature of a misstatement, or a combination of both while also considering the entity's own circumstances.

Information is obscured if it is communicated in a way that would have a similar effect for users of financial statements to omitting or misstating that information. The following are examples of circumstances that may result in material information being obscured:

- a) information regarding a material item, transaction or other event is disclosed in the financial statements but the language used is vague or unclear;
- b) information regarding a material item, transaction or other event is scattered throughout the financial statements;
- c) dissimilar items, transactions or other events are inappropriately aggregated;
- d) similar items, transactions or other events are inappropriately disaggregated; and
- e) the understandability of the financial statements is reduced as a result of material information being hidden by immaterial information to the extent that a primary user is unable to determine what information is material.

### ***Fraud & error***

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorization.

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.

Attachment II

Summary of corrected misstatements

December 31, 2020							Impact on financial statement captions - DR(CR)						
#	Account #	Account Name	Description / Identified During	Error Type	Amount	Income Effect DR (CR)	Balance Sheet Effect				Cash Flow Effect		
					DR (CR)	Income effect	Equity at period end	Financial Assets	Non-Financial Assets	Financial Liabilities	Operating Activities	Investing Activities	Financing Activities
					\$	\$	\$	\$	\$	\$	\$	\$	\$
1	2010	Employee benefits and other liabilities	To decrease contingent liability.	N/A	1,780,000					1,780,000	(1,780,000)	-	-
	5051	PSAB expenses			(1,780,000)	(1,780,000)	(1,780,000)				1,780,000		
Total effect of corrected misstatements						(1,780,000)	(1,780,000)	-	-	1,780,000	-	-	-

## 2020 Financial Year in Review

### Introduction

The City of Mississauga's consolidated financial statements have been prepared in accordance with the Municipal Act and based on the reporting standards set by the Public Sector Accounting Board (PSAB) of CPA Canada.

There are four required consolidated financial statements: the consolidated statement of financial position, the consolidated statement of operations, the consolidated statement of change in net financial assets, and the consolidated statement of cash flows. These consolidated financial statements provide information on the cost of all the City activities, how they were financed, investing activities and the assets and liabilities of the City. The information also reflects the full nature and extent of the City's financial affairs similar to a private sector financial statement presentation.

The following is a high-level overview of the 2020 financial results of the City of Mississauga.

### Consolidated Statement of Financial Position

The consolidated statement of financial position highlights four key figures that together describe the financial position of a public entity:

- The cash resources of the entity
- The net financial asset position, calculated as the difference between financial assets and financial liabilities;
- The non-financial assets that are normally held for service provision such as tangible capital assets, and;
- The accumulated surplus/(deficit)

**Note:** *In private sector terms, accumulated surplus represents retained earnings, however it is not named as such by public sector entities as there are no contributions or distributions.*

Although the City manages its financial operations through various funds such as the operating fund, capital fund, reserves and reserve funds, in accordance with Public Sector Accounting Board (PSAB) standards, these funds are no longer individually reported in the consolidated financial statements and have been replaced by accumulated surplus. The accumulated surplus summarizes the City's consolidated equity, which identifies its net financial positions, including all tangible capital assets and financial resources of the City.

### Accumulated Surplus

The City's accumulated surplus for the fiscal year 2020 is \$9.21 billion (2019 \$9.05 billion). The City's 2020 accumulated surplus (Note 10) is comprised of the following balances:

Item (in \$000's)	2020 Actual	2019 Actual
Tangible Capital Assets	8,363,128	8,245,855
Unexpended Capital	164,357	204,257
Long Term Debt	(176,434)	(205,193)
Enersource Corporation	498,520	498,783
Living Arts Centre	119	120
Unfunded Employee Benefits	(220,439)	(207,034)
Reserves	115,321	90,750
Reserve Funds	466,013	418,527
<b>Total Accumulated Surplus</b>	<b>9,210,585</b>	<b>9,046,065</b>

## Financial Assets

Financial assets in 2020 were \$2.0 billion (2019 \$1.97 billion), an increase of \$43 million from the prior year

Item	Ref. #	2020 Actual	2019 Actual	\$ Change vs. Prior Year	% Change
Cash	1	219,313	139,017	80,296	58%
Taxes Receivable	2	83,979	47,597	36,382	76%
Accounts Receivable	3	116,841	108,819	8,022	7%
Loans and Other Receivables	4	400	450	(50)	(11%)
Inventories for Resale	5	97	107	(10)	(9%)
Investments	6	1,098,945	1,179,887	(80,942)	(7%)
Investment in Enersource Corporation	7	498,520	498,783	(263)	(0%)
<b>Total Financial Assets</b>		<b>2,018,095</b>	<b>1,974,660</b>	<b>43,435</b>	<b>2.2%</b>

## References

### 1. Cash

- **What is it:** Cash is the money available on demand to pay for operating and capital expenses
- **Why it's important:** Cash is used to fund the disbursements needed for daily operations such as payments for operating and capital purchases. The City manages to keep just enough cash on hand for daily needs. The rest goes into investments to earn a higher return.
- **Difference between 2020 and 2019 (\$58 million increase):** The City maintained excess cash balances in 2020 versus 2019 to proactively manage any major cash flow restraints from property tax and stormwater charge deferrals, reduced Municipal Accommodation Tax revenues and a reduction in other revenue receipts.

### 2. Taxes Receivable

- **What is it:** Taxes receivable are any uncollected property taxes as at December 31. The tax levy is applied in June with due dates in July, August and September.
- **Why it's important:** Property tax is the single largest source of revenue for the municipality. When collected, City property tax becomes the cash to fund daily disbursements. The City has diligent collection practices and has historically achieved a high rate of collection success (97-98 per cent).
- **Difference between 2020 and 2019 (\$58 million increase):** The City implemented property tax deferrals in 2020 in response to the impacts of COVID-19, changing the last due date from September to December. The increase in taxes receivable is a result of additional collections usually seen before the end of the year being collected after December 31, 2020.

### 3. Accounts Receivable

- **What it is:** This category represents various types of receivables from across all City operations, excluding the City portion of property taxes
- **Why it's important:** In addition to property taxes, the City recovers funds from operations fees and charges such as recreation and facility bookings, and from third parties to recover items like damage expenses and HST rebates.

- **Difference between 2020 and 2019 (\$8.0 million increase):** This number varies year to year based on the timing of collections from departmental receivables. Penalty and interest charges are applied on all overdue accounts

#### 4. Loans and Other Receivables:

- ***What it is:*** From time to time, the City enters into special contractual arrangements approved by Council that may include loans. The City currently has one special purpose loan (20 year), made for the Vic Johnston Community Centre development project. This loan is scheduled to be paid off in 2028.
- ***Why it's important:*** These receivables are categorized separately from other receivables because they have been created by special arrangement.
- ***Difference between 2020 and 2019 (\$50 thousand decrease):*** Each December, a payment of \$50,000 is applied against the Vic Johnston Community Centre loan.

#### 5. Inventories for Resale

- ***What it is:*** The value of owned items on hand intended for resale by various City service areas (e.g., snack bar items, beer and liquor, pro shop items) as at December 31.
- ***Why it's important:*** These items have value: their eventual sale yields cash for City operations
- ***Difference between 2020 and 2019 (\$10 thousand decrease):*** This net decrease is due to general increases and decreases in inventory across all categories.

#### 6. Investments

- ***What it is:*** Cash that is not being used immediately for disbursements is invested to earn a higher rate of return. Investments can be short-term or long-term.
- ***Why it's important:*** Investment yields a higher rate of interest than bank deposits. Investment income is the City's fourth-highest source of revenue, and a critical component of the City's revenue base.
- ***Difference between 2020 and 2019 (\$80.9 million decrease):*** Investment balances fluctuate with cash flow requirements, and the timing of receipts and disbursements. The City maintained excess cash reserves at the end of 2020 to manage the impacts of COVID-19, which resulted in a reduction in investments.

#### 7. Investment in Enersource

- ***What it is:*** The City is a 90 per cent shareholder in Enersource Corporation. Accordingly, this number represents 90 per cent of Enersource's bottom line at December 31 (this calculation is called a modified equity consolidation). Enersource in turn is a 29.6% per cent owner of Alectra and Enersource Corporation carries on no other business.
- ***Why it's important:*** This investment elevates the City's financial position. It also generates dividend income, which helps support City operations and in that way helps moderate the property tax rate.
- ***Difference between 2020 and 2019 (\$263 thousand decrease):*** A higher dividend paid to the City (\$17.7 million) than the City's share of net income (\$17.5 million) contributed to the decrease in the City's investment position in Enersource Corporation.

## Financial Liabilities

Financial liabilities in 2020 were \$1.183 billion (2019 \$1.86 billion), a decrease of \$43 million from the prior year

Item	Ref. #	2020 Actual	2019 Actual	\$ Change vs. Prior Year	% Change
Accounts Payable and Accrued Liabilities	1	228,222	204,908	23,314	11%
Deferred Revenue-General	2	6,391	12,277	(5,886)	(48%)
Deferred Revenue-Obligatory Reserve Funds	3	552,274	557,057	(4,783)	(1%)
Employee Benefits and Other Liabilities	4	220,439	207,034	13,405	6%
Long Term Debt	5	176,434	205,193	(28,759)	(14%)
<b>Total Financial Liabilities</b>		<b>1,183,760</b>	<b>1,186,469</b>	<b>(2,709)</b>	<b>(0.2%)</b>

## References

### 1. Accounts Payable and Accrued Liabilities

- **What it is:** These are monies the City owes for goods, services, payroll, and/or third party transfers as at December 31.
- **Why it's important:** These payables represent outstanding obligations as at December 31. As payables are drawn down, the City's cash position is also drawn down.
- **Difference between 2020 and 2019 (\$21 million increase):** The timing of payments and year-end accruals affect these liabilities and the City's cash position.

### 2. Deferred Revenue - General

- **What it is:** Deferred revenues are payments received today that are to be recognized as revenue when the related activity takes place in the future. Examples include recreation registrations, facility bookings and transit advertising
- **Why it's important:** Deferred revenues allow for payments to be received today for future operations.
- **Difference between 2020 and 2019 (\$5.9 million decrease):** A number of programs where payments are received as deferred revenues before they are recognized (e.g. recreation programs and facility bookings) have been cancelled due to the impacts of COVID-19, resulting in a significant decline in deferred revenues versus 2019.

### 3. Deferred Revenue - Obligatory Reserve Funds

- **What it is:** This liability is for deferred revenues initially collected through special restrictive agreements to be used for purposes specified through agreement or legislation. Examples of these types of funds include Development Charge funds, Cash in Lieu of Parkland and Parking, Bonus Zoning, provincial and federal public transit funds, and provincial and federal gas tax funds.
- **Why it's important:** Generally these types of revenues are initially collected in dedicated Reserve Funds and reclassified to deferred revenue - obligatory reserve funds at yearend



for financial statement reporting requirements. These deferred revenues are converted into revenues when related capital and operating expenses have been incurred.

- ***Difference between 2020 and 2019 (\$4.8 million decrease):*** Deferred revenue balances decreased in 2020 due to additional capital project spending. As the deferred revenue account reduces, corresponding revenue will show on the Statement of Operations under development contributions applied.

#### 4. Employee Benefits and Other Liabilities

- ***What it is:*** These are actuarial liability assessments for workers compensation, sick leave benefits, disability benefits, vacation pay, and legal and insurance related items. They represent future obligations but are reported in present value terms.
- ***Why it's important:*** This category represents future liabilities. Expenses for these liabilities will be incurred in the future; however they must be reported in the statement of financial position to provide an accurate financial position for the City at a point in time. The City engages an external actuarial valuation every three years to review these liabilities. The amount may be refreshed annually if there are any significant changes to the membership program or legislation.
- ***Difference between 2020 and 2019 (\$13.4 million increase):*** Increases in actuarial assessments for WSIB, vacation, sick leave and other liabilities resulted in an increase in this category.

#### 5. Long Term Debt

- ***What it is:*** This is the amount of long-term debt being issued to help fund the City's investments in capital infrastructure.
- ***Why it's important:*** Debt is one key way the City funds capital infrastructure requirements. The City uses debt conservatively. The property tax base alone is not enough to support future capital infrastructure demands.
- ***Difference between 2020 and 2019 (\$28.8 million decrease):*** The City paid down \$28.8 million in debt in 2020, and did not issue any new debt for the year.

## Non-Financial Assets

Non-financial assets in 2020 were \$8.38 billion (2019 \$8.26 billion), an increase of \$118.4 million. Non-financial assets are comprised primarily of tangible capital assets, as well as inventories of supplies and prepaid expenses.

Item	Ref. #	2020 Actual	2019 Actual	\$ Change vs. Prior Year	% Change
Tangible Capital Assets	1	8,363,128	8,245,855	117,273	1%
Inventory of Supplies	2	8,338	8,859	(521)	(6%)
Prepaid Expenses	3	4,784	3,160	1,624	51%
<b>Total Non-Financial Assets</b>		<b>8,376,250</b>	<b>8,257,874</b>	<b>118,376</b>	<b>1.4%</b>

## References

### 1. Tangible Capital Assets

- ***What it is:*** This is the City's investment in capital infrastructure such as buildings, roads, stormwater infrastructure, vehicles, and equipment. Every year, the City prepares a capital budget to address new capital projects and renovations to existing capital assets. These capital projects become assets when the project goes into service or is completed. The City also has an operating budget to address ongoing maintenance requirements for capital assets.
- ***Why it's important:*** The City's tangible capital assets are the result of its investment in capital infrastructure, and support all the services and programs the City provides.
- ***Difference between 2020 and 2019 (\$117.3 million increase):*** The increase in tangible capital assets is attributable to new capital projects being completed and going into service. Once the asset is in service, amortization begins.

### 2. Inventory of Supplies

- ***What it is:*** These are the various Citywide inventories to supply on-demand operating needs. Examples of these inventories include salt and sand inventories, fire equipment inventories, traffic signal inventories, and central store inventories
- ***Why it's important:*** These inventories are required for various types of City operations
- ***Difference between 2020 and 2019 (\$521 thousand decrease):*** Decreases in salt inventories as of December 31<sup>st</sup> accounted for the majority of this decrease.

### 3. Prepaid Expenses

- ***What it is:*** Prepaid expenses are payments made in the current year that pertain to future year expenses. Some examples of prepaid expenses include memberships, investment interest, debt fees, and prepaid postage.
- ***Why it's important:*** Prepaid expenses allow for the matching of expenses with when the expense takes place.
- ***Difference between 2020 and 2019 (\$1.6 million increase):*** The increase in prepaid expenses in 2020 primarily relates to 1 day of salaries paid in 2020 for January 2021.

## Revenues

Total revenues in 2020 were \$1.073 billion (2019 1.091 billion), a decrease of \$17.3 million.

Item	Ref. #	2020 Budget	2020 Actual	2019 Actual	\$ Change vs. Budget	% Change	\$ Change vs. Prior Year	% Change
Taxation	1	578,894	572,824	545,728	(6,070)	(1%)	27,096	5%
Municipal Accommodation Tax	2	9,800	3,799	12,152	(6,001)	(61%)	(8,353)	(69%)
User Charges	3	252,678	168,587	263,215	(84,091)	(33%)	(94,628)	(36%)
Recoveries From Third Parties	4	6,199	19,415	29,117	13,216	213%	(9,702)	(33%)
Funding Transfers From Other Governments	5	1,957	65,597	14,086	63,640	3,252%	51,511	366%
Development and Other Contributions Applied	6	-	138,854	90,407	138,854	0%	48,447	54%
Investment Income	7	35,254	44,125	43,607	8,871	25%	518	1%
Penalties and Interest of Taxes	8	8,610	5,334	10,806	(3,276)	(38%)	(5,472)	(51%)
Contributed and Assumed Assets	9	-	27,197	62,392	27,197	0%	(35,195)	(56%)
Other	10	6,864	10,128	5,604	3,264	48%	4,524	81%
City's Share of Net Income in Enersource Corporation	11	-	17,467	10,758	17,467	0%	6,709	62%
Gain on Acquisition of Living Arts Centre		-	-	1,455	-	0%	(1,455)	(100%)
City's Share of Dilution Gain on Alectra's Amalgamation with GHESI		-	-	1,324	-	0%	(1,324)	(100%)
<b>Total Revenues</b>		<b>900,256</b>	<b>1,073,327</b>	<b>1,090,651</b>	<b>173,071</b>	<b>21%</b>	<b>(17,324)</b>	<b>(2%)</b>

## References

### 1. Taxation

- **What it is:** Taxation refers to the City's property taxation revenues. It includes property taxes and payments in lieu of taxes.
- **Why it's important:** Property tax is the City's single largest source of revenue.
- **Difference between 2020 and 2019 (\$27.1 million increase):** There are two components to taxation revenue, assessment growth and the annual business plan and budget. In 2020, assessment growth was 0.53 per cent (0.811 per cent in 2019). For the 2020 Business Plan and Budget, Council approved a 1.6 per cent increase on the total residential tax bill. The remaining changes are due to payments in lieu of taxes.
- **Difference between Actual and Budget (\$6.1 million deficit):** The City implemented property tax deferrals in 2020 in response to the impacts of COVID-19, changing the last

due date from September to December. The increase in taxes receivable is a result of additional collections usually seen before the end of the year being collected after December 31, 2020, which reduced taxation revenue in the year.

## 2. Municipal Accommodation Tax

- ***What it is:*** A mandatory 4% Municipal Accommodation Tax (MAT) that applies to the purchase of accommodations provided for a continuous period of 30 days or less in a motel, hotel, lodge, inn, bed and breakfast, dwelling unit or any place that provides accommodation. Online private short term rentals through Airbnb are also subject to the MAT.
- ***Why it's important:*** It is a revenue tool that provides the City with an opportunity to generate funds that will be used for future tourism related initiatives
- ***Difference between 2020 and 2019 (\$8.4 million decrease):*** The impacts of COVID-19 have dramatically reduced occupancy rates and subsequently the MAT collected in 2020 versus 2019.
- ***Difference between Actual and Budget (\$6.0 million deficit):*** The impacts of COVID-19 resulted in lower actual occupancy rates in the year than what was planned through the annual budget.

## 3. User Charges

- ***What it is:*** User fees are associated with many City programs and services. Transit fares, recreation program fees, and the Stormwater program charge are three examples. Council establishes fees via by-law annually. Revenue from enforcement activities (fines) are also accounted for here.
- ***Why it's important:*** User fees contribute significantly to covering service costs. User fees are the second largest source of City revenue in 2019.
- ***Difference between 2020 and 2019 (\$94.6 million decrease):*** User fees across all service areas were dramatically impacted by COVID-19, including transit fares (\$46 million), recreation programs (\$31.8 million, facility rentals and Provincial Offences Act fines (\$4.9 million) .
- ***Difference between Actual and Budget (\$84.1 million deficit):*** Similar to the difference between 2020 and 2019 actuals, user fees across all service areas were dramatically impacted by the COVID-19 pandemic.

## 4. Recoveries from Third Parties

- ***What it is:*** Occasionally, there is City work a third party will ultimately pay for. For example, if the City and Region were involved together in a capital project (e.g. road construction) and the City were handling payments on the project, the Region would repay the City for the Region's share of the project's capital costs.
- ***Why it's important:*** From time to time, the City performs additional work on behalf of third parties such as the Region of Peel, Metrolinx, or an insurance company. Any work performed on behalf of third parties is recoverable by the City.
- ***Difference between 2020 and 2019 (\$9.7 million decrease):*** Capital project recoveries for projects such as the Torbram Road grade separation project were lower in 2020 versus 2019, accounting for the annual decrease.
- ***Difference between Actual and Budget (\$13.2 million surplus):*** Higher than expected capital project donations and recoveries account for the surplus against budget.

## 5. Funding Transfers From Other Governments

- ***What it is:*** The City receives grants and funding from other levels of government for many types of services and initiatives.
- ***Why it's important:*** While these transfers represent a small portion of the overall City revenue, it is valuable revenue that helps pay for City programs and services.
- ***Difference between 2020 and 2019 (\$51.5 million increase):*** Provincial funding from the Safe Restart agreement to support municipalities in addressing the financial impacts of COVID-19 contributes to the increase, offset by other revenue reductions recognized during the year.
- ***Difference between Actual and Budget (\$63.6 million surplus):*** Safe Restart funding received from the provincial government to offset revenue losses from COVID and non-budgeted capital government funding such as the Public Transit Investment Fund (PTIF).

## 6. Development and Other Contributions Applied

- ***What it is:*** In the year, if capital-related expenses are incurred that correspond to deferred revenue – obligatory reserve funds that the City holds, dollars are brought into the revenue stream from those funds to offset those capital expenses.
- ***Why it's important:*** Development and other contributions help fund capital projects.
- ***Difference between 2020 and 2019 (\$48.4 million increase):*** An increase in capital spending during the year versus 2019 in Development Charges and Cash in Lieu of Parkland funding have contributed to this increase.
- ***Difference between Actual and Budget (\$138.9 million surplus):*** The entire amount in this category shows as surplus because this category is not included in the budget.

## 7. Investment Income

- ***What it is:*** This is the investment income earned during the year from the City's investments
- ***Why it's important:*** Investment income helps grow City funds.
- ***Difference between 2020 and 2019 (\$518 thousand increase):*** The increase in investment income reflects an increase in interest rates on available investment products.
- ***Difference between Actual and Budget (\$8.9 million surplus):*** The \$8.9 million surplus relates to higher capital gains received and higher Reserve Fund balances than projected.

## 8. Penalties and Interest on Taxes

- ***What it is:*** This revenue results from penalties and interest charged on overdue property tax accounts
- ***Why it's important:*** Penalties and interest on taxes help to offset any costs associated with untimely property tax payment
- ***Difference between 2020 and 2019 (\$5.5 million decrease):*** Property tax deferrals implemented in 2020 to support residents through the impacts of COVID-19 resulted in a significant drop in penalties and interest on taxes.
- ***Difference between Actual and Budget (\$3.3 million deficit):*** The decision to defer property tax collection due dates resulted in a deficit to budget on penalties and interest revenues.

## 9. Contributed Assets

- ***What it is:*** This revenue category includes assets assumed by the City (such as land under roads, land under infrastructure and general infrastructure) through development agreements.
- ***Why it's important:*** Contributed assets are important because they form part of the City's capital infrastructure but the City does not pay for them. Developers have paid for these assets through their development agreements
- ***Difference between 2020 and 2019 (\$35.2 million decrease):*** Contributed assets vary from year to year depending on the agreements reached and when the developer transfers the asset to the City through development agreements.
- ***Difference between Actual and Budget (\$21.2 million surplus):*** The entire amount in this category shows as surplus because this category is not included in the budget.

## 10. Other Revenues

- ***What it is:*** These are miscellaneous and one-time revenues received by the City.
- ***Why it's important:*** Other revenues help support and fund City programs and services.
- ***Difference between 2020 and 2019 (\$4.5 million increase):*** This number routinely fluctuates due to its miscellaneous nature. Generally these revenues are one-time revenues and not sustainable.
- ***Difference between Actual and Budget (\$3.3 million surplus):*** This number routinely fluctuates due to its miscellaneous nature. Generally these revenues are one-time revenues and not sustainable.

## 11. City Share of Net Income in Enersource Corporation

- ***What it is:*** The City is a 90 per cent shareholder in Enersource Corporation. This number represents 90 per cent of Enersource's bottom line at December 31 (this calculation is called a modified equity consolidation). Enersource in turn is a 29.57 per cent owner of Alectra and Enersource Corporation carries on no other business.
- ***Why it's important:*** Enersource income elevates the City's financial position and thereby moderates the property tax rate.
- ***Difference between 2020 and 2019 (\$6.7 million increase):*** The City has 90% ownership in Enersource Corporation and therefore applies 90% to Enersource's Shareholders Equity. The change in year over year shareholders equity is in the Investment in Enersource balance
- ***Difference between Actual and Budget (\$17.5 million surplus):*** The entire amount shows as a variance because City share of net income in Enersource Corporation is not a budgeted item.

## Expenses

Expenses are broken down into major expense categories: labour and benefits, materials and supplies, contracted services, rents and financial expenses, transfer payments and amortization. Total expenses in 2020 were \$908.8 million (2019 \$959.4 million), a decrease of \$50.6 million.

Item	Ref. #	2020 Budget	2020 Actual	2019 Actual	\$ Change vs. Budget	% Change	\$ Change vs. Prior Year	% Change
Salaries, Wages and Employee Benefits	1	559,519	529,475	533,044	(30,044)	-5%	(3,569)	-1%
Long-term Debt Interest and Fees	2	5,680	4,821	4,507	(859)	-15%	314	7%
Materials and Supplies	3	60,913	61,737	65,049	824	1%	(3,312)	-5%
Contracted Services	4	58,611	86,812	138,702	28,201	48%	(51,890)	-37%
Rents and Financial Expenses	5	84,318	71,844	68,770	(12,474)	-15%	3,074	4%
External Transfers to Others	6	16,392	7,091	6,741	(9,301)	0%	350	5%
Loss on Disposal of Tangible Capital Assets		-	2,372	2,504	2,372		(132)	-5%
Amortization	7	144,568	144,655	140,098	87	0%	4,557	3%
<b>Total Expenses</b>		<b>930,001</b>	<b>908,807</b>	<b>959,415</b>	<b>(21,194)</b>	<b>3%</b>	<b>(50,608)</b>	<b>-5%</b>

### 1. Salaries, Wages & Employee benefits

- **What it is:** This figure represents salary, wage and benefit costs for all full-time, part time and contract employees, plus the current year impacts for actuarial benefit assessment of WSIB, sick leave, disability benefits and post-retirement benefits.
- **Why it's important:** People are the number one resource required to deliver City services, so this category has a corresponding size.
- **Difference between 2020 and 2019 (\$3.6 million decrease):** The City implemented a hiring freeze in 2020 to manage the financial impacts of COVID-19. These savings were offset due to labour contract settlements, pay adjustments, increased benefit, and WSIB costs.
- **Difference between Actual and Budget (\$30 million surplus):** The City implemented a hiring freeze in 2020 to manage the financial impacts of COVID-19, resulting in a surplus due to vacant positions and delays in re-hiring, along with temporary layoffs implemented through the year.

### 2. Long-Term Debt Interest and Fees

- ***What it is:*** This figure represents all debt management and interest fees associated with the City's debt.
- ***Why it's important:*** Debt is a source of funding for capital projects. Provincial legislation allows municipalities to carry debt equivalent to 25 per cent of own-source revenue. The City's debt policy limits debt repayment to 15 per cent of own source revenues. The City is currently well within that range at 4% of own source revenues.
- ***Difference between 2020 and 2019 (\$314 thousand increase):*** Additional interest and fees on debt issued in 2019 paid in 2020 contributed to this increase.
- ***Difference between Actual and Budget (\$859 thousand surplus):*** A surplus was generated due to the City deferring its 2020 debt issuance into 2021.

### 3. Materials and Supplies

- ***What it is:*** Materials and supplies include vehicle fuel and all other general operation materials and supplies needed for service and program delivery.
- ***Why it's important:*** These materials are necessary to keep day-to-day operations running without interruption.
- ***Difference between 2020 and 2019 (\$3.3 million decrease):*** The minor year-over-year increase in costs related to general operating materials across all departments.
- ***Difference between Actual and Budget (\$859 thousand deficit):*** The deficit is a result of capital expenses that are not eligible to be capitalized as part of the City's tangible capital asset inventory.

### 4. Contracted Services

- ***What it is:*** The City contracts with third parties for some professional and capital project management services.
- ***Why it's important:*** Contracted services can bring a level of expertise to the City that the City may not have, or augment resources to support a specific initiative. The City can also sometimes achieve economies of scale (i.e., lower prices) through contracts and professional agreements.
- ***Difference between 2020 and 2019 (\$51.9 million decrease):*** This decrease is mainly due to non-budgeted, ineligible contracted services for tangible capital assets that were expensed in 2019. The 2020 actuals are more aligned with historical spending.
- ***Difference between Actual and Budget (\$28.2 million deficit):*** The deficit against budget is mainly due to the non-budgeted ineligible contracted services for tangible capital assets.

### 5. Rents and Financial Expenses

- ***What it is:*** This category includes many different types of financially related expenses, including staff development, communication costs, occupancy-related costs, property tax adjustments, insurance costs, banking costs, and equipment and maintenance costs.
- ***Why it's important:*** These expenses represent the overhead-type costs that help support City services and programs.
- ***Difference between 2020 and 2019 (\$3.1 million increase):*** The main contributor to this increase were higher equipment and maintenance costs, offset by a reduction in utility costs due to facility closures as a result of the COVID-19 pandemic.
- ***Difference between Actual and Budget (\$12.5 million surplus):*** The main surplus variances related to this category are for transportation and equipment maintenance costs (\$7 million), staff development costs (\$1 million), and reduced transit fare payment commissions (\$2.5 million).



## 6. External Transfers to Others

- ***What it is.*** Mississauga provides defined grants and funding to third parties who contribute to the accomplishment of the City's vision and objectives.
- ***Why it's important:*** These dollars support many organizations that contribute to the wellbeing and success of our thriving city.
- ***Difference between 2020 and 2019 (\$350 thousand increase):*** This minor increase is attributed to various small increases in grant program funding allocated by the City in 2020.
- ***Difference between Actual and Budget (\$9.3 million surplus):*** The surplus showing in this category is attributable to budgeted expenses for the Living Arts Centre spent in other categories, along with less spending in Culture, Tourism and other community grants versus what was planned in 2020.

## 6. Amortization

- ***What it is.*** Capital assets lose value over time. The expense of this loss is amortized over the life of the asset. Different amortization percentages apply to different asset categories, as their useful lives differ in length.
- ***Why it's important:*** Amortization allows the net value of assets (vs their cost value) to be represented on the financial statements.
- ***Difference between 2020 and 2019 (\$4.5 million increase):*** The total amortization amount increases as the City's capital assets grow.
- ***Difference between Actual and Budget (\$87 thousand deficit):*** Amortization is not included in the annual operating budget: however, for the purpose of the financial statements an estimate is included to match up against the expense. In this instance, the expenditure was higher than the estimate due to the timing of capitalization of expenses and unplanned disposals.

## Consolidated Statement of Change in Net Financial Assets

The consolidated statement of change in net financial assets/(net debt) starts with the annual surplus/(deficit) and identifies changes in non-financial assets (i.e., tangible capital asset acquisition, amortization) that will utilize or add to the surplus amount to derive a net change in financial assets.

## Consolidated Statement of Cash Flows

The consolidated statement of cash flows reports changes in cash and short-term investments resulting from operations and shows how the City financed its activities during the year and met its cash requirements.

## Tangible Capital Assets Overview

All City assets as at the end of 2020 have been inventoried, valued and recorded in an Asset Registry for accounting and reporting purposes. The City's net book value of tangible capital assets at the end of 2020 was \$8.363 billion (2019 \$8.246 billion). Refer to Note #9 in the financial statements for a detailed

breakdown of tangible capital asset activity. The annual amortization expense in 2020 was \$144.7 million (2019 \$140.1 million).

## **Reserves and Reserve Funds Overview**

Although Reserves and Reserve Funds are not formally reported directly in the financial statements, they are key in the financial management and operations of the City. Reserves and Reserve Fund balances are consolidated within the Accumulated Surplus position on the Consolidated Statement of Operations. Refer to Note #10 in the financial statements for more Reserve and Reserve Fund information.

Reserves and Reserve Funds are established by Council. These funds are set aside to help offset future capital needs, obligations, pressures and costs. They are drawn upon to finance specific-purpose capital and operating expenditures as designated by Council to minimize tax rate fluctuations due to unanticipated expenditure and revenue shortfalls and to fund ongoing programs (i.e., insurance and employee benefits). Reserves and Reserve Fund balances at the end of 2020 totalled \$581.3 million (2019 \$509.3 million), an increase of \$72 million from the prior year. The Reserves and Reserve Fund totals do not include development charges, senior government grants, and other reserve funds that are reported as deferred revenue-obligatory reserve funds on the Statement of Financial Position.

### **Reserves**

Reserves, which are discretionary in nature, are generally used to offset major fluctuations in operating costs/revenues or to fund future contingent liabilities. Total Reserves in 2020 were \$115.3 million (2019 \$90.8 million), an increase of \$24.6 million.

### **Reserve Funds**

Reserve Funds are non-discretionary, segregated and restricted to meet specific identified purposes for the municipality. Total Reserve Funds in 2020 were \$466 million (2019 \$418.5 million), an increase of \$47.5 million from the prior year. The Reserve and Reserve Funds will help the City meet projected expenditure needs in the upcoming years. However, draws on Reserve and Reserve Funds in future years to support our growing capital infrastructure and maintenance needs will reduce these balances and therefore reduce the total accumulated surplus.

This future surplus reduction has been anticipated for many years, recognizing that as the City matured, infrastructure renewal would require increased funding. Additional funding support is needed from senior levels of government, as well as ongoing increased annual contributions from the operating funds, in order to help sustain and invest in new and replacement infrastructure.

# City of Mississauga Corporate Report



<p>Date: April 16, 2021</p> <p>To: Chair and Members of Audit Committee</p> <p>From: Gary Kent, CPA, CGA, ICD.D, Commissioner of Corporate Services and Chief Financial Officer</p>	<p>Originator's files:</p> <hr/> <p>Meeting date: May 3, 2021</p>
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## Subject

**2020 External Audit Findings Report**

## Recommendation

That the 2020 External Audit Findings Report, dated April 16, 2021 from the Commissioner of Corporate Services and Chief Financial Officer, which includes the Audit Findings Report from KPMG for the fiscal year 2020 for the City of Mississauga (City), be received for information.

## Executive Summary

- The City's external auditors, KPMG LLP, have completed the audit of the City's Consolidated financial statements, and have rendered an opinion that the financial statements are presented fairly, in all material respects, in accordance with Canadian public sector accounting standards.
- The 2020 External Audit Findings Report provides an overview of the 2020 audit process and findings and highlights those matters on which the Auditors wish to advise the Audit Committee.
- The Audit Committee is responsible for reviewing any reports and correspondence from the External Auditor relating to the City and any local boards or agencies, which may be created.
- There was 1 corrected adjustments, related to a \$1.8 million in contingent liabilities that were overstated. Processes have been adjusted to accommodate this change in future years.
- In 2019, there was 1 process improvement recommendation that has been implemented.

## Background

The Audit Committee's Terms of Reference (Bylaw #0321-2010) establishes the role and responsibilities of the Audit Committee. The assigned responsibilities of the Committee include reviewing and making recommendations to Council regarding the external audit function, internal audit function, financial reporting, internal controls, and compliance

The Audit Committee is responsible for reviewing any reports and correspondence from the External Auditor (KPMG LLP) relating to the City and any local boards or agencies, which may be created. For fiscal year 2020, local boards and agencies include Tourism Mississauga, Mississauga Public Library Board and the five Business Improvement Area Associations.

## Comments

KPMG has now completed the statutory audit for the fiscal year 2020 and have issued an Audit Findings Report for information.

As per the independent auditor's report accompanying the City's 2020 Consolidated financial statements, KPMG has rendered an opinion that the City's financial statements present fairly, in all material respects, in accordance with Canadian public sector accounting standards.

The 2020 External Audit Findings Report assists the Audit Committee in the review of the consolidated financial statements and provides an overview and summary of the findings and an assessment of the completed audit. The report also provides information and comments regarding the following areas:

- Significant audit, accounting and reporting matters
- Any corrected or uncorrected audit items
- Control deficiencies and business improvement observations

The Process Improvement Observations section provides auditor comments and recommendations relating to the design or effectiveness of internal controls, and/or enhancements to financial accounting and reporting. KPMG confirmed their independence in the Audit Planning Report. As there is no change at year-end, they did not make a note related to independence in the Audit Findings Report. The independence disclosure identifies any professional services provided by our external auditors, KPMG, to the City during the year. It also identifies any relationships with the City that may reasonably be thought to bear on auditor independence.

### 2020 Corrected Adjustments: City Consolidated Financial Statements

There was one corrected adjustment in the 2020 financial statements, related to the recognition of a contingent liability in the financial statements.

Legal Services provided an assessment and listing of pending legal claims in terms of determination of likelihood and measurability. When reviewed with KPMG, Legal and Finance, an overstatement of \$1.8 million in the liability was identified, and corrected.

In future years, additional information on the accounting standard related to contingent liabilities will be included in the instructions provided when providing the claims listing.

## Financial Impact

There is no financial impact as a direct result of this report.

## Conclusion

The 2020 External Audit Findings Report provides an overview of the 2020 audit process.

The report highlights any audit findings and/or audit observations and recommendations for the Audit Committee's review and consideration. There was 1 corrected difference related to an overstatement of contingent liabilities. There were no uncorrected differences.

The auditors had no concerns with management's feedback and responses to the recommendations.

## Attachments

Appendix 1: 2020 Audit Findings Report



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Gary Kent, CPA, CGA, ICD.D, Commissioner of Corporate Services and Chief Financial Officer

Prepared by: Wesley Anderson, Manager, Financial & Treasury Services

# The Corporation of The City of Mississauga

Audit Findings Report  
for the year ended December 31, 2020

*KPMG LLP*

Licensed Public Accountants

April 30, 2021

[kpmg.ca/audit](http://kpmg.ca/audit)



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# KPMG contacts

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## Our refreshed Values

### What we believe



Integrity

We do what is right.



Excellence

We never stop learning  
and improving.



Courage

We think and act boldly.



Together

We respect each other  
and draw strength from  
our differences.



For Better

We do what matters.



# How do we deliver audit quality?

Transparency report



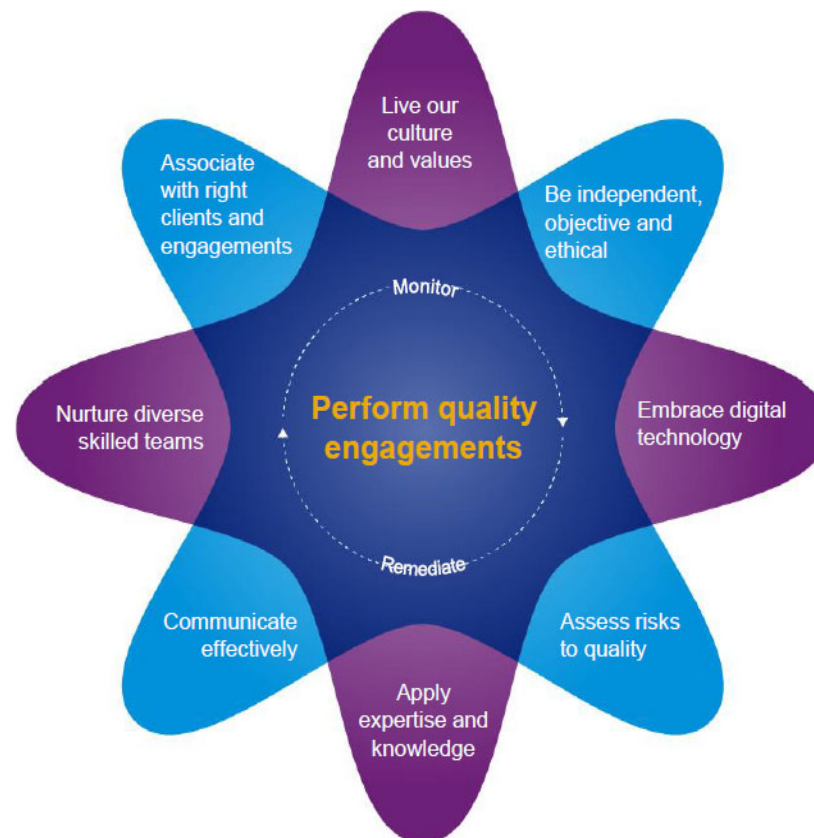
**Quality** essentially means doing the right thing and remains our highest priority. Our **Global Quality Framework** outlines how we deliver quality and how every partner and staff member contributes to its delivery.

**‘Perform quality engagements’** sits at the core along with our commitment to continually monitor and remediate to fulfil on our quality drivers.

Our **quality value drivers** are the cornerstones to our approach underpinned by the **supporting drivers** and give clear direction to encourage the right behaviours in delivering audit quality.

We define **‘audit quality’** as being the outcome when:

- audits are **executed consistently**, in line with the requirements and intent of **applicable professional standards** within a strong **system of quality controls**; and
- all of our related activities are undertaken in an environment of the utmost level of **objectivity, independence, ethics, and integrity**.



**Doing the right thing. Always.**

# Executive summary

## Purpose of this report<sup>1</sup>

The purpose of this Audit Findings Report is to assist you, as a member of the Audit Committee, in your review of the results of our audit of the consolidated financial statements (the “financial statements”) of the Corporation of the City of Mississauga (the “City”) as at and for the year ended December 31, 2020. This Audit Findings Report builds on the Audit Plan we presented to you on December 7, 2020.

### What’s new in 2020

There have been significant changes in 2020 which impacted financial reporting and our audit:

- COVID-19 pandemic – See page 6
- New CAS auditing standards – See page 8

### Finalizing the audit

As of date of this report, we have completed the audit of the financial statements and received evidence of approval of the financial statements from the City’s Treasurer (individual delegated with authority to approve the financial statements).

Our audit report is dated the date of approval of the financial statements by the Treasurer, April 30, 2021.

### Adjustments and differences

We did not identify differences that remain uncorrected.

There was one corrected adjustment.

See page 15.

### Significant accounting policies and practices

There have been no initial selections of, or changes to, significant accounting policies and practices to bring to your attention.

<sup>1</sup> This Audit Findings Report is intended solely for the information and use of Management, the Audit Committee, and City Council and should not be used for any other purpose or any other party. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this Audit Findings Report has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.

# Executive summary (continued)

## Control deficiencies

We did not identify any control deficiencies that we determined to be significant deficiencies in internal control over financial reporting.

## Financial statement presentation and disclosure

The presentation and disclosure of the financial statements are, in all material respects, in accordance with the City's relevant financial reporting framework of Public Sector Accounting Standards (PSAS).

## Independence

We confirm our independence to the City. We confirm that we are independent of the City in accordance with ethical requirements that are relevant to our audit of the financial statements.

# What's new in 2020

## COVID-19 pandemic

We incorporated revisions to our audit plan arising from the impacts of the COVID-19 pandemic. We adapted our audit to respond to the continued changes in your business, including the impacts on financial reporting and internal control over financial reporting.

Area of Impact	Key Observations
<b>City's financial reporting impacts</b>	<ul style="list-style-type: none"> <li>— We considered impacts to financial reporting due to COVID-19 pandemic and the increased disclosures needed in the financial statements as a result of the significant judgements.</li> <li>— In areas of the financial statements where estimates involved significant judgements, we evaluated whether the method, assumptions and data used by management to derive the accounting estimates, and their related financial statement disclosures were still appropriate in accordance with the relevant financial reporting framework given the changed economic conditions and increased estimation uncertainty.</li> <li>— The areas of the financial statements most affected included:               <ul style="list-style-type: none"> <li>○ Government transfers (i.e., the Safe Restart Agreement) – See page 12 under Audit Risk and Results – other areas of focus.</li> <li>○ Impairment of Tangible Capital Assets – No triggers for impairment were identified; assets continue to provide economic benefit to the City.</li> <li>○ Disclosures – Management's disclosures were reviewed in the context of the pandemic and determined to be adequately described. The City has included disclosure on the impact of the COVID-19 pandemic as relevant in the notes to the financial statements.</li> </ul> </li> </ul>
<b>City's internal control over financial reporting</b>	<ul style="list-style-type: none"> <li>— Along with the City's remote working environment, the financial reporting impacts above necessitated certain changes to the City's internal control over financial reporting.</li> <li>— As a result of the changes to internal control over financial reporting due to the COVID-19 pandemic, we:               <ul style="list-style-type: none"> <li>○ evaluated the design of the new relevant controls implemented in the control environment, the entity's risk assessment process, information and communication, and monitoring components of internal control over financial reporting.</li> <li>○ we found that changes to internal controls due to the COVID-19 pandemic were not significant. This included the change from manual to digital approval for review and approval of different processes and transactions. We were able to review approvals and authorizations completed in a digital manner using digital authentication tools.</li> </ul> </li> </ul>

**COVID-19 pandemic**

We incorporated revisions to our audit plan arising from the impacts of the COVID-19 pandemic. We adapted our audit to respond to the continued changes in your business, including the impacts on financial reporting and internal control over financial reporting.

Area of Impact	Key Observations
<b>Materiality</b>	<ul style="list-style-type: none"> <li>— We considered impacts to financial reporting on both the determination and the re-assessment of materiality for the audit of the financial statements.</li> <li>— Planning materiality was set at a lower amount to be conservative and to address uncertainty related to expected total revenue due to the pandemic. Materiality has not been revised from the amount communicated in our audit planning report as it remains appropriate. Materiality remains at \$22,500,000.</li> </ul>
<b>Risk Assessment</b>	<ul style="list-style-type: none"> <li>— We performed a more thorough risk assessment specifically targeted at the impacts of the COVID-19 pandemic, including an assessment of fraud risk factors (i.e., conditions or events that may be indicative of an incentive/pressure to commit fraud, opportunities to commit fraud, rationalizations of committing fraud).</li> <li>— We did not identify additional risks of material misstatement as a result of impacts of the COVID-19 pandemic to financial reporting.</li> </ul>
<b>Working remotely</b>	<ul style="list-style-type: none"> <li>— We used virtual work rooms, video conferencing, and internally shared team sites to collaborate in real-time, both amongst the audit team as well as with management.</li> <li>— We used secure and innovative technologies to conduct walkthroughs and perform tests of controls.</li> <li>— We increased our professional skepticism when evaluating electronic evidence received and performed additional procedures to validate the authenticity and reliability of electronic information used as audit evidence.</li> </ul>
<b>Direction and Supervision of the audit</b>	<ul style="list-style-type: none"> <li>— The manager and partner were actively involved in determining the impact that the COVID-19 pandemic had on the audit (as discussed above), including the impact on the City's financial reporting and changes in the City's control environment.</li> <li>— The manager and partner implemented new supervision processes to deal with working in a remote environment, and our audit approach allowed us to manage the audit using meaningful milestones and frequent touch points.</li> </ul>
<b>Substantive Testing Response</b>	<ul style="list-style-type: none"> <li>— As a result of the significant changes to the City's operations during the year and the difficulties to use prior period trends to predict current period results, we changed our approach for the audit of taxes receivable from performing substantive analytical procedure to performing substantive test of details.</li> </ul>

## New auditing standards

The following new auditing standards that are effective for the current year had an impact on our audit.

Standard	Key observations
<b>CAS 540, Auditing Accounting Estimates and Related Disclosures</b>	<ul style="list-style-type: none"> <li>— The new standard was applied on all estimates within the financial statements that had a risk of material misstatement due to estimation uncertainty and not just “key estimates”, “critical accounting estimates”, or “estimates with significant risk”.</li> <li>— The granularity and complexity of the new standard along with our interpretation of the application of that standard necessitated more planning and discussion and increased involvement of more senior members of the engagement team.</li> <li>— We performed more granular risk assessments based on the elements making up <u>each</u> accounting estimate such as the method, the assumptions used, the data used and the application of the method.</li> <li>— We considered the potential for management bias.</li> <li>— We assessed the degree of uncertainty, complexity, and subjectivity involved in making each accounting estimate to determine the level of audit response; the higher the level of response, the more persuasive the audit evidence was needed.</li> <li>— Based on our audit procedures performed, we concluded that management's estimates and judgements were reasonable.</li> </ul>

# Audit risks and results

We highlight our significant findings in respect of **significant financial reporting risks** as identified in our discussion with you in the Audit Plan, as well as any additional significant financial reporting risks identified

Fraud risk from revenue recognition	New or changed?	Estimate?
<p>This is a presumed fraud risk. The identified fraud risk is over revenue recognition related to revenue transactions that are not in the normal course of business and deferred revenue. The primary risk of fraudulent revenue recognition resides with manual journal entries for revenue transactions not in the normal course of business as well as management's calculation of the deferred revenue – obligatory reserve funds.</p>	<p>Same as prior year</p>	<p>No significant estimates noted.</p>

## Our response

In order to address the presumed fraud risk from revenue recognition, we performed various audit procedures over the City's process for recognizing revenue, including:

- evaluated the design and implementation of selected relevant controls over manual journal entries and other adjustments for revenue transactions.
- evaluated the design and implementation of selected relevant controls, including those relating to the tracking and reporting of obligatory reserves revenue recognition.

## Significant findings

- We tested journal entries that are susceptible to manipulation through management override and unusual journal entries. See further details on page 22.
- As part of our audit approach to address the inherent risk of error in revenue recognition, we substantively tested revenues (both recognized and amounts held as deferred at year end) and analyzed spent obligatory reserve funds for which corresponding revenues are recognized.
- We substantively tested development charges and other obligatory reserves cash receipts.
- We obtained and reviewed the continuity for deferred revenue prepared by management. We selected a sample of the increases (cash receipts) and decreases (revenue recognition) for deferred revenue during the current year.

We did not identify any issues related to fraud risk associated with revenue recognition.

# Audit risks and results

Fraud risk from management override of controls	New or changed?	Estimate?
Management override of controls is a presumed significant risk as prescribed by professional auditing standards.	Same as prior year	No significant estimates noted.

## Our response

- The risk resides with management's ability to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.
- We have utilized Data & Analytics ("D&A") in order to enhance the quality and effectiveness of the audit, specifically with respect to testing journal entries. Using extractions of all journal entries recorded during the year, we selected samples and verified if they were supported by proper documentation and followed the journal entry initiation and approval controls and processes in place.
- We also evaluated the reasonableness of estimates. We found that management's process for identifying accounting estimates is adequate.
- We evaluated the business rationale of significant unusual transactions.
- Additionally, we incorporated an element of unpredictability whereby we perform an unpredictable procedure, or make changes to a standard procedure, to address the potential risk of fraud and management override.

## Significant findings

- We did not note any significant control deficiencies in our evaluation of the design and implementation and test operating effectiveness of selected relevant controls over financial reporting.
- We tested journal entries and other adjustments by using D&A routines. See page 22 for further details in this area.
- We did not identify any issues or concerns after performing our review of estimates. See pages 11 and 14 for further details in this area.
- We did not identify any significant unusual transactions or any specific additional risks of management override during our audit.
- We did not identify any issues after completing our element of unpredictability.



# Audit risks and results – other areas of focus

Employee Future Benefits	New or changed?	Estimate?
<p>There is estimation uncertainty due to assumptions and estimates used by the actuary in calculating the liability for employee future benefits.</p> <p>Management is required to disclose information in the financial statements about the assumptions it makes about the future, and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to carrying amounts of assets and liabilities within the next financial year. Generally, these are considered to be “estimates with significant risk.”</p>	<p>Same as prior year; a valuation was completed in 2019.</p>	<p>Yes, there is estimation uncertainty due to assumptions used by the actuary to calculate the liability for the Employee Benefits.</p>
<h2>Our response</h2> <ul style="list-style-type: none"> <li>– We obtained the actuarial valuation report and audited the data, method and assumptions applied in the valuation and performed trend analysis on the liability.</li> <li>– We evaluated the discount rate in comparison with rates issued by the Canadian Institute of Actuaries (“CIA”) and KPMG LLP.</li> <li>– We assessed the qualifications, competence and objectivity of the actuary as required by the Canadian auditing standards.</li> <li>– We assessed the disclosures in the financial statements against the requirements of the public sector accounting standards.</li> </ul>		
<h2>Significant findings</h2> <ul style="list-style-type: none"> <li>– Based on our review of the report prepared by the Actuary, we noted that the method applied for the estimate is acceptable per Canadian Institute of Actuaries and PSAB 3250 <i>Retirement Benefits</i>.</li> <li>– We assessed the key assumptions used by the Actuary in light of the City’s financial results. We also performed a sideways glance to compare the assumptions used by the Actuary for the City with other Ontario municipalities and did not note any significant differences.</li> <li>– We noted that the discount rate used by the Actuary is a key assumption. A discount rate of 3.5% (2019 – 4.0%) was used for the determination of the liability. We evaluated the discount rate against the discount rate curve issued by different reliable sources including CIA, FIERA and KPMG LLP. Based on this evaluation, we concluded that the discount rate used is reasonable.</li> <li>– The disclosures included in the financial statements are in accordance with the requirements of the public sector accounting standards.</li> <li>– Based on the audit work performed, we did not note any issues related to the calculation of the City’s non-pension retirement benefits and accumulated sick leave liability as at December 31, 2020.</li> <li>– The employee future benefit liabilities as at December 31, 2020 are outlined in note 7 to the financial statements.</li> </ul>		

# Audit risks and results – other areas of focus

Revenue and Safe Restart Grants	New or changed?	Estimate?
<p>The City recognizes revenue from the different streams including taxation, user charges, recoveries from third parties, funding transfers and government grants, development and other contributions, investment income, penalties and interest on taxes, developer contributed and assumed assets, and other. Management follows the revenue recognition policies reported in note 1 to the financial statements to recognize revenue in accordance with PSAS.</p>	<p>Safe Restart grant is a new revenue stream for the City as a result of COVID-19.</p>	<p>No significant estimates noted.</p>
<h2>Our response</h2>		
<ul style="list-style-type: none"> <li>– We substantively tested revenues (both recognized and amounts held as deferred at year end) using various sampling techniques and direct confirmation of certain revenues with third parties, including other governments and agencies.</li> <li>– We obtained and vouched to the funding agreements from the provincial government for the amounts received as part of the Safe Restart Program.</li> </ul>		
<h2>Significant findings</h2>		
<ul style="list-style-type: none"> <li>– We noted that the City received funding as part of the Safe Restart Programs from the provincial government for both transit and non-transit operations. Total Safe Restart grants pertaining to 2020 and recognized as revenue is \$55.5M and accounts receivable is \$9.4M. The amount for 2020 was appropriately recognized as revenue and accounts receivable as at year end.</li> <li>– Based on the audit work performed, we did not note any issues related to revenue recognized and related disclosures for the City.</li> </ul>		

# Audit risks and results – other areas of focus

Enersource Corporation	New or changed?	Estimate?
Enersource Corporation (“Enersource”) is accounted for on a modified equity basis.	Same as prior year.	No significant estimates noted.
<b>Our response</b>		
<ul style="list-style-type: none"> <li>As noted in our Audit Planning Report, we assessed Enersource Corporation (“Enersource”) as a significant component to the City’s financial statements.</li> </ul>		
<b>Significant findings</b>		
<ul style="list-style-type: none"> <li>The City recognizes its 90% investment in Enersource using the modified equity method.</li> <li>We reviewed the modified equity calculation and note that there are two major components to the calculation, which are: Enersource’s current year net income / other comprehensive income of \$17.5M (2019 - \$10.8M) and Enersource’s dividend declared and paid to the City of \$17.7M (2019 - \$15.7M). These transactions are disclosed in note 4 to the financial statements.</li> <li>No exceptions were noted during testing.</li> </ul>		

# Audit risks and results – other areas of focus

Contingent liabilities	New or changed?	Estimate?
<p>PSAS 3300 <i>Contingent Liabilities</i> requires that the City recognize a liability when “it is likely that a future event will confirm that a liability has been incurred at the date of the financial statements; and the amount can be reasonably estimated.”</p> <p>At any point in time, the City is subject to a number of matters which could potentially result in the determination of a contingent liability as defined above, including, but not limited to matters such as legal claims, etc.</p>	Same as prior year	<p>Estimation uncertainty exists related to the likelihood and measurement of contingent liability.</p> <p>However, this estimation uncertainty does not result in a risk of material misstatement.</p>
<b>Our response</b> <ul style="list-style-type: none"> <li>– We obtained and evaluated the City’s assessments and claims listing that are used to develop and record these estimated liabilities.</li> <li>– We obtained a legal confirmation from internal legal counsel and evaluated the assessments made by internal legal counsel on the pending legal matters in terms of determination of likelihood and measurability.</li> </ul>		
<b>Significant findings</b> <ul style="list-style-type: none"> <li>– In our review of the confirmation received from the internal legal counsel and in discussions with management, we identified an overstatement of \$1.8M in the liability, which has been corrected.</li> <li>– As these items are resolved, it is possible that the final amounts recorded for these liabilities may change, however the amounts currently recorded represent management’s best estimates of exposure given the information presently available.</li> <li>– Based on the work performed, the contingent liabilities reported by the City are reasonable.</li> </ul>		

# Uncorrected differences and corrected adjustments

Differences and adjustments include disclosure and presentation differences and adjustments.

Professional standards require that we request of management and the Audit Committee and Council that all identified differences be corrected.

## Uncorrected differences

We did not identify differences that remain uncorrected.

## Corrected adjustments

The management representation letter includes all adjustments identified as a result of the audit, communicated to management and subsequently corrected in the financial statements. Please refer to the management representation letter distributed along with this audit findings report.

- A decrease of \$1.8M in contingent liabilities was recorded, as described on page 14.

# Appendices

## Content

**Appendix 1: Other Required Communications**

**Appendix 2: Current Developments**

**Appendix 3: Technology in the Audit**

**Appendix 4: Audit and Assurance Insights**

# Appendix 1: Other Required Communications

Report	Engagement terms
The conclusion of our audit is set out in our draft auditors' report attached to the draft financial statements.	The objectives of the audit, our responsibilities in carrying out our audit, as well as management's responsibilities, are set out in the engagement letter dated November 9, 2020 as provided by management.
Report to the Audit Committee	Representations of management
This report.	We will obtain from management certain representations at the completion of the audit.
Audit Quality in Canada	Control deficiencies
<p>The reports available through the following links were published by the Canadian Public Accountability Board to inform audit committees and other stakeholders about the results of quality inspections conducted over the past year:</p> <ul style="list-style-type: none"> <li>• <a href="#">CPAB Audit Quality Insights Report: 2020 Interim Inspection Results</a></li> <li>• <a href="#">CPAB Audit Quality Insights Report: 2019 Annual Inspections Results</a></li> </ul> <p>Visit our <a href="#">Audit Quality Resources page</a> for more information including access to our <a href="#">Transparency report</a>.</p>	None noted.

# Appendix 2: Current Developments

## Public Sector Accounting Standards

Standard	Summary and implications
Impact of COVID-19	<ul style="list-style-type: none"> <li>– In response to the impact of COVID-19 on public sector entities, PSAB has approved deferral of all upcoming accounting standards by one year and will issue non-authoritative guidance on the effects of COVID-19. The dates noted below reflect the new revised dates.</li> </ul>
Asset Retirement Obligations	<ul style="list-style-type: none"> <li>– The new standard is effective for fiscal years beginning on or after April 1, 2022. The effective date was deferred by one year due to COVID-19. This would be applicable to the City's fiscal year starting on January 1, 2023.</li> <li>– The new standard addresses the recognition, measurement, presentation and disclosure of legal obligations associated with retirement of tangible capital assets in productive use. Retirement costs will be recognized as an integral cost of owning and operating tangible capital assets. PSAB currently contains no specific guidance in this area.</li> <li>– The ARO standard will require the public sector entity to record a liability related to future costs of any legal obligations to be incurred upon retirement of any controlled tangible capital assets ("TCA"). The amount of the initial liability will be added to the historical cost of the asset and amortized over its useful life.</li> <li>– As a result of the new standard, the public sector entity will have to:               <ul style="list-style-type: none"> <li>• Consider how the additional liability will impact net debt, as a new liability will be recognized with no corresponding increase in a financial asset;</li> <li>• Carefully review legal agreements, senior government directives and legislation in relation to all controlled TCA to determine if any legal obligations exist with respect to asset retirements;</li> <li>• Begin considering the potential effects on the organization as soon as possible to coordinate with resources outside the finance department to identify AROs and obtain information to estimate the value of potential AROs to avoid unexpected issues.</li> </ul> </li> </ul>
Revenue	<ul style="list-style-type: none"> <li>– The new standard is effective for fiscal years beginning on or after April 1, 2023. The effective date was deferred by one year due to COVID-19. This would be applicable to the City's fiscal year starting on January 1, 2024.</li> <li>– The new standard establishes a single framework to categorize revenues to enhance the consistency of revenue recognition and its measurement.</li> <li>– The standard notes that in the case of revenues arising from an exchange transaction, a public sector entity must ensure the recognition of revenue aligns with the satisfaction of related performance obligations.</li> <li>– The standard notes that unilateral revenues arise when no performance obligations are present, and recognition occurs when there is authority to record the revenue and an event has happened that gives the public sector entity the right to the revenue.</li> </ul>



Standard	Summary and implications
Financial Instruments and Foreign Currency Translation	<ul style="list-style-type: none"> <li>– The accounting standards, PS3450 <i>Financial Instruments</i>, PS2601 <i>Foreign Currency Translation</i>, PS1201 <i>Financial Statement Presentation</i> and PS3041 <i>Portfolio Investments</i> are effective for fiscal years commencing on or after April 1, 2022. The effective date was deferred by one year due to COVID-19. This would be applicable to the City's fiscal year starting on January 1, 2023.</li> <li>– Equity instruments quoted in an active market and free-standing derivatives are to be carried at fair value. All other financial instruments, including bonds, can be carried at cost or fair value depending on the public sector entity's choice and this choice must be made on initial recognition of the financial instrument and is irrevocable.</li> <li>– Hedge accounting is not permitted.</li> <li>– A new statement, the Statement of Remeasurement Gains and Losses, will be included in the financial statements. Unrealized gains and losses incurred on fair value accounted financial instruments will be presented in this statement. Realized gains and losses will continue to be presented in the statement of operations.</li> <li>– In July 2020, PSAB approved federal government narrow-scope amendments to PS3450 <i>Financial Instruments</i> which will be included in the Handbook in the fall of 2020. Based on stakeholder feedback, PSAB is considering other narrow-scope amendments related to the presentation and foreign currency requirements in PS3450 <i>Financial Instruments</i>. The exposure drafts were released in summer 2020 with a 90-day comment period.</li> </ul>
Employee Future Benefit Obligations	<ul style="list-style-type: none"> <li>– PSAB has initiated a review of sections PS3250 <i>Retirement Benefits</i> and PS3255 <i>Post-Employment Benefits, Compensated Absences and Termination Benefits</i>. In July 2020, PSAB approved a revised project plan.</li> <li>– PSAB intends to use principles from International Public Sector Accounting Standard 39 <i>Employee Benefits</i> as a starting point to develop the Canadian standard.</li> <li>– Given the complexity of issues involved and potential implications of any changes that may arise from the review of the existing guidance, PSAB will implement a multi-release strategy for the new standards. The first standard will provide foundational guidance. Subsequent standards will provide additional guidance on current and emerging issues.</li> </ul>

Standard	Summary and implications
Public Private Partnerships (“P3”)	<ul style="list-style-type: none"> <li>PSAB has proposed new requirements for the recognition, measurement and classification of infrastructure procured through a public private partnership. PSAB is in the process of reviewing feedback provided by stakeholders on the exposure draft.</li> <li>The exposure draft proposes that recognition of infrastructure by the public sector entity would occur when it controls the purpose and use of the infrastructure, when it controls access and the price, if any, charged for use, and it controls any significant interest accumulated in the infrastructure when the P3 ends.</li> <li>The exposure draft proposes that the public sector entity recognize a liability when it needs to pay cash or non-cash consideration to the private sector partner for the infrastructure.</li> <li>The infrastructure would be valued at cost, which represents fair value at the date of recognition with a liability of the same amount if one exists. Cost would be measured in reference to the public private partnership process and agreement, or by discounting the expected cash flows by a discount rate that reflects the time value of money and risks specific to the project.</li> <li>The final standard was approved in December 2020 with an issuance date of April 1, 2021 and an effective date of April 1, 2023 or the City’s year ending December 31, 2024.</li> </ul>
Concepts Underlying Financial Performance	<ul style="list-style-type: none"> <li>PSAB is in the process of reviewing the conceptual framework that provides the core concepts and objectives underlying Canadian public sector accounting standards.</li> <li>PSAB has released four exposure drafts for the proposed conceptual framework and proposed revised reporting model, and their related consequential amendments. Comments on the exposure drafts are due in May 2021.</li> <li>PSAB is proposing a revised, ten-chapter conceptual framework intended to replace PS 1000 <i>Financial Statement Concepts</i> and PS 1100 <i>Financial Statement Objectives</i>. The revised conceptual framework would be defined and elaborate on the characteristics of public sector entities and their financial reporting objectives. Additional information would be provided about financial statement objectives, qualitative characteristics and elements. General recognition and measurement criteria, and presentation concepts would be introduced.</li> <li>In addition, PSAB is proposing: <ul style="list-style-type: none"> <li>Relocation of the net debt indicator to its own statement and the statement of net financial assets/liabilities, with the calculation of net debt refined to ensure its original meaning is retained.</li> <li>Separating liabilities into financial liabilities and non-financial liabilities.</li> <li>Restructuring the statement of financial position to present non-financial assets before liabilities.</li> <li>Changes to common terminology used in the financial statements, including re-naming accumulated surplus (deficit) to net assets (liabilities).</li> <li>Removal of the statement of remeasurement gains (losses) with the information instead included on a new statement called the statement of changes in net assets (liabilities). This new statement would present the changes in each component of net assets (liabilities), including a new component called “accumulated other”.</li> <li>A new provision whereby an entity can use an amended budget in certain circumstances.</li> <li>Inclusion of disclosures related to risks and uncertainties that could affect the entity’s financial position.</li> </ul> </li> </ul>

Standard	Summary and implications
International Strategy	<ul style="list-style-type: none"> <li>– PSAB has reviewed all proposed options for its international strategy, and in accordance with its due process, approved the option to adapt International Public Sector Accounting Standards when developing future standards. PSAB noted that the decision will apply to all projects beginning on or after April 1, 2021.</li> <li>– An exposure draft to modify the GAAP hierarchy was issued and public comments were accepted up to February 15, 2021.</li> </ul>
Purchased Intangibles	<ul style="list-style-type: none"> <li>– In October 2019, PSAB approved a proposal to allow public sector entities to recognize intangibles purchased through an exchange transaction. Practitioners are expected to use the definition of an asset, the general recognition criteria and the GAAP hierarchy to account for purchased intangibles.</li> <li>– PSAB has approved Public Sector Guideline 8 which allows recognition of intangibles purchased through an exchange transaction. Narrow-scope amendments were made to Section PS 1000 Financial statement concepts to remove prohibition on recognition of intangibles purchased through exchange transactions and PS 1201 Financial statement presentation to remove the requirement to disclose that purchased intangibles are not recognized.</li> <li>– The effective date is April 1, 2023 (City's year ending December 31, 2024) with early adoption permitted. Application may be retroactive or prospective.</li> </ul>

## Appendix 3: Technology in the audit

We have utilized technology to enhance the quality and effectiveness of the audit as noted below.



### Areas of the audit where Technology and D&A routines were used

Tool	Our results and insights
<b>KPMG Clara Client Collaboration</b>	We have a new tool available for requesting and receiving all the audit requests. This tool is web-based and would allow the finance team to upload responses to our specific requests via link on the web portal. This technology is currently being used for a number of our other clients with great success and improvement in the amount of time spent dealing with audit requests.
<b>KPMG Clara Advanced Capabilities</b>	KPMG will be working with the City to obtain data in a way that can be used for our new and advanced Clara audit tool. We held discussions with the Finance team this year and will be working with the City over the next few months to set things up over the future years.
<b>Journal Entry Analysis</b>	<p>We utilized Computer Assisted Audit Techniques (“CAATs”) to analyze journal entries and apply certain criteria to identify potential high-risk journal entries for further testing.</p> <p>We developed a set of high-risk criteria and applied the criteria to the entire population of journal entries. Journal entries containing high risk conditions were tested to ensure they were supported by proper documentation and followed the journal entry initiation and approval controls and process in place.</p> <p>We did not find any exceptions in our testing over journal entries.</p>
<b>Data Extraction &amp; Analytics Tools</b>	<p>We evaluated the completeness of the journal entry population through a roll-forward of the entire GL.</p> <p>The GL roll consists of a summation of all automated and manual journal entries posted during the fiscal year and a comparison of the calculated amounts to the account balances as at and for the year ended December 31, 2020 as reported by management.</p> <p>The GL extraction was found to be complete and containing all entries recorded during the year. We were able to use this complete extraction for our testing of high-risk journal entries.</p>

# Appendix 4: Audit and Assurance Insights

Our latest thinking on the issues that matter most to audit committees, Boards and Management.

Featured insight	Summary	Reference
<b>Audit &amp; Assurance Insights</b>	Curated thought leadership, research and insights from subject matter experts across KPMG in Canada.	<a href="#"><u>Learn more</u></a>
<b>The business implications of coronavirus (COVID-19)</b>	Resources to help you understand your exposure to COVID-19, and more importantly, position your business to be resilient in the face of this and the next global threat.	<a href="#"><u>Learn more</u></a>
	Financial reporting and audit considerations: The impact of COVID-19 on financial reporting and audit processes.	<a href="#"><u>Learn more</u></a>
	KPMG Global IFRS Institute - COVID-19 financial reporting resource center.	<a href="#"><u>Learn more</u></a>
<b>Accelerate 2020</b>	Perspective on the key issues driving the audit committee agenda.	<a href="#"><u>Learn more</u></a>
<b>Momentum</b>	A quarterly Canadian newsletter which provides a snapshot of KPMG's latest thought leadership, audit and assurance insights and information on upcoming and past audit events – keeping management and board members abreast on current issues and emerging challenges within audit.	<a href="#"><u>Sign-up now</u></a>
<b>PSAB resources</b>	KPMG resources for the new developments and trends in the public sector.	<a href="#"><u>Learn more</u></a>
<b>Current Developments</b>	Series of quarterly publications for Canadian businesses including Spotlight on IFRS, Canadian Securities & Auditing Matters and US.	<a href="#"><u>Learn more</u></a>
<b>Board Leadership Centre</b>	Leading insights to help board members maximize boardroom opportunities.	<a href="#"><u>Learn more</u></a>



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KPMG member firms around the world have 227,000 professionals, in 146 countries.



# City of Mississauga Corporate Report



<p>Date: April 15, 2021</p> <p>To: Chair and Members of Audit Committee</p> <p>From: Luis H. Souza, CPA, CMA, CIA Director, Internal Audit</p>	<p>Originator's files:</p> <hr/> <p>Meeting date: May 3, 2021</p>
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## Subject

### Final Audit Reports:

1. **Transportation & Works Department, Works Operations and Maintenance Division, Works Admin, Operations and Maintenance Section, Works Maintenance Unit – Works Current Maintenance Contracts Audit**
2. **Planning & Building Department, Building Division, Inspection Services Section – Building Permit Inspection Processes Audit**

## Recommendation

That the report dated April 15, 2021 from the Director, Internal Audit with respect to final audit reports:

1. Transportation & Works Department, Works Operations and Maintenance Division, Works Admin, Operations and Maintenance Section, Works Maintenance Unit – Works Current Maintenance Contracts Audit; and,
2. Planning & Building Department, Building Division, Inspection Services Section – Building Permit Inspection Processes Audit

be received for information.

## Background

In accordance with the Terms of Reference for the Audit Committee (By-law 0069–2015), the Committee is responsible for, “reviewing reports from the Director of Internal Audit identifying audit issues and the steps to resolve them [and] reviewing the adequacy of the management responses to audit concerns, having regard to the risks and the costs involved.”

## Comments

Internal Audit has completed finalization of the following two audits:

1. Transportation & Works Department, Works Operations and Maintenance Division, Works Admin, Operations and Maintenance Section, Works Maintenance Unit – Works Current Maintenance Contracts Audit; and,

2. Planning & Building Department, Building Division, Inspection Services Section – Building Permit Inspection Processes Audit

The two audit reports are hereby submitted to the Audit Committee for consideration.

## Financial Impact

There are no financial impacts resulting from the Recommendation in this report.

## Conclusion

The final reports for Transportation & Works Department, Works Operations and Maintenance Division, Works Admin, Operations and Maintenance Section, Works Current Maintenance Unit – Works Maintenance Contracts Audit; and Planning & Building Department, Building Division, Inspection Services Section – Building Permit Inspection Processes Audit are now complete and are submitted for consideration by the Audit Committee.

## Attachments

- Appendix
1. Transportation & Works Department, Works Operations and Maintenance Division, Works Admin, Operations and Maintenance Section, Works Current Maintenance Unit – Works Maintenance Contracts Audit
  2. Planning & Building Department, Building Division, Inspection Services Section – Building Permit Inspection Processes Audit



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Luis H. Souza, CPA, CMA, CIA  
Director, Internal Audit

Prepared by: Karen Hobbs, Administrative Coordinator



# City of Mississauga Internal Audit Report

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TRANSPORTATION & WORKS DEPARTMENT  
WORKS OPERATIONS & MAINTENANCE DIVISION  
WORKS ADMIN, OPERATIONS & MAINTENANCE SECTION  
WORKS MAINTENANCE UNIT  
WORKS CURRENT MAINTENANCE CONTRACTS AUDIT

April 16, 2021

City Manager's Department  
Internal Audit Division

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- Manager, Financial and Treasury Services

KPMG LLP, Chartered Accountants, External Auditor

**Transportation & Works Department  
Works Operations & Maintenance Division  
Works Admin, Operations & Maintenance Section  
Works Maintenance Unit  
Works Current Maintenance Contracts Audit**

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## **BACKGROUND**

The Works Operations and Maintenance Division (WOM) is responsible for the maintenance and management of the City's rights-of-way including roadways, sidewalks, bridges, watercourses and storm sewer assets, among other activities. Notably, WOM is responsible for the delivery of winter maintenance services across the City's roadways.

The division provides these services both through in-house staff as well as a number of external contractors. As advised by management, there are currently 40 medium value (MVA) and high value (HVA) maintenance contract assignments, operational in 2020, with a total annual expenditure of approximately \$45M.

Internal Audit has conducted an audit of the contract management process over WOM's current maintenance contracts, according to Internal Audit's approved work plan.

This audit was conducted jointly by Internal Audit, which is responsible for the scope, oversight and reporting, and Grant Thornton, which performed the planning and fieldwork.

## **SCOPE**

In conjunction with management, an assessment of the main risks related to the contract management process within WOM was performed and identified the key risks for each of the areas in scope. These included aspects related to governance, performance and incident management, efficiency, financial controls, and compliance, for the following subject matter:

- Procurement of current maintenance services contracts
- Contract and service setup and issuance
- Progress and final payments, including invoice processing and approval
- Management of recoverables
- Governance, guidance and training
- Incident management and liabilities

The audit included only medium and high value current maintenance contracts that were active during the year 2020.

### **Not in scope**

The audit did not include operational aspects of the services, such as quality and timeliness of service delivery, nor did it include maintenance services provided directly by City staff. A review of the accounting process for payments or of the management of applicable taxes was also out of the scope of this audit.

## OBJECTIVES

The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing. The purpose of the audit was to ensure that the risks related to the Works Operations & Maintenance Division's key objectives are properly addressed by its system of internal controls and mitigated within the tolerance level acceptable to management.

The key business objectives identified as relevant to this audit were:

- A) Procurement process results in the best outcomes to the City, ensuring an adequate balance between economic and service delivery requirements, fairness and transparency, and compliance with the applicable regulations
- B) Contracts are properly established and set up before initiating operations and orders issued are legitimate and free of errors
- C) Progress payments and final payments are relevant and reasonable, properly supported and executed in a timely manner
- D) When applicable, recoveries are properly identified, processed and collected
- E) Processes, roles and responsibilities of all internal and external parties related to contract management are adequately defined and clearly communicated
- F) Incidents are managed with rigor and in a timely manner, and the City is protected against liabilities related to third party issues

## SUMMARY OF OBSERVATIONS

The audit noted that the works current maintenance contracts process is generally well managed and that WOM staff is knowledgeable and committed to ensure that the contracts are performed efficiently and within the established requirements. Our main observations relate to the need to strengthen the documented evidence of certain controls, as well as implementing a fulsome incident management process. While not a direct responsibility of the WOM Division, we have also provided recommendations regarding the procurement process, which were directed to Materiel Management and may positively impact contract management processes in all areas of the City.

A comprehensive list of observations and recommendations was provided to management, along with a separate list of other low-priority process improvement opportunities.

The most relevant observations and recommendations are summarized below. Appendix A outlines all detailed recommendations and the corresponding actions proposed by management.

### **Ensure proper documentation regarding the review of work orders, including maintaining adequate segregation of duties**

As described in the Cost Control Procedure, the work order (WO) process includes several requirements and checkpoints to ensure proper diligence throughout the WO lifecycle. We noted that some controls were not followed in all cases, or that there was not sufficient evidence that they were performed. Examples include the lack of evidence that quantities in the WOs

were reviewed by the Contract Manager, as well as that the Survey Summary Sheets were verified by the Contract Coordinator. Other examples include one case where a verification was performed by an inspector rather than the Contract Coordinator, and another where the recoverables (quantities that can be charged to other divisions or external entities) were not included in the work order.

Management provided some evidence that the verifications mentioned above were occurring at least in some cases; however, we could not determine if the reviews had been consistently applied to all work orders.

### **Implement a central repository to manage and record vendors' performance history**

We noted that a process to periodically monitor, assess and document the performance of contractors has not been conducted on a regular basis, which management has agreed to implement immediately. As such a process ideally includes keeping records of incidents, errors and delays easily accessible for both trend analysis and for quality assessments in future procurement, a recommendation to implement a central repository for vendor performance data was also made to Materiel Management.

### **Enhance assessment of fraud, ethical and financial risks during the procurement process**

While bidders are assessed against award criteria (related to quality and price) established by Works Operations and Maintenance (WOM) in conjunction with Materiel Management (MM), the process as currently designed does not include a formal review of other ethical and financial risks, such as background checks for previous legal and ethical issues, financial analysis to ensure vendor's capabilities to fulfill their duties and support potential damages caused in the contract period, and analysis of potential fraud and bid-rigging indicators.

### **Enhance segregation of duties over data entry for critical applications and logs**

We noted that data entry in the Infor system regarding contracts and work orders and in the Winter Log for the services needed during the winter season, which are critical for the accurate calculation of financial amounts to be paid, are not being subject to a secondary review with documented evidence.

### **Implement a fulsome incident management process**

During this review, we noted the absence of an internally developed formalized process for incident handling and resolution. In the event of an incident, a request is raised by the contractor (verbally and through an email) and the incident/request is assessed and resolved by the Maintenance Contract Administrator. We were informed that there have been no formal service requests/incidents raised in the last year; however, without a consistent, formal process the risk of missing relevant information is increased.

### **Periodically review and update divisional procedures**

Works Operations and Maintenance (WOM) does have a comprehensive procedure in regard to Contract Maintenance; however, a process to periodically review and update it has not been implemented. The last review was in January 2017 and several tasks and steps in the procedure do not correspond to actual practice anymore, as the processes were adapted to new needs and requirements over the years. Management advised that a review had been initiated late last year and is still ongoing.

### **CONCLUSION**

The control environment around contract management at WOM is generally effective; however, it could benefit from clear evidence of the reviews within the process, to ensure adequate segregation of duties in all key steps. A more consistent approach to vendor performance management can also result in long-term gains by reducing the risk that vendors with poor performance are awarded contracts in the future.

A total of 8 recommendations resulted from this audit. Details of the audit recommendations and management comments can be found in Appendix A.

Management has agreed to all the recommendations. Two (2) will be completed by end of June 2021; one (1) will be completed by end of September 2021; two (2) will be completed by the end of December 2021; one (1) by end of March 2022; and one (1) will be completed by April 1, 2023, with an interim remediation step completed by the end of December 2021. One (1) recommendation has already been completed as of this writing.

Internal Audit would like to thank the Director, Works Operations & Maintenance, Director, Revenue & Materiel Management, Senior Managers, Managers, and staff for their time and assistance during the audit.



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Luis H. Souza, CPA, CMA, CIA  
Director, Internal Audit

Auditor: Yianni Foufas, Senior Internal Auditor, with support from Grant Thornton staff

**Transportation & Works Department  
Works Operations & Maintenance Division  
Works Admin, Operations & Maintenance Section  
Works Maintenance Unit  
Works Current Maintenance Contracts Audit  
Summary of Audit Recommendations**

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Rec	Recommendation	Priority (H/M/L)	Comments/Status	Classification
1	That WOM detail the requirements for the review of work orders by the Contract Manager and the Maintenance Contract Coordinator and ensure retention of appropriate evidence that the review was performed accordingly.	M	Agreed. Cost Control Procedure to be updated in order to document invoice and progress payment certificate review criteria.  To be completed by December 31, 2021	Compliance with and Clarification of Corporate Requirements
2	That, as part of the required compliance checks, WOM implement a process for performing spot checks for sub-processes within contract management (for example, the Contract Manager to periodically review if quantities are verified by appropriate persons, if invoices/progress payment certificates (PPCs) are signed off by appropriate persons, etc.).	M	Agreed. To be part of Contract Compliance Coordinator review process.  To be completed by December 31, 2021	Compliance with and Clarification of Corporate Requirements
3	That WOM implement a process to ensure work orders with recoverable amounts are properly stamped and filled and that payments are not processed unless such information is updated, both in the work orders and the invoices as appropriate.	M	Agreed. Process has been implemented as of February 2021 and will be documented in the update of the Cost Control Procedure.  Completed.	Operational Control and Financial Reporting
4	That Materiel Management, in conjunction with WOM and other user areas, establish a central repository for vendor performance information and for a list of disqualified vendors, when applicable, and that this repository is periodically reviewed and updated.	H	Revenue and MM agrees with the recommendation.  The process steps and actions to be taken in the event that issues are found will be documented in the bid review and evaluations policy. A checklist will be developed to be used by buyers to indicate that a formal review has been conducted. This information will reside in the Procurement Centre. Including a requirement for bidders to self-disclose past and present contracts with the City, when submitting new bids, will be considered.  To be completed by September 30, 2021	Efficiency and Effectiveness



**Transportation & Works Department  
Works Operations & Maintenance Division  
Works Admin, Operations & Maintenance Section  
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5	That MM, with the assistance of WOM, develop a procedure with detailed steps and checklists, as exemplified in this report, to be adopted during the procurement process to ensure fraud, ethical and financial risks are adequately assessed and addressed in a timely manner.	H	<p>In 2017 a report was issued by the Toronto Auditor General on the subject of bid-rigging. A cross-departmental team was formed to review controls and processes in place at the City. It was found that generally the City has good control practices in place to identify bid-rigging. A number of improvements were identified and actions were taken to further strengthen the City in this area.</p> <p>To address this recommendation, MM will provide further general procurement fraud awareness training to buyers at a future staff meeting.</p> <p>To be completed by December 31, 2021</p> <p>Conducting comprehensive formal reviews of ethical and financial risks, determining legal and ethical issues in performance of contracts and analysing potential fraud and bid-rigging indicators related to procurements requires specialized skills. Through the business planning process, a business case will be completed reviewing the options and costs for implementing a procurement risk analysis solution. Implementation of the solution is contingent on budget approval.</p> <p>To be completed by April 1, 2023</p>	Compliance with and Clarification of Corporate Requirements
6	That WOM establish a process to document the reviews, either by sign-offs, electronic approvals or signatures, or other means applicable to each situation, that evidence appropriate segregation of duties in the critical data entry points.	M	<p>Agreed.</p> <p>To be completed by June 30, 2021</p>	Operational Control and Financial Reporting

**Transportation & Works Department  
Works Operations & Maintenance Division  
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7	That a comprehensive incident management process be implemented to address any claims, complaints and incidents around the execution of the services, payments and other contractual requirements.	H	Process specified in OPSS 100 – GC 3.13 Claims Procedure addresses this process. This document forms part of all construction or service-related tenders within Works Operations and Maintenance. Works Maintenance to implement a centralized Claims Log to track any formal claims, complaints or incidents that arise.  To be completed by June 30, 2021	Efficiency and Effectiveness
8	That WOM implement a process to review the contract management procedure at least annually and update it as necessary.	M	Agreed.  To be completed by March 31, 2022	Compliance with and Clarification of Corporate Requirements

# City of Mississauga Internal Audit Report

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PLANNING & BUILDING DEPARTMENT  
BUILDING DIVISION  
INSPECTION SERVICES SECTION  
BUILDING PERMIT INSPECTION PROCESSES AUDIT

April 16, 2021

City Manager's Department  
Internal Audit Division

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KPMG LLP, Chartered Accountants, External Auditor

**Planning & Building Department  
Building Division  
Inspection Services Section  
Building Permit Inspection Processes Audit**

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## **BACKGROUND**

The Building Division Inspection Services team is responsible for building, plumbing, HVAC, sign, and enforcement inspections, while fire inspections are conducted by MFES (Fire) inspections staff. Inspections are performed under the authority of Ontario's Building Code Act, and include building permit inspections for new construction, additions and alterations; the investigation and enforcement of illegal construction, and unsafe building conditions; and, the review, approval, and inspection of sign permits. At the City of Mississauga, the Chief Building Officer, who by law oversees the process, is the Director of the Building Division, which is part of the Planning and Building Department.

Internal Audit completed an audit of the Building Permit Inspection processes according to Internal Audit's approved work plan.

The Inspection Services Section advised that it is currently comprised of 45 management and staff, with a total annual expenditure of approximately \$5.35M.

## **SCOPE**

The audit examined the business objectives and key risks related to the Building Permit Inspections Process (building, mechanical, sign, fire), in terms of governance, service delivery, quality control, technical resources, recordkeeping, and compliance.

### **Not in scope**

The process for obtaining and approving permits was not part of the scope of this review. Being a process review, the audit scope also excluded a review of controls related to budget, accounting and any financial matters.

## **OBJECTIVES**

The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing and was guided by the risk assessment performed in conjunction with management. The purpose of the audit was to ensure that the risks related to the key objectives of the inspection process are properly addressed by its system of internal controls and mitigated within the tolerance level acceptable to management.

The key business objectives identified as relevant to this audit are:

- A) Building inspection process is conducted in accordance with the legislated requirements, including in relation to timeframes, recordkeeping and technical

qualifications and that situations of non-compliance are identified and resolved in a timely manner.

- B) Processes are documented and roles and responsibilities of all employees that intervene with the process are adequately defined and clearly communicated.
- C) Complaints, incidents and inquiries from internal and external stakeholders, related to building activities, are addressed and resolved in a timely manner.

## **SUMMARY OF OBSERVATIONS**

The audit revealed that the building permit inspection process is generally well managed, with good oversight by management. Inspections are generally completed on time and the complaints administration process is documented and complaints addressed in accordance with legislated requirements.

A comprehensive list of observations and recommendations was provided to management. The observations and recommendations are summarized below. Appendix A outlines all detailed recommendations and the corresponding actions proposed by management.

### **Implement periodic reports to monitor and keep evidence of file completion within legislated timeframe**

Building inspection files are required to be completed within a legislated timeframe. Even though a review of a representative sample of files did not reveal any non-compliance, denoting that inspectors and supervisors are following the requirements, we noted that a monitoring process, based on periodic reporting, has not been implemented. Without periodic reporting and analysis, it is not possible to ensure that all files have been completed on time and, more importantly, identify potentially negative trends early.

### **Centralize repository of information regarding fire inspections with other MAX building permit inspection data**

The processes of identifying, assigning, conducting, documenting and reviewing fire inspections are different from other types of required building permit inspections.

The Fire & Emergency Services inspection team completes their process regarding inspection approvals and retains the associated approval documentation and evidence outside of the MAX system, which is the system adopted for all other types of Building Permit Inspections.

### **Develop procedural documentation for building permit inspection processes**

Although the Ontario Building Code Act and Ontario Building Code regulations outline the requirements with respect to various related building permit inspection processes, other internal processes, from an administrative or operational nature, built to support the achievement of process goals, are not documented in process/procedure documents.

### **Develop a sign-off for the Code of Conduct for Building Officials**

Management and personnel with building permit inspection responsibility are expected to adhere to the Code of Conduct for Building Officials of the City of Mississauga. Currently, a copy of the document is provided at onboarding, but there is no formal acknowledgement by the employee, nor is there a periodic sign-off to ensure awareness of and commitment to the Code.

### **CONCLUSION**

The control environment around Building Permit Inspections is generally effective. The process will benefit from centralizing the data into one system and the implementation of some monitoring controls to permit early detection of potential problems; however, no significant issue was observed at present.

A total of five (5) recommendations resulted from this audit. Details of the audit recommendations and management comments can be found in Appendix A.

Management has agreed to all the recommendations. One (1) recommendation will be completed by June 30, 2021; three (3) will be completed by December 31, 2021; and the remaining recommendation will have its first step completed by December 31, 2021 with final completion by June 30, 2022.

Internal Audit would like to thank the Director, Building & Chief Building Officer, Building Division staff, Fire Chief, Assistant Chief - Fire Prevention & Life Safety, and Division Chief - Inspections & Enforcement for their time and assistance during the audit.



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Luis H. Souza, CPA, CMA, CIA  
Director, Internal Audit

Auditor: Yianni Foufas, Senior Internal Auditor, with support from Grant Thornton staff



**Planning & Building Department  
Building Division  
Inspection Services Section  
Building Permit Inspection Services Audit  
Summary of Audit Recommendations**

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Rec	Recommendation	Priority (H/M/L)	Comments/Status	Classification
1	That the Inspection Services Section create a monitoring control, such as a periodic (monthly or quarterly) report, detailing the scheduled inspections which were not completed on time in accordance with legislated requirements. This report should be reviewed by the Manager, Inspection Services & Deputy CBO, or the Director, Building and Chief Building Officer to identify any instances of non-compliance with legislative requirements.	M	To ensure prescribed building permit inspections are consistently completed in accordance with legislated timelines, along with daily review of MAX inspection planners by Supervisors/Senior Inspectors, Building Division Inspection Services will implement a quarterly monitoring control. The implementation of this control will involve coordinating the creation of a standard MAX report, identifying any instances of non-compliance, which will be reviewed by the Inspection Services leadership team on a quarterly basis; the Chief Building Official will be advised of any such instances where non-compliance with legislated timelines has occurred.  To be completed by December 31, 2021	Compliance with and Clarification of Corporate Requirements
2	That Fire & Emergency Services inspections documentation and approvals be housed within the MAX system in a similar fashion to other building permit inspections documentation and approvals. The Fire & Emergency Services team should ensure accessibility to and transparency of this inspection information by utilizing the MAX system so as to provide additional comfort that all inspection steps have been taken in accordance with organizational standards and practices.	M	Inspection Services Section: The Building Division Manager, Inspection Services, concurs that the MAX database be utilized as a central repository of all building permit inspection related information and approvals relating to all disciplines: Building, Plumbing, HVAC, Signs, and Fire. Further review and commentary on this matter deferred to the Division Chief, Inspections & Enforcement.  Fire Prevention & Life Safety: Agreed.  To be completed by December 31, 2021	Efficiency and Effectiveness
3	That the Inspection Services Section develop procedures documenting key operational steps, particularly for processes that support adherence to building inspection legislative requirements.	L	Further to the 'Legislated Controls' prescribed in the Ontario Building Code Act and Ontario Building Code regulations, and performance expectations established in PDP Performance Agreements, Building Division Inspection Services will compile and document key existing 'Operational Controls' to ensure consistent application and knowledge transfer	Compliance with and Clarification of Corporate Requirements

**Planning & Building Department  
Building Division  
Inspection Services Section  
Building Permit Inspection Processes Audit  
Summary of Audit Recommendations**

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			to future leadership team members.  To be completed by December 31, 2021	
4	That the Code of Conduct for Building Officials be reviewed and signed by building officials on annual basis.	L	<p>Building Division Inspection Services will amend the Performance Goal of 'Perform Field Inspections' in PDP Agreements to include reference to: Adherence to Code of Conduct for Building Officials.</p> <p>As this requirement would apply to all appointed Mississauga Building Officials, including Plan Examiners and Fire staff, and not just Building Division Inspection Services staff, the Chief Building Official will review accordingly. To be completed by: December 31, 2021</p> <p>Division Chief, Inspections &amp; Enforcement: The department will continue to work with Human Resources in consultation with Legal Services to ensure that the particular components of the Building Code Act in relation to any Code of Conduct provisions will be reviewed with all relevant stakeholders, and enforced as required.</p> <p>To be completed by: June 30, 2022</p>	Compliance with and Clarification of Corporate Requirements
5	That a second individual besides the Supervisor, Business Systems be trained to access the relevant systems (such as MAX) that house the Building Permit Inspections documentation. This second individual can address 'key person risk' associated with the Supervisor, Business Systems role, as well as alleviating some of the workload of the role.	L	<p>The ability to perform such queries resides with the Building Division's Business Systems Unit. The unit, led by the Supervisor, Business Systems, is newly created.</p> <p>The Building Division's Business Systems Unit is in the process of recruiting additional staff to provide additional support and resilience to the team.</p> <p>To be completed by: June 30, 2021</p>	Efficiency and Effectiveness

# City of Mississauga Corporate Report



<p>Date: April 16, 2021</p> <p>To: Chair and Members of Audit Committee</p> <p>From: Luis H. Souza, CPA, CMA, CIA, Director, Internal Audit</p>	<p>Originator's files:</p> <hr/> <p>Meeting date: May 3, 2021</p>
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## Subject

**Internal Audit Work Plan 2021-2023**

## Recommendation

That the Corporate Report dated April 16, 2021 from the Director, Internal Audit entitled "Internal Audit Work Plan 2021-2023" be approved.

## Executive Summary

- An Internal Audit Work Plan for the period 2021-2023 was developed based on various sources of information regarding risks, processes and the overall control environment at the City. These included the Corporate Risk Assessment conducted in 2020, knowledge obtained in previous audits, and meetings with Commissioners and Directors.
- As required by the Internal Audit Charter, the Work Plan is being presented to the Audit Committee for approval at its May 3, 2021 meeting.
- Starting in 2021, the plan will be formally revised on an annual basis, in order to keep up with the pace of change in the business environment and to ensure that Internal Audit's efforts are focused on the aspects of City operations where they can add most value.
- The Work Plan remains flexible to accommodate other requests for assurance and advisory work by Senior Management or the Audit Committee.

## Background

The Internal Audit Charter (By-law 0065-2013) requires the Internal Audit Division to develop "a flexible audit plan using an appropriate risk-based methodology, including any risk or control concerns identified by management, and submit that plan to the Audit Committee for review and approval as well as periodic updates."

In order to fulfil this mandate, Internal Audit has developed an approach that uses multiple sources of information regarding risks, key processes and the overall control environment at the City, including ongoing consultation with members of the Leadership Team and the Extended Leadership Team.

This report identifies the audit assignments being recommended for the period 2021 to 2023. As of this year, the list will be revised annually and may be updated should the City's risk profile change. Any changes to the work plan will be communicated to the Audit Committee for approval.

## **Present Status**

Historically, the Internal Audit Work Plan was developed every three years and presented to the Audit Committee for approval. While ad hoc changes were allowed, and occasionally implemented, a systematic review of the plan was not performed on an annual basis, nor was the plan horizon extended before the initial planning period expired.

## **Comments**

### **Corporate Risk Assessment**

Internal Audit conducted a Corporate Risk Assessment in late 2020 that contributed to the identification and prioritization of the main risks to be incorporated into the Work Plan. This exercise was intended to identify, measure and prioritize risks and reinforce risk assessment principles across the Corporation.

Previous iterations of the Internal Audit Corporate Risk Assessment were self assessment exercises that solicited feedback from all business units specifically assessing common risk criteria. The resulting analyses provided general information regarding high level trends and risk profiles.

The 2020 assessment, and future iterations, focus on specific risks, emerging risks and risk profiles that directly impact specific business unit operations and service delivery. This assessment is evolving into an approach that will combine self-assessment surveys and facilitated workshops (starting in 2021) that will provide a deeper risk analysis in selected areas. In addition, the Corporate Risk Assessment will now become an annual exercise.

For the 2020 exercise, Directors in each division were requested to nominate 2 to 4 business units to respond to the survey, resulting in 42 respondents. This is approximately 1/3 of all operating units at the City. The number of units covered by the program will increase by another 1/3 every year and coverage of all business units is expected to reach 100% by 2022.

The resulting analysis, which was reported to each divisional leader and discussed with the Leadership Team, provided a wealth of information to support the audit work plan as well as an

opportunity for the leaders to gauge their risk factors and decide where to apply their mitigation efforts.

### **Other Sources of Information**

The Director, Internal Audit held meetings with all members of the Leadership Team and Extended Leadership Team throughout 2020 in order to, among other objectives, identify trends, risks and new developments that could be relevant to the Audit Work Plan.

In addition, a review of past audits, knowledge acquired by Internal Audit staff during the performance of recent audits and the professional judgment of the Director, Internal Audit were also factors included in the risk analysis.

Furthermore, in the months of February and March, meetings were held with the City Manager, all Commissioners and several Directors regarding potential audits targeted to 2021, to further understand those risks and agree on the general scope and timing for the audits.

### **Internal Audit Work Plan**

Based on the results of the Corporate Risk Assessment, consultations and analyses described above, the 2021-2023 Work Plan was prepared and is presented in Appendix 1. Having a 3-year horizon in the work plan allows Internal Audit to better allocate its resources and to develop any skills that may be necessary in the future. It also allows audit clients to plan for and prepare their teams and allocate resources where necessary in order to support the audit.

Starting in 2021, the Work Plan will become a “rolling 3-year plan,” as opposed to the semi-static 3-year plan used until the last few cycles. Specifically, the difference is that at the end of each year, the plan for the remaining 2 years will be revisited and may be updated to better reflect new risk profiles, and an additional year will be proposed in order to always maintain a 3-year planning horizon.

### **Advisory Work and Special Investigations**

The Internal Audit Work Plan also remains flexible in order to accommodate consulting requests and special assignments from LT, ExLT or as required to fulfill other Internal Audit responsibilities. In 2020, approximately 19% of available audit time was spent in these areas.

## **Engagement and Consultation**

Internal Audit strives to maintain effective and constructive communication with business unit management, members of ExLT and LT. Collaboration between all of these groups was integral to the development of this Internal Audit 3-Year Work Plan.

## **Financial Impact**

There are no financial impacts resulting from the Recommendation in this report.

## Conclusion

The Internal Audit Work Plan reflects the best effort to allocate Internal Audit's resources to the areas and risks where they can provide the most value. The process will be continuously revised and complemented by other programs in the Internal Audit Strategic Directions presentation submitted to the Leadership Team on February 18, 2021, which will provide an even greater ability to ensure maximization of the value derived from the Internal Audit work.

Specific projects for each of the three years are listed in Appendix 1. Progress reports are provided to the Audit Committee periodically and the work plan update will be submitted to the Audit Committee for approval on an annual basis.

## Attachments

Appendix 1: 2021-2023 Internal Audit Work Plan



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Luis H. Souza, CPA, CMA, CIA  
Director, Internal Audit

Prepared by: Luis H. Souza

**Internal Audit Workplan  
2021 - 2023**

**Appendix 1**

Community Services Department						
	2021 Q1	2021 Q2	2021 Q3	2021 Q4	2022	2023
Culture						
Art Collections						
Culture and Community Grants						
Fire & Emergency Services						
MFES Training and Accreditation						
Parks, Forestry and Environment						
Waste Diversion						
Recreation						
Community Group Registry Program						

Corporate Services Department						
	2021 Q1	2021 Q2	2021 Q3	2021 Q4	2022	2023
Facilities and Property Management						
Capital Construction Project Management						
F&PM Capital Asset Management						
F&PM Supplies Inventory						
Utility Management Database						
Finance						
Accounts Payable						
Investments						
Business Planning						
HR						
Performance Management (non-union)						
Employee Terminations (non-union)						
Information Technology						
SAP Development Lifecycle						
INFOR System						
NIST Assessment						
Legislative Services						
Provincial Courts						
Revenue and Materiel Management						
HVA Acquisitions						
e-Bidding Platform						

Planning and Building Department						
Building						
	2021 Q1	2021 Q2	2021 Q3	2021 Q4	2022	2023
Building Permit Inspection Processes						
Development Charges						
Economic Development						
Small Business Grants Management						

**Internal Audit Workplan  
2021 - 2023**

**Appendix 1**

Transportation and Works Department						
	2021 Q1	2021 Q2	2021 Q3	2021 Q4	2022	2023
Enforcement						
Animal Services						
Infrastructure Planning and Engineering						
Capital Works Project Management						
MiWay - Transit						
Transit Operations						
MTO Driver Certification Program						
Works Operations and Maintenance						
Technical Services and Inspections						
Fleet Management						
Maintenance Contract Management						

City Manager's Office						
	2021 Q1	2021 Q2	2021 Q3	2021 Q4	2022	2023
Legal Services						
Insurance Program						

Corporate Audits						
	2021 Q1	2021 Q2	2021 Q3	2021 Q4	2022	2023
Entity-Level Controls Assessment						
Fraud Risk Management Review						
Placeholder for Management Requests/New						