City of Mississauga
Agenda

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;
;

Audit Committee

Date: May 16, 2022

Time: 9:30 AM

Location: Online Video Conference

Members

Mayor Bonnie Crombie	
Councillor Stephen Dasko	**Ward 1 (Vice-Chair)**
Councillor Pat Mullin	**Ward 2**
Councillor Ron Starr	**Ward 6**
Councillor Dipika Damerla	**Ward 7 (Chair) (Leave of Absence)**

Participate Virtually and/or via Telephone

Advance registration is required to participate and/or make a comment in the meeting. Questions and/or Presentation Materials must be provided in an advance of the meeting. Comments submitted will be considered as public information and entered into public record.

To register, please email dayna.obaseki@mississauga.ca and for Residents without access to the internet can register by calling Dayna Obaseki at 905-615-3200 ext. 5425 no later than **Thursday, May 12, 2022 before 4:00PM**. Directions on how to participate will be provided.

Contact

Dayna Obaseki, Legislative Coordinator, Legislative Services
905-615-3200 ext. 5425
Email: dayna.obaseki@mississauga.ca

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1. **CALL TO ORDER**

2. **INDIGENOUS LAND STATEMENT**

"We acknowledge the lands which constitute the present-day City of Mississauga as being part of the Treaty and Traditional Territory of the Mississaugas of the Credit First Nation, The Haudenosaunee Confederacy the Huron-Wendat and Wyandotte Nations. We recognize these peoples and their ancestors as peoples who inhabited these lands since time immemorial. The City of Mississauga is home to many global Indigenous Peoples.

As a municipality, the City of Mississauga is actively working towards reconciliation by confronting our past and our present, providing space for Indigenous peoples within their territory, to recognize and uphold their Treaty Rights and to support Indigenous Peoples. We formally recognize the Anishinaabe origins of our name and continue to make Mississauga a safe space for all Indigenous peoples."

3. **APPROVAL OF AGENDA**

4. **DECLARATION OF CONFLICT OF INTEREST**

5. **MINUTES OF PREVIOUS MEETING**

5.1. Audit Committee DRAFT Minutes - March 7, 2022

6. **DEPUTATIONS**

6.1. Item 9.1 - Maria Khoushnood, Partner, KPMG Enterprise

2021 External Audit Findings Report

6.2. Item 9.2 - Wesley Anderson, Manager, Financial and Treasury Services

2021 Audited Financial Statements

7. **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. 5425 or by emailing dayna.obaseki@mississauga.ca **before Thursday, May 12, 2022 at 4:00PM.**

Pursuant to Section 58 of the Council Procedure By-law 0044-2022, 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.

8. CONSENT AGENDA

9. MATTERS TO BE CONSIDERED

9.1. 2021 External Audit Findings Report

9.2. 2021 Audited Financial Statements

9.3. Final Audit Reports:

1. Transportation & Works Department, Infrastructure Planning & Engineering Services Division, Capital Works Delivery Section – Capital Works Project Management Audit

2. Corporate Services Department, Corporate Business Services Division, Procurement Services Section – High Value Acquisition Audit

10. ENQUIRIES

11. CLOSED SESSION

(Pursuant to Section 239(2) of the *Municipal Act, 2001*)

11.1. The security of the property of the municipality or local board: Final Audit Report: Corporate Services Department, Information Technology Division, IT Security – NIST Cybersecurity Framework Assessment Audit

12. ADJOURNMENT

City of Mississauga
Minutes

Audit Committee

Date: **March 7, 2022**
Time: **9:31 AM**
Location: **Online Video Conference**

Members Present	Mayor Bonnie Crombie	*(Arrived at 9:36AM)*
	Councillor Stephen Dasko	Ward 1 (Vice-Chair)
	Councillor Pat Mullin	Ward 2
	Councillor Dipika Damerla	Ward 7 (Chair)
Members Absent	Councillor Ron Starr	Ward 6

Staff Present
Paul Mitcham, City Manager and Chief Administrative Officer
Shari Lichterman, Commissioner of Corporate Services and Chief Financial Officer
Jodi Robillos, Commissioner of Community Services
Luis Souza, Director, Internal Audit
Kristina Zietsma, Director, Recreation
Jeff Jackson, Director, Finance and Treasurer
Wesley Anderson, Manager, Financial and Treasury Services
Yianni Foufas, Senior Internal Auditor
Barb Webster, Senior Internal Auditor
Dayna Obaseki, Legislative Coordinator, Acting Team Lead

1. CALL TO ORDER

Councillor Damerla, Chair called the meeting to order at 9:31AM.

2. INDIGENOUS LAND STATEMENT

Councillor Damerla, Chair recited the Indigenous Land Statement.

Luis Souza, Director of Internal Audit provided a brief Internal Audit staff announcement.

3. APPROVAL OF AGENDA

Approved (Councillor Mullin)

4. DECLARATION OF CONFLICT OF INTEREST - Nil.

5. MINUTES OF PREVIOUS MEETING

5.1 Audit Committee DRAFT Minutes - December 6, 2021

Approved (Councillor Dasko)

6. DEPUTATIONS - Nil.

7. PUBLIC QUESTION PERIOD - 15 Minute Limit

No members of the public registered to speak.

8. CONSENT AGENDA

No items were approved under the Consent Agenda.

9. MATTERS CONSIDERED

9.1 Internal Audit Activity Report and Work Plan 2022-2024

Members of the Committee spoke to the matter and raised the following questions and concerns regarding the scope and feedback of Internal Audit Customer Survey and the unit selection for the Corporate Risk Assessment.

Luis Souza, Director of Internal Audit responded to the questions from the Committee.

Mayor Crombie joined the meeting at 9:36AM during the discussion of Item 9.1.

RECOMMENDATION AC-0001-2022
Moved By Councillor P. Mullin

That the Corporate Report dated February 18, 2022 from the Director, Internal Audit entitled “Internal Audit Activity Report and Work Plan 2022-2024” be approved.

YES (4): Mayor Crombie, Councillor Dasko, Councillor P. Mullin, and Councillor Damerla

ABSENT (1): Councillor R. Starr

Carried (4 to 0)

9.2 Final Audit Report: Community Services Department, Recreation Division, Community Development Section – Community Group Registry Program Audit

Yianni Foufas, Senior Internal Auditor provided a presentation on the Community Group Registry Program Audit and noted the background, scope, objectives and action plans. Mr. Foufas highlighted the recommendations and the targeted completion dates.

Councillor Mullin spoke to the matter and raised the questions and concerns regarding the Community Group Registry Program corporate policy and the process for determining critical items.

Luis Souza, Director of Internal Audit and Kristina Zietsma, Director of Recreation responded to the question from Councillor Mullin.

RECOMMENDATION AC-0002-2022
Moved By Councillor P. Mullin

That the report dated February 3, 2022 from the Director, Internal Audit with respect to final audit report, Community Services Department, Recreation Division, Community Development Section – Community Group Registry Program Audit, be received for information.

YES (4): Mayor Crombie, Councillor Dasko, Councillor P. Mullin, and Councillor Damerla

ABSENT (1): Councillor R. Starr

Carried (4 to 0)

9.3 Status of Outstanding Audit Recommendations as of December 31, 2021

Councillor Damerla briefly spoke to the item and noted the progress regarding to the recommendations.

RECOMMENDATION AC-0003-2022
Moved By Mayor Crombie

That the Corporate Report dated February 4, 2022 from the City Manager & Chief Administrative Officer regarding the status of outstanding audit recommendations as of December 31, 2021 be received for information.

YES (4): Mayor Crombie, Councillor Dasko, Councillor P. Mullin, and Councillor Damerla

ABSENT (1): Councillor R. Starr

Carried (4 to 0)

10. ENQUIRIES - Nil.

11. CLOSED SESSION - Nil.

12. ADJOURNMENT

9:51AM (Councillor Dasko)

2021 Financial Results

Audit Committee

May 16, 2022

MISSISSAUGA

2021 Financial Overview

- The City's financial statements are presented on an accrual basis, different than the annual budget approved by Council.
- Amortization, other non-cash revenues and expenses are not included in the budget
- Enersource, BIA's are consolidated into the financial statements
- Annual surplus differs from budgeted surplus

2021 Financial Overview ($ millions)

Statement of Financial Position

Financial Assets
2,310.4

+

Non-Financial Assets
8,469.3

=

Financial Liabilities
1,375.2

+

Accumulated Surplus
9,404.5

Statement of Operations

Revenues
1,147.9

−

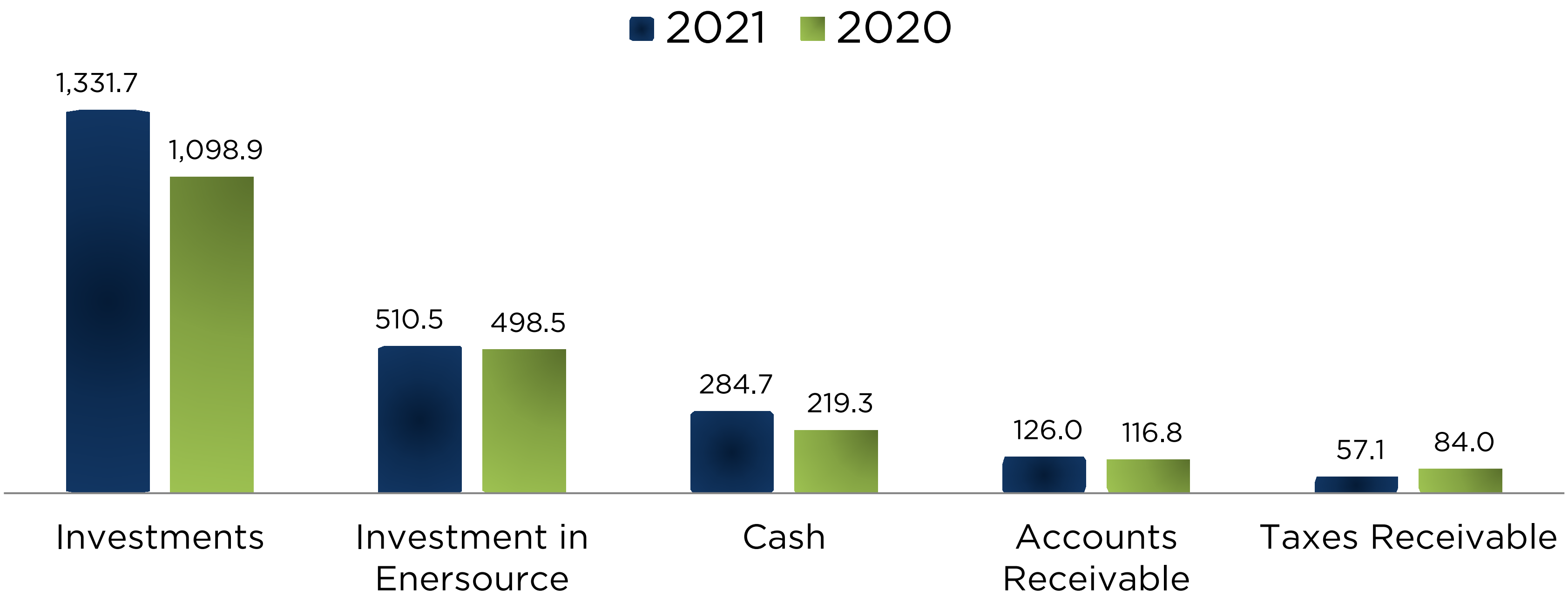
Expenses
954.0

=

Annual Surplus
193.9

Financial Assets ($2.3 billion)

All dollar amounts in $millions



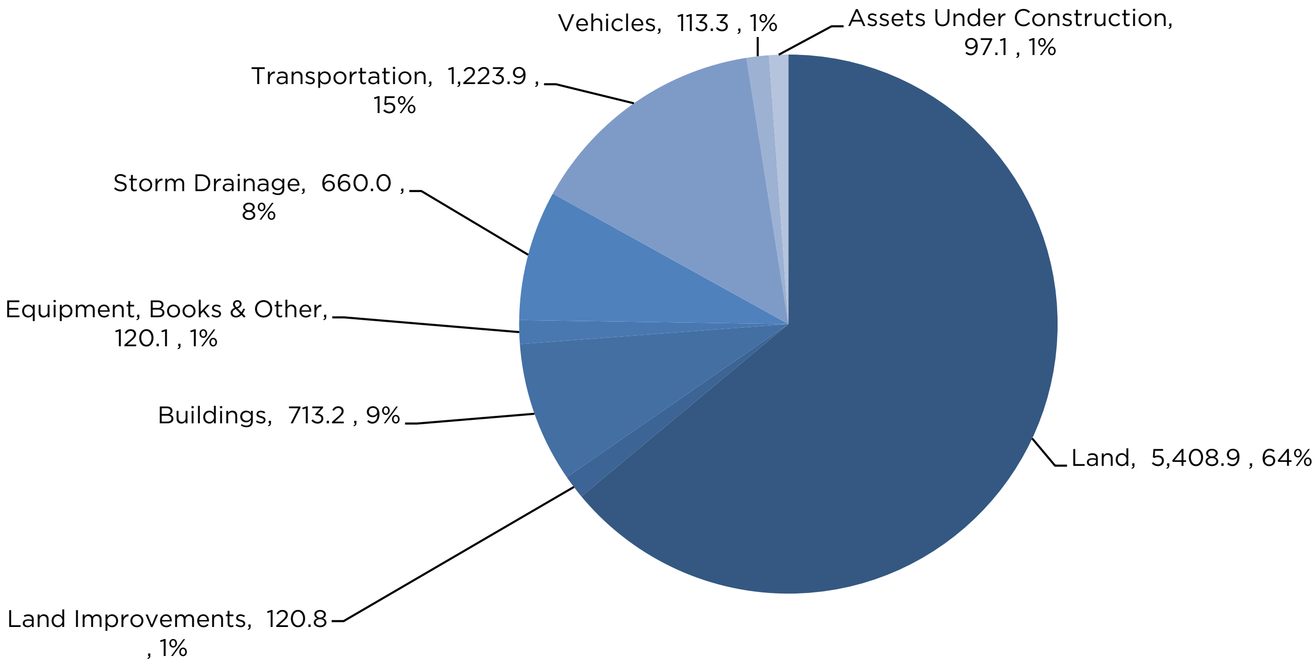
Investment in Enersource Corporation

($millions)	2021	2020
Opening Balance	498.5	498.8
Share of Net Income in Enersource Corp.	28.7	17.5
City's Share of Dividend	(16.7)	(17.7)
Closing Balance	**510.5**	**498.5**

Enersource's interest in Alectra is currently 29.57%

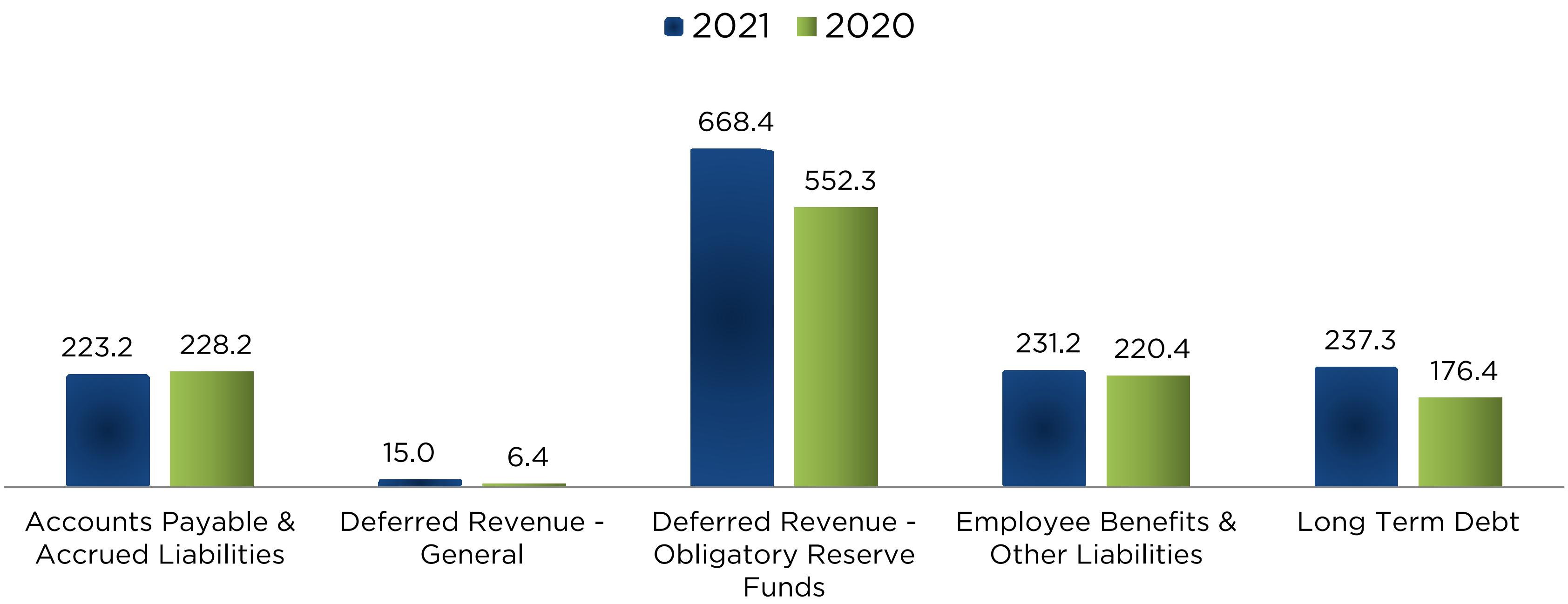
Non-Financial Assets ($8.47 billion)

Tangible Capital Assets ($8.46 billion)



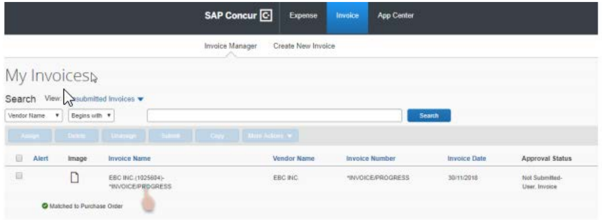
Financial Liabilities ($1.38 billion)

All dollar amounts in $millions



Use of Technology

- SAP Concur expense and invoice automates the City’s accounts payable workflows, speeds up time to complete year-end accruals and reporting functions
- Transaction matching, reconciliation automation, improvements in year-end and in-year reporting.



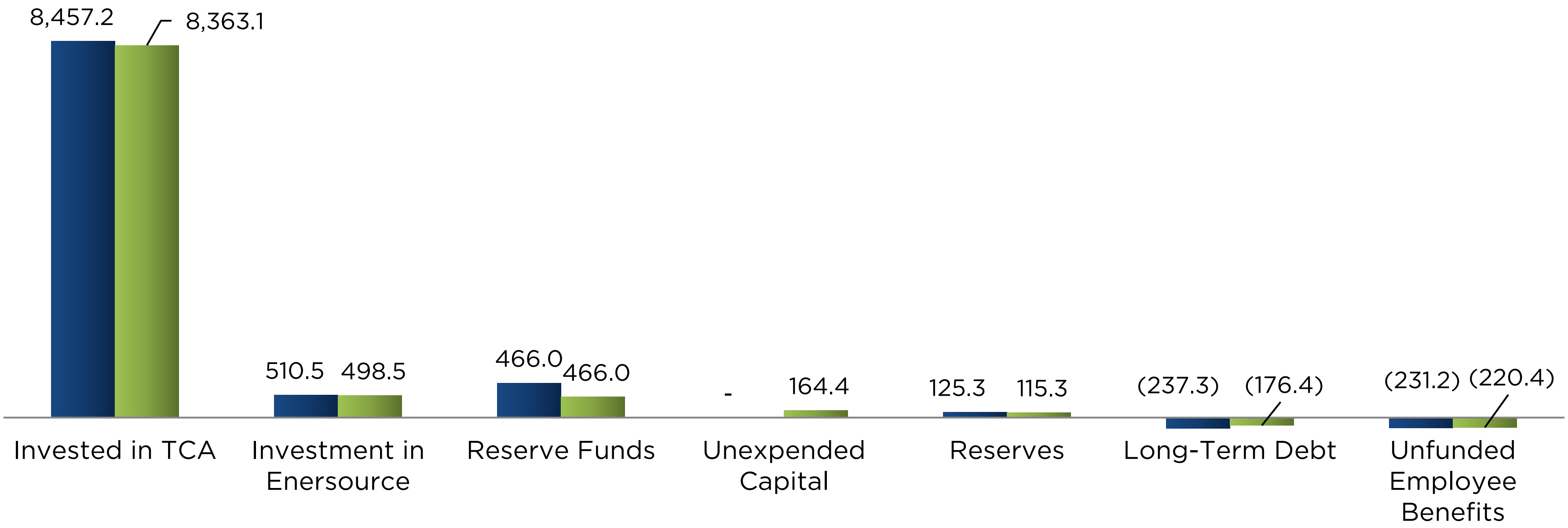
SAP Concur

Deferred Revenue-Obligatory Reserve Funds

Item ($ Millions)	2021	2020
Development Charges	270.9	206.1
CIL Parkland	126.7	117.7
CIL Parking	11.2	10.9
Bonus Zoning	4.2	4.0
Provincial Public Transit Funds and Gas Tax	42.1	53.0
Federal Public Transit Funds and Gas Tax	194.9	160.6
Safe Restart	18.2	0.0
Total Deferred Revenue - Obligatory Reserve Funds	**668.4**	**552.3**

- 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 31st.

Accumulated Surplus ($9.40 billion)



2021 Revenues ($1.15 billion)

Item (in 000's)	2021 Budget	2021 Actual	2020 Actual	Change vs. Prior Year: $ Change vs. Prior Year	Change vs. Prior Year: % Change
Taxation	593,846	591,198	572,824	18,374	3.2%
Municipal Accommodation Tax	9,800	5,907	3,799	2,108	55.5%
User Charges	255,742	184,236	168,587	15,649	9.3%
Recoveries From Third Parties	27,996	16,699	19,415	(2,716)	-14.0%
Funding Transfers From Other Governments	3,909	80,860	65,597	15,263	23.3%
Development and Other Contributions Applied	150	154,415	150,930	3,485	2.3%
Investment Income	31,180	32,711	32,049	662	2.1%
Penalties and Interest on Taxes	8,610	14,592	5,334	9,258	173.6%
Contributed and Assumed Assets	-	35,899	27,197	8,702	32.0%
Other	7,885	2,698	10,128	(7,430)	-73.4%
City's Share of Net Income in Enersource Corporation	-	28,712	17,467	11,245	64.4%
Total Revenues	939,118	1,147,927	1,073,327	74,600	7.0%

2021 Expenses ($954.0 million)

Item (in 000's)	2021 Budget	2021 Actual	2020 Actual	Change vs. Prior Year	
				$ Change vs. Prior Year	% Change
Salaries, wages and employee benefits	578,780	555,416	529,475	25,941	4.9%
Long-term debt interest and fees	5,501	4,677	4,821	(144)	-3.0%
Materials and supplies	57,995	55,208	61,737	(6,529)	-10.6%
Contracted services	59,696	103,874	86,812	17,062	19.7%
Rents and financial expenses	86,001	78,841	71,844	6,997	9.7%
External transfers to others	9,905	4,783	7,091	(2,308)	-32.5%
Loss on disposal of tangible capital assets	-	849	2,372	(1,523)	-64.2%
Amortization of tangible capital assets	149,776	150,343	144,655	5,688	3.9%
Total Expenses	947,654	953,991	908,807	45,184	5.0%

2021 Safe Restart Agreement Funding

- Safe restart recognized as a third party grant on 2021 financial statements
- $85.9 million received from the Provincial government in 2021.
- $18.2 million in obligatory reserve funds to offset 2022 operating pressures.

Sustainability Accounting & Reporting

- Note 22 provides unaudited metrics on the recognition of natural assets
- Upcoming formal recognition of sustainability in public sector accounting standards.
- Work underway to begin formal disclosures of sustainability reporting into financial statements

Questions?

MISSISSAUGA

City of Mississauga

Corporate Report

9.1

Date: April 28, 2022 To: Chair and Members of Audit Committee From: Shari Lichterman, CPA, CMA, Commissioner of Corporate Services and Chief Financial Officer	Originator's files: Meeting date: May 16, 2022

Subject

2021 External Audit Findings Report

Recommendation

That the 2021 External Audit Findings Report, dated April 28, 2022 from the Commissioner of Corporate Services and Chief Financial Officer, which includes the Audit Findings Report from KPMG LLP for the fiscal year 2021 for the City of Mississauga, 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 2021 External Audit Findings Report provides an overview of the 2021 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 uncorrected adjustment and 1 corrected adjustment, both related to the revenue recognition for obligatory reserve funds being applied between 2020 and 2021. This recognition process was improved for the 2021 financial statements, which resulted in the adjustment. The uncorrected adjustment has not impacted the Auditor's opinion on the financial statements.

Background

The Audit Committee's Terms of Reference (Bylaw #0321-2010) establishes the roles and responsibilities of the Audit Committee, including 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 the fiscal year 2021, local boards and agencies include Tourism Mississauga, the Mississauga Public Library Board, and the five Business Improvement Area Associations.

Comments

KPMG has now completed the statutory audit for the fiscal year 2021 and have issued an Audit Findings Report for information. Per the independent auditor's report that accompanies the City's 2021 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 2021 External Audit Findings Report assists 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 uncorrected or corrected audit items
- Control deficiencies and process improvement observations.

<u>Uncorrected and Corrected Audit Misstatements</u>

There was one uncorrected misstatement and one corrected misstatement, both related to the identification of $11.629 million of revenue from obligatory reserve funds that belongs to fiscal year 2020 but was recorded in fiscal 2021. During 2021, Finance staff improved the process for recording revenues related to deferred revenue – obligatory reserve funds. As a result of the improved process, it was identified during the audit that $11.629 million of revenue from obligatory reserve funds for 2020 was recorded in 2021. This timing difference resulted in an uncorrected misstatement to prior year revenues and 2021 opening accumulated surplus, and the corrected misstatement of recording this revenue in 2021.

The ending balance of accumulated surplus reported on the statement of financial position is correct as at December 31, 2021. Given that the uncorrected audit misstatement is not material to the City's consolidated financial statements, it does not affect the KPMG's opinion of the City's financial statements.

Financial Impact

There is no financial impact as a result of this report.

Conclusion

The 2021 External Audit Findings Report provides an overview of the 2021 audit results. The report highlights any findings and/or audit observations and recommendations for the Audit Committee's review and consideration. There was 1 uncorrected and 1 corrected difference both related to the timing of obligatory reserve fund revenue earned between 2020 and 2021. The auditors had no concerns with City staff's feedback and responses to the recommendations.

Attachments

Appendix: 2021 Audit Findings Report

Shari Lichterman, CPA, CMA, 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, 2021

KPMG LLP

Licensed Public Accountants

Prepared on May 3, 2022 for

Presentation on May 16, 2022

kpmg.ca/audit

KPMG

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KPMG contacts

The contacts at KPMG in connection with this report are:

Maria Khoushnood

Lead Audit Engagement Partner

Tel: (416) 228-7082
mkhoushnood@kpmg.ca

Shelyane Li

Audit Senior Manager

Tel: 416-224-4113
shelyaneli@kpmg.ca

Christina Gao

Audit Manager

Tel: (416) 228-7284

yegao@kpmg.ca

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.

Audit Quality: How do we deliver audit quality?

Transparency report

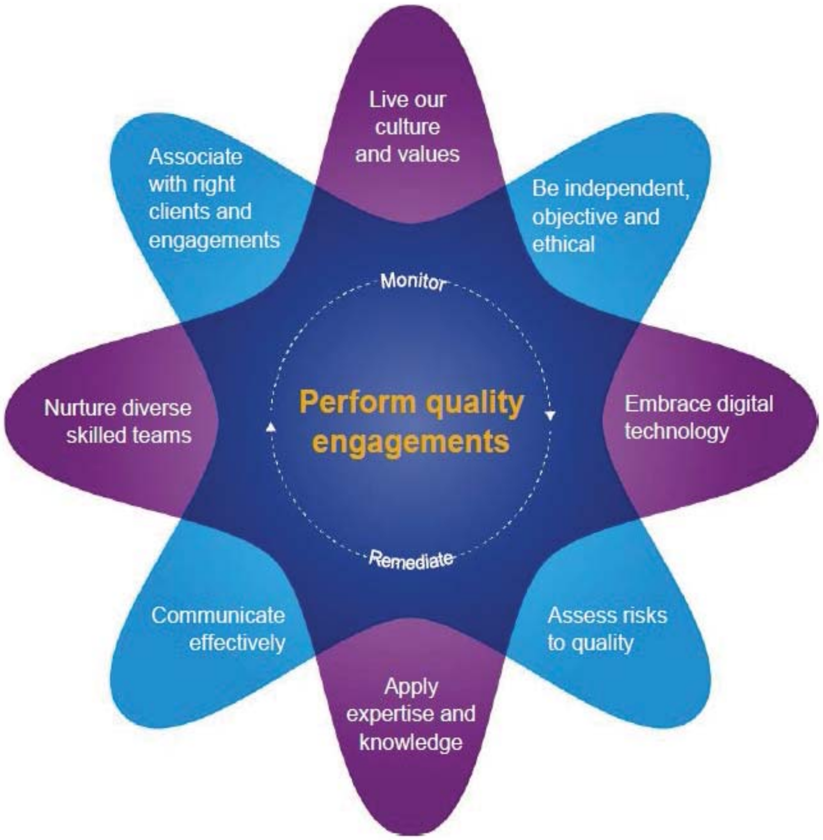
Quality essentially means doing the right thing and remains our highest priority. Our **Global Quality Framework** outlines how we deliver quality and how every partner and staff member contributes to its delivery.

'**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.**



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Audit highlights

Purpose of this report[1]

The purpose of this 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, 2021. This report builds on the Audit Plan we presented to the Audit Committee.

Status of the audit

As of the 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 City Treasurer, May 3, 2022.

Significant changes from the audit plan

Based on our risk reassessment during the current year, we determined that Enersource Corporation (‘Enersource’) does not meet the threshold for classification as a significant component for the group audit of the City. As a result, the component classification for Enersource was changed to non-significant. There was no change to our audit approach related to Enersource as a result of this change in classification. Refer to page 10 for further details.

There were no other significant changes to our audit plan, which was originally communicated to you in the audit planning report.

Going concern

No matters to report.

Significant risks and other significant matters

There are no significant findings to communicate related to significant risks or other significant matters.

Uncorrected audit misstatements

There was one uncorrected audit misstatement and one corrected audit misstatement. Refer to pages 9 and 13 for details.

Control deficiencies

We did not identify any control deficiencies that we determined to be significant deficiencies in internal control over financial reporting. A significant deficiency in internal control is a deficiency, or combination of deficiencies, in internal control that, in the auditor’s professional judgment, is of sufficient importance to merit the attention of those charged with governance.

[1] This report to the Audit Committee 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 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.

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.

Independence

We are independent with respect to the City, within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any other standards or applicable legislation or regulation.

Audit risks and results

We highlight our significant findings in respect of **significant risks** as identified in our discussion with you in the Audit Plan, as well as any additional significant risks identified.

Fraud risk from revenue recognition	New or changed?	Estimate?
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.	Same as prior year.	No significant estimates noted.

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 17.
- 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 and earned obligatory reserve funds for which corresponding revenues are recognized.
- We obtained and reviewed the continuity for deferred revenue prepared by management. We substantively tested development charges and other obligatory reserves cash receipts. Refer to page 9 for results.
- 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 of operating effectiveness of selected relevant controls over financial reporting.
– We tested journal entries and other adjustments by using D&A routines. See page 17 for further details in this area.
– We did not identify any issues or concerns after performing our review of estimates. See pages 8 and 12 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 carried out our element of unpredictability by testing a sample of procured goods and services and inspecting for evidence of appropriate authorization prior to procurement. We found one sample whereby the approver was not the appropriate authorizing individual for the nature and value of the purchase. To avoid further occurrences and reduce the risk of unauthorized purchases, we recommend that the City review its procurement policies for clarity and whether it is reflective of current conditions, provide education sessions to staff, and implement a system to verify that the appropriate levels of authorization are attained prior to procurement.

Other areas of focus

We highlight our significant findings in respect of **other areas of focus** as identified in our discussion with you in the Audit Plan, as well as any additional areas of focus identified.

Employee Future Benefits	New or changed?	Estimate?
There is estimation uncertainty due to assumptions and estimates used by the actuary in calculating the liability for employee future benefits. 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."	Same as prior year; a valuation was completed in 2019.	Yes, there is estimation uncertainty due to assumptions used by the actuary to calculate the liability for the Employee Future Benefits.

Our response

- We obtained the actuarial valuation report and audited the data, method and assumptions applied in the valuation and performed trend analysis on the liability.
- We evaluated the discount rate in comparison with rates issued by the Canadian Institute of Actuaries ("CIA") and KPMG LLP.
- We assessed the qualifications, competence and objectivity of the actuary as required by the Canadian auditing standards.
- We assessed the disclosures in the financial statements against the requirements of the public sector accounting standards.

Significant findings

- Based on our review of the report prepared by the actuary, we noted that the method applied for the estimate is acceptable per the Canadian Institute of Actuaries and Public Sector Accounting Standards (PSAS) 3250 *Retirement Benefits.*
- 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 we did not note any significant differences.
- We noted that the discount rate used by the actuary is a key assumption. Discount rates of 3.25% - 3.50% (2020 – 3.25% - 3.50%) were used for the determination of the liability. We evaluated the discount rates 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 rates used are reasonable.
- The disclosures included in the financial statements are in accordance with the requirements of the public sector accounting standards.
- 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, 2021.
- The employee future benefit liabilities as at December 31, 2021 are outlined in note 7 to the financial statements.

Other areas of focus

Revenue, Safe Restart Grants, and Deferred Revenues	New or changed?	Estimate?
The City recognizes revenue from different streams including taxation, user charges, funding transfers and government grants, development and other contributions, investment income, 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, which includes deferring receipts and contributions if performance obligations are not met.	Same as prior year.	No significant estimates noted.

Our response

- We substantively tested revenues recognized and amounts held as deferred at year end using sampling techniques and direct confirmation of certain revenues with third parties, including other governments and agencies.
- We obtained the Phase 2 and 3 COVID-19 Recovery Funding for Municipalities program and Safe Restart funding letters, agreed amounts recorded to the funding agreements, and vouched to cash receipts.
- We reviewed the calculation of deferred revenue continuity prepared by management and ensured the cash receipts and revenue recognized ties to our audited work.
- We tested a sample of cash receipts to supporting agreements and bank records and found no issues in the deferral of these receipts.
- We tested a sample of expended funds to supporting records of the underlying expenditures, noting that the expenditures were related to the purpose for which the contributions were recorded, and found no issues in the recognition of funds as revenue.

Significant findings

- The cash receipts and revenue recognized by the City related to the Safe Restart funding and other COVID related funding is measured and recognized appropriately.
- Based on discussion with management, we noted that in the current year, management improved the process for recording revenue related to deferred revenue – obligatory reserve funds. As a result of this change, the amount reported for deferred revenue obligatory reserves as at December 31, 2021 is based on complete reconciliation between funds spent to date and revenue recognized.
- As part of our audit procedures, we identified $11.629 million of revenue from obligatory reserve funds that belongs to fiscal 2020 but was recorded in fiscal 2021.
- Management has corrected this error by recording $11.629 million as an increase to development and other contributions applied revenue and a corresponding reduction to deferred revenue – obligatory reserve funds. Refer to page 13 for the audit adjustment.
- We have also reported an uncorrected misstatement to note that 2021 revenues are overstated by $11.629M, prior year revenues are understated by this amount, with the effect of an understatement in opening accumulated surplus of $11.629 million. The ending balance of accumulated surplus reported on the statement of financial position is correct as at December 31, 2021. Given that the uncorrected audit misstatement is not material to the City's consolidated financial statements, it does not affect our audit opinion.
- Other than the uncorrected misstatement noted above, the amounts reported for revenue and deferred revenue for obligatory reserve as at year end are reasonable.
- The note disclosures related to revenue and deferred revenue for obligatory reserves are in accordance with PSAS.

Other areas of focus

Enersource Corporation	New or changed?	Estimate?
Enersource Corporation ("Enersource") is accounted for on a modified equity basis.	As noted on page 4, Enersource is assessed as a non-significant component for group audit purposes in 2021.	No significant estimates noted.

Our response

- We obtained Enersource's financial statements for the year ended December 31, 2021 and tested the City's investment in Enersource by recalculating relevant amounts, including the City's share of net income. We cross-referenced the financial information disclosed in the City's note disclosure for the investment in Enersource to Enersource's financial statements.
- We vouched dividends received from Enersource to supporting documentation and cash receipts.

Significant findings

- The City recognizes its 90% investment in Enersource using the modified equity method.
- We reviewed the modified equity calculation and note that there are two major components to the calculation, which are the current year net income / other comprehensive income of Enersource of $28.7M (2020 - $17.5M) and dividends declared and paid to the City by Enersource of $16.7M (2020 - $17.7M). These transactions are disclosed in note 4 to the financial statements.
- No exceptions were noted during testing.

Other areas of focus

Business Improvement Areas	New or changed?	Estimate?
The City's five Business Improvement Areas ("BIAs") are accounted for on a consolidation basis.	Same as prior year.	No significant estimates noted.

Our response

– Each of the BIAs are considered non-significant components to the City's financial statements. However, given that the BIAs are components of the City, there is a required statutory audit performed for each BIA.
– The individual audits of the BIAs' financial statements are audited by the same audit team for the City.
– Using the BIAs' financial statements for the year ended December 31, 2021, we tested the City's consolidation of the BIAs by verifying the complete summation of financial information and elimination of related party balances and transactions.

Significant findings

– We found the BIAs' financial information to be accurately and completely consolidated with the City, including for elimination of related party balances and transactions.
– During the performance of the statutory audit of a certain BIA, we found that the year-end close-out process was not adequately performed by BIA management resulting in a delay for the consolidation process at the City. We have discussed our observations with both local BIA management as well as City management.

Other areas of focus

Contingent liabilities	New or changed?	Estimate?
PSAS 3300 *Contingent Liabilities* 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." 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.	Same as prior year	Estimation uncertainty exists related to the likelihood and measurement of the contingent liability. However, this estimation uncertainty does not result in a risk of material misstatement.

Our response

- We obtained and evaluated the City's assessments and claims listing that are used to develop and record these estimated liabilities.
- 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.
- We reviewed Council and committee meeting minutes to determine the completeness of contingencies and held discussions thereon with senior management, including internal legal representatives.

Significant findings

- We reviewed the listing of active litigation and potential claims provided by internal legal counsel and reviewed assessments of each matter and the process employed to develop and record the related estimated liabilities. Management has recorded an accrual based on the likely amounts of loss after accounting for insurance coverage.
- 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.
- Based on the work performed, the contingent liabilities reported by the City are reasonable.

Uncorrected and corrected audit misstatements

Audit misstatements include presentation and disclosure misstatements, including omissions.

Uncorrected audit misstatements

The management representation letter includes the Summary of Uncorrected Audit Misstatements, which discloses the impact of all uncorrected misstatements considered to be other than clearly trivial.

- There was one uncorrected misstatement presenting a decrease to revenue and an increase to opening accumulated surplus for $11.629M, as described on page 9.

Based on both qualitative and quantitative considerations, management has decided not to correct the misstatement and represented to us that the misstatement — individually and in the aggregate — is, in their judgment, not material to the financial statements. This management representation is included in the management representation letter.

We concur with management's representation that the uncorrected misstatement is not material to the financial statements. Accordingly, the uncorrected misstatement has no effect on our auditors' report.

Corrected audit misstatements

The management representation letter includes all misstatements identified as a result of the audit, communicated to management and subsequently corrected in the financial statements.

- There was one corrected misstatement that increased revenue and decreased deferred revenue – obligatory reserve funds liability for $11.629M, as described on page 9.

Financial statement presentation and disclosure

Misstatements, including omissions, if any, related to presentation and disclosure items are in the management representation letter.

We also highlight the following:

Financial statement presentation - form, arrangement, and content	The form, arrangement and content of the financial statements is adequate.
Significant qualitative aspects of financial statement presentation and disclosure	We did not note any material disclosure omissions in the financial statements.

Appendices

Content

Appendix: Other required communications

Report	Representations of management
The conclusion of our audit is set out in our auditors' report attached to the consolidated financial statements.	We obtained from management certain representations upon the completion of the audit.

Audit Quality in Canada	Engagement terms
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: • CPAB Audit Quality Insights Report: 2021 Interim Inspections Results • CPAB Audit Quality Insights Report: 2020 Annual Inspections Results	A copy of the engagement letter and any subsequent amendments has been provided to the audit committee.

Appendix: Technology in the audit

As previously communicated in our Audit Planning Report, we have utilized technology to enhance the quality and effectiveness of the audit.

Technology	Areas of the audit where Advance Technology routines were used	Insights
KPMG Clara for client collaboration	This tool is used to request and receive all audit requests from clients, including the City.	This tool is web-based and allows the finance team to upload responses to our specific requests via secure 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.
Journal Entry Analysis	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.	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. We did not find any exceptions in our testing over journal entries.
Data Extraction & Analytics Tools	We evaluated the completeness of the journal entry population through a roll-forward of the entire GL.	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, 2021 as reported by management. 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.

Appendix: Current developments

Title	Details	Link
Public Sector Update – connection series	Public Sector Accounting Standards are evolving – Get a comprehensive update on the latest developments from our PSAB professionals. Learn about current changes to the standards, active projects and exposure drafts, and other items.	Contact your KPMG team representative to sign up for these webinars. Public Sector Minute Link

The following are upcoming changes that will be effective in future periods as they pertain to Public Sector Accounting Standards. We have provided an overview of what these standards are and what they mean to your financial reporting so that you may evaluate any impact to your future financial statements.

Standards	Summary and implications
Asset Retirement Obligations	– The new standard is effective for fiscal years beginning on or after April 1, 2022. – 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. PSAS currently contains no specific guidance in this area. – 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. – As a result of the new standard, the public sector entity will have to: o Consider how the additional liability will impact net debt, as a new liability will be recognized with no corresponding increase in a financial asset; o 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; o 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.
Financial Instruments and Foreign Currency Translation	– The accounting standards, PS3450 *Financial Instruments*, PS2601 *Foreign Currency Translation*, PS1201 *Financial Statement Presentation* and PS3041 *Portfolio Investments* are effective for fiscal years commencing on or after April 1, 2022. – 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. – Hedge accounting is not permitted.

	– 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. – In July 2020, PSAB approved federal government narrow-scope amendments to PS3450 *Financial Instruments* 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 *Financial Instruments*. The exposure drafts were released in summer 2020.
Revenue	– The new standard is effective for fiscal years beginning on or after April 1, 2023. – The new standard establishes a single framework to categorize revenues to enhance the consistency of revenue recognition and its measurement. – 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. – 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.
Public Private Partnerships ("P3")	– PSAB has introduced Section PS3160, which includes new requirements for the recognition, measurement and classification of infrastructure procured through a public private partnership. The standard has an effective date of April 1, 2023 and may be applied retroactively or prospectively. – The standard notes 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. – The public sector entity recognizes a liability when it needs to pay cash or non-cash consideration to the private sector partner for the infrastructure. – 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.
Purchased Intangibles	– 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. – 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. – The effective date is April 1, 2023 with early adoption permitted. Application may be retroactive or prospective.

Appendix: Upcoming changes to auditing standards

The following changes to auditing standards applicable to our 2022 audit are listed below.

Standard	Key observations
Revised CAS 315, *Identifying and Assessing the Risks of Material Misstatement*	Revised CAS 315, *Identifying and Assessing the Risks of Material Misstatement* has been released and is effective for audits of financial statements for periods beginning on or after December 15, 2021. The standard has been significantly revised, reorganized and enhanced to require a more robust risk identification and assessment in order to promote better responses to the identified risks. Key changes include: – Enhanced requirements relating to exercising professional skepticism – Distinguishing the nature of, and clarifying the extent of, work needed for indirect and direct controls – Clarification of which controls need to be identified for the purpose of evaluating the design and implementation of controls – Introduction of scalability – Incorporation of considerations for using automated tools and techniques – New and revised concepts and definitions related to identification and assessment of risk – Strengthened documentation requirements CPA Canada plans to publish a Client Briefing document in early 2022 to help you better understand the changes you can expect on your 2022 audit.

Appendix: Audit and assurance insights

Our latest thinking on the issues that matter most to audit committees, Boards and Management.

Featured insight	Summary	Reference
Accelerate 2022	The key issues driving the audit committee agenda in 2022.	Learn more
Audit Committee Guide – Canadian Edition	A practical guide providing insight into current challenges and leading practices shaping audit committee effectiveness in Canada.	Learn more
Unleashing the positive in net zero	Real solutions for a sustainable and responsible future.	Learn more
KPMG Audit & Assurance Insights	Curated research and insights for audit committees and boards.	Learn more
Board Leadership Centre	Leading insights to help board members maximize boardroom opportunities.	Learn more
KPMG Climate Change Financial Reporting Resource Centre	Our climate change resource centre provides insights to help you identify the potential financial statement impacts to your business.	Learn more
The business implications of coronavirus (COVID 19)	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.	Learn more
	KPMG Global IFRS Institute - COVID-19 financial reporting resource center.	Learn more
IFRS Breaking News	A monthly Canadian newsletter that provides the latest insights on international financial reporting standards and IASB activities.	Learn more
Momentum	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.	Sign-up now
Current Developments	Series of quarterly publications for Canadian businesses including Spotlight on IFRS, Canadian Securities & Auditing Matters and US Outlook reports.	Learn more
KPMG Learning Academy	Technical accounting and finance courses designed to arm you with leading-edge skills needed in today's disruptive environment.	Learn more

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Appendix: Why Audit Committees should know about Asset Retirement Obligations

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Municipalities have evolved significantly over the last two decades and this evolution has escalated over the last two years due to the huge push towards digital transformation. Municipalities have come to a refreshed realization about the dynamic change it needs from their citizens resulting in a push towards a citizen-centric approach to defining their goals and objectives.

With all this change, the citizens are looking for new and improved ways to obtain information from the municipalities and public sector entities generally. They are looking for information that is timely, accurate and accessible. For instance, more and more municipalities are moving towards quarterly financial reporting to provide more timely information to stakeholders.

The finance function within municipalities tend to focus a large portion of their resources on their budget-setting process each year, relative to financial reporting. This budget sets out the municipality's operating and capital spending plan for the next year, leading to the determination of the necessary tax levy to support the planned spend. It is necessarily a cash-based document, which leads to difficulty in comparing it to a municipality's financial results, which are prepared on a basis prescribed by the Chartered Professional Accountants Canada. The annual financial statements are presented on an accrual basis in accordance with Public Sector Accounting Standards (PSAS). This disconnect between the cash basis and accrual basis often makes it difficult for 'Those Charged With Governance' (TCWG) to fully understand the actual financial results since relatively more resources are deployed towards the creation of the budget than the presentation of the financial results. While there are quite a few intersections between the budget-based reporting and PSAS reporting, there are many differences that can come in the way of effective municipal financial management and oversight.

Please note that the discussion in this paper is relevant for all public sector entities that report their financial results in accordance with PSAS. While the specific examples in this paper focus on municipalities, the same implications can be applied to other entities with slight modification to incorporate the differences in operations in the various types of public sector entities.

With that in mind, let's talk about a new reporting standard which is required to be implemented by public sector entities for years ending on or after April 1, 2022 and why it is important for TCWG to understand the implications of this new standard. This standard pertains to Asset Retirement Obligations (ARO) and requires public sector entities to set up a liability related to the legal obligation for retiring a tangible capital asset. The assets that fall into this standard are the ones that are controlled by the public sector entity and includes leased assets. This standard has far-reaching impacts for municipalities and requires proper attention from TCWG, in order to exercise appropriate oversight over the financial reporting process. We have highlighted some key items here:

(a) Completeness of liabilities

(b) Legal obligations

(c) Completeness of assets

(d) Technical expertise

(e) Financing repercussions

(f) Environmental Social Governance (ESG) implications

Let's talk about these one by one!

a. Completeness of liabilities

In many cases, the liability associated with AROs has not been recorded within the financial records of the public sector entities which means that these entities are underreporting their obligations. It is possible that certain public sector entities might have some of these obligations included within their legal obligations however it is unclear how these are being tracked and whether the process used to determine the magnitude of these legal obligations is accurate.

Not only is it important to have accurate and complete information for the measurement and recognition of these liabilities for financial reporting purposes, but the same information is also equally important for financial planning and for effective financial management of the municipalities.

One of the tools used by municipalities in order to perform long term financial planning is through reserves and reserve funds to ensure they have sufficient funds set aside for future needs. If a municipality does not have a clear understanding of their ARO liability, it would hinder their ability to assess the adequacy of their reserve funds. Cash flow management would also be impacted due to the potential unplanned outflow in any given year.

b. Legal obligations

Next, let's talk about legal obligations. It is important to understand that the obligation related to the ARO is a legal obligation. However, unlike some of the traditional legal obligations, where there might be uncertainty around the outcome of the legal item, there is no uncertainty related to the existence of the future obligation related to an ARO. This means that the future settlement is guaranteed for an ARO and the uncertainty in this situation is limited to the quantification or the amount of the future settlement.

Not getting a good handle on the ARO liability also increases the risk of negative legal implications for the municipality in the future. As an example, if there is a contaminated site that requires a municipality to perform clean up to ensure the safety of the residents, but this contamination is not rectified in a timely and reasonable manner as required by environmental regulations. This could result in severe legal implications for the municipality due to the hazardous nature of these materials and potential negative health impact on the residents.

The new ARO reporting standard also includes the concept of promissory estoppel as part of the legal liability assessment. For your convenience, we have included the definition of promissory estoppel in the glossary at the end of this document.

The key point that is important to emphasize is that it would be important to engage a legal expert as part of the ARO implementation team as this assessment might be outside the expertise of the core finance team members.

c. Completeness of assets

When Canadian municipalities first began reporting their tangible capital assets as a component of their balance sheets back in 1999, it was apparent that many municipalities did not have good historical data on the assets that they owned at that time and consequently many still do not have a complete listing of owned assets. A comprehensive approach to asset management brings numerous benefits to local and regional governments and assists them in being able to demonstrate that taxpayers get good value from each capital asset they fund, in part or in whole.

This is a contributing factor as to why there are regulatory requirements for good asset management practices. For example, the Federal Gas Tax Agreement requires municipalities to demonstrate a strong asset management system. In absence of a well-thought-out asset management plan, local municipalities could put at risk the operational effectiveness of their assets, public health and safety and overall public confidence in the local government. A solid asset management approach helps to ensure reliability of the services offered by a local government and thus instill more confidence from the public.

Asset management itself is quite a broad topic of discussion for municipalities, perhaps the above description provides an understanding of why there is so much emphasis placed on good asset management. As important as it already was to have a complete listing of tangible capital assets in order to develop a reasonable asset management plan, it has become even more so with the implementation of financial reporting standards for AROs. This due to the fact that AROs are based on identifiable tangible capital assets controlled by the Entity. If the asset listing is not complete or not up to date, any obligations relating to assets not being reported would also not be captured. If items are missed in the scoping and measurement of AROs, this results in a significant risk for the municipalities where the corresponding liabilities will be incomplete. There might be other consequences of missing these liabilities for municipalities depending on the nature and extent of error such as cash-flow management, environmental and social implications.

The ARO standard does not require entities to assess their overall asset management approach for reasonableness. The ARO standard also does not require entities to undertake an asset management exercise to make sure they have a complete inventory of all of their assets. However, it is quite clear that the entities who have an accurate and complete listing of their assets through a well-thought-out asset management plan are the ones who will be in the best position to ensure completeness of their AROs.

d. Technical expertise

Another matter to consider and assess is the quality of the information that the entity has regarding their assets. How well does the entity understand its assets including the nature and components of its assets? For the finance team to scope and measure the ARO associated with different assets, they would need clear guidance from subject matter experts that understand the technical aspect of this determination.

Finance teams would likely have the requisite expertise relating to the cost and fair value of these assets but may not be as aware of the legal, environmental, and / or other obligations attached to these assets. The knowledge of subject matter experts will be to assist the finance team in this area.

In addition to legal experts, other experts on which the exercise may depend upon include individuals from the operations team, mechanical and engineering teams, etc.

It would be important to have a discussion with the finance team to identify which subject matter experts are considered necessary based on their initial assessment in order to make optimal resource allocations. It would also be important to note that these needs could change as the implementation project matures.

e. Financing repercussions

Even though not directly related to ARO, financing repercussions should also be front of mind with overall asset management, particularly when planning for asset replacement / remediation / maintenance. In different provinces in Canada, there are restrictions on the amount of borrowing for local municipalities. In Ontario, for instance, long-term borrowing is restricted to capital investments and is also subject to a prescribed maximum level based on a preset formula.

Local municipalities use debt to help finance large capital projects. Local municipalities conduct long-term financial planning through the adoption of a multi-year capital plan and a long-term fiscal plan that would typically consider the amount and timing of debt necessary to support the planned expenditures over the term of Council. It also becomes important to understand the useful life of the asset in order to match the cost to the period over which the benefits are received. This provides more affordable financing by matching the repayment term to the economic useful life of the project, instead of funding the entire cost from current revenues.

In recent years, we have noted the trend of the issuance of green bonds, with the province of Ontario reaching a whopping $10.75 billion in green bonds in 2021. Other local municipalities are following suit and this move is expected to continue. It would be important to have a good grasp on the asset management plans before these green bonds are attached to environmentally friendly infrastructure capital projects. Talking about green bonds, let's move into other ESG considerations.

f. ESG Implications

It is quite interesting that the concept of ARO touches all three aspects of the ESG spectrum i.e., environmental, social and governance. Physical contamination caused by hazardous materials such as asbestos or the toxins and leachate from landfills are all contributors towards damaging the environment.

Inappropriate or sub-optimal treatment of these hazardous materials can have significant health detriments which becomes a social responsibility issue whereby the expectation is that public sector entities, especially municipalities would ensure appropriate level of remediation for these hazardous items. The heightened fiduciary responsibility in the public sector environment especially with the elected officials with the municipalities creates a huge need for an appropriate level of governance in place.

The ESG implications for ARO have gained a lot of traction in recent years. These discussions have become more important now as public sector entities work towards the implementation of this new standard. While it is important to embrace ESG into our strategic planning, it will be critical to ensure that this planning is comprehensive and well thought out. As daunting as this task can seem, the key is to have a structured approach to map out what is relevant for the organization and to design a plan to tackle these implications.

In conclusion, while the ARO standard implementation may seem like any other accounting standard implementation, it has far reaching implications from a municipal operational and governance perspective requiring consideration and input from the organization as a whole, not just its finance team. It is therefore critical to take the time to understand these implications and design a plan to address them in a meaningful manner.

We would be more than happy to continue this discussion with you. We are currently running customized sessions for different entities to help them understand these various implications of AROs and how to best address them.

Special thanks to Kevin Travers, Partner KPMG Enterprise and Bailey Church, Partner Accounting Advisory Services for their contributions to this publication.

Contact us

Maria Khoushnood
Partner, KPMG Enterprise
KPMG in Canada
416-228-7082
mkhoushnood@kpmg.ca

home.kpmg/ca

Be social with **@KPMGCanada**

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Glossary

Public Sector

Public sector refers to governments, government components, government organizations and partnerships. Each of these entities is a "public sector entity". A government component is an integral part of government, such as a department, ministry or fund. It is not a separate entity with the power to contract in its own name and that can sue and be sued. A government organization is any organization controlled by a government that is a separate entity with the power to contract in its own name and that can sue and be sued. Public sector organizations have a higher accountability to the taxpayer – above and beyond the traditional fiduciary duty.

Promissory estoppel

The elements of a promissory estoppel claim are "(1) a promise clear and unambiguous in its terms; (2) reliance by the party to whom the promise is made; (3) [the] reliance must be both reasonable and foreseeable; and (4) the party asserting the estoppel must be injured by his reliance."

Appendix: Considerations for Environment, Social and Governance (ESG)

When thinking about ESG, the following are the two key considerations:

Financial Reporting Impacts

- How a company reflects the impacts of climate-related matters in the financial statements will depend on its specific facts and circumstances, including the nature and extent of those impacts on the company.
- IFRS Standards do not refer explicitly to climate-related risks or climate-related matters, but they implicitly require relevant disclosures in the financial statements when climate-related matters considered in preparing the financial statements are material.
- Companies are required to consider materiality carefully in deciding what information to provide as information may be material even though there is no current-period financial impact.

Accounting impacts from ESG-related risks and opportunities on key areas of judgement and estimates that may be relevant will vary by industry.

Sustainability Reporting

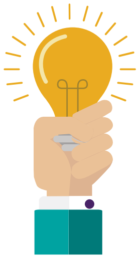
- ESG-related information is frequently disclosed outside of traditional financial statements whether in be in separate sustainability reports but also could be within the MD&A and/or AIF
- Such information can be in the form of key metrics as identified by management or specific qualitative information around key risks and opportunities

Common voluntary disclosure frameworks used are Global Reporting Initiative (GRI), the Sustainability Accounting Standards Board (SASB) by industry, and the Taskforce on Climate-Related Financial Disclosures (TCFD).

How might climate-related risks impact the financial statements?

The audit committee's deep understanding of internal control and financial reporting puts it in a good position to challenge management to develop systems and processes for ESG risk and opportunity identification, to create resilient strategies to manage these risks, to develop metrics, processes and controls around data collection and ESG reporting.

The following are ten questions as a starting point to assess the impact on financial statements.



10 questions to start impact assessment of climate-related risks to the financial statements

For further insights, please refer to KPMG publication "10 questions for audit committees" at the KPMG Climate Change Resource Centre.

01 Has your company made a net-zero commitment?

02 Does your company have polluting assets?

03 Is your company exposed to carbon-related regulation?

04 What about your inventory and production costs?

05 Does your company take part in an emissions scheme?

06 Does your company borrow funds?

07 Is your company a provider of finance?

08 What about your staff benefits?

09 What about your cash flow forecasts?

10 What about your disclosures?

The Importance of ESG

Public Commitment

Increased public commitments to global initiatives and announcements relating to climate change, nature, sustainable development goals, impact and social issues.

Access to capital

Investors, lenders and underwriters increasingly factor in ESG considerations when making investment decisions, offer sustainability-linked products and require sustainability-related information from customers and clients.

Regulatory developments

ESG-related compliance costs and disclosure requirements continue to evolve, as securities commissions, prudential supervisors, stock exchanges and governments tighten the rules.

Reporting standards

Measurement and reporting of ESG-related information is maturing rapidly, as investor-centric disclosure standards are making headway (e.g. ISSB, TCFD, SASB).

Societal pressure

Stakeholders increasingly scrutinize companies' ESG performance and transparency affecting project approval, brand acceptance and consumer demand.

Climate change

Widespread recognition that climate change is a material financial risk – measuring and managing climate risks (and opportunities) is maturing and considered critical to financial risk management.

Enhanced risk management and investment returns

ESG integration has become an investment norm. 75% of institutional investors now consider ESG factors to be "material" to their investment analysis.

Workforce of the future

ESG has become a key factor in attracting and retaining top talent, as employees are seeking purpose from their work.

Emerging Reporting Requirements by Regulator

There are a number of reporting standards which will or may impact Canadian companies and could be effective as early as December 2022. They vary in scope and with respect to external assurance requirements.

	International Sustainability Standards Board (ISSB)	Securities Exchange Commission (SEC)	Canadian Securities Administrators (CSA)
General Sustainability–related Information	**IFRS S1** ***General Requirements for Disclosure of Sustainability-related Financial Information*** Sets the foundation with: - general features of reporting, including materiality - A structure across the four areas of governance, strategy, risk management and metrics and targets - Practical guidance, including presentation of information	No general sustainability guidance issued.	No general sustainability guidance issued.
Climate-related Information	**IFRS S2** ***Climate-related disclosures*** Builds on the content areas with additional guidance on: - disclosures of risks, climate transition plans and scenario analysis; and - general and industry-specific metrics	**SEC Release Nos 33-11042 and 34-94478** ***The Enhancement and Standardization of Climate-related Disclosures for investors*** Addresses climate-related information through: - Specified metrics and disclosures within the FS; and - Separate climate-related disclosures within the Annual Report or Registration Statement**	**National Instrument 51-107** ***Disclosure of Climate-related Matters*** Addresses climate-related information within the annual information form (AIF) or management's discussion and analysis (MD&A)
Specific Sustainability-related Information	**Additional standards expected to be issued in the future**: - Industry-specific guidance; and - Other topics – e.g. biodiversity	**Additional standards issued or expected to be issued in the future:** - Cyber security; - Human capital; and - Board diversity	No additional standards issued or expected to be issued (yet)

**Third party assurance required over Scope 1 and 2 emissions, shifting from limited to reasonable over time

Role of the Audit Committee

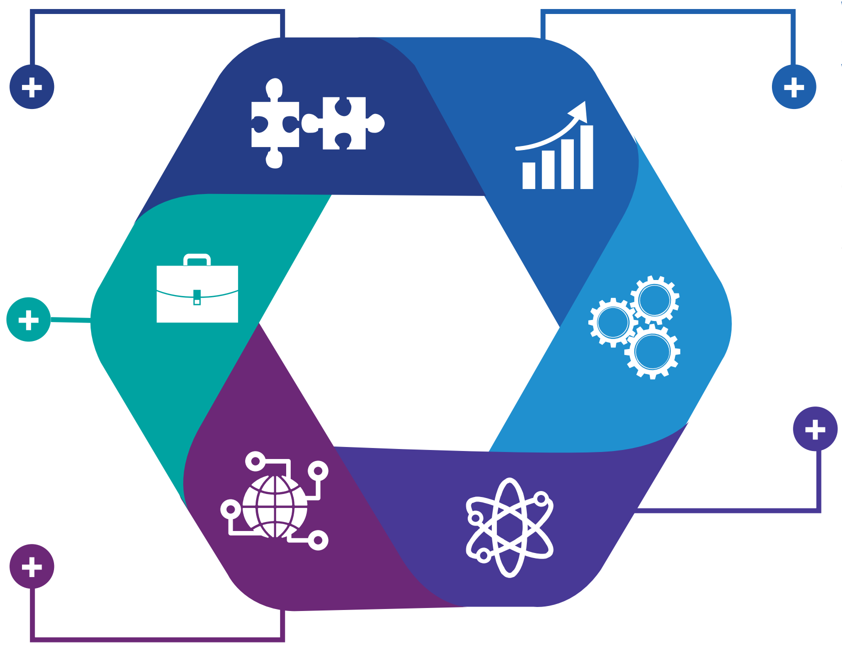
The Audit Committee will need to be involved in overseeing the development of policies, systems, processes, internal controls, governance and assurance for ESG data and reporting similar to that which is in place for collecting and disclosing financial information.

Questions for Management

What are the ESG topics that align to company's and stakeholders' priorities?
Audit committees should understand stakeholders' priorities and the company's material ESG issues, particularly, where those two topics overlap.

Is the company currently reporting on its ESG efforts, and where?
The data's importance to a company's ESG strategy, including financial materiality, should align with corresponding regulations and levels of risk associated with the data. This should determine the reporting method.

Are there established processes and controls in place for data collection and reporting?
Collecting data in a consistent method is important. In some cases, there is an established standard that is accepted by almost all investor groups. For example, the Greenhouse Gas Protocol is widely recognized as a way to report on emissions.



What level of assurance is the company getting on ESG metrics? What is being assured, by whom, and what is the value of the assurance?
It is critical for companies to begin to identify their priorities before pressure from customers, shareholders, and others push to accelerate the company's timeline. Audit committees are best positioned to understand which metrics merit assurance.

How should the company think about value creation and competitors when engaging on ESG?
Audit committees should take steps to understand the business and competitive environment regarding ESG strategy and reporting. Developing a clear ESG strategy, along with a standardized reporting process can set a company apart from its competition, as investors, customers, and other stakeholders increase their scrutiny.

KPMG Insights

Right click on each hyperlink to access the report.

Thought leadership

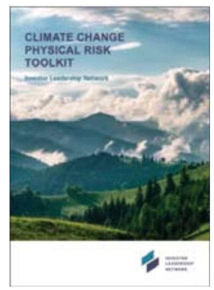
At KPMG we invest heavily in deepening our knowledge of ESG key trends, technical issues and differences among sectors. This ensures we remain at the forefront of our field.

Through our extensive Sustainability, ESG and Responsible Investing experience, we're proud of our contributions to global industry best practice.

[Sustainable Investing Fast-forwarding its evolution] (2020)

[Frontiers in Finance] (2020)

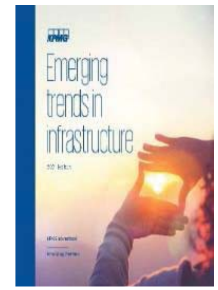
[Climate Change Physical Risk Toolkit] (2021)



[Supporting Growth and Ensuring Care] (2020)

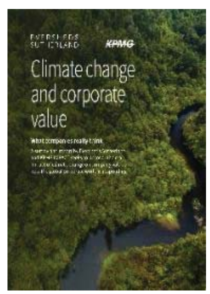
[Business and the environment] (2020)

[Emerging Trends in Infrastructure 2021 Edition] (2021)



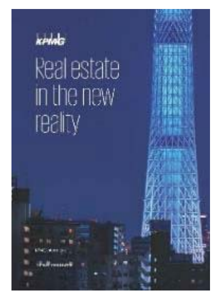
[You can't go green without blue] (2021)

[Climate change and corporate value] (2020)

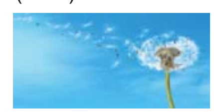


[Digitization and decarbonization in the new reality] (2020)

[Real Estate in the New Reality] (2020)

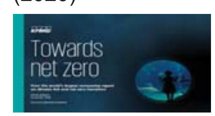


[SEC proposes climate reporting and assurance rules] (2021)

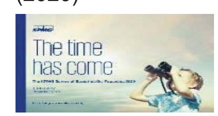


[An audit committee lens on ESG reporting] (2021)

[Towards Net Zero] (2020)



[The time has come] (2020)



kpmg.ca/audit

City of Mississauga

Corporate Report

MISSISSAUGA

Date: April 28, 2022	Originator's files:
To: Chair and Members of Audit Committee	
From: Shari Lichterman, CPA, CMA, Commissioner of Corporate Services and Chief Financial Officer	Meeting date: May 16, 2022

Subject

2021 Audited Financial Statements

Recommendation

That the 2021 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

- One of the fiduciary responsibilities of the Audit Committee is to review the annual financial statements and audit results.
- 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.
- This report presents the following 2021 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
    - Malton Business Improvement Area
    - Port Credit Business Improvement Area
    - Streetsville Business Improvement Area
    - Enersource Corporation

Background

The statutory function of the City's external 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 on 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 financial statements in accordance with the Public Sector Accounting Standards (PSAS) reporting framework. One of the fiduciary responsibilities of the Audit Committee is to review the annual financial statements and audit results.

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

Comments

KPMG have completed their audit of the City's financial statements, which fully comply with Public Sector Accounting Standards and 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, its financial position as of December 31, 2021. The financial statements 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 health and strength of the City, and continue to demonstrate strong financial planning management.

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

The 2021 audited financial statements are prepared on a different basis from the 2021 budget. Note 15 (Segmented Information by Service Area) outlines the actual revenues and expenses with the Service Area's adjusted budget. Note 16 (Budget Data) reconciles the approved operating and capital budget with the adjusted budget reported in the financial statements. Separated schedules within the Annual Financial Report also break down the approved budget with the adjusted budget by Service Area.

COVID-19 Impacts and Provincial Safe Restart Funding

Note 19 (Funding Transfers from Other Governments) outlines the grant funding received and recognized during 2021 to offset the financial impacts of COVID-19 through the Safe Restart and COVID-19 Recovery for Municipalities agreements. During the year, the City received funding in the amount of $85.9 million and recognized combined revenues of $68.5 million from the Provincial government from both agreements, plus $0.8 million in interest earned. The remaining $18.2 million received are held in reserve and obligatory reserve funds and will be applied to offset any deficit incurred in 2022. Finance continues to provide updates on the City's financial position to Council throughout the year.

Annual Financial & Sustainability Report and Annual Report Highlights
Appendix 3 (2021 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 2021 Annual Financial and Sustainability Report and the 2021 Annual Report Highlights (also known as the Popular Report), which will be available on the City's website. These reports are submitted annually to the Government Finance Officers Association (GFOA) for consideration in their respective Excellence in Financial Reporting awards, which the City has been recognized with for 24 consecutive years.

Mississauga Library Board and Tourism Mississauga
Finance prepares audited financial statements for Tourism Mississauga and the Mississauga Library Board for the year ended December 31, 2021 to comply with the requirements of each organization. These financial statements consolidate into the City's financial statements.

Financial Impact

There is no financial impact associated with this report.

The City's 90% interest in Enersource Corporation in 2021 is $510.5 million (2020: $498.5 million), an increase of 12 million and has been reported as a financial asset on the consolidated statement of financial position. This increase relates to higher net income received through Enersource's investment in Alectra in the fiscal year, partially offset by dividends paid to Enersource shareholders.

Conclusion

The 2021 Financial Statements report on the current state of the City's financial affairs. The Auditor's opinion attests that they present fairly its financial position as at December 31, 2021. There were no concerns identified with the 2021 audit or financial statements. The City's financial position remains healthy and strong through effective financial management.

Attachments

Appendix 1: 2021 Audited Financial Statements
Appendix 2: Management Representation Letter
Appendix 3: 2021 Financial Year in Review

Shari Lichterman, CPA, CMA, Commissioner of Corporate Services and Chief Financial Officer
Prepared by: Wesley Anderson, Manager, Financial & Treasury Services

2021 Audited Consolidated Financial Statements

For the period ending December 31, 2021

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, 2021

The Corporation of the City of Mississauga
December 31, 2021

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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 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, 2021
- 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, 2021, 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.

KPMG

- 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.
- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

May 3, 2022

The Corporation of the City of Mississauga
Consolidated Statement of Financial Position

as at December 31, 2021 with comparatives for 2020
(All dollar amounts are in $000)

	2021 $	2020 $
Financial Assets		
Cash	284,702	219,313
Taxes receivable (Note 2)	57,100	83,979
Accounts receivable (Note 2)	125,958	116,841
Loans and other receivables	350	400
Inventories for resale	80	97
Investments (Note 3)	1,331,686	1,098,945
Investment in Enersource Corporation (Note 4)	510,531	498,520
Total Financial Assets	**2,310,407**	**2,018,095**
Financial Liabilities		
Accounts payable and accrued liabilities	223,234	228,222
Deferred revenue - general (Note 5)	15,026	6,391
Deferred revenue - obligatory reserve funds (Note 6)	668,359	552,274
Employee benefits and other liabilities (Note 7)	231,246	220,439
Long-term debt (Note 8)	237,322	176,434
Total Financial Liabilities	**1,375,187**	**1,183,760**
Net Financial Assets	**935,220**	**834,335**
Non-Financial Assets		
Tangible capital assets (Note 9)	8,457,200	8,363,128
Inventories of Supply	8,191	8,338
Prepaid expenses	3,910	4,784
Total Non-Financial Assets	**8,469,301**	**8,376,250**
Accumulated Surplus (Note 10)	**9,404,521**	**9,210,585**

Contingent liabilities and guarantee (Note 13)

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, 2021 with comparatives for 2020
(All dollar amounts are in $000)

	Budget 2021 $ (Note 16)	Actual 2021 $	Actual 2020 $
Revenues (Notes 14 and 15)			
Taxation (Note 11)	593,846	591,198	572,824
Municipal accommodation tax	9,800	5,907	3,799
User charges (Note 18)	255,742	184,236	168,587
Recoveries from third parties	27,996	16,699	19,415
Funding transfers from other governments (Note 19)	3,909	80,860	65,597
Development and other contributions applied	150	154,415	150,930
Investment income	31,180	32,711	32,049
Penalties and interest on taxes	8,610	14,592	5,334
Contributed and assumed assets (Note 9)	-	35,899	27,197
Other	7,885	2,698	10,128
City's share of net income in Enersource Corporation (Note 4)	-	28,712	17,467
Total Revenues	**939,118**	**1,147,927**	**1,073,327**
Expenses (Notes 14, 15 & 17)			
General government services	173,912	220,290	219,367
Protection services (Note 18)	150,539	150,569	140,545
Transportation services	365,498	357,192	345,802
Environmental services	21,603	21,232	19,650
Health services	655	735	566
Social and family services	857	481	487
Recreation and cultural services	206,471	175,282	157,353
Planning and development services	28,119	27,361	22,665
Loss on disposal of tangible capital assets, net of write-down (Note 9)	-	849	2,372
Total Expenses (Notes 14, 15 & 17)	**947,654**	**953,991**	**908,807**
Annual Surplus/(Deficit)	**(8,536)**	**193,936**	**164,520**
Accumulated surplus, beginning of year	9,210,585	9,210,585	9,046,065
Accumulated Surplus, end of year (Note 10)	**9,202,049**	**9,404,521**	**9,210,585**

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, 2021 with comparatives for 2020
(All dollar amounts are in $000)

	Budget 2021 $ (Note 16)	Actual 2021 $	Actual 2020 $
Annual Surplus/(Deficit)	**(8,536)**	**193,936**	**164,520**
Acquisition of tangible capital assets	-	(246,357)	(264,288)
Amortization of tangible capital assets (Note 9)	149,776	150,343	144,655
Loss on disposal of tangible capital assets, net of write-down (Note 9)	-	849	2,372
Proceeds of disposition of tangible capital assets (Note 9)	-	1,093	-
	141,240	**99,864**	**47,259**
Acquisition of inventory of supplies	-	(8,191)	(8,338)
Acquisition of prepaid expenses	-	(3,910)	(4,784)
Consumption of inventory of supplies	-	8,338	8,847
Use of prepaid expenses	-	4,784	3,160
Change in Net Financial Assets	**141,240**	**100,885**	**46,144**
Net Financial Assets, beginning of year	834,335	834,335	788,191
Net Financial Assets, end of year	**975,575**	**935,220**	**834,335**

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, 2021 with comparatives for 2020
(All dollar amounts are in $000)

	2021 $	2020 $
Cash Provided By (Used In):		
Operating Activities		
Annual surplus	193,936	164,520
Items Not Involving Cash		
Amortization of tangible capital assets	150,343	144,655
Loss on disposal of tangible capital assets	849	2,372
Contributed and assumed assets	(35,899)	(27,197)
Change in employee benefits and other liabilities	10,807	13,405
Equity income of Enersource Corporation	(28,712)	(17,467)
Change in Non-Cash Assets and Liabilities		
Taxes receivable	26,879	(36,382)
Accounts receivable	(9,117)	(8,022)
Inventories for resale	17	10
Accounts payable and accrued liabilities	(4,988)	23,302
Deferred revenue - general	8,635	(5,886)
Deferred revenue - obligatory reserve funds	116,085	(4,783)
Inventories of supply	147	521
Prepaid expenses	874	(1,624)
Net Change in Cash from Operating Activities	**429,856**	**247,424**
Capital Activities		
Tangible capital asset additions	(210,458)	(237,091)
Proceeds of disposition of tangible capital assets	1,093	-
Net Change in Cash from Capital Activities	**(209,365)**	**(237,091)**
Investing Activities		
Decrease/(Increase) in investments	(232,741)	80,942
Decrease in loans and other receivables	50	50
Dividends from Enersource Corporation	16,701	17,730
Net Change in Cash from Investing Activities	**(215,990)**	**98,722**
Financing Activities		
Proceeds from issuance of long-term debt	90,000	-
Repayment of long-term debt	(29,112)	(28,759)
Net Change in Cash from Financing Activities	**60,888**	**(28,759)**
Net Change in Cash	**65,389**	**80,296**
Cash, beginning of year	219,313	139,017
Cash, end of year	**284,702**	**219,313**

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, 2021
(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. The pandemic continued throughout 2021 impacting the global economic environment through government-imposed lockdowns and social distancing requirements. The economic conditions and the City's response to the COVID-19 pandemic has had an operational and financial impact on the City in 2021.

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
- Tourism Mississauga
- Clarkson Village Business Improvement Association
- Cooksville Business Improvement Area
- Malton Business Improvement Area
- Port Credit Business Improvement Area
- Streetsville Business Improvement District Association

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, 2021
(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, 2002 and 2016 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 Municipal Property Assessment Corporation (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 accomodation tax revenues represent revenues collected from accommodation owners offering short-term accommodation of 30 days or less under the Municipal Accommodation tax By-law 0023-2018. These amounts are recognized as revenues in the year that the tax is levied on accommodation charges by accommodation providers.

f) Deferred revenue-general

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

g) Development and other contributions applied

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. Other contributions received and initially deferred such as cash-in-lieu of parkland, bonus zoning, provincial and federal gas tax and provincial and federal public transit funds are recognized as revenues when spent.

h) Investment income

Investment income is reported as revenues in the year 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. Investment income earned on deferred revenue-obligatory reserve funds forms part of the deferred revenue balance, and recognized as revenues when spent through development and other contributions applied. Investment income earned on deferred revenue-obligatory reserve funds

The Corporation of the City of Mississauga
Notes to Consolidated Financial Statements

For the Year Ended December 31, 2021
(All dollar amounts are in $000)

1. Significant Accounting Policies

h) Investment income
are not included in investment income but recognized as a receipt and applied as development and other contributions applied when actual operating or capital expenditures are incurred.

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 years. 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 years 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 year when the events occur. Any actuarial gains or losses that are related to these benefits are recognized immediately in the year they arise.

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

The Corporation of the City of Mississauga
Notes to Consolidated Financial Statements

For the Year Ended December 31, 2021
(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 contamination 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:

Asset	Useful Life - Years
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 revenues.

The Corporation of the City of Mississauga
Notes to Consolidated Financial Statements

For the Year Ended December 31, 2021
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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 net realizable value.

r) Contingent Assets

Public Sector (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, 2021, 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 revenues 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.

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, 2021, 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, 2021
(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 year. 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, 2021, all material assets have been disclosed and reported within this definition.

x) Adoption of budgets

The 2021 operating and capital budgets, as approved by Council, were adopted by the City at the February 24, 2021 meeting.

y) Future accounting pronouncements

These standards and amendments were not yet effective for the year ended December 31, 2021, 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 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. This standard is effective for fiscal years 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. This standard is effective for fiscal years 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 3041 - Portfolio Investments, replaces PS 3040 - Portfolio Investments. The standard provides revised guidance on accounting for, and presentation and disclosure of portfolio investments to conform to PS 3450 - Financial Instruments. The distinction between temporary and portfolio investments has been removed in the new standard, and upon adoption, PS 3030 - Temporary Investments, will no longer apply. This standard is effective for fiscal years beginning on or after April 1, 2022 (the City's December 31, 2023 year-end).

(v) 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).

(vi) PS 3160 - Public Private Partnerships ("P3s"), identifies requirements on how to account for and disclose transactions in which public sector entities procure major infrastructure assets and/or services from private sector entities. Recognition of assets arising from

The Corporation of the City of Mississauga
Notes to Consolidated Financial Statements

For the Year Ended December 31, 2021
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1. Significant Accounting Policies

y) Future accounting pronouncements

P3 arrangements is ultimately dependent on whether public sector entities control the purpose and use of the assets, access to the future economic benefits and exposure to the risks associated with the assets, and significant residual interest in the asset, if any, at the end of the term of P3s. Measurement of the asset and related liability will also be dependent on the overall model used to compensate the private sector entity. This standard is effective for fiscal years beginning on or after April 1, 2022 (the City's December 31, 2023 year-end).

(vii) 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).

(viii) 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).

2. Taxes Receivable and Accounts Receivable

Taxes receivable are reported net of valuation allowances of $nil (2020 $102). Accounts receivable are reported net of a valuation allowance of $619 (2020 $933) and comprises the following:

	2021 $	2020 $
Accounts Receivable		
Government of Canada	9,291	18,835
Government of Ontario	37,458	39,071
Other Municipalities	28,938	24,485
School Boards	30,517	10,773
Other	20,373	24,610
Sub-Total	**126,577**	**117,774**
Less: Valuation Allowance	619	933
Total Accounts Receivable	**125,958**	**116,841**

3. Investments

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

	2021		2020	
	Cost $	Market Value $	Cost $	Market Value $
Bank deposit notes and finance paper	10,103	10,208	39,800	41,006
Government and government guaranteed bonds	1,096,275	1,117,537	874,165	949,379
Municipal bonds	225,308	233,152	184,980	202,190
Total	**1,331,686**	**1,360,897**	**1,098,945**	**1,192,575**

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.

The Corporation of the City of Mississauga
Notes to Consolidated Financial Statements

For the Year Ended December 31, 2021
(All dollar amounts are in $000)

4. Investment in Enersource Corporation

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, 2021, Enersource's interest in Alectra was 29.57% (2020- 29.57%).

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

The following table provides condensed financial information for Enersource Corporation for its 2021 fiscal year, together with comparative figures for 2020:

	2021	2020
Financial Position:	**$**	**$**
Assets		
Current	7,555	7,320
Investment in Alectra Inc.	607,902	597,800
Total Assets	**615,457**	**605,120**
Liabilities		
Current	-	27
Non-current liabilities	48,200	51,182
Total Liabilities	**48,200**	**51,209**
Shareholders' Equity		
Share capital	175,691	175,691
Accumulated other comprehensive income/(loss)	(5,221)	(7,291)
Retained earnings	396,787	385,511
Total Shareholders' Equity	**567,257**	**553,911**
Total Liabilities and Shareholders' Equity	**615,457**	**605,120**
Results of Operations and Non-Operations		
Revenues	32,829	22,445
Expenses (including income tax provision)	927	3,037
Net Income	**31,902**	**19,408**
City's Share of Net Income in Enersource Corporation	**28,712**	**17,467**

During the year, the City received a dividend of $16,701 (2020 $17,730) declared by Enersource Corporation.

The City's investment in Enersource Corporation is reflected in the following table for its 2021 fiscal year together with comparative figures for 2020.

	2021	2020
Investment in Enersource Corporation	**$**	**$**
Opening Balance, Beginning of Year	498,520	498,783
City's Share of Net Income in Enersource Corporation	28,712	17,467
City's Share of Dividend	(16,701)	(17,730)
Closing Balance, End of Year	**510,531**	**498,520**

In December 2021, the City purchased 3214 and 3240 Mavis Road from Alectra Utilities Corporation for a purchase price of $28,433. The City subsequently entered into a lease-back agreement with Alectra Utilities Corporation for the period December 2021 to September 2023. The tenant will pay the City basic rent of $1,304 per annum and will also be responsible for all related realty taxes and utilities during that period.

The Corporation of the City of Mississauga
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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 revenues 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 revenues in the year they are used for the purpose specified.

Deferred revenue general is comprised of the following:

	2021 $	2020 $
Advanced sales of goods and services	6,889	5,670
Government grants	6,780	176
Other contributions	1,357	545
Total Deferred Revenue General	**15,026**	**6,391**

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-obligatory reserve funds and reported on the consolidated statement of financial position. Included in the Receipts and Interest Applied balance was $13,968 of investment earnings (2020 $12,076). Details of these deferred revenues are as follows:

	2021 $	2020 $
Development charges	270,889	206,079
Cash-in-lieu (CIL) Parkland	126,679	117,746
Cash-in-lieu (CIL) Parking	11,163	10,898
Bonus Zoning	4,422	3,952
Provincial Gas Tax	33,224	31,688
Federal Gas Tax	188,653	154,442
Provincial Public Transit Funds	8,948	21,303
Federal Public Transit Funds	6,153	6,166
Safe Restart	18,228	-
Total Deferred Revenue - Obligatory Reserve Funds	**668,359**	**552,274**

Deferred Revenue - Obligatory Reserve Funds Continuity Schedule

Source	Opening Balance $	Receipts and Interest Applied $	Recognized as Revenue $	Closing Balance $
Development Charges	206,079	89,326	24,516	270,889
CIL Parkland	117,746	52,620	43,687	126,679
CIL Parking	10,898	394	129	11,163
Bonus Zoning	3,952	416	(54)	4,422
Provincial Gas Tax	31,688	20,047	18,511	33,224
Federal Gas Tax	154,442	85,415	51,204	188,653
Provincial Public Transit Funds	21,303	3,133	15,488	8,948
Federal Public Transit Funds	6,166	94	107	6,153
Safe Restart (Note 19)	-	66,489	48,261	18,228
Total	**552,274**	**317,934**	**201,849**	**668,359**

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For the Year Ended December 31, 2021
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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:

	2021 $	2020 $
Workplace Safety and Insurance Board (WSIB)	40,532	36,074
Sick leave benefits	18,944	17,010
Early retirement benefits	42,577	41,426
Post-employement benefits	11,137	9,635
Vacation pay	32,282	28,647
Developer charges credits	43,835	47,261
Contaminated sites liability	322	410
Other liabilities	41,617	39,976
Total	**231,246**	**220,439**

The City has established reserve funds of $146,107 (2020 $145,840) 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 2019, in accordance with the financial reporting guidelines established by PSAB.

e) Vacation pay entitlements are accrued for as earned by the employee. Values are derived by the employees' current wage rate and vacation entitlement, unless specified otherwise in employment contracts or union agreements.

f) Other liabilities are comprised of legal and insurance liabilities and are accrued as the liability is determined.

Information about liabilities for defined benefit plans is as follows:

	WSIB $	Sick Leave $	Early Retirement $	Post Employment $	2021 Total $	2020 Total $
Accrued Benefit Liability, Beginning of Year	36,074	17,010	41,426	9,635	104,145	96,105
Service cost	5,516	1,889	2,055	2,414	11,874	11,450
Interest cost	1,630	862	1,492	322	4,306	4,118
Amortization of actuarial (gain)/loss	1,355	1,387	(60)	(263)	2,419	2,584
Benefit payments	(4,952)	(2,204)	(2,336)	(971)	(10,463)	(10,112)
Increase due to survivor claims	909	-	-	-	909	-
Accrued Benefit Liability, End of Year	**40,532**	**18,944**	**42,577**	**11,137**	**113,190**	**104,145**
Unamortized actuarial (gain)/loss	8,873	6,373	1,410	(181)	16,475	18,894
Actuarial valuation update, end of year	**49,405**	**25,317**	**43,987**	**10,956**	**129,665**	**123,039**
Expected average remaining service life	11 yrs	13 yrs	13 yrs	8 yrs	n/a	n/a

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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 4,986 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 $61,600 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 $61,600 at a rate of 15.8 per cent for earnings greater than the annual maximum pensionable earnings.

The amount contributed to OMERS for 2021 was $42,976 (2020 $44,375) for current service and is included as an expense on the consolidated statement of operations. Employees' contributions to OMERS in 2021 totalled $42,974 (2020 $44,631).

The City is current with all payments to OMERS; therefore, there is neither a surplus nor deficit with the pension plan contributions. The pension plan's funding deficit at OMERS in 2021 dropped to $3.1 billion (2020 $3.2 billion).

OMERS has held contributions for both employees and employers in 2021 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, 2021, the developer charge credit liability is $43,835 (2020 $47,261).

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 (such as a former industrial or commercial operation) and non-sanctioned activities on City lands. Sites can often have multiple sources of contamination. The nature of contamination generally includes, but are not limited to, metals, petroleum hydrocarbons and polycyclic aromatic hydrocarbons.

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, 2021, the amount of estimated recoveries is $nil (2020 – $nil).

The Corporation of the City of Mississauga
Notes to Consolidated Financial Statements

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8. Long-term Debt

The long-term debt reported on the consolidated statement of financial position of $237,322 (2020 $176,434) was issued by the Region of Peel. The City issued $90,000 in 2021 (2020 $nil). The following table summarizes outstanding principal payments along with their respective interest rates and maturity dates:

				Outstanding Principal	
Debt Series	**Interest Rate**	**Maturity Date**	**Principal Amount**	**2021**	**2020**
2013	1.30%-3.30%	June 20, 2023	50,000	8,300	12,900
2014	1.20%-3.30%	June 10, 2024	36,607	9,500	13,000
2015	0.95%-2.40%	August 20, 2025	40,000	16,000	20,000
2016	1.15%-2.50%	June 1, 2026	37,584	19,000	23,000
2017	1.70%-3.00%	September 28, 2027	38,853	24,000	27,500
2018	1.80%-3.05%	March 27, 2028	46,270	31,522	36,534
2019	1.90%-2.25%	October 15, 2029	48,150	39,000	43,500
2021-1	0.25%-1.50%	February 17, 2031	43,000	43,000	-
2021-2	0.08%-2.30%	November 8, 2031	47,000	47,000	-
Total				**237,322**	**176,434**

Interest and issuance costs for the year consisted of the following:

	2021 **$**	**2020** **$**
Interest expense on debt	4,469	4,655
Debt issuance costs	208	166
Total	**4,677**	**4,821**

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.

Principal payments are repayable annually, as follows:

	Principal Contributions **$**	**Interest** **$**	**Total** **$**
2022	38,227	4,661	42,888
2023	36,055	3,894	39,949
2024	32,295	3,203	35,498
2025	29,405	2,579	31,984
2026	27,022	1,946	28,968
Thereafter	74,318	3,304	77,622
Total	**237,322**	**19,587**	**256,909**

The Corporation of the City of Mississauga
Notes to Consolidated Financial Statements

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9. Tangible Capital Assets

a) Assets under construction:

Assets under construction having a value of $97,072 (2020 $132,134) 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 $65,106 (2020 $16,597) comprising infrastructure in the amount of $901 (2020 $9,038), equipment in the amount of $17 (2020 $nil) and land in the amount of $64,188 (2020 $7,559). Contributed assets of $35,899 (2020 $27,197) includes a net adjustment decrease of $29,207 (2020 increase of $10,600) resulting from changes to land ownership between the City and other entities.

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 $1,417 (2020 $220), mainly due to replacing tangible capital assets that were near the end of their useful lives.

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 $14,752 (2020 $12,034) include land $365; buildings $881; land improvements $467; equipment $8,086; linear transportation $103 and vehicles $4,850, less the accumulated amortization of $14,227 (2020 $9,882) and proceeds of $1,093 (2020 $nil) resulted in a gain on disposal of $568 (2020 loss on disposal of $2,152).

f) Interest capitalization:

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

The Corporation of the City of Mississauga
Notes to Consolidated Financial Statements

For the Year Ended December 31, 2021
(All dollar amounts are in $000)

9. Tangible Capital Assets

2021 Tangible Capital Assets

Cost	December 31, 2020 $	Additions $	Disposals $	December 31, 2021 $
Land	5,303,628	105,596	365	5,408,859
Land improvements	226,512	26,116	467	252,161
Buildings	1,169,076	45,611	881	1,213,806
Equipment, books and other	331,623	31,709	8,086	355,246
Linear - storm drainage	913,204	20,757	-	933,961
Linear - transportation	2,329,401	35,134	103	2,364,432
Vehicles	325,523	16,496	6,267	335,752
Assets under construction	132,134	73,416	108,478	97,072
Total	**10,731,101**	**354,835**	**124,647**	**10,961,289**

Included in the additions of $354,835 (2020 $313,311) is contributed assets of $35,899 (2020 $27,197).

Accumulated Amortization	December 31, 2020 $	Amortization Expense $	Disposals $	December 31, 2021 $
Land	-	-	-	-
Land improvements	122,193	9,570	403	131,360
Buildings	468,986	32,460	814	500,632
Equipment, books and other	215,426	27,827	8,073	235,180
Linear - storm drainage	264,988	8,925	-	273,913
Linear - transportation	1,088,132	52,511	96	1,140,547
Vehicles	208,248	19,050	4,841	222,457
Assets under construction	-	-	-	-
Total	**2,367,973**	**150,343**	**14,227**	**2,504,089**

Net Book Value	December 31, 2020 $	December 31, 2021 $
Land	5,303,628	5,408,859
Land Improvements	104,319	120,801
Buildings	700,090	713,174
Equipment, books and other	116,197	120,066
Linear - storm drainage	648,216	660,048
Linear - transportation	1,241,269	1,223,885
Vehicles	117,275	113,295
Assets under construction	132,134	97,072
Total	**8,363,128**	**8,457,200**

The Corporation of the City of Mississauga
Notes to Consolidated Financial Statements

For the Year Ended December 31, 2021
(All dollar amounts are in $000)

10. Accumulated surplus

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

	2021	2020
	$	**$**
Surplus:		
Invested in Tangible Capital Assets		
Tangible capital assets	8,456,229	8,362,653
Business Improvement Area tangible capital assets	971	475
Total Invested in Tangible Capital Assets	**8,457,200**	**8,363,128**
Operating surplus	-	119
Unexpended capital	-	164,357
Unfunded employee benefits and other liabilities	(231,246)	(220,439)
Long-term debt	(237,322)	(176,434)
Investment in Enersource	510,531	498,520
Total Surplus	**8,499,163**	**8,629,251**
Reserves Set Aside by Council:		
Fiscal Stability Reserve	59,188	55,752
Operating Reserves	60,488	52,946
Stormwater Reserve	5,371	5,952
BIA Reserves	294	671
Total Reserves	**125,341**	**115,321**
Reserve Funds Set Aside for Specific Purposes by Council:		
Tax Reserve Funds	431,518	220,498
Stormwater Reserve Funds	128,524	64,450
Lot Levy Reserve Funds	67,747	65,305
Insurance Reserve Funds	44,750	46,052
Employee Benefits Reserve Funds	33,610	34,484
Development Contributions	28,323	23,157
Other Reserve Funds	45,545	12,067
Total Reserve Funds	**780,017**	**466,013**
Total Accumulated Surplus	**9,404,521**	**9,210,585**

The Corporation of the City of Mississauga
Notes to Consolidated Financial Statements

For the Year Ended December 31, 2021
(All dollar amounts are in $000)

11. Taxation

Taxation revenues are recorded at the time tax billings are issued. Additional property tax revenues 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 revenues, reported on the consolidated statement of operations, is made up of the following:

	2021 $	2020 $
Municipal, region and school property taxes	1,787,325	1,780,224
Payments in lieu of property taxes	36,773	35,410
Total Property Taxes Collected	**1,824,098**	**1,815,634**
Region and school board clearing	(1,232,900)	(1,242,810)
Net Property Taxes and Payments in Lieu Available for Municipal Purposes	**591,198**	**572,824**

12. Trust funds

Trust funds administered by the City amounting to $1,083 (2020 $986) 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 of cemetery perpetual care of $1,083 (2020 $986) and election trust funds of $nil (2020 $nil).

13. Contingent liabilities & guarantee

a) As at December 31, 2021, 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 $70,000 of loan guarantees to Enersource Corporation. The secured bank loan balance as at December 31, 2021 is $48,125 (2020 $50,625). Enersource Corporation's obligations are in good standing and no loss has been recognized by the City.

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 and 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
Notes to Consolidated Financial Statements

For the Year Ended December 31, 2021
(All dollar amounts are in $000)

14. Segmented information

b) Protection Services:

The Protection Services segment comprises the following service areas: Fire and Emergency 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 Strormwater 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 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 some 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 City Planning Strategies. 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 revenues have been allocated to the segments based upon the segment that generated the revenues. 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 Other segment category.

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 2021 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
Notes to Consolidated Financial Statements

For the Year Ended December 31, 2021
(All dollar amounts are in $000)

14. Segmented information

	2021										
	General Government Services $	Protection Services $	Transportation Services $	Environmental Services $	Health Services $	Social and Family Services $	Recreation and Cultural Services $	Planning and Development Services $	Other $	2021 Total $	2020 Total $
Revenues:											
Taxation	589,513	-	-	-	-	-	-	1,685	-	591,198	572,824
Municipal accommodation tax	2,998	-	-	-	-	-	2,909	-	-	5,907	3,799
User charges	3,875	33,168	75,339	41,368	250	37	22,922	7,277	-	184,236	168,587
Recoveries from third parties	3,431	2,046	8,541	61	28	-	2,495	97	-	16,699	19,415
Funding transfers from other governments	36,718	211	38,967	240	-	66	3,456	1,202	-	80,860	65,597
Development and other contributions applied	37,080	128	42,503	566	-	-	57,538	345	16,255	154,415	138,854
Investment income	14,465	-	-	-	-	-	(2)	-	18,248	32,711	44,125
Penalties and interest on taxes	14,592	-	-	-	-	-	-	-	-	14,592	5,334
Contributed and assumed assets	35,882	-	-	-	-	-	-	17	-	35,899	27,197
Other	1,077	32	(120)	139	-	4	1,536	30	-	2,698	10,128
City's share of net income in Enersource Corporation	28,712	-	-	-	-	-	-	-	-	28,712	17,467
Total Revenues	**768,343**	**35,585**	**165,230**	**42,374**	**278**	**107**	**90,854**	**10,653**	**34,503**	**1,147,927**	**1,073,327**
Expenses:											
Salaries, wages and employee benefits	112,621	134,131	186,192	6,211	647	135	95,353	20,126	-	555,416	529,475
Long-term debt interest and fees	4,591	-	-	86	-	-	-	-	-	4,677	4,821
Materials and supplies	(909)	3,680	36,997	427	34	8	12,518	2,453	-	55,208	61,737
Contracted services	49,379	1,422	40,218	3,763	19	2	5,507	3,564	-	103,874	86,812
Rents and financial expenses	33,003	4,674	18,621	1,253	12	8	20,519	751	-	78,841	71,844
External transfers to others	273	-	-	560	-	44	3,818	88	-	4,783	7,091
Loss on disposal of tangible capital assets, net of write-down	-	-	-	-	-	-	-	-	849	849	2,372
Amortization of tangible capital assets	21,332	6,662	75,164	8,932	23	284	37,567	379	-	150,343	144,655
Total Expenses	**220,290**	**150,569**	**357,192**	**21,232**	**735**	**481**	**175,282**	**27,361**	**849**	**953,991**	**908,807**
Annual Surplus (Deficit)	**548,053**	**(114,984)**	**(191,962)**	**21,142**	**(457)**	**(374)**	**(84,428)**	**(16,708)**	**33,654**	**193,936**	**164,520**

The Corporation of the City of Mississauga
Notes to Consolidated Financial Statements

For the Year Ended December 31, 2021
(All dollar amounts are in $000)

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.

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) 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.

e) 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.

f) 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.

g) 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.

h) 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.

The Corporation of the City of Mississauga
Notes to Consolidated Financial Statements

For the Year Ended December 31, 2021
(All dollar amounts are in $000)

15. Segmented Information by Service Area

i) 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.

j) 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.

k) 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.

l) 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.

m) 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, 2021
(All dollar amounts are in $000)

15. Segmented Information by Service Area

n) 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.

o) 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).

p) 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.

q) Transit Services:

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

r) Other:

Other represents all other non-budgeted financial transactions which includes asset amortization, PSAB actuarial liability adjustments, Reserve Fund interest, 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, 2021
(All dollar amounts are in $000)

15. Segmented Information by Service Area

s) 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 $	City's share of net income in Enersource Corporation $	2021 Total $	2021 Budget ** $	2020 Total $
Business Services	-	2,447	87	20,259	-	-	(261)	-	22	-	22,554	2,773	2,009
City Manager's Office	-	284	54	32	-	-	-	-	-	-	370	369	534
Culture	-	2,864	964	505	-	-	-	-	329	-	4,662	11,604	2,835
Facilities & Property Management	-	358	156	936	-	-	-	-	10	-	1,460	437	579
Financial Transactions	592,511	10	1,699	1	-	14,465	14,853	-	1,046	28,712	653,297	620,689	648,179
Fire & Emergency Services	-	1,675	1,928	211	-	-	-	-	-	-	3,814	2,306	1,821
Information Technology	-	59	1,552	(2)	-	-	-	-	-	-	1,609	1,551	969
Legislative Services	-	6,543	-	-	-	-	-	-	-	-	6,543	12,058	6,671
Mississauga Library	-	537	98	760	-	1	-	-	130	-	1,526	2,109	1,540
Land Development Services	1,685	29,193	1	312	-	-	-	17	33	-	31,241	17,084	22,002
MiWay	-	49,947	658	37,016	-	-	-	-	14	-	87,635	93,355	82,229
Parks, Forestry & Environment	-	4,536	1,092	1,283	-	-	-	-	393	-	7,304	5,265	4,073
Recreation	2,909	16,013	546	1,865	-	(3)	-	-	685	-	22,015	56,663	20,890
Regulatory Services	-	11,296	136	-	-	-	-	-	31	-	11,463	18,697	11,176
Roads	-	17,186	7,653	1,950	-	-	-	-	(134)	-	26,655	15,578	16,790
Stormwater	-	41,288	75	240	-	-	-	-	139	-	41,742	43,730	43,074
Other	-	-	-	15,492	154,415	18,248	-	35,882	-	-	224,037	34,850	207,956
	597,105	**184,236**	**16,699**	**80,860**	**154,415**	**32,711**	**14,592**	**35,899**	**2,698**	**28,712**	**1,147,927**	**939,118**	**1,073,327**

* 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, 2021
(All dollar amounts are in $000)

15. Segmented Information by Service Area

t) Expenses by Service Area

	Salaries, wages and employee benefits $	Long-term debt interest and fees $	Materials and supplies $	Contracted services $	Rents and financial expenses $	External transfers to others $	Loss on disposal of tangible capital assets, net of write-down $	Amortization of tangible capital assets $	2021 Total $	2021 Budget * $	2020 Total $
Business Services	32,932	-	261	1,686	1,432	-	-	21,332	57,643	59,567	35,878
City Manager's Office	10,576	-	106	2,882	220	-	-	-	13,784	13,626	13,090
Mayor & Members Of Council	4,391	-	187	23	268	-	-	-	4,869	4,934	4,787
Culture	7,207	-	801	625	2,020	2,844	-	2,535	16,032	21,593	13,320
Facilities & Property Management	15,765	-	367	2,612	6,445	-	-	-	25,189	28,382	25,728
Financial Transactions	6,865	4,591	883	1,017	11,169	807	(474)	-	24,858	29,242	182,030
Fire & Emergency Services	112,810	-	2,844	373	2,521	-	(59)	6,529	125,018	123,943	112,154
Information Technology	24,871	-	71	19	9,269	-	-	-	34,230	34,473	34,281
Legislative Services	8,069	-	706	773	11	-	(2)	-	9,557	10,856	8,361
Mississauga Library	21,448	-	3,726	103	1,852	-	-	7,528	34,657	35,936	26,584
Land Development Services	23,293	-	1,845	540	1,161	88	8	139	27,074	28,869	20,609
MiWay	143,441	-	31,351	2,534	9,925	-	(19)	24,713	211,945	219,384	183,969
Parks, Forestry & Environment	27,771	-	6,931	6,159	4,490	-	-	11,867	57,218	53,898	40,481
Recreation	40,142	-	1,800	1,653	11,717	974	(1)	16,185	72,470	99,164	59,074
Regulatory Services	15,825	-	788	954	537	-	-	133	18,237	19,481	17,457
Roads	36,271	-	5,259	36,801	8,366	-	(538)	50,450	136,609	135,594	84,481
Stormwater	4,705	86	448	4,067	1,188	58	-	8,932	19,484	20,458	10,179
Other	19,034	-	(3,166)	41,053	6,250	12	1,934	-	65,117	8,254	36,344
	555,416	**4,677**	**55,208**	**103,874**	**78,841**	**4,783**	**849**	**150,343**	**953,991**	**947,654**	**908,807**

* 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, 2021
(All dollar amounts are in $000)

16. Budget Data

Budget data presented in these consolidated financial statements are based upon the 2021 operating and capital budgets as approved by Council and adopted by the City on February 24, 2021. 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.

Revenue	Budget Amount $
Approved Operating Budget	**1,010,705**
Adjustments:	
Budget in year adjustments	(1,574)
Contributions from reserve funds	(84,990)
Tax ratio assessment	709
Business Improvement Associations (BIAs)	2,109
BIAs contributions from reserves	(205)
City budgeted levy for BIAs	(1,530)
Enersource dividend	(16,577)
Obligatory reserve fund revenue	150
Reclassification of tax adjustments	(4,379)
Adjusted Operating Budget	**904,418**
Approved Capital Budget	**300,091**
Transfers from reserve funds and debt proceeds	(300,091)
Budgeted recoveries from external sources	18,000
Adjusted Capital Budget	**18,000**
Reserve funds interest and other revenue	16,700
Total Revenue	**939,118**
Expenses	
Approved Operating Budget	**1,010,705**
Adjustments:	
Budget adjustments	(865)
BIA transfers to own	(22)
Transfers to own	(181,013)
BIA budgeted expenses	2,109
BIA budget on City's books	(1,530)
Amortization - City	149,776
Debt principal repayments, net of debt issuance	(35,383)
Changes in employee benefits and other liabilities	8,256
Reclassification of tax adjustments	(4,379)
Adjusted Operating Budget	**947,654**
Approved Capital Budget	**300,091**
Adjustments:	
Eliminate capital expense budget	(300,091)
Adjusted Capital Budget	**-**
Total Expenses	**947,654**
Annual Deficit	**(8,536)**

The Corporation of the City of Mississauga
Notes to Consolidated Financial Statements

For the Year Ended December 31, 2021
(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:

	Budget 2021 $	Actual 2021 $	Actual 2020 $
Salaries, wages and employee benefits	578,780	555,416	529,475
Long-term debt interest and fees	5,501	4,677	4,821
Materials and supplies	57,995	55,208	61,737
Contracted services	59,696	103,874	86,812
Rents and financial expenses	86,001	78,841	71,844
External transfers to others	9,905	4,783	7,091
Loss on disposal of tangible capital assets, net of write-down	-	849	2,372
Amortization of tangible capital assets	149,776	150,343	144,655
Total	**947,654**	**953,991**	**908,807**

18. Provincial Offences Administration

The Ministry of the Attorney General in the Province of Ontario requires all municipal partners administering Provincial Offences Administration (POA) 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 between the City and the Ontario Ministry of Attorney General.

	2021 $	2020 $
Revenues		
Gross revenues	5,018	5,508
Less: Refunds	28	53
Net Revenues	**4,990**	**5,455**
Expenses		
Provincial charges	508	385
City's operating expenses	3,860	3,632
Total Expenses	**4,368**	**4,017**
Net Contribution	**622**	**1,438**

POA financial summary is reported on a gross basis. Revenues are included within user charges in the consolidated statement of operations and expenses are primarily included within Protection Services.

The Corporation of the City of Mississauga
Notes to Consolidated Financial Statements

For the Year Ended December 31, 2021
(All dollar amounts are in $000)

19. Funding Transfers from Other Governments

	Federal Grants	Provincial Grants	2021 $	2020 $
General government services	746	35,973	36,719	21,081
Protection services	-	211	211	-
Transportation services	1,739	37,228	38,967	40,509
Environmental services	165	75	240	1,948
Social and family services	-	66	66	43
Recreation and cultural services	946	2,510	3,456	1,691
Planning and development services	668	533	1,201	325
Total	**4,264**	**76,596**	**80,860**	**65,597**

During the current year, the City received total funding of $85,930 (2020-$55,533) from the Provincial government as part of the Safe Restart and the COVID-19 Recovery for Municipalities agreements to address operating pressures and respond to COVID-19 impacts. The City recognized combined revenues of $68,521 (2020 $55,533) as Safe Restart funding transfer from other governments revenue comprising $48,261 recognized from deferred revenue - obligatory reserve funds (note 6), and $20,260 recognized directly as funding transfers from other governments revenues. Interest applied to the respective deferred revenue-obligatory reserve funds was $819 (2020 $nil),

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 revenues 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:

Contractual Rights	2022 $	2023 $	2024 $	2025 $	2026 $	Total $
Development Charge Agreements	4,523	4,131	4,132	5,156	13,386	**31,328**
Provincial Agreements	87,133	60,719	68,416	45,511	105,998	**367,777**
Federal Agreements	47,471	112,246	77,500	54,702	127,616	**419,535**
Incoming Lease Payments	2,450	2,130	1,763	1,280	7,623	**15,246**
Third Party Contracts	4,579	1,472	1,429	1,433	4,307	**13,220**
Total	**146,156**	**180,698**	**153,240**	**108,082**	**258,930**	**847,106**

A transfer payment agreement with the Ministry of Transportation to support public transit infrastructure has been formally committed and officially communicated to the City and is expected to be signed/executed in April 2022. The City is expecting to receive $386,577 with the initial agreement and an additional $224,170 which has been approved but not included in the original agreement.

The Corporation of the City of Mississauga
Notes to Consolidated Financial Statements

For the Year Ended December 31, 2021
(All dollar amounts are in $000)

21. Commitments

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

	$
2022	2,879
2023	1,361
2024	685
2025	617
2026	637
Total	**6,179**

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. Recognition of Natural Assets (unaudited)

The City has a variety of natural assets that provide ecosystem benefits and services and reduce some needs for engineered infrastructure such as heating and cooling, rainfall run-off and flooding, noise and air quality systems. These natural assets include the City's 299,352 trees (223,422 located near city streets and 75,930 located within Mississauga's parks) that moderate urban temperature, lower atmospheric carbon dioxide (CO2), reduce building energy use, mitigate rainfall run-off and flooding, moderate noise levels and improve air quality. Currently, Canadian public sector accounting standards do not provide guidance for financial statement valuation and recording of natural assets or their related services. Consequently, natural assets are not reported in these consolidated financial statements. The City's provision of services is dependent upon the continuing service provision of its natural assets over time. Recognizing this dependency, the challenges of climate change and extreme weather events, and natural asset lifecycles, the City has been continually investing in its natural assets. In 2021, these investments included: planting 31,439 trees, a controlled burn of the tallgrass prairie area at Jack Darling Memorial Park, completion of the City's Forestry Tree Inventory, an Urban Forest Canopy Study, a preliminary Natural Asset Inventory, and Risk Management Plans in accordance with O.Reg. 588/17.

23. Comparative Figures

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

2021 Audited Public Library Board Financial Statements

For the period ending December 31, 2021

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

MISSISSAUGA

The Corporation of the City of Mississauga – Mississauga Public Library Board

Financial Statements

For the Year Ended December 31, 2021

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 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, 2021
- 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, 2021, 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.

KPMG

- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

May 3, 2022

City of Mississauga - Public Library Board
Statement of Financial Position

as at December 31, 2021 with comparatives for 2020
(All dollar amounts are in $000)

	2021	2020
	$	$
Financial Assets		
Cash	9	727
Accounts receivable	60	19
Due from the City of Mississauga (Note 2)	4,782	4,064
Total Financial Assets	**4,851**	**4,810**
Financial Liabilities		
Accounts payable and accrued liabilities	657	933
Employee benefits and other liabilities (Note 4)	3,619	3,363
Deferred revenue	1	-
Total Financial Liabilities	**4,277**	**4,296**
Net Financial Assets	**574**	**514**
Non-financial Assets		
Tangible capital assets (Note 7)	63,196	67,613
Prepaid expenses	-	78
Total Non-Financial Assets	**63,196**	**67,691**
Accumulated Surplus	**63,770**	**68,205**

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, 2021 with comparatives for 2020
(All dollar amounts are in $000)

	Budget 2021 $ (Note 6)	Actual 2021 $	Actual 2020 $
Revenues			
The City of Mississauga	29,657	26,347	28,557
Funding transfers from other governments	715	760	768
Contributed assets from the City of Mississauga	-	574	67
Fines, service charges and rents	1,223	536	563
Recoveries from third parties	40	98	97
Other	130	131	111
Total Revenues	**31,765**	**28,446**	**30,163**
Expenses			
Salaries, wages and employee benefits	22,997	21,704	20,605
Amortization of tangible capital assets (Note 7)	5,955	7,528	5,897
Occupancy	1,915	1,423	1,814
Materials and supplies	1,810	1,161	1,507
Administrative support charged by the City of Mississauga	522	506	510
Equipment	500	202	94
Professional Services	99	103	52
Communication	8	76	54
Staff development	166	76	99
Advertising and promotion	39	55	68
Transportation	51	29	42
Bank Charges	8	9	7
Collection fees	60	7	15
Other	12	2	7
Total Expenses	**34,142**	**32,881**	**30,771**
Annual deficit	**(2,376)**	**(4,435)**	**(608)**
Accumulated surplus, beginning of year	68,205	68,205	68,813
Accumulated surplus, end of year	**65,829**	**63,770**	**68,205**

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, 2021 with comparatives for 2020
(All dollar amounts are in $000)

	2021 Actual $	2020 Actual $
Annual deficit	**(4,435)**	**(608)**
Acquisition of tangible capital assets (Note 7)	(3,111)	(2,607)
Amortization of tangible capital assets (Note 7)	7,528	5,897
Acquisition of prepaid expenses	-	(78)
Use of prepaid expenses	78	51
Change in Net Financial Assets/(Debt)	**(60)**	**2,655**
Net Assets/(Debt), beginning of year	514	(2,141)
Net Financial Assets/(Debt), end of year	**574**	**514**

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, 2021 with comparatives for 2020
(All dollar amounts are in $000)

	2021 $	2020 $
Cash provided by (used in): Operating activities:		
Annual deficit	(4,435)	(608)
Items not involving cash:		
Amortization of tangible capital assets	7,528	5,897
Contributed assets from the City of Mississauga	(574)	(67)
Change in employee benefits and other liabilities	256	320
Change in non-cash working capital:		
Accounts receivable	(41)	8
Due from the City of Mississauga	(718)	(1,258)
Accounts payable and accrued liabilities	(276)	(1,013)
Deferred revenue	1	-
Prepaid expenses	78	(27)
Net change in cash from operating activities	**1,819**	**3,252**
Capital Activities:		
Tangible capital asset additions	(2,537)	(2,540)
Net Change in Cash	**(718)**	**712**
Cash, beginning of year	727	15
Cash, end of year	**9**	**727**

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, 2021
(All dollar amounts are in $000)

In 2020, 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.

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.

City of Mississauga - Public Library Board
Notes to the Financial Statements

For the Year Ended December 31, 2021
(All dollar amounts are in $000)

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	20 - 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.

(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.

City of Mississauga - Public Library Board
Notes to the Financial Statements

For the Year Ended December 31, 2021
(All dollar amounts are in $000)

f) Future accounting pronouncements

These standards and amendments were not yet effective for the year ended December 31, 2021, 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 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. This standard is effective for fiscal years 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. This standard is effective for fiscal years 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 3041 - Portfolio Investments, replaces PS 3040 - Portfolio Investments. The standard provides revised guidance on accounting for, and presentation and disclosure of portfolio investments to conform to PS 3450 - Financial Instruments. The distinction between temporary and portfolio investments has been removed in the new standard, and upon adoption, PS 3030 - Temporary Investments, will no longer apply. This standard is effective for fiscal years beginning on or after April 1, 2022 (the City's December 31, 2023 year-end).

(v) 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).

(vi) PS 3160 - Public Private Partnerships ("P3s"), identifies requirements on how to account for and disclose transactions in which public sector entities procure major infrastructure assets and/or services from private sector entities. Recognition of assets arising from P3 arrangements is ultimately dependent on whether public sector entities control the purpose and use of the assets, access to the future economic benefits and exposure to the risks associated with the assets, and significant residual interest in the asset, if any, at the end of the term of P3s. Measurement of the asset and related liability will also be dependent on the overall model used to compensate the private sector entity. This standard is effective for fiscal years beginning on or after April 1, 2022 (the City's December 31, 2023 year-end).

(vii) 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).

(viii) 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).

City of Mississauga - Public Library Board
Notes to the Financial Statements

For the Year Ended December 31, 2021
(All dollar amounts are in $000)

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 $1,566 (2020 $1,456) on behalf of these eligible employees and the employees contributed $1,565 (2020 $1,501).

4. Employee Benefits & Other Liabilities

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

	2021	**2020**
	$	**$**
WSIB benefits	504	316
Accumulated sick leave benefit plan entitlements	33	60
Early retirement benefits	982	982
Post-employment benefits	1,158	1,031
Vacation Liability	942	974
Total	**3,619**	**3,363**

(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.

(v) 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.

(vi) Vacation entitlements are accrued for as earned by the employee. Values are derived by the employees current wage rate and vacation entitlement, unless specified otherwise in employment contracts or union agreements.

City of Mississauga - Public Library Board
Notes to the Financial Statements

For the Year Ended December 31, 2021
(All dollar amounts are in $000)

4. Employee Benefits & Other Liabilities

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

			2021			2020
	WSIB $	Sick Leave $	Early Retirement $	Post-Employment $	Total $	Total $
Accrued benefit obligation, beginning of year	**316**	**60**	**982**	**1,031**	**2,389**	**2,132**
Service cost	196	-	32	175	**403**	**392**
Interest cost	41	1	31	34	**107**	**100**
Amortization of actuarial (gain)/loss	92	(23)	(5)	(5)	**59**	**42**
Benefit payments	(141)	(5)	(58)	(77)	**(281)**	**(277)**
Accrued benefit obligation, end of year	**504**	**33**	**982**	**1,158**	**2,677**	**2,389**
Unamortized actuarial (gain)/loss	722	(12)	(69)	(9)	**632**	**690**
Actuarial valuation update, end of year	1,226	21	913	1,049	**3,309**	**3,079**
Expected average remaining service life	11 years	13 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:

	$
2022	207
2023	160
2024	41
2025	-
2026	-
Total	**408**

City of Mississauga - Public Library Board
Notes to the Financial Statements

For the Year Ended December 31, 2021
(All dollar amounts are in $000)

6. Budget Data

Budget data presented in these financial statements are based upon the 2021 operating and capital budgets as approved by Council and adopted by the Board at the April 21, 2021 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.

Revenue	**Budget Amount $**
Approved Operating Budget	**2,108**
Adjustments:	
City contribution (net of allocations)	29,657
Adjusted Operating Budget	**31,766**
Approved capital budget	**19,104**
Adjustments:	
Adjustments for transfers from reserve funds	(19,104)
Adjusted Capital Budget	**-**
Total Revenues	**31,766**
Expenses	
Approved Operating Budget	**31,244**
Adjustments:	
Allocations from the City of Mississauga	522
Library books transferred to TCA	(2,316)
Transfers to Reserve Funds	(1,263)
Amortization of tangible capital assets	5,955
Adjusted Operating Budget	**34,142**
Approved capital budget	**19,104**
Adjustments:	
Eliminate capital expense budget	(19,104)
Adjusted Capital Budget	**-**
Total Expenses	**34,142**
Annual Deficit	**(2,376)**

City of Mississauga - Public Library Board
Notes to the Financial Statements

For the Year Ended December 31, 2021
(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, 2020 $	Additions $	Disposals $	December 31, 2021 $
Land	1,247	-	-	1,247
Land improvements	404	192	-	596
Buildings	99,488	346	-	99,834
Equipment, books and other	37,688	2,573	-	40,261
Vehicles	167	-	-	167
Total	**138,994**	**3,111**	**-**	**142,105**

Accumulated Amortization	December 31, 2020 $	Amortization Expense $	Disposals $	December 31, 2021 $
Land	-	-	-	-
Land improvements	360	20	-	380
Buildings	48,401	2,689	-	51,090
Equipment, books and other	22,541	4,807	-	27,348
Vehicles	79	12	-	91
Total	**71,381**	**7,528**	**-**	**78,909**

Net Book Value	December 31, 2020 $	December 31, 2021 $
Land	1,247	1,247
Land Improvements	44	216
Buildings	51,087	48,744
Equipment, books and other	15,147	12,913
Vehicles	88	76
Total	**67,613**	**63,196**

City of Mississauga - Public Library Board
Notes to the Financial Statements

For the Year Ended December 31, 2021
(All dollar amounts are in $000)

8. Contractual Rights

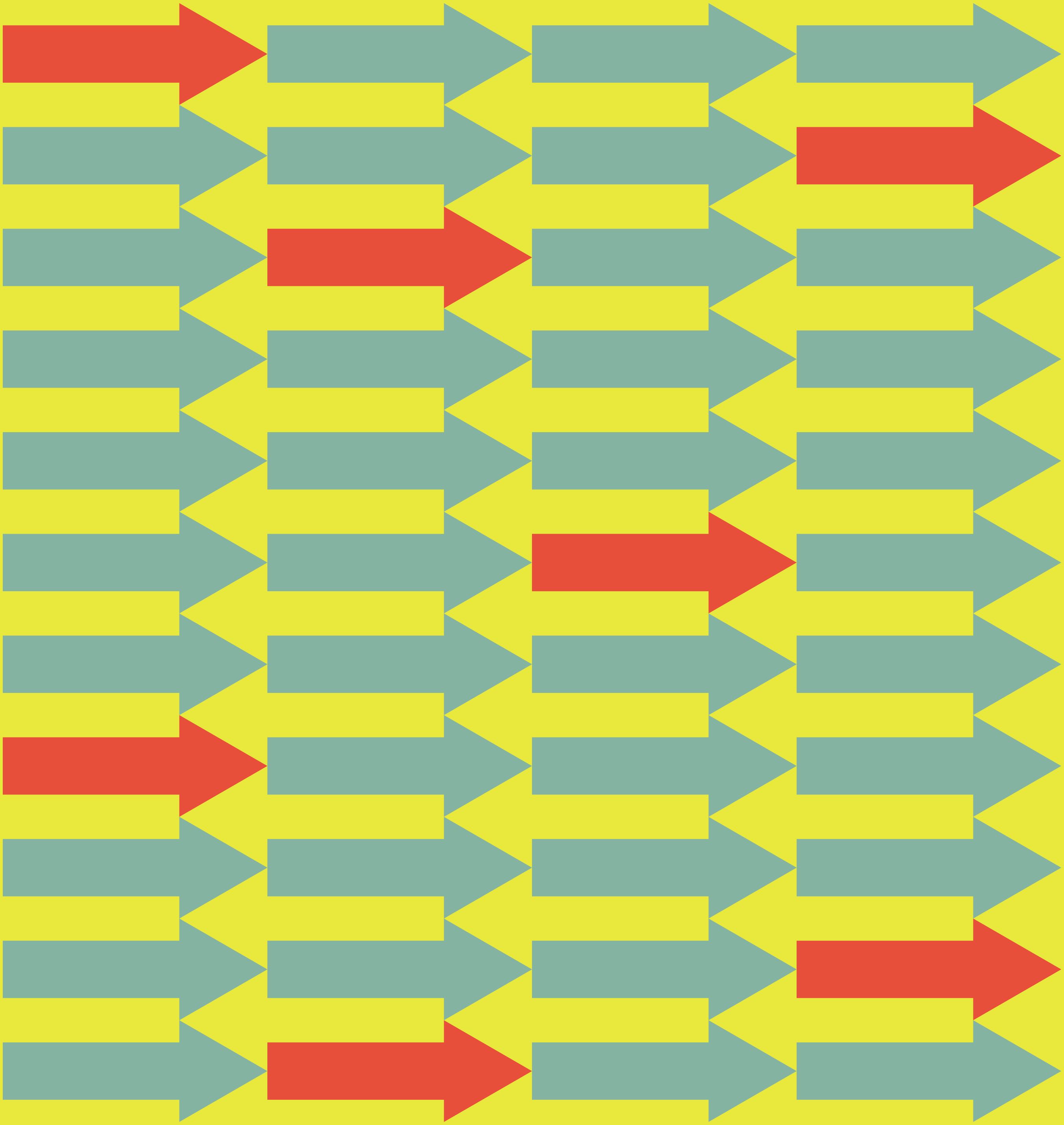
The Board is involved with various contracts and agreements arising in the ordinary course of business. This results in contractual rights to economic resources, leading to both assets and revenue in the future.

The Board has revenues from incoming lease agreements for Board-owned properties as follows:

	2022	**2023**	**2024**	**2025**	**2026**	**Total**
Contractual Rights	**$**	**$**	**$**	**$**	**$**	**$**
Incoming Lease Payments	275	281	287	294	300	1,437
Total	**275**	**281**	**287**	**294**	**300**	**1,437**

9. Comparative Figures

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



2021 Audited Tourism Mississauga Financial Statements

For the period ending December 31, 2021

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

The Corporation of the City of Mississauga - Tourism Mississauga

Financial Statements

Year Ended December 31, 2021

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 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, 2021
- 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, 2021, 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.

KPMG

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.

Page 3

- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

May 3, 2022

Tourism Mississauga
Statement of Financial Position

as at December 31, 2021 with comparatives for 2020
(All dollar amounts are in $000)

	2021	2020
	$	$
Financial Assets		
Due from the City of Mississauga (Note 2)	12,848	11,558
Funding receivable	717	-
Total Financial Assets	**13,565**	**11,558**
Financial Liabilities		
Accounts payable and accrued liabilities	219	48
Employee vacation liability	18	-
Total Financial Liabilities	**237**	**48**
Net Financial Assets	**13,328**	**11,510**
Non-Financial Assets		
Prepaid expenses	30	1
Total Non-Financial Assets	**30**	**1**
Accumulated Surplus (Note 6)	**13,358**	**11,511**

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

Tourism Mississauga
Statement of Operations

for the year ended December 31, 2021 with comparatives for 2020
(All dollar amounts are in $000)

	Budget 2021 $ (Note 3)	Actual 2021 $	Actual 2020 $
Revenues			
Municipal Accommodation Tax (Note 4)	4,837	2,909	1,868
External funding	-	717	-
Total Revenues	**4,837**	**3,626**	**1,868**
Expenses			
Purchased services from the City of Mississauga	1,026	1,001	531
Advertising and promotion	535	454	186
Event hosting and partnerships	-	182	-
Subscription and equipment purchases	55	41	31
Staff development	35	34	12
Administrative support charged by the City of Mississauga	23	23	13
Professional services	137	17	10
Communication	2	11	2
Miscellaneous	-	8	-
Transportation	9	6	1
Materials and supplies	69	2	59
External transfers to others	850	-	17
Total Expenses	**2,741**	**1,779**	**862**
Annual surplus	**2,096**	**1,847**	**1,006**
Accumulated surplus, beginning of year	11,511	11,511	10,505
Accumulated surplus, end of year (Note 6)	**13,607**	**13,358**	**11,511**

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, 2021 with comparatives for 2020
(All dollar amounts are in $000)

	2021 Actual $	2020 Actual $
Annual surplus	1,847	1,006
Acquisition of prepaid expenses	(30)	(1)
Use of prepaid expenses	1	-
Increase in Net Financial Assets	**1,818**	**1,005**
Net Financial Assets, beginning of year	11,510	10,505
Net Financial Assets, end of year	**13,328**	**11,510**

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

Tourism Mississauga
Statement of Cash Flows

for the year ended December 31, 2021 with comparatives for 2020
(All dollar amounts are in $000)

	2021 $	2020 $
Cash provided by (used in): Operating activities:		
Annual surplus	1,847	1,006
Items not involving cash:		
Change in non-cash working capital:		
Due from the City of Mississauga	(1,290)	(1,053)
Funding receivable	(717)	-
Accounts payable and accrued liabilities	171	48
Employee vacation liabilities	18	-
Prepaid expenses	(29)	(1)
Net change in cash, beginning of year, end of year	-	-

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

Tourism Mississauga
Notes to the Financial Statements

For the Year Ended December 31, 2021
(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.

In 2020, 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.

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) External Funding

Represents revenues recognized from the Corporation's agreement with Destination Toronto for financial support for a number of projects, including Mississauga Marketing Initiatives, Mississauga Fall Campaign, Mississauga Festival Support, Marketing Study & Assessment and Subscriptions & Software. Revenues are recognized when the corresponding expensed are incurred.

e) Employee Vacation Liability

Vacation entitlements are accrued for as earned by the employee. Values are derived by the employees current wage rate and vacation entitlement, unless specified otherwise in employment contracts or union agreements

Tourism Mississauga
Notes to the Financial Statements

For the Year Ended December 31, 2021
(All dollar amounts are in $000)

f) Future accounting pronouncements

These standards and amendments were not yet effective for the year ended December 31, 2021, 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 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. This standard is effective for fiscal years 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. This standard is effective for fiscal years 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 3041 - Portfolio Investments, replaces PS 3040 - Portfolio Investments. The standard provides revised guidance on accounting for, and presentation and disclosure of portfolio investments to conform to PS 3450 - Financial Instruments. The distinction between temporary and portfolio investments has been removed in the new standard, and upon adoption, PS 3030 - Temporary Investments, will no longer apply. This standard is effective for fiscal years beginning on or after April 1, 2022 (the City's December 31, 2023 year-end).

(v) 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).

(vi) PS 3160 - Public Private Partnerships ("P3s"), identifies requirements on how to account for and disclose transactions in which public sector entities procure major infrastructure assets and/or services from private sector entities. Recognition of assets arising from P3 arrangements is ultimately dependent on whether public sector entities control the purpose and use of the assets, access to the future economic benefits and exposure to the risks associated with the assets, and significant residual interest in the asset, if any, at the end of the term of P3s. Measurement of the asset and related liability will also be dependent on the overall model used to compensate the private sector entity. This standard is effective for fiscal years beginning on or after April 1, 2022 (the City's December 31, 2023 year-end).

(vii) 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).

(viii) 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).

Tourism Mississauga
Notes to the Financial Statements

For the Year Ended December 31, 2021
(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

The 2021 budget was adopted by the Corporation on October 26, 2020, and subsequently approved by City Council on November 25, 2020.

4. Municipal Accommodation Tax

This represents 50 percent of the City's net municipal accommodation tax revenue collected during the year.

5. Contractual Rights

The Corporation 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 Corporation has a Provincial funding agreement with estimated future funding/recoveries as follows:

Contractual Rights	2022 $	2023 $	2024 $	2025 $	2026 $	Total $
Provincial Agreements	553	-	-	-	-	553
Total	**553**	**-**	**-**	**-**	**-**	**553**

6. Accumulated Surplus

Accumulated surplus consists of surplus and reserves as follows:

	2021 $	2020 $
Surplus:		
Unfunded vacation liability	(18)	-
Reserves Set Aside by Council:		
Tourism Mississauga	13,376	11,510
Total Accumulated Surplus	**13,358**	**11,510**

2021 Audited Trust Funds Financial Statements

For the period ending December 31, 2021

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

MISSISSAUGA

The Corporation of the City of Mississauga - Trust Funds

Financial Statements

Year Ended December 31, 2021

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 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, 2021
- 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, 2021, 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.

KPMG

- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

May 3, 2022

City of Mississauga - Trust Funds
Statement of Financial Position

as at December 31, 2021 with comparatives for 2020
(All dollar amounts are in $000)

	2021			2020
	Perpetual Care $	Election Surplus $	Total $	Total $
Financial Assets				
Cash	226	-	226	55
Accounts Receivable	7	-	7	4
Due (to)/from City of Mississauga (Note 2)	46	-	46	41
Investments (Note 3)	804	-	804	886
Net Financial Assets and Accumulated Surplus	**1,083**	**-**	**1,083**	**986**

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, 2021 with comparatives for 2020
(All dollar amounts are in $000)

			2021	2020
	Perpetual Care $	Election Surplus $	Total $	Total $
Revenues				
Interest	28	-	28	27
Receipts	97	-	97	67
Total Revenues	**125**	**-**	**125**	**94**
Expenses				
Surplus forfeited to City (Note 5)	-	-	-	222
Cemetery maintenance	28	-	28	26
Total Expenses	**28**	**-**	**28**	**248**
Annual surplus/(deficit)	**97**	**-**	**97**	**(154)**
Accumulated surplus, beginning of year	986	-	986	1,140
Accumulated surplus, end of year	**1,083**	**-**	**1,083**	**986**

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, 2021
(All dollar amounts are in $000)

In 2020, 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.

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 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.

b) Future accounting pronouncements

These standards and amendments were not yet effective for the year ended December 31, 2021, 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 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. This standard is effective for fiscal years 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. This standard is effective for fiscal years 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 3041 - Portfolio Investments, replaces PS 3040 - Portfolio Investments. The standard provides revised guidance on accounting for, and presentation and disclosure of portfolio investments to conform to PS 3450 - Financial Instruments. The distinction between temporary and portfolio investments has been removed in the new standard, and upon adoption, PS 3030 - Temporary Investments, will no longer apply. This standard is effective for fiscal years beginning on or after April 1, 2022 (the City's December 31, 2023 year-end).

(v) 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).

(vi) PS 3160 - Public Private Partnerships ("P3s"), identifies requirements on how to account for and disclose transactions in which public sector entities procure major infrastructure assets and/or services from private sector entities. Recognition of assets arising from P3 arrangements is ultimately dependent on whether public sector entities control the purpose and use of the assets, access to the future economic benefits and exposure to the risks associated with the assets, and significant residual interest in the asset, if any, at the end of the term of P3s. Measurement of the asset and related liability will also be dependent on the overall model used to compensate the private sector entity. This standard is effective for fiscal years beginning on or after April 1, 2022 (the City's December 31, 2023 year-end).

City of Mississauga - Trust Funds
Notes to the Financial Statements

For the Year Ended December 31, 2021
(All dollar amounts are in $000)

(vii) 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).

(viii) 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).

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 Trust Funds as at December 31, 2021 and transferred from the City of Mississauga on April 5, 2022. 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 $804 (2020 - $886) reported on the statement of financial position at cost, have a market value of $862 (2020 - $973) 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 burial rights. 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 (controverted 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.

Financial Statements of

CITY OF MISSISSAUGA CLARKSON VILLAGE BUSINESS IMPROVEMENT ASSOCIATION

And Independent Auditors' Report thereon

Year ended December 31, 2021

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, 2021
- 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, 2021, 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.

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.
- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

April 12, 2022

CITY OF MISSISSAUGA CLARKSON VILLAGE BUSINESS IMPROVEMENT ASSOCIATION

Statement of Financial Position

December 31, 2021, with comparative information for 2020

	2021	2020
Financial Assets		
Cash and cash equivalents	$ 98,012	$ 98,699
Accounts receivable and other assets	7,881	3,044
Prepaid deposits	1,327	1,302
	107,220	103,045
Financial Liabilities		
Accounts payable and accrued liabilities	12,527	2,984
Due to The Corporation of the City of Mississauga (note 2)	3,671	1,635
Deferred revenue	1,329	–
	17,527	4,619
Net financial assets	89,693	98,426
Tangible capital assets (note 3)	7,446	5,494
Accumulated surplus (note 4)	$ 97,139	$ 103,920

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, 2021, with comparative information for 2020

	Budget 2021 (note 5)	Actual 2021	Actual 2020
Revenue:			
Special levy on business assessment	$ 73,000	$ 69,329	$ 71,365
Other	2,000	20,798	201
Sponsorship	3,000	3,465	–
Contributed tangible capital assets by the City of Mississauga	–	3,103	–
	78,000	96,695	71,566
Expenses:			
Advertising and promotion	31,000	40,714	900
Beautification and maintenance	39,500	36,047	29,143
Office and general	17,250	18,394	13,679
Professional fees	3,000	4,920	3,180
Insurance	2,250	2,250	2,192
Amortization of tangible capital assets	–	1,151	1,374
	93,000	103,476	50,468
Annual surplus (deficit)	(15,000)	(6,781)	21,098
Accumulated surplus, beginning of year	99,220	103,920	82,822
Accumulated surplus, end of year (note 4)	$ 84,220	$ 97,139	$ 103,920

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, 2021, with comparative information for 2020

	2021	2020
Annual surplus (deficit)	$ (6,781)	$ 21,098
Contributed tangible capital assets by the City of Mississauga	(3,103)	–
Amortization of tangible capital assets	1,151	1,374
Change in net financial assets	(8,733)	22,472
Net financial assets, beginning of year	98,426	75,954
Net financial assets, end of year	$ 89,693	$ 98,426

See accompanying notes to financial statements.

CITY OF MISSISSAUGA CLARKSON VILLAGE BUSINESS IMPROVEMENT ASSOCIATION

Statement of Cash Flows

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operating activities:		
Annual surplus (deficit)	$ (6,781)	$ 21,098
Items not involving cash:		
Amortization of tangible capital assets	1,151	1,374
Contributed tangible capital assets by the City of Mississauga	(3,103)	–
Change in non-cash operating working capital:		
Accounts receivable and other assets	(4,862)	644
Accounts payable and accrued liabilities	9,543	1,687
Deferred revenue	1,329	–
	(2,723)	24,803
Financing activities:		
Due to The Corporation of the City of Mississauga	2,036	2,401
Increase (decrease) in cash	(687)	27,204
Cash, beginning of year	98,699	71,495
Cash, end of year	$ 98,012	$ 98,699

See accompanying notes to financial statements.

CITY OF MISSISSAUGA CLARKSON VILLAGE BUSINESS IMPROVEMENT ASSOCIATION

Notes to Financial Statements

Year ended December 31, 2021

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.

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The pandemic and the measures taken to contain the virus continue to impact the global economy. Canadian and Provincial governments continue to enact 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 of the Association are not known at this time.

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.

CITY OF MISSISSAUGA CLARKSON VILLAGE BUSINESS IMPROVEMENT ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2021

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1. Significant accounting policies (continued):

(b) Revenue:

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

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

Accounts receivable include amounts to be received that can be reasonably estimated and collection is reasonably assured.

Other revenue includes grants, associate member fees and miscellaneous revenue, and are recognized as revenue as funds spent in accordance with the grant restriction, and reasonably estimated and collection is reasonably assured.

(c) Tangible capital assets:

(i) 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 for furniture and fixtures is provided on a declining balance at 20% each year.

(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 recorded as contributed assets in the statement of operations and accumulated surplus.

CITY OF MISSISSAUGA CLARKSON VILLAGE BUSINESS IMPROVEMENT ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2021

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1. Significant accounting policies (continued):

(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.

(e) 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.

(f) Future accounting pronouncements:

These standards and amendments were not yet effective for the year ended December 31, 2021, 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 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 Association's December 31, 2023 year end).

CITY OF MISSISSAUGA CLARKSON VILLAGE BUSINESS IMPROVEMENT ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2021

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1. Significant accounting policies (continued):

(ii) PS 3450, Financial Instruments, establishes the standards on accounting for and reporting all types of financial instruments including derivatives. This standard is effective for fiscal years beginning on or after April 1, 2022 (the Association'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. This standard is effective for fiscal years beginning on or after April 1, 2022 (the Association'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 3041 - Portfolio Investments, replaces PS 3040 - Portfolio Investments. The standard provides revised guidance on accounting for, and presentation and disclosure of portfolio investments to conform to PS 3450 - Financial Instruments. The distinction between temporary and portfolio investments has been removed in the new standard, and upon adoption, PS 3030 - Temporary Investments, will no longer apply. This standard is effective for fiscal years beginning on or after April 1, 2022 (the Association's December 31, 2023 year end).

(v) PS 3280, Asset Retirement Obligations, addresses the recognition, measurement, presentation and disclosure of legal obligations associated with retirement of tangible capital assets either in productive use or no longer in productive use. This standard is effective for fiscal years beginning on or after April 1, 2022 (the Association's December 31, 2023 year end).

(vi) PS 3160 - Public Private Partnerships ("P3s"), identifies requirements on how to account for and disclose transactions in which public sector entities procure major infrastructure assets and/or services from private sector entities. Recognition of assets arising from P3 arrangements is ultimately dependent on whether public sector entities control the purpose and use of the assets, access to the future economic benefits and exposure to the risks associated with the assets, and significant residual interest in the asset, if any, at the end of the term of P3s. Measurement of the asset and related liability will also be dependent on the overall model used to compensate the private sector entity. This standard is effective for fiscal years beginning on or after April 1, 2022 (the Association's December 31, 2023 year end).

CITY OF MISSISSAUGA CLARKSON VILLAGE BUSINESS IMPROVEMENT ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2021

1. Significant accounting policies (continued):

(vii) 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 Association's December 31, 2024 year end).

(viii) 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 Association's December 31, 2024 year end).

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 of December 31, 2021 (2020 - underlevy). 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:

			2021	2020
	Cost	Accumulated amortization	Net book value	Net book value
Furniture and fixtures	$ 26,270	$ 18,824	$ 7,446	$ 5,494

Included in tangible capital assets are contributed assets donated from the City of Mississauga for street banners during the year with an amount of $3,103.

CITY OF MISSISSAUGA CLARKSON VILLAGE BUSINESS IMPROVEMENT ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2021

4. Accumulated surplus:

Accumulated surplus at December 31 comprises the following:

	2021	2020
Reserve for working capital needs	$ 89,693	$ 98,426
Invested in tangible capital assets	7,446	5,494
	$ 97,139	$ 103,920

5. Budget data:

The audited budget information presented in these financial statements is based on the budget approved by City Council on June 2, 2021.

6. Comparative information:

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

Financial Statements of

CITY OF MISSISSAUGA COOKSVILLE BUSINESS IMPROVEMENT AREA

And Independent Auditors' Report thereon

Year ended December 31, 2021

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, 2021
- 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, 2021, 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.

KPMG

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.

- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

April 21, 2022

CITY OF MISSISSAUGA COOKSVILLE BUSINESS IMPROVEMENT AREA

Statement of Financial Position

December 31, 2021, with comparative information for 2020

	2021	2020
Financial Assets		
Cash	$ 363,933	$ 272,115
Accounts receivable	13,217	–
Due from The Corporation of the City of Mississauga (note 2)	–	25
	377,150	272,140
Financial Liabilities		
Accounts payable and accrued liabilities	37,849	2,620
Due to The Corporation of the City of Mississauga (note 2)	8,452	–
	46,301	2,620
Net financial assets	330,849	269,520
Prepaid expenses	–	706
Tangible capital assets (note 3)	19,834	–
Accumulated surplus (note 4)	$ 350,683	$ 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

Year ended December 31, 2021, with comparative information for the period from February 19, 2020 to December 31, 2020

	Budget 2021 (note 5)	Actual 2021	Actual 2020
Revenue:			
Special levy on business assessment	$ 319,350	$ 264,547	$ 273,025
Grant	–	7,500	–
Contributed tangible capital assets from the City of Mississauga (note 3)	–	2,564	–
Interest	–	438	–
	319,350	275,049	273,025
Expenses:			
Beautification and maintenance	165,050	118,766	–
Office and administration	111,900	72,870	179
Amortization	–	2,834	–
Professional fees	6,700	122	2,620
Advertisement and promotion	22,900	–	–
	306,550	194,592	2,799
Annual surplus	12,800	80,457	270,226
Accumulated surplus, beginning of period	270,226	270,226	–
Annual surplus, end of period (note 4)	$ 283,026	$ 350,683	$ 270,226

See accompanying notes to financial statements.

CITY OF MISSISSAUGA COOKSVILLE BUSINESS IMPROVEMENT AREA

Statement of Change in Net Financial Assets

Year ended December 31, 2021, with comparative information for the period from February 19, 2020 to December 31, 2020

	2021	2020
Annual surplus	$ 80,457	$ 270,226
Additions to tangible capital assets	(22,668)	–
Amortization of tangible capital assets	2,834	–
Change in prepaid expenses	706	(706)
Change in net financial assets	61,329	269,520
Net financial assets, beginning of period	269,520	–
Net financial assets, end of period	$ 330,849	$ 269,520

See accompanying notes to financial statements.

CITY OF MISSISSAUGA COOKSVILLE BUSINESS IMPROVEMENT AREA

Statement of Cash Flows

Year ended December 31, 2021, with comparative information for the period from February 19, 2020 to December 31, 2020

	2021	2020
Cash provided by (used in):		
Operating activities:		
Annual surplus	$ 80,457	$ 270,226
Items not involving cash:		
Amortization of tangible capital assets	2,834	–
Contributed tangible capital assets from the City of Mississauga	(2,564)	–
Changes in non-cash operating working capital:		
Accounts receivable	(13,217)	–
Prepaid expenses	706	(706)
Accounts payable and accrued liabilities	35,229	2,620
Due from (to) the City	8,477	(25)
	111,922	272,115
Capital activities:		
Additions to tangible capital assets	(20,104)	–
Increase in cash	91,818	272,115
Cash, beginning of period	272,115	–
Cash, end of period	$ 363,933	$ 272,115

See accompanying notes to financial statements.

CITY OF MISSISSAUGA COOKSVILLE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2021

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.

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The pandemic and the measures taken to contain the virus continue to impact the global economy. Canadian and Provincial governments continue to enact 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 of the Organization are not known at this time.

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.

CITY OF MISSISSAUGA COOKSVILLE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2021

1. Significant accounting policies (continued):

(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.

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:

Furniture and fixtures	4 years

(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.

CITY OF MISSISSAUGA COOKSVILLE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2021

1. Significant accounting policies (continued):

(e) Future accounting pronouncements

These standards and amendments were not yet effective for the year ended December 31, 2021, 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 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 Association'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. This standard is effective for fiscal years beginning on or after April 1, 2022 (the Association'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. This standard is effective for fiscal years beginning on or after April 1, 2022 (the Association'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 3041 - Portfolio Investments, replaces PS 3040 - Portfolio Investments. The standard provides revised guidance on accounting for, and presentation and disclosure of portfolio investments to conform to PS 3450 - Financial Instruments. The distinction between temporary and portfolio investments has been removed in the new standard, and upon adoption, PS 3030 - Temporary Investments, will no longer apply. This standard is effective for fiscal years beginning on or after April 1, 2022 (the Association's December 31, 2023 year-end).

CITY OF MISSISSAUGA COOKSVILLE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2021

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1. Significant accounting policies (continued):

(v) PS 3280, Asset Retirement Obligations, addresses the recognition, measurement, presentation and disclosure of legal obligations associated with retirement of tangible capital assets either in productive use or no longer in productive use. This standard is effective for fiscal years beginning on or after April 1, 2022 (the Association's December 31, 2023 year-end).

(vi) PS 3160 - Public Private Partnerships ("P3s"), identifies requirements on how to account for and disclose transactions in which public sector entities procure major infrastructure assets and/or services from private sector entities. Recognition of assets arising from P3 arrangements is ultimately dependent on whether public sector entities control the purpose and use of the assets, access to the future economic benefits and exposure to the risks associated with the assets, and significant residual interest in the asset, if any, at the end of the term of P3s. Measurement of the asset and related liability will also be dependent on the overall model used to compensate the private sector entity. This standard is effective for fiscal years beginning on or after April 1, 2022 (the Association's December 31, 2023 year-end).

(vii) 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 Association's December 31, 2024 year-end).

(viii) 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 Association's December 31, 2024 year-end).

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, 2021 (2020 - overlevy). The amount receivable has no specific terms of repayment and does not bear any interest due from (to) the City.

CITY OF MISSISSAUGA COOKSVILLE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2021

3. Tangible capital assets:

			2021	2020
	Cost	Accumulated amortization	Net book value	Net book value
Furniture and fixtures	$ 22,668	$ 2,834	$ 19,834	$ –

Included in tangible capital assets are contributed assets donated from the City of Mississauga for street banners during the year with an amount of $2,564.

4. Accumulated surplus:

Accumulated surplus at December 31 comprises the following:

	2021	2020
Invested in tangible capital assets	$ 20,104	$ –
Reserve for working capital needs	330,579	270,226
	$ 350,683	$ 270,226

5. Budget data:

The audited budget information presented in these financial statements is based on the budget approved by City Council on June 2, 2021.

Financial Statements of

CITY OF MISSISSAUGA MALTON BUSINESS IMPROVEMENT AREA

And Independent Auditors' Report thereon

Year ended December 31, 2021

KPMG

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 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, 2021
- the statement of operations and accumulated surplus for the year then ended
- the statement of change in net financial 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, 2021, and its results of operations, its change in net financial 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.

- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

April 25, 2022

CITY OF MISSISSAUGA MALTON BUSINESS IMPROVEMENT AREA

Statement of Financial Position

December 31, 2021, with comparative information for 2020

	2021	2020
Financial Assets		
Cash	$ 118,692	$ 96,728
Accounts receivable and other assets	20,354	35,642
	139,046	132,370
Financial Liabilities		
Accounts payable and accrued liabilities (note 2)	50,309	17,692
Deferred revenue	24,937	24,937
Other liability (note 4)	535,995	535,995
Due to The Corporation of the City of Mississauga (note 3)	5,285	18,983
	616,526	597,607
Net financial debt	(477,480)	(465,237)
Tangible capital assets (note 5)	766,201	742,602
Commitments (notes 4 and 7)		
Accumulated surplus (note 6)	$ 288,721	$ 277,365

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, 2021, with comparative information for 2020

	Budget 2021 (note 8)	Actual 2021	Actual 2020
Revenue:			
Special levy on business assessment	$ 146,140	$ 142,193	$ 127,157
Special event - Canada Day sponsorship revenue (note 2)	50,250	37,000	–
Other grants (note 2)	–	8,500	39,784
Other	5,000	34	8,099
Contributed tangible capital asset (note 5)	–	3,882	–
	201,390	191,609	175,040
Expenses:			
Special event - Canada Day	5,000	34,673	1,667
Office and administration (note 2)	93,380	58,117	70,193
Beautification and maintenance	18,610	8,185	6,044
Advertising and promotion	5,900	4,604	6,935
Amortization	–	69,685	42,510
Other event	27,000	4,989	13,528
Sponsorship	11,500	–	–
	161,390	180,253	140,877
Annual surplus	40,000	11,356	34,163
Accumulated surplus, beginning of year	277,365	277,365	243,202
Accumulated surplus, end of year	$ 317,365	$ 288,721	$ 277,365

See accompanying notes to financial statements.

CITY OF MISSISSAUGA MALTON BUSINESS IMPROVEMENT AREA

Statement of Change in Net Financial Debt

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Annual surplus	$ 11,356	$ 34,163
Additions to tangible capital assets	(93,284)	(627,200)
Amortization of tangible capital assets	69,685	42,510
Change in net financial debt	(12,243)	(550,527)
Net financial assets (debt), beginning of year	(465,237)	85,290
Net financial debt, end of year	$ (477,480)	$ (465,237)

See accompanying notes to financial statements.

CITY OF MISSISSAUGA MALTON BUSINESS IMPROVEMENT AREA

Statement of Cash Flows

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operating activities:		
Annual surplus	$ 11,356	$ 34,163
Items not involving cash:		
Amortization of tangible capital assets	69,685	42,510
Contributed tangible capital asset	(3,882)	–
Change in non-cash operating working capital:		
Decrease in accounts receivable and other assets	15,288	4,812
Increase (decrease) in accounts payable and accrued liabilities	32,617	(12,804)
Increase in deferred revenue	–	24,937
Increase (decrease) in due to The Corporation of the City of Mississauga	(13,698)	24,358
	111,366	117,976
Capital activities:		
Additions to tangible capital assets	(89,402)	(627,200)
Other liability	–	535,995
	(89,402)	(91,205)
Increase in cash	21,964	26,771
Cash, beginning of year	96,728	69,957
Cash, end of year	$ 118,692	$ 96,728

See accompanying notes to financial statements.

CITY OF MISSISSAUGA MALTON BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2021

On December 12, 2012, 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 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.

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The pandemic and the measures taken to contain the virus continue to impact the global economy. Canadian and provincial governments continue to enact 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 on the Association are not known at this time.

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 City 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.

CITY OF MISSISSAUGA MALTON BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2021

1. Significant accounting policies (continued):

(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.

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.

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

(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.

CITY OF MISSISSAUGA MALTON BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2021

1. Significant accounting policies (continued):

(e) Future accounting pronouncements:

These standards and amendments were not yet effective for the year ended December 31, 2021, 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 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 Association'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. This standard is effective for fiscal years beginning on or after April 1, 2022 (the Association'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. This standard is effective for fiscal years beginning on or after April 1, 2022 (the Association'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.

CITY OF MISSISSAUGA MALTON BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2021

1. Significant accounting policies (continued):

(iv) PS 3041 - Portfolio Investments, replaces PS 3040 - Portfolio Investments. The standard provides revised guidance on accounting for, and presentation and disclosure of portfolio investments to conform to PS 3450 - Financial Instruments. The distinction between temporary and portfolio investments has been removed in the new standard, and upon adoption, PS 3030 - Temporary Investments, will no longer apply. This standard is effective for fiscal years beginning on or after April 1, 2022 (the Association's December 31, 2023 year-end).

(v) PS 3280, Asset Retirement Obligations, addresses the recognition, measurement, presentation and disclosure of legal obligations associated with retirement of tangible capital assets either in productive use or no longer in productive use. This standard is effective for fiscal years beginning on or after April 1, 2022 (the Association’s December 31, 2023 year-end).

(vi) PS 3160 - Public Private Partnerships ("P3s"), identifies requirements on how to account for and disclose transactions in which public sector entities procure major infrastructure assets and/or services from private sector entities. Recognition of assets arising from P3 arrangements is ultimately dependent on whether public sector entities control the purpose and use of the assets, access to the future economic benefits and exposure to the risks associated with the assets, and significant residual interest in the asset, if any, at the end of the term of P3s. Measurement of the asset and related liability will also be dependent on the overall model used to compensate the private sector entity. This standard is effective for fiscal years beginning on or after April 1, 2022 (the Association's December 31, 2023 year-end).

(vii) 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 Association's December 31, 2024 year-end).

(viii) 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 Association's December 31, 2024 year-end).

CITY OF MISSISSAUGA MALTON BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2021

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2. Related party transactions:

The Association recognized $27,000 of special event - Canada Day sponsorship revenue (2020 - nil), and nil of other grants revenue (2020 - $12,978) received from the City.

Included in office and administration expense are $5,696 (2020 - $4,862) of services provided by companies owned by members of the Board of Directors. Accounts payable and accrued liabilities include $170 (2020 - $684) in respect of these related party transactions.

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 of $3,947 as at December 31, 2021 (2020 - $18,983). The amount is non-interest bearing and payable on demand.

4. Other liability:

In 2020, 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.

Also in 2020, 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 as other liability. Costs expended towards the sculpture have been recorded as asset under construction and are disclosed in note 5.

CITY OF MISSISSAUGA MALTON BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2021

5. Tangible capital assets:

			2021	2020
	Cost	Accumulated amortization	Net book value	Net book value
Fixtures and decorations	$ 440,987	$ 215,538	$ 225,449	$ 201,850
Asset under construction	540,752	–	540,752	540,752
	$ 981,739	$ 215,538	$ 766,201	$ 742,602

Included in fixtures and decorations are $3,882 of banners contributed by the City.

6. Accumulated surplus:

The accumulated surplus as at December 31 comprises the following:

	2021	2020
Deficit for working capital needs	$ (477,480)	$ (465,237)
Invested in tangible capital assets	766,201	742,602
	$ 288,721	$ 277,365

7. Commitments:

The Association has entered into an operating agreement for utilities that expires in 2026 and a lease agreement for premises that expires in 2023. Both agreements are with the City. The annual commitments are approximately as follows:

2022	$ 3,454
2023	1,879
2024	1,354
2025	1,354
2026	1,354
	$ 9,395

CITY OF MISSISSAUGA MALTON BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2021

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8. Budget data:

The audited budget information presented in these financial statements is based on the budget approved by City Council on June 2, 2021.

9. Comparative information:

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

DRAFT #4
March 31, 2022

Financial Statements of

CITY OF MISSISSAUGA PORT CREDIT BUSINESS IMPROVEMENT AREA

And Independent Auditors' Report thereon

Year ended December 31, 2021

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, 2021
- the statement of operations and accumulated surplus for the year then ended
- the statement of changes 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, 2021, 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.

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.

- 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

CITY OF MISSISSAUGA PORT CREDIT BUSINESS IMPROVEMENT AREA

DRAFT Statement of Financial Position

December 31, 2021, with comparative information for 2020

	2021	2020
Financial Assets		
Cash	$ 224,367	$ 227,286
Investment (note 2)	39,725	39,725
Accounts receivable	40,672	61,006
	304,764	328,017
Financial Liabilities		
Accounts payable and accrued liabilities	43,495	41,874
Due to The Corporation of the City of Mississauga (note 3)	724	36,045
	44,219	77,919
Net financial assets	260,545	250,098
Non-Financial Assets		
Prepaid expenses	12,491	26,161
Tangible capital assets (note 4)	151,446	127,859
Commitment (note 7)		
Accumulated surplus (note 5)	$ 424,482	$ 404,118

See accompanying notes to financial statements.

On behalf of the Board:

________________________________ Director

________________________________ Treasurer

CITY OF MISSISSAUGA PORT CREDIT BUSINESS IMPROVEMENT AREA

DRAFT Statement of Operations and Accumulated Surplus

Year ended December 31, 2021, with comparative information for 2020

	Budget 2021 (note 8)	Actual 2021	Actual 2020
Revenue:			
Special levy on business assessment	$ 801,000	$ 800,276	$ 864,955
Fundraising	92,800	46,847	120,386
Contributed tangible capital assets by the City of Mississauga	–	4,395	–
Interest	–	1,611	2,110
	893,800	853,129	987,451
Expenses:			
Office and general (note 6)	302,700	290,538	264,270
Beautification and maintenance	340,000	268,516	301,339
Project expenses	91,500	103,631	111,632
Sponsorships	75,000	58,000	10,500
Advertising and promotion	69,500	51,397	88,359
Amortization of tangible capital assets	–	48,572	26,009
Loss on disposal of tangible capital assets	–	8,161	–
Business development (note 6)	7,000	3,569	1,364
Repairs and maintenance	–	381	4,107
Information technology	27,000	–	15,050
	912,700	832,765	822,630
Annual surplus (deficit)	(18,900)	20,364	164,821
Accumulated surplus, beginning of year	404,118	404,118	239,297
Accumulated surplus, end of year (note 5)	$ 385,218	$ 424,482	$ 404,118

See accompanying notes to financial statements.

CITY OF MISSISSAUGA PORT CREDIT BUSINESS IMPROVEMENT AREA

DRAFT Statement of Changes in Net Financial Assets

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Annual surplus	$ 20,364	$ 164,821
Additions to tangible capital assets	(80,320)	(65,415)
Amortization of tangible capital assets	48,572	26,009
Loss on disposal of tangible capital assets	8,161	–
Change in prepaid expenses	13,670	(20,176)
Change in net financial assets	10,447	105,239
Net financial assets, beginning of year	250,098	144,859
Net financial assets, end of year	$ 260,545	$ 250,098

See accompanying notes to financial statements.

CITY OF MISSISSAUGA PORT CREDIT BUSINESS IMPROVEMENT AREA

DRAFT Statement of Cash Flows

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operating activities:		
Annual surplus	$ 20,364	$ 164,821
Items not involving cash:		
Amortization of tangible capital assets	48,572	26,009
Contributed tangible capital assets by the City of Mississauga	(4,395)	–
Loss on disposal of tangible capital assets	8,161	–
Change in non-cash operating working capital:		
Decrease in accounts receivable	20,334	1,246
Decrease (increase) in prepaid expenses	13,670	(20,176)
Increase in accounts payable and accrued liabilities	1,621	10,630
Increase (decrease) in due to The Corporation of the City of Mississauga	(35,321)	16,342
	73,006	198,872
Capital activities:		
Additions to tangible capital assets	(75,925)	(65,415)
Investing activities:		
Increase in investment	–	(39,725)
Increase (decrease) in cash	(2,919)	93,732
Cash, beginning of year	227,286	133,554
Cash, end of year	$ 224,367	$ 227,286

See accompanying notes to financial statements.

CITY OF MISSISSAUGA PORT CREDIT BUSINESS IMPROVEMENT AREA

DRAFT Notes to Financial Statements

Year ended December 31, 2021

On December 20, 1984, 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 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.

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The pandemic and the measures taken to contain the virus continue to impact the global economy. Canadian and provincial governments continue to enact 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 of the Organization are not known at this time.

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 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 on behalf of the Organization. Fundraising and interest revenue is recognized on an accrual basis.

CITY OF MISSISSAUGA PORT CREDIT BUSINESS IMPROVEMENT AREA

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2021

1. Significant accounting policies (continued):

(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.

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

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:

Machinery and equipment	4 years
Furniture and fixtures	4 years
Leasehold improvements	5 years

(e) 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 PORT CREDIT BUSINESS IMPROVEMENT AREA

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2021

1. Significant accounting policies (continued):

(f) Future accounting pronouncements

These standards and amendments were not yet effective for the year ended December 31, 2021, 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 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 Association'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. This standard is effective for fiscal years beginning on or after April 1, 2022 (the Association'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. This standard is effective for fiscal years beginning on or after April 1, 2022 (the Association'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 3041 - Portfolio Investments, replaces PS 3040 - Portfolio Investments. The standard provides revised guidance on accounting for, and presentation and disclosure of portfolio investments to conform to PS 3450 - Financial Instruments. The distinction between temporary and portfolio investments has been removed in the new standard, and upon adoption, PS 3030 - Temporary Investments, will no longer apply. This standard is effective for fiscal years beginning on or after April 1, 2022 (the Association's December 31, 2023 year-end).

CITY OF MISSISSAUGA PORT CREDIT BUSINESS IMPROVEMENT AREA

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2021

1. Significant accounting policies (continued):

(v) PS 3280, Asset Retirement Obligations, addresses the recognition, measurement, presentation and disclosure of legal obligations associated with retirement of tangible capital assets either in productive use or no longer in productive use. This standard is effective for fiscal years beginning on or after April 1, 2022 (the Association's December 31, 2023 year-end).

(vi) PS 3160 - Public Private Partnerships ("P3s"), identifies requirements on how to account for and disclose transactions in which public sector entities procure major infrastructure assets and/or services from private sector entities. Recognition of assets arising from P3 arrangements is ultimately dependent on whether public sector entities control the purpose and use of the assets, access to the future economic benefits and exposure to the risks associated with the assets, and significant residual interest in the asset, if any, at the end of the term of P3s. Measurement of the asset and related liability will also be dependent on the overall model used to compensate the private sector entity. This standard is effective for fiscal years beginning on or after April 1, 2022 (the Association's December 31, 2023 year-end).

(vii) 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 Association's December 31, 2024 year-end).

(viii) 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 Association's December 31, 2024 year-end).

2. Investment:

Investment consists of a guaranteed investment certificate bearing interest at 0.75% with a maturity date of January 2022.

CITY OF MISSISSAUGA PORT CREDIT BUSINESS IMPROVEMENT AREA

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2021

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

The amount due to the City includes the cumulative underlevy as at December 31, 2021. The amount is non-interest bearing and payable on demand.

4. Tangible capital assets:

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Machinery and equipment	$ 283,163	$ 149,512	$ 133,651	$ 107,369
Furniture and fixtures	21,838	17,328	4,510	2,650
Leasehold improvements	22,775	9,490	13,285	17,840
	$ 327,776	$ 176,330	$ 151,446	$ 127,859

Included in tangible capital assets are contributed assets donated from the City of Mississauga for street banners during the year with an amount of $4,395.

5. Accumulated surplus:

Accumulated surplus at December 31 comprises the following:

	2021	2020
Invested in tangible capital assets	$ 151,446	$ 127,859
Reserve for working capital needs	273,036	276,259
	$ 424,482	$ 404,118

6. Related party transactions:

Office and general and business development expenses include $394 (2020 - $1,140) of services provided by a company owned by a member of the Board of Directors. There are no (2020 - nil) amounts included in accounts payable and accrued liabilities in respect of these related party transactions.

CITY OF MISSISSAUGA PORT CREDIT BUSINESS IMPROVEMENT AREA

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2021

6. Related party transactions (continued):

The Organization recorded $7,500 of special event - Art at the Port funding revenue (2020 - nil), and $1,000 other grants revenue (2020 - nil) received from the City.

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 are as follows:

2022	$ 17,166
2023	17,681
2024	10,492
	$ 45,339

8. Budget data:

The audited budget information presented in these financial statements is based on the budget approved by City Council on June 2, 2021.

Financial Statements of

CITY OF MISSISSAUGA STREETSVILLE BUSINESS IMPROVEMENT DISTRICT ASSOCIATION

And Independent Auditors' Report thereon

Year ended December 31, 2021

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 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, 2021
- 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, 2021, 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.

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.

- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

April 11, 2022

CITY OF MISSISSAUGA STREETSVILLE BUSINESS IMPROVEMENT DISTRICT ASSOCIATION

Statement of Financial Position

December 31, 2021, with comparative information for 2020

	2021	2020
Financial assets		
Cash	$ 77,269	$ 84,267
Investments (note 1(d))	24,000	–
Accounts receivable	27,067	26,150
	128,336	110,417
Financial liabilities		
Accounts payable and accrued liabilities	27,482	26,119
Due to The Corporation of the City of Mississauga (note 2)	5,434	22,048
Deferred revenue (note 4)	6,000	10,635
	38,916	58,802
Net financial assets	89,420	51,615
Non-Financial Assets		
Tangible capital assets (note 3)	26,430	39,053
Accumulated surplus (note 5)	$ 115,850	$ 90,668

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, 2021, with comparative information for 2020

	2021 Budget (note 7)	2021 Actual	2020 Actual
Revenue:			
Special levy on business assessment	$ 401,750	$ 401,320	$ 377,721
Fundraising	41,000	73,788	30,602
Contributed tangible capital assets by the City of Mississauga	–	3,223	–
Other	10,200	167	–
	452,950	478,498	408,323
Expenses:			
Advertising and promotion	168,950	114,286	72,456
Office and administration (note 6)	122,900	182,749	166,115
Beautification and maintenance	152,600	139,435	156,480
Amortization of capital assets	–	16,846	15,881
	444,450	453,316	410,932
Annual surplus (deficit)	8,500	25,182	(2,609)
Accumulated surplus, beginning of year	90,668	90,668	93,277
Accumulated surplus, end of year (note 5)	$ 99,168	$ 115,850	$ 90,668

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, 2021, with comparative information for 2020

	2021	2020
Annual surplus (deficit)	$ 25,182	$ (2,609)
Additions to tangible capital assets	(4,223)	(5,427)
Amortization of tangible capital assets	16,846	15,881
Change in net financial assets	37,805	7,845
Net financial assets, beginning of year	51,615	43,770
Net financial assets, end of year	$ 89,420	$ 51,615

See accompanying notes to financial statements.

CITY OF MISSISSAUGA STREETSVILLE BUSINESS IMPROVEMENT DISTRICT ASSOCIATION

Statement of Cash Flows

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operating activities:		
Annual surplus (deficit)	$ 25,182	$ (2,609)
Items not involving cash:		
Amortization of tangible capital assets	16,846	15,881
Contributed tangible capital assets by the City of Mississauga	(3,223)	–
Change in non-cash operating working capital:		
Accounts receivable	(917)	15,623
Accounts payable and accrued liabilities	1,363	18,450
Due to The Corporation of the City of Mississauga	(16,614)	19,415
Deferred revenue	(4,635)	10,635
	18,002	77,395
Investing activities:		
Additions to tangible capital assets	(1,000)	(5,427)
Purchase of investments	(24,000)	–
	(25,000)	(5,427)
Increase (decrease) in cash	(6,998)	71,968
Cash, beginning of year	84,267	12,299
Cash, end of year	$ 77,269	$ 84,267

See accompanying notes to financial statements.

CITY OF MISSISSAUGA STREETSVILLE BUSINESS IMPROVEMENT DISTRICT ASSOCIATION

Notes to Financial Statements

Year ended December 31, 2021

On November 5, 1979, 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 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.

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The pandemic and the measures taken to contain the virus continue to impact the global economy. Canadian and Provincial governments continue to enact 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 of the Association are not known at this time.

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 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. Fundraising and other revenues are recognized on an accrual basis.

CITY OF MISSISSAUGA STREETSVILLE BUSINESS IMPROVEMENT DISTRICT ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2021

1. Significant accounting policies (continued):

(c) Deferred revenue:

Deferred revenue represents 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.

(d) Investment:

Investment consists of guaranteed investment certificates bearing interest between 0.25% to 0.45% with a maturity date of January 2023.

(e) Tangible capital assets:

(i) 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:

Furniture, fixtures and decoratives	5 - 10 years
Benches	5 years
Computer equipment	5 years

(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 contributions are recorded as contributed assets in the statement of operations and accumulated surplus.

CITY OF MISSISSAUGA STREETSVILLE BUSINESS IMPROVEMENT DISTRICT ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2021

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1. Significant accounting policies (continued):

(f) 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.

(g) Future accounting pronouncements:

These standards and amendments were not yet effective for the year ended December 31, 2021, 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 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 Association'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. This standard is effective for fiscal years beginning on or after April 1, 2022 (the Association'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. This standard is effective for fiscal years beginning on or after April 1, 2022 (the Association'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.

CITY OF MISSISSAUGA STREETSVILLE BUSINESS IMPROVEMENT DISTRICT ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2021

1. Significant accounting policies (continued):

(iv) PS 3041 - Portfolio Investments, replaces PS 3040 - Portfolio Investments. The standard provides revised guidance on accounting for, and presentation and disclosure of portfolio investments to conform to PS 3450 - Financial Instruments. The distinction between temporary and portfolio investments has been removed in the new standard, and upon adoption, PS 3030 - Temporary Investments, will no longer apply. This standard is effective for fiscal years beginning on or after April 1, 2022 (the Association's December 31, 2023 year-end).

(v) PS 3280, Asset Retirement Obligations, addresses the recognition, measurement, presentation and disclosure of legal obligations associated with retirement of tangible capital assets either in productive use or no longer in productive use. This standard is effective for fiscal years beginning on or after April 1, 2022 (the Association’s December 31, 2023 year-end).

(vi) PS 3160 - Public Private Partnerships ("P3s"), identifies requirements on how to account for and disclose transactions in which public sector entities procure major infrastructure assets and/or services from private sector entities. Recognition of assets arising from P3 arrangements is ultimately dependent on whether public sector entities control the purpose and use of the assets, access to the future economic benefits and exposure to the risks associated with the assets, and significant residual interest in the asset, if any, at the end of the term of P3s. Measurement of the asset and related liability will also be dependent on the overall model used to compensate the private sector entity. This standard is effective for fiscal years beginning on or after April 1, 2022 (the Association's December 31, 2023 year-end).

(vii) 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 Association's December 31, 2024 year-end).

(viii) 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 Association's December 31, 2024 year-end).

CITY OF MISSISSAUGA STREETSVILLE BUSINESS IMPROVEMENT DISTRICT ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2021

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

The amount due to the City includes the cumulative underlevy as at December 31, 2021. The amount is non-interest bearing and payable on demand.

3. Tangible capital assets:

			2021	2020
	Cost	Accumulated amortization	Net book value	Net book value
Furniture, fixtures and decoratives	$ 163,700	$ 141,398	$ 22,302	$ 33,038
Benches	26,258	24,466	1,792	3,012
Computer equipment	3,337	1,001	2,336	3,003
	$ 193,295	$ 166,865	$ 26,430	$ 39,053

Included in tangible capital assets are contributed assets donated from the City for furniture, fixtures and decoratives during the year with an amount of $3,223.

4. Deferred revenue:

Deferred revenue as at December 31 comprises the following:

	2021	2019
Royal Bank of Canada grant	$ 6,000	$ 7,500
City grant	–	3,135
	$ 6,000	$ 10,635

CITY OF MISSISSAUGA STREETSVILLE BUSINESS IMPROVEMENT DISTRICT ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2021

5. Accumulated surplus:

The accumulated surplus as at December 31 comprises the following:

	2021	2020
Reserve for working capital needs	$ 89,420	$ 51,615
Invested in tangible capital assets	26,430	39,053
	$ 115,850	$ 90,668

6. Related party transactions:

Office and general expenses includes $9,236 (2020 - nil) of services provided by members of the Board of Directors. There are nil (2020 - nil) amounts included in accounts payable and accrued liabilities in respect of these related party transactions.

7. Budget data:

The audited budget information presented in these financial statements is based on the budget approved by City Council on June 2, 2021.

Financial Statements of

ENERSOURCE CORPORATION

Year ended December 31, 2021

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, 2021
- 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, 2021, 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.

KPMG

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.

- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

April 29, 2022

ENERSOURCE CORPORATION

Statement of Financial Position
(In thousands of Canadian dollars)

December 31, 2021, with comparative information for 2020

		2021		2020
Assets				
Current assets:				
Cash	$	7,538	$	7,306
Prepaid expenses		17		14
		7,555		7,320
Non-current assets:				
Investment in Alectra Inc. (note 5)		607,902		597,800
Total assets	$	615,457	$	605,120
Liabilities and Shareholders' Equity				
Current liabilities:				
Trade payables	$	-	$	27
Loans and borrowings (note 7)		2,500		2,500
		2,500		2,527
Non-current liabilities:				
Loans and borrowings (note 7)		45,625		48,125
Interest rate swap (note 7)		75		557
		45,700		48,682
Total liabilities		48,200		51,209
Shareholders' equity:				
Share capital (note 8)		175,691		175,691
Accumulated other comprehensive loss		(5,221)		(7,291)
Retained earnings		396,787		385,511
Total shareholders' equity		567,257		553,911
Total liabilities and shareholders' equity	$	615,457	$	605,120

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, 2021, with comparative information for 2020

	2021	2020
Revenue:		
Finance income	$ 92	$ 124
Share of net income from investment in Alectra Inc. (note 5)	30,185	22,321
Unrealized fair value gain on interest rate swap (note 7)	482	-
	30,759	22,445
Expenses:		
Office supplies	35	29
Professional and legal services fee	97	67
Board management fee (note 10)	82	79
Finance expense (note 7)	713	974
Unrealized fair value loss on interest rate swap (note 7)	-	705
	927	1,854
Income before income taxes	29,832	20,591
Income tax expense (note 6)	-	-
Net income	29,832	20,591
Other comprehensive income (loss):		
Share of other comprehensive income (loss) from investment in Alectra Inc. (note 5)	2,070	(1,183)
Total comprehensive income	$ 31,902	$ 19,408

See accompanying notes to financial statements.

ENERSOURCE CORPORATION

Statement of Cash Flows
(In thousands of Canadian dollars)

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Cash flows provided by (used in):		
Operating activities:		
Comprehensive income	$ 31,902	$ 19,408
Items not involving cash:		
Share of net income from investment in Alectra Inc. (note 5)	(30,185)	(22,321)
Share of other comprehensive income (loss) from investment in Alectra Inc. (note 5)	(2,070)	1,183
Change in fair value of Interest rate swap (note 7)	(482)	705
Finance income	(92)	(124)
Finance expense	713	974
Change in non-cash operating working capital (note 9)	(30)	114
Cash flows used in operating activities	(244)	(61)
Financing activities:		
Repayment of bank loans	(2,500)	(2,500)
Dividends paid	(18,556)	(19,700)
Interest paid	(713)	(974)
Cash flows used in financing activities	(21,769)	(23,174)
Investing activities:		
Interest received	92	124
Dividends from Alectra Inc. (note 5)	22,153	23,581
Cash flows provided by investing activities	22,245	23,705
Increase in cash	232	470
Cash, beginning of year	7,306	6,836
Cash, end of year	$ 7,538	$ 7,306

See accompanying notes to financial statements.

ENERSOURCE CORPORATION

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

Year ended December 31, 2021, with comparative information for 2020

2021	Share capital	Accumulated other comprehensive loss	Retained earnings	Total shareholders' equity
Balance, beginning of year	$ 175,691	$ (7,291)	$ 385,511	$ 553,911
Net income	–	–	29,832	29,832
Other comprehensive income	–	2,070	–	2,070
Dividends paid	–	–	(18,556)	(18,556)
Balance, end of year	$ 175,691	$ (5,221)	$ 396,787	$ 567,257

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

See accompanying notes to financial statements.

ENERSOURCE CORPORATION

Notes to Financial Statements
(In thousands of Canadian dollars)

Year ended December 31, 2021

1. General information:

(a) Corporate information:

Enersource Corporation (the "Corporation"), incorporated under the Ontario Business Corporations Act, was formed to conduct electricity distribution and non-regulated utility service ventures. 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.

The Corporation has a 29.57% ownership interest in Alectra Inc.’s issued and outstanding common shares. 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.

The current shareholder ownership of Alectra Inc. is as follows: Barrie Hydro Holdings - 8.4%, Enersource Corporation - 29.57%, Guelph Municipal Holdings Inc.- 4.6%, Hamilton Utilities Corporation - 17.3%, Markham Enterprises Corporation – 15.03%, St. Catharines Hydro Inc. - 4.6%, and Vaughan Holdings Inc. - 20.5%.

ENERSOURCE CORPORATION

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

Year ended December 31, 2021

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 Inc. 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 29, 2022.

(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, other than those inherent in the preparation of Alectra's financial statements, 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, 2021

4. Significant accounting policies:

(a) Changes in accounting policies:

The Corporation did not adopt any new International Financial Reporting 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.

(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, 2021

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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.

ENERSOURCE CORPORATION

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

Year ended December 31, 2021

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.

(f) New standards and interpretations not yet adopted:

Certain new standards, amendments to standards, and interpretations were issued by the IASB or the IFRS Interpretations Committee that are mandatory for accounting years beginning after January 1, 2022 or later that the Corporation has decided not to adopt early.

- *Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2* provides guidance and examples to assist entities to apply materiality judgments to accounting policy disclosures. The amendments to IAS 1 aim to help entities improve the usefulness of its accounting policy disclosures by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies. The amendments to IFRS Practice Statement 2 provide guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The effective date for the amendments to IAS 1 is January 1, 2023 with earlier application permitted. The Corporation is currently assessing the impact of the amendments to determine the impact they will have on the Corporation's accounting policy disclosures.

ENERSOURCE CORPORATION

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

Year ended December 31, 2021

5. Investment in Alectra:

	2021	2020
Investment in Alectra	$ 607,902	$ 597,800

Movement in equity-accounted investee:

	2021	2020
Balance, beginning of year	$ 597,800	$ 600,243
Share of net income from investment in Alectra	30,185	22,321
Share of other comprehensive income (loss)	2,070	(1,183)
Dividends received from Alectra	(22,153)	(23,581)
Balance, end of year	$ 607,902	$ 597,800

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.

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.

ENERSOURCE CORPORATION

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

Year ended December 31, 2021

5. Investment in Alectra (continued):

	2021	2020
Ownership interest	29.57%	29.57%
Current assets	$ 657,000	$ 745,000
Non-current assets	4,851,000	4,605,000
Current liabilities	(962,000)	(1,060,000)
Non-current liabilities	(2,777,000)	(2,554,000)
Net assets (100%)	1,769,000	1,736,000
Ring Fenced Solar Portfolio net assets	(9,255)	(10,395)
Fair value adjustments from purchase price	296,145	296,145
	$ 2,055,890	$ 2,021,750

	2021	2020
Carrying value of investment in Alectra (29.57%)	$ 607,902	$ 597,800
Revenue	$ 3,834,000	$ 4,162,000
Depreciation and amortization	(182,000)	(165,000)
Other expenses	(3,437,000)	(3,816,000)
Finance expenses	(74,000)	(74,000)
Income tax expense	(36,000)	(28,000)
Net income	105,000	79,000
Other comprehensive income (loss)	7,000	(4,000)
Total comprehensive income	112,000	75,000
Ring Fenced Solar Portfolio net gain	2,920	3,513
Share of income (29.57%)	$ 30,185	$ 22,321
Share of other comprehensive income (loss) (29.57%)	2,070	(1,183)

ENERSOURCE CORPORATION

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

Year ended December 31, 2021

6. Income taxes:

The components of income tax recovery for the years ended December 31, 2021 and 2020 were as follows:

	2021	2020
Current income tax expense:		
Expense for the year	$ -	$ -
Total income tax expense	$ -	$ -

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:

	2021	2020
Income before income taxes	$ 29,832	$ 20,591
Federal and Ontario statutory income tax rate	26.50%	26.50%
Provision for income taxes at statutory rate	$ 7,905	$ 5,457
Increase (decrease) resulting from:		
Differences between accounting and tax treatment of investments in subsidiaries	(7,999)	(5,915)
Losses not recognized as deferred tax asset	94	458
Provision for income taxes	$ -	$ -
Effective income tax rate	0.00%	0.00%

ENERSOURCE CORPORATION

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

Year ended December 31, 2021

7. Loans and borrowings:

	2021	2020
Bank loan:		
Current	$ 2,500	$ 2,500
Non-current	45,625	48,125
	$ 48,125	$ 50,625

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 1.08% on November 1, 2021 and is carried with quarterly interest payments. Credit Facility B has a 10 year term to maturity and an outstanding balance of $13,125. 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 2021 or 2020. The secured bank loans are guaranteed by the City of Mississauga in the amount of $70,000.

The Corporation included $482 unrealized gain (2020 – $705 loss) in its financial statements related to the interest rate swap. $75 liability (2020 - $557 liability) 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, 2021. The notional value on the interest rate swap is equal to the outstanding value of Credit Facility B, or $13,125.

ENERSOURCE CORPORATION

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

Year ended December 31, 2021

7. Loans and borrowings (continued):

Reconciliation of debt arising from financing activities:

	2021	2020
Balance, beginning of year	$ 50,625	$ 53,125
Principal repayment	(2,500)	(2,500)
Balance, end of year	$ 48,125	$ 50,625

The Corporation made interest payments of $713 (2020 - $974).

8. Share capital:

	2021	2020
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, 2021

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, 2021, there were no cumulative preferential dividends outstanding (2020 – $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. As at December 31, 2021, dividends of $18,556 (2020 - $19,700) were declared and paid to the shareholders of the Corporation.

9. Change in non-cash operating working capital:

	2021	2020
Prepaid expenses	$ (3)	$ 117
Trade payables	(27)	(3)
	$ (30)	$ 114

ENERSOURCE CORPORATION

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

Year ended December 31, 2021

10. Related party transactions and balances:

For December 31, 2021, a dividend of $16,700 was declared and paid to the City of Mississauga (2020 - $17,730), and a dividend of $1,856 was declared and paid to Borealis (2020 - $1,970). 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.

	2021	2020
Directors Honorarium and per diems	$ 82	$ 79

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 $40,000 per occurrence.

As at December 31, 2021 and December 31, 2020, 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, 2021

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, 2021 and 2020.

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 $75 (2020 - $557 liability). 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, 2021

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, 2021 and 2020.

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
Bank loan (interest and principal)	$ 3,172	$ 12,020	$ 35,000

ENERSOURCE CORPORATION

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

Year ended December 31, 2021

13. Subsequent event:

On March 18, 2022, the Corporation received a dividend of $14,113 from Alectra.

City of Mississauga
Corporate Services
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

May 3, 2022

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, 2021.

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, 2021, 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.

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) The effects of the uncorrected misstatements described in **Attachment II** are immaterial, both individually and in the aggregate, to the financial statements as a whole.

12) We approve the corrected misstatements identified by you during the audit described in **Attachment II**.

Other information:

13) 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 required procedures in accordance with professional standards.

Non-SEC registrants or non-reporting issuers:

14) 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).

15) 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:

16) The employee benefits costs, assets and obligation, if any, have been determined, accounted for and disclosed in accordance with the financial reporting framework.

17) 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.

18) The set of actuarial assumptions for each plan is individually consistent.

19) 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.

20) In arriving at these assumptions, management has obtained the advice of Nexus Actuarial Consultants Ltd. but has retained the final responsibility for them.

21) The source data and plan provisions provided to the actuary for preparation of the actuarial valuation are accurate and complete.

22) 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.

23) 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.

24) All material events and changes to the plan subsequent to the most recent actuarial valuation have been properly reflected in the extrapolation.

25) 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.

26) Each of the best estimate assumptions used reflects management's judgment of the most likely set of conditions affecting future events.

27) The discount rate used to determine the accrued 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:

28) The self-insurance liability has been determined, accounted for and disclosed in accordance with the financial reporting framework.

29) 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.

30) 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.

31) In arriving at these assumptions, management has obtained the advice of J.S Cheng & Partners Inc. but has retained the final responsibility for them.

32) The source data and plan provisions provided to the actuary for preparation of the actuarial valuation are accurate and complete.

33) 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.

34) 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.

35) Each of the best estimate assumptions used reflects management's judgment of the most likely set of conditions affecting future events.

36) 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:

37) 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.

38) 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.

Approval of financial statements:

39) Jeff Jackson, Director of Finance and Treasurer, has the recognized authority to take, and has taken, responsibility for the financial statements.

Yours very truly,

THE CORPORATION OF THE CITY OF MISSISSAUAGA

Paul Mitcham, City Manager and Chief Administrative Officer

Shari Lichterman, Commissioner of Corporate Services and Chief Financial Officer

Jeff Jackson, Director of Finance and Treasurer

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.

The Corporation of the City of Mississauga
Summary of Uncorrected Audit Misstatements
December 31, 2021

Amounts in:	*Thousands - Canadian dollars*
Method Used to Quantify Audit Misstatements	***Roll Over (Income Statement) Method***

			Correcting Entry Required at Current Period End			**Income Statement - Debit (Credit)**			**Statement of Financial Position (Balance Sheet) Effect - Debit (Credit)**				**Cash Flow Effect - Increase (Decrease) according to Rollover (Income Statement) method**			
ID	**Description of misstatement**	**Type of misstatement**	**Accounts**	**Debit**	**(Credit)**	Income effect of correcting the balance sheet in prior period **(carryforward from PY - Column C)**	Income effect **of correcting current period balance sheet**	Income effect **according to Rollover (Income Statement) method**	**Accumulated Surplus at period end**	**Financial Assets**	**Non-Financial Assets**	**Financial Liabilities**	**Operating Activities**	**Capital Activities**	**Investing Activities**	**Financing Activities**
				A		**B (only Income Statement accounts)**	**C=A (Only Income Statement accounts)**	**D=C-B**	**E = (B + D = C) + OCI entries**							
1	To present an uncorrected difference for 2020 revenue recognized in 2021.	Factual	Development and other contributions applied revenue			(11,629)		11,629	-	-	-	-	-	-		-
					Aggregate effect of uncorrected audit misstatements:			11,629	-	-	-	-	-	-		-
							Financial statement amounts (per final financial statements) - (surplus) / deficit:	(193,936)	(9,404,521)	2,310,407	8,469,301	(1,375,187)	*429,856*	*(209,365)*	*(215,990)*	*60888*
							Uncorrected audit misstatements as a percentage of financial statement amounts:	-6%	0%	0%	0%	0%	*0%*	*0%*		*0%*

The Corporation of the City of Mississauga
Summary of Corrected Audit Misstatements
December 31, 2021

Amounts in: *Thousands - Canadian dollars*

						Income Statement Effect - Debit (Credit)	Statement of Financial Position (Balance Sheet) Effect - Debit (Credit)				Cash Flow Effect - Increase (Decrease)			
ID	**Description of misstatement**	**Type of misstatement**	**Accounts**	**Debit**	**(Credit)**	**Income Statement Debit (Credit)**	**Accumulated Surplus**	**Financial Assets**	**Non-Financial Assets**	**Financial Liabilities**	**Operating Activities**	**Capital Activities**	**Investing Activities**	**Financing Activities**
2	To adjust the obligatory reserve funds liability balance as at end of 2021.	Factual	Deferred revenue - obligatory reserve funds liability	11,629		-	-	-	-	11,629	(11,629)	-	-	-
			Development and other contributions applied revenue		(11,629)	(11,629)	-	-	-		11,629	-	-	-
					Total effect of corrected audit misstatements	(11,629)	-	-	-	11,629	-	-		-

2021 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 2021 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 2021 is $9.40 billion (2020 $9.21 billion), an increase of $193.9 million. The City's 2021 accumulated surplus (Note 10) is comprised of the following balances:

Item (in 000's)	2021 Actual	2020 Actual	$ Change vs. Prior Year	% Change
Investment in Tangible Capital Assets	8,457,200	8,363,128	94,072	1.1%
Operating Surplus	-	119	(119)	-100.0%
Unexpended Capital	-	164,357	(164,357)	-100.0%
Unfunded Employee Benefits	(231,246)	(220,439)	(10,807)	4.9%
Long-term Debt	(237,322)	(176,434)	(60,888)	34.5%
Investment in Enersource Corporation	510,531	498,520	12,011	2.4%
Reserves	125,341	115,321	10,020	8.7%
Reserve Funds	780,017	466,013	314,004	67.4%
Total Accumulated Surplus	**9,404,521**	**9,210,585**	**193,936**	**2.1%**

Financial Assets

Financial Assets in 2021 were $2.3 billion (2020 $2.0 billion), an increase of $292.3 million from the prior year.

Item (in 000's)	2021 Actual	2020 Actual	$ Change vs. Prior Year	% Change
Cash	284,702	219,313	65,389	29.8%
Taxes Receivable	57,100	83,979	(26,879)	-32.0%
Accounts Receivable	125,958	116,841	9,117	7.8%
Loans and Other Receivables	350	400	(50)	-12.5%
Inventories for Resale	80	97	(17)	-17.5%
Investments	1,331,686	1,098,945	232,741	21.2%
Investment in Enersource Corporation	510,531	498,520	12,011	2.4%
Total Financial Assets	**2,310,407**	**2,018,095**	**292,312**	**14.5%**

Cash

2021 Actual	2020 Actual	$ Change vs. Prior Year	% Change
284,702	219,313	65,389	29.8%

What it is

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 staff, materials and supplies, contractors and more. The City keeps enough cash on hand to conduct its day to day work. Excess cash is invested to earn a higher financial return.

Difference Between 2021 and 2020

The City maintained larger than normal cash balances in 2021 versus 2020 to proactively manage any major cash flow issues from the financial impacts of the COVID-19 pandemic, including reduced Transit and Recreation revenues and the potential reductions in property tax revenues.

Taxes Receivable

2021 Actual	2020 Actual	$ Change vs. Prior Year	% Change
57,100	83,979	(26,879)	-32.0%

What it is

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 City. When collected, property tax becomes the cash to fund daily operations. The City has strong collection practises and has historically achieved a high rate of collection success (97-98 per cent).

Difference Between 2021 and 2020

The City implemented property tax deferrals in 2020 in response to the impacts of COVID-19, changing the due date from September to December which led to a higher than normal taxes receivable balance. The 2021 taxes receivable balance was lower as the deferral program was not implemented during the year. The 2021 taxes receivable balance was $9.5 million higher in 2021 versus the 2019 balance ($47,597).

Accounts Receivable

2021 Actual	2020 Actual	$ Change vs. Prior Year	% Change
125,958	116,841	9,117	7.8%

What it is

Accounts receivable represent various types of amounts owed to the City across all types of operations excluding property tax.

Why it's important

In addition to property taxes, the City recovers funds, including third party recoveries for work performed by the City and HST rebates.

Difference Between 2021 and 2020

This number varies year over year based on the timing of collections from departmental receivables, and capital works recoveries where shared funding agreements are in place. When applicable, penalty and interest charges are applied on overdue accounts.

Loans and Other Receivables

2021 Actual	2020 Actual	$ Change vs. Prior Year	% Change
350	400	(50)	-12.5%

What it is

From time to time, the City enters into special contractual arrangements approved by Council that may include loans to third parties. The City currently has one 20-year special purpose loan, 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 a special arrangement.

Difference Between 2021 and 2020

Each December, a payment of $50,000 is applied against the Vic Johnston Community Centre loan.

Inventories for Resale

2021 Actual	2020 Actual	$ Change vs. Prior Year	% Change
80	97	(17)	-17.5%

What it is

Inventories for resale represent the value of owned items on hand intended for resale for various City services (e.g. snack bar items, beer and liquor, pro shop).

Why it's important

These inventories have value, and their eventual sale delivers revenue to the City.

Difference Between 2021 and 2020

This number varies year to year based on the timing of sales and the replenishment of inventory prior to December 31st.

Investments

2021 Actual	2020 Actual	$ Change vs. Prior Year	% Change
1,331,686	1,098,945	232,741	21.2%

What it is

Cash that is not being used to manage the day to day operation of the City is invested in securities to earn a higher rate of return. Investments can be short-term or long-term.

Why it's important

The City's investment portfolios yield a higher rate of return 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 2021 and 2020

Investment balances fluctuate with cash flow requirements, and the timing of receipts and disbursements. Although the City maintained excess cash reserves in 2021 to manage the impacts of COVID-19, the City's investment portfolio balance increased due to higher cash receipts received during the year that were subsequently invested.

Investment in Enersource Corporation

2021 Actual	2020 Actual	$ Change vs. Prior Year	% Change
510,531	498,520	12,011	2.4%

What it is

The City is a 90 per cent shareholder in Enersource Corporation, and therefore this balance represents 90 per cent of Enersource's net assets at December 31st. Enersource is accounted for using the modified equity basis, and in turn is a 29.6 per cent owner of Alectra Utilities, and carries on no other business.

Why it's important

The investment in Enersource Corporation elevates the City's financial position and generates an annual dividend to help fund City operations and moderate the property tax rate.

Difference Between 2021 and 2020

The City's share of Enersource's net income $28.7 million, offset by dividend payments to the City of $16.7 million, and contributes to the increase in the Enersource investment position.

Financial Liabilities

Financial liabilities in 2021 were $1.38 billion (2020 $1.18 billion), an increase of $203.6 million from the prior year.

Item (in 000's)	2021 Actual	2020 Actual	$ Change vs. Prior Year	% Change
Accounts Payable & Accrued Liabilities	223,234	228,222	(4,988)	-2.2%
Deferred Revenue - General	15,026	6,391	8,635	135.1%
Deferred Revenue - Obligatory Reserve Funds	668,359	552,274	116,085	21.0%
Employee Benefits and Other Liabilities	231,246	220,439	10,807	4.9%
Long-term Debt	237,322	176,434	60,888	34.5%
Total Financial Liabilities	**1,375,187**	**1,183,760**	**191,427**	**16.2%**

Accounts Payable & Accrued Liabilities

2021 Actual	2020 Actual	$ Change vs. Prior Year	% Change
223,234	228,222	(4,988)	-2.2%

What it is

Accounts payable and accrued liabilities are the monies owed for goods, services, payroll, deposits held by the City and/or third party remittances due as at December 31, 2021

Why it's important

These payables represent the outstanding obligations by the City as at December 31st. As accounts payables are drawn down, the City's cash position is also drawn down.

Difference Between 2021 and 2020

The timing of payments and year-end accruals affect these liabilities and the City’s cash position. The main contributor to this variance is the City's development charges payable to the Region of Peel and School Boards were $3.8 million lower at the end of 2021 than at the end of 2020,

Deferred Revenue - General

2021 Actual	2020 Actual	$ Change vs. Prior Year	% Change
15,026	6,391	8,635	135.1%

What it is

Deferred revenues are payments received during the year that are to be recognized when the related activity takes place in the future. Some examples include recreation registrations, facility bookings, purchases of memorial trees and benches, and bus advertising.

Why it's important

Deferred revenues represent future revenues once the corresponding activities have been performed.

Difference Between 2021 and 2020

A number of programs that were not running at the end of 2020 due to COVID-19, including recreation programs and facility bookings, have begun to resume at the end of 2021. The deferred revenue balance also includes a conditional grant received by the Region of Peel for the construction of the Malton Community Hub.

Deferred Revenue - Obligatory Reserve Funds

2021 Actual	2020 Actual	$ Change vs. Prior Year	% Change
668,359	552,274	116,085	21.0%

What it is

This liability is for deferred revenues payments initially received for restricted or conditional agreements, and can only be used for the purposes specified in those agreements or legislation. Some examples of these types of funds include development charges, cash-in-lieu of parkland and parking, bonus zoning, provincial and federal public transit funds, provincial and federal gas tax funds, and the outstanding balances of the City's COVID-19safe restart agreements with the province.

Why it's important

These deferred revenues are initially collected and accounted for in dedicated reserve funds. The funds become revenue when the related capital and operating expenses have been incurred.

Difference Between 2021 and 2020

The increases in the obligatory reserve fund balances in 2021 are primarily attributed to a $64.8 million increase in development charges receipts, a one-time doubling of federal gas tax funding contributing to an additional $34.2 million in its 2021 closing balance, and unused Safe Restart funding of $18.2 million to be applied against future City operating pressures as a result of COVID-19.

Employee Benefits and Other Liabilities

2021 Actual	2020 Actual	$ Change vs. Prior Year	% Change
231,246	220,439	10,807	4.9%

What it is

These liabilities include actuarial assessments for the City's obligations towards WSIB, sick leave and disability benefits, along with vacation pay entitlements and legal and insurance liability provisions. They represent future obligations but are reported in present value terms.

Why it's important

These liabilities represent expenses that will be incurred in the future, however must be reporting on the statement of financial position to provide an accurate assessment of the City's obligations at a point in time. The City's engages an external actuarial valuation every three years to review these liabilities, and can be updated annually if there are any significant changes to benefit entitlements, legislation, or the assumptions made in the analysis.

Difference Between 2021 and 2020

Increases in the actuarial assessments for WSIB ($4.5 million), vacation liabilities ($3.5 million) and sick leave benefits ($1.9 million) are the primary driver for the increases in these liability balances.

Long-term Debt

2021 Actual	2020 Actual	$ Change vs. Prior Year	% Change
237,322	176,434	60,888	34.5%

What it is
Long-term debt is the amount of debt outstanding as of December 31st each year that's issued to help fund the City's investments in its capital infrastructure.
Why it's important
Debt is a key tool for the City to fund its infrastructure requirements. The City uses debt conservatively and is well below its borrowing limits. The property tax base alone is not enough to support future capital infrastructure demands.
Difference Between 2021 and 2020
The City issued $90 million in debt in 2021, and made principal payments of $29.1 million in 2021.

Non-Financial Assets

Non-financial assets in 2021 were $8.47 billion (2020 $8.38 billion), an increase of $93 million. Non-financial assets are composed primarily of tangible capital assets, as well as inventories of supplies and prepaid expenses.

Item (in 000's)	2021 Actual	2020 Actual	$ Change vs. Prior Year	% Change
Tangible Capital Assets	8,457,200	8,363,128	94,072	1.1%
Inventory of Supplies	8,191	8,338	(147)	-1.8%
Prepaid Expenses	3,910	4,784	(874)	-18.3%
Total Non-Financial Assets	**8,469,301**	**8,376,250**	**93,051**	**1.1%**

Tangible Capital Assets

2021 Actual	2020 Actual	$ Change vs. Prior Year	% Change
8,457,200	8,363,128	94,072	1.1%

What it is
Tangible capital assets represent the City's investment in capital infrastructure such as buildings, roads, stormwater infrastructure, vehicles, and equipment. Each year, the City prepares a capital budget to address new capital projects and renovations to existing assets. These capital projects become assets when the project goes into service or is completed. The City maintains capital assets through its operating budget.
Why it's important
The City's tangible capital assets support all of the services and programs it provides, and represents the results of its investment in capital infrastructure.
Difference Between 2021 and 2020
$354.8 million in additions were added to the City's capital asset inventory in 2021, offset by $110.4 million in asset disposals, and amortization of $150.3 million.

Inventory of Supplies

2021 Actual	2020 Actual	$ Change vs. Prior Year	% Change
8,191	8,338	(147)	-1.8%

What it is

Inventory of supplies are goods that support front line services. Examples of these inventories include traffic signals and equipment, fuel, salt and sand inventories, fire equipment, transit fleet supplies, and street lighting equipment.

Why it's important

These inventories are necessary to help the City deliver its services to residents and businesses.

Difference Between 2021 and 2020

Decreased inventories of salt & sand ($0.5 million) on hand resulted in the decrease in the overall inventory of supplies balance, offset by increases in traffic signal equipment ($0.2 million), street lighting equipment ($0.1 million) and fuel ($0.1 million).

Prepaid Expenses

2021 Actual	2020 Actual	$ Change vs. Prior Year	% Change
3,910	4,784	(874)	-18.3%

What it is

Prepaid expenses are payments made in the current year that are intended to be consumed or used in future years, and recognized as an expense at that point. Some examples of prepaid expenses include memberships, investment interest, debt fees, and prepaid postage.

Why it's important

Prepaid expenses allow expenses to be recorded when the good or service is consumed, regardless of when payment was made.

Difference Between 2021 and 2020

The decrease in prepaid expenses in 2020 primarily relates to 1 day of salaries paid in 2020 for January 2021, which was recognized as a prepaid expense in 2020.

Revenues

Total revenues in 2021 were $1.14 billion (2020 $1.07 billion), an increase of 74.6 million.

Item (in 000's)	2021 Budget	2021 Actual	2020 Actual	Change vs. Budget: $ Change vs. Prior Year	Change vs. Budget: % Change	Change vs. Prior Year: $ Change vs. Prior Year	Change vs. Prior Year: % Change
Taxation	593,846	591,198	572,824	(2,648)	-0.4%	18,374	3.2%
Municipal Accommodation Tax	9,800	5,907	3,799	(3,893)	-39.7%	2,108	55.5%
User Charges	255,742	184,236	168,587	(71,506)	-28.0%	15,649	9.3%
Recoveries From Third Parties	27,996	16,699	19,415	(11,297)	-40.4%	(2,716)	-14.0%
Funding Transfers From Other Governments	3,909	80,860	65,597	76,951	1968.6%	15,263	23.3%
Development and Other Contributions Applied	150	154,415	150,930	154,265	102843.3%	3,485	2.3%
Investment Income	31,180	32,711	32,049	1,531	4.9%	662	2.1%
Penalties and Interest on Taxes	8,610	14,592	5,334	5,982	69.5%	9,258	173.6%
Contributed and Assumed Assets	-	35,899	27,197	35,899	0.0%	8,702	32.0%
Other	7,885	2,698	10,128	(5,187)	-65.8%	(7,430)	-73.4%
City's Share of Net Income in Enersource Corporation	-	28,712	17,467	28,712	0.0%	11,245	64.4%
Total Revenues	**939,118**	**1,147,927**	**1,073,327**	**208,809**	**22.2%**	**74,600**	**7.0%**

Taxation

2021 Budget	2021 Actual	2020 Actual	$ Change vs. Budget	% Change vs. Budget	$ Change vs. Prior Year	% Change vs. Prior Year
593,846	591,198	572,824	(2,648)	-0.4%	18,374	3.2%

What it is

Taxation is the City's property tax revenues and payments in lieu of taxes.

Why it's important

Property taxes are the City's single largest source of revenue

Difference Between 2021 and 2020

In 2021, assessment growth was 0.53 per cent (0.53 per cent in 2020). For the 2021 Business Plan and Budget, Council approved a 1 per cent increase on the total residential tax bill and 0.60 percent increase on the total commercial tax bill. The remaining charges are due to payments in lieu of taxes.

Difference Between Actual and Budget

The unfavourable variance between actuals and budget is primarily due to higher assessment appeals and tax cancellations than budgeted ($9.7 million unfavourable), offset primary by higher than expected supplementary taxes received ($5.3 million favourable) and payments in lieu of taxes ($1.4 million favourable).

Municipal Accommodation Tax

2021 Budget	2021 Actual	2020 Actual	$ Change vs. Budget	% Change vs. Budget	$ Change vs. Prior Year	% Change vs. Prior Year
9,800	5,907	3,799	(3,893)	-39.7%	2,108	55.5%

What it is

Municipal Accommodation Tax (MAT) revenues are taxes that apply 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

Municipal Accommodation Tax 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 2021 and 2020

The impacts of COVID-19 dramatically reduced occupancy rates and subsequently the Municipal Accommodation Tax collected in 2020. During 2021, occupancy rates began to increase from 2020 rates, resulting in an increase to Municipal Accommodation Tax.

Difference Between Actual and Budget

The impacts of COVID-19 resulted in lower actual occupancy rates in the year than what was planned through the annual budget.

User Charges

2021 Budget	2021 Actual	2020 Actual	$ Change vs. Budget	% Change vs. Budget	$ Change vs. Prior Year	% Change vs. Prior Year
255,742	184,236	168,587	(71,506)	-28.0%	15,649	9.3%

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 2021.

Difference Between 2021 and 2020

During 2020, user fees across all service areas were affected by the COVID-19 pandemic. Throughout 2021, user fees began to increase and recover from the impacts of COVID-19, including transit fares ($5 million) and licenses and permits ($6 million).

Difference Between Actual and Budget

Similar to the difference between 2021 and 2020 actuals, user fees across all service areas were affected by the COVID-19 pandemic, with the largest deficits from reduced transit and recreation program fees.

Recoveries From Third Parties

2021 Budget	2021 Actual	2020 Actual	$ Change vs. Budget	% Change vs. Budget	$ Change vs. Prior Year	% Change vs. Prior Year
27,996	16,699	19,415	(11,297)	-40.4%	(2,716)	-14.0%

What it is

As part of regular operations, the City will pay for services or work that will be reimbursed by a third party. 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

The City performs work and provides services 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 2021 and 2020

Capital project recoveries for projects such as the Torbram Road grade separation project were lower in 2021 versus 2020, accounting for the annual decrease.

Difference Between Actual and Budget

Lower than expected capital project donations and recoveries account for the deficit against budget.

Funding Transfers From Other Governments

2021 Budget	2021 Actual	2020 Actual	$ Change vs. Budget	% Change vs. Budget	$ Change vs. Prior Year	% Change vs. Prior Year
3,909	80,860	65,597	76,951	1968.6%	15,263	23.3%

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. During 2020 and 2021, the provincial and federal governments provided funding to municipal governments through the Safe Restart and COVID-19 Recovery Funding for Municipalities funding programs.

Difference Between 2021 and 2020

Provincial funding from the Safe Restart agreement to support municipalities in addressing the financial impacts of COVID-19 contributed to the increase.

Difference Between Actual and Budget

Safe Restart funding received from the Government of Ontario helped offset revenue losses from COVID-19 and non-budgeted capital government funding such as the Public Transit Investment Fund (PTIF).

Development and Other Contributions Applied

2021 Budget	2021 Actual	2020 Actual	$ Change vs. Budget	% Change vs. Budget	$ Change vs. Prior Year	% Change vs. Prior Year
150	154,415	150,930	154,265	102843.3%	3,485	2.3%

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 fund capital projects to deliver front line services to residents and businesses.

Difference Between 2021 and 2020

An increase in capital spending during the year versus 2020 in Development Charges, Cash in Lieu of Parkland, and Federal Gas Tax funding have contributed to this increase.

Difference Between Actual and Budget

Other than a $150,000 contribution to the City's operating budget, this entire category is not budgeted.

Investment Income

2021 Budget	2021 Actual	2020 Actual	$ Change vs. Budget	% Change vs. Budget	$ Change vs. Prior Year	% Change vs. Prior Year
31,180	32,711	32,049	1,531	4.9%	662	2.1%

What it is

Investment income represents the annual net return on investment for the City funds portfolio, and recognized in the City's operating budget and discretionary reserve funds. Investment income earned on obligatory reserve fund balances are recognized as a receipt in those funds, and ultimately recognized as revenue when the income is applied against capital projects.

Why it's important

Investment income reduces the overall impact on the City's tax levy, and increases the balances held in reserve funds to help fund capital projects.

Difference Between 2021 and 2020

The increase in investment income is due to higher cash and investment balances being held by the City over the course of the year.

Difference Between Actual and Budget

The $1.5 million surplus relates to higher investment income earned on the City's discretionary reserve fund balances than budgeted.

Penalties and Interest on Taxes

2021 Budget	2021 Actual	2020 Actual	$ Change vs. Budget	% Change vs. Budget	$ Change vs. Prior Year	% Change vs. Prior Year
8,610	14,592	5,334	5,982	69.5%	9,258	173.6%

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 2021 and 2020

As part of the support to residents for the impacts of COVID-19, the decision in 2020 to suspend penalties and interest on taxes from July 2 to December 31, 2020 (the penalties and interest rate set to 0%) resulted in reduced revenues in 2020. The previous penalty and interest rate of 1.25% resumed in 2021.

Difference Between Actual and Budget

Penalty and interest revenue is dependent on tax payer payment activities and will vary annually depending on the volume, amount of taxes outstanding and length of arrears. In 2021, penalty and interest charges have trended higher than pre-pandemic in most months partially resulting from the decision to defer property tax collection due dates in 2020.

Contributed and Assumed Assets

2021 Budget	2021 Actual	2020 Actual	$ Change vs. Budget	% Change vs. Budget	$ Change vs. Prior Year	% Change vs. Prior Year
-	35,899	27,197	35,899	0.0%	8,702	32.0%

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 2021 and 2020

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

The entire amount in this category shows as surplus because this category is not included in the budget.

Other

2021 Budget	2021 Actual	2020 Actual	$ Change vs. Budget	% Change vs. Budget	$ Change vs. Prior Year	% Change vs. Prior Year
7,885	2,698	10,128	(5,187)	-65.8%	(7,430)	-73.4%

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 2021 and 2020

This number routinely fluctuates due to its miscellaneous nature. Generally these revenues are one-time revenues and not sustainable.

Difference Between Actual and Budget

This number routinely fluctuates due to its miscellaneous nature. Generally these revenues are one-time revenues and not sustainable.

City's Share of Net Income in Enersource Corporation

2021 Budget	2021 Actual	2020 Actual	$ Change vs. Budget	% Change vs. Budget	$ Change vs. Prior Year	% Change vs. Prior Year
-	28,712	17,467	28,712	0.0%	11,245	64.4%

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 2021 and 2020

The City has 90 per cent ownership in Enersource Corporation and therefore applies 90 per cent 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

The entire amount shows as a variance because the City’s share of net income in Enersource Corporation is not a budgeted item.

Expenses

Total expenses in 2021 were $954.0 million (2020 $908.8 million), an increase of $45.2 million.

Item (in 000's)	2021 Budget	2021 Actual	2020 Actual	Change vs. Budget: $ Change vs. Prior Year	Change vs. Budget: % Change	Change vs. Prior Year: $ Change vs. Prior Year	Change vs. Prior Year: % Change
Salaries, wages and employee benefits	578,780	555,416	529,475	(23,364)	-4.0%	25,941	4.9%
Long-term debt interest and fees	5,501	4,677	4,821	(824)	-15.0%	(144)	-3.0%
Materials and supplies	57,995	55,208	61,737	(2,787)	-4.8%	(6,529)	-10.6%
Contracted services	59,696	103,874	86,812	44,178	74.0%	17,062	19.7%
Rents and financial expenses	86,001	78,841	71,844	(7,160)	-8.3%	6,997	9.7%
External transfers to others	9,905	4,783	7,091	(5,122)	-51.7%	(2,308)	-32.5%
Loss on disposal of tangible capital assets	-	849	2,372	849	0.0%	(1,523)	-64.2%
Amortization of tangible capital assets	149,776	150,343	144,655	567	0.4%	5,688	3.9%
Total Expenses	**947,654**	**953,991**	**908,807**	**45,184**	**0.7%**	**45,184**	**5.0%**

Salaries, Wages and Employee Benefits

2021 Budget	2021 Actual	2020 Actual	$ Change vs. Budget	% Change vs. Budget	$ Change vs. Prior Year	% Change vs. Prior Year
578,780	555,416	529,475	(23,364)	-4.0%	25,941	4.9%

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

Staff are the number one resource required to deliver City services, and correspondingly represent the largest category of expenses for the organization.

Difference Between 2021 and 2020

This increase was largely due to labour contract range progressions, pay adjustments and increased benefit and WSIB costs.

Difference Between Actual and Budget

An operating surplus occurred primarily due to position vacancies, hiring freezes, and delays in new hires during COVID-19. This surplus was offset by labour costs from capital projects nor capitalized of $6.4 million.

Long-term Debt Interest and Fees

2021 Budget	2021 Actual	2020 Actual	$ Change vs. Budget	% Change vs. Budget	$ Change vs. Prior Year	% Change vs. Prior Year
5,501	4,677	4,821	(824)	-15.0%	(144)	-3.0%

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 per cent of own-source revenues.

Difference Between 2021 and 2020

Debt balances carrying higher interest rates continue to decline with repayment, and new debt issuances carry lower interest rates.

Difference Between Actual and Budget

A surplus was generated due to the deferral of the 2020 debt issuance into 2021, resulting in lower interest charges versus budget.

Materials and Supplies

2021 Budget	2021 Actual	2020 Actual	$ Change vs. Budget	% Change vs. Budget	$ Change vs. Prior Year	% Change vs. Prior Year
57,995	55,208	61,737	(2,787)	-4.8%	(6,529)	-10.6%

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

Materials and supplies keep day-to-day services running without interruption.

Difference Between 2021 and 2020

The variance is a result of higher materials and supplies expenses that are eligible to be capitalized as part of the City's tangible capital asset inventory, and therefore removed from the statement of operations.

Difference Between Actual and Budget

The surplus is a result of expenses that are eligible to be capitalized as part of the City's tangible capital asset inventory of $3.5 million, offset by an increase in transportation costs of $1.3 million.

Contracted Services

2021 Budget	2021 Actual	2020 Actual	$ Change vs. Budget	% Change vs. Budget	$ Change vs. Prior Year	% Change vs. Prior Year
59,696	103,874	86,812	44,178	74.0%	17,062	19.7%

What it is

The City sets contracts with third parties for professional services, maintenance contracts (e.g. snow removal), and project management services.

Why it's important

Contracted services can bring a different expertise to the City that staff alone 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 services.

Difference Between 2021 and 2020

The increase is mainly due to contracted services that were ineligible to be allocated to tangible capital assets that were expensed onto the statement of operations.

Difference Between Actual and Budget

The deficit against budget is mainly due to the non-budgeted ineligible contracted services for tangible capital assets.

Rents and Financial Expenses

2021 Budget	2021 Actual	2020 Actual	$ Change vs. Budget	% Change vs. Budget	$ Change vs. Prior Year	% Change vs. Prior Year
86,001	78,841	71,844	(7,160)	-8.3%	6,997	9.7%

What it is

This category includes many different types of financial related expenses, including staff development, communications costs, occupancy-related costs, 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 2021 and 2020

The increase is mainly due to services that were ineligible to be allocated to tangible capital assets that were expensed, as well as increased insurance costs from 2020.

Difference Between Actual and Budget

The surplus is mainly due to reduced equipment maintenance and service costs, insurance costs that were lower than expected due to fewer claims, and reduced occupancy and hydro costs for facilities. This surplus was partially offset by services that were ineligible to be allocated to tangible capital assets that were expensed.

External Transfers to Others

2021 Budget	2021 Actual	2020 Actual	$ Change vs. Budget	% Change vs. Budget	$ Change vs. Prior Year	% Change vs. Prior Year
9,905	4,783	7,091	(5,122)	-51.7%	(2,308)	-32.5%

What it is

The City provides defined grants and funding to third parties who contribute to accomplishing the City's vision and objectives.

Why it's important

These dollars support many organizations that contribute to the well-being and success of our thriving city.

Difference Between 2021 and 2020

This minor decrease is attributed to various small decreases in grant program funding allocated by the City in 2021.

Difference Between Actual and Budget

The surplus showing in this category is attributable to less spending in Culture, Tourism and other community grants versus what was planned in 2021 due to reduction of Tourism activity and COVID-19 impacts.

Loss on Disposal of Tangible Capital Assets

2021 Budget	2021 Actual	2020 Actual	$ Change vs. Budget	% Change vs. Budget	$ Change vs. Prior Year	% Change vs. Prior Year
-	849	2,372	849	0.0%	(1,523)	-64.2%

What it is

From time to time, the City sells assets or disposes of assets no longer in use. When the asset's net book value exceeds the sale price, a loss is incurred.

Why it's important

Proceeds from the sale of capital assets can be used to fund new projects or asset purchases.

Difference Between 2021 and 2020

Loss on disposal of assets varies from year to year depending on the identification and disposal of assets.

Difference Between Actual and Budget

The full amount shows as a deficit against budget because loss on disposal of assets is not a budgeted item.

Amortization of Tangible Capital Assets

2021 Budget	2021 Actual	2020 Actual	$ Change vs. Budget	% Change vs. Budget	$ Change vs. Prior Year	% Change vs. Prior Year
149,776	150,343	144,655	567	0.4%	5,688	3.9%

What it is

Capital assets lose value over time as they are used. Each year a portion of their cost is reflected in the financial statements as amortization expense. The amount of amortization expensed each year is determined by the estimated useful life of each asset class.

Why it's important

Amortization allows the net value of assets (vs. their cost value) to be represented on the financial statements.

Difference Between 2021 and 2020

The total amortization amount increases as the City continues its investment in capital projects.

Difference Between Actual and Budget

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. It shows how the City financed its activities during the year and met its cash requirements.

Tangible Capital Assets Overview

All City assets at the end of 2021 have been inventoried, valued and recorded in an Asset Registry for accounting, reporting, and asset management purposes. The City's net book value of tangible capital assets at the end of 2021 was $8.457 billion (2020 $8.363 billion). Refer to Note 9 in the financial statements for a detailed breakdown of tangible capital asset activity. The annual amortization expense in 2021 was $150.3 million (2020 $144.7 million).

In 2021 the City invested in a variety of projects to build, maintain, rehabilitate and remodel our infrastructure. The City's 10-year capital program is $4.4 billion (gross). Sixty-six per cent of our committed capital program is for State of Good Repair projects. These projects support the maintenance of, and protect taxpayers' investments in, these valuable public infrastructure assets."

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 2021 totalled $905.4 million (2020 $581.3 million), an increase of $580.4 million from the prior year. The significant increase is driven by a change in City accounting policy, where unexpended capital balances are now held in City reserve funds, and only transferred when the corresponding capital expenses are incurred. 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 2021 were $125.3 million (2020 $115.3 million), an increase of $10 million.

Item (in 000's)	2021 Actual	2020 Actual	$ Change vs. Prior Year	% Change
Fiscal Stability Reserve	59,188	55,752	3,436	6.2%
Operating Reserves	60,488	52,946	7,542	14.2%
Stormwater Reserve	5,371	5,952	(581)	-9.8%
BIA Reserves	294	671	(377)	-56.2%
Total Reserves	**125,341**	**115,321**	**10,020**	**8.7%**

Reserve Funds

Reserve funds are segregated and restricted to meet specific identified purposes for the City. Total reserve funds in 2021 were $780 million (2019 $466 million), an increase of $314 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.

Item (in 000's)	2021 Actual	2020 Actual	$ Change vs. Prior Year	% Change
Tax Reserve Funds	431,518	220,498	211,020	95.7%
Stormwater Reserve Funds	128,524	64,450	64,074	99.4%
Lot Levy Reserve Funds	67,747	65,305	2,442	3.7%
Insurance Reserve Funds	44,750	46,052	(1,302)	-2.8%
Employee Benefits Reserve Funds	33,610	34,484	(874)	-2.5%
Development Contributions	28,323	23,157	5,166	22.3%
Other Reserve Funds	45,545	12,067	33,478	277.4%
Total Reserve Funds	**780,017**	**466,013**	**314,004**	**67.4%**

City of Mississauga

Corporate Report

9.3

MISSISSAUGA

Date: April 22, 2022

To: Chair and Members of Audit Committee

From: Luis H. Souza, CPA, CMA, CIA
Director, Internal Audit

Originator's files:

Meeting date:
May 16, 2022

Subject

Final Audit Reports:

1. **Transportation & Works Department, Infrastructure Planning & Engineering Services Division, Capital Works Delivery Section – Capital Works Project Management Audit**
2. **Corporate Services Department, Corporate Business Services Division, Procurement Services Section – High Value Acquisition Audit**

Recommendation

That the report dated April 22, 2022 from the Director, Internal Audit with respect to final audit reports:

1. Transportation & Works Department, Infrastructure Planning & Engineering Services Division, Capital Works Delivery Section – Capital Works Project Management Audit; and,
2. Corporate Services Department, Corporate Business Services Division, Procurement Services Section – High Value Acquisition 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, Infrastructure Planning & Engineering Services Division, Capital Works Delivery Section – Capital Works Project Management Audit; and,
2. Corporate Services Department, Corporate Business Services Division, Procurement Services Section – High Value Acquisition 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 report for Transportation & Works Department, Infrastructure Planning & Engineering Services Division, Capital Works Delivery Section – Capital Works Project Management Audit; and Corporate Services Department, Corporate Business Services Division, Procurement Services Section – High Value Acquisition Audit are now complete and are submitted for consideration by the Audit Committee.

Attachments

Appendix 1. Transportation & Works Department, Infrastructure Planning & Engineering Services Division, Capital Works Delivery Section - Capital Works Project Management Audit

Appendix 2. Corporate Services Department, Corporate Business Services Division, Procurement Services Section – High Value Acquisition Audit

Luis H. Souza, CPA, CMA, CIA
Director, Internal Audit

Prepared by: Karen Hobbs, Administrative Coordinator

APPENDIX 1

City of Mississauga

Internal Audit Report

TRANSPORTATION & WORKS DEPARTMENT
INFRASTRUCTURE PLANNING & ENGINEERING SERVICES DIVISION
CAPITAL WORKS DELIVERY SECTION
CAPITAL WORKS PROJECT MANAGEMENT AUDIT

April 19, 2022

City Manager's Department
Internal Audit Division

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TRANSPORTATION & WORKS DEPARTMENT
INFRASTRUCTURE PLANNING & ENGINEERING SERVICES DIVISION
CAPITAL WORKS DELIVERY SECTION
CAPITAL WORKS PROJECT MANAGEMENT AUDIT

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- Manager, Financial and Treasury Services

KPMG LLP, Chartered Accountants, External Auditor

Transportation & Works Department
Infrastructure Planning & Engineering Services Division
Capital Works Delivery Section
Capital Works Project Management Audit

BACKGROUND

The Capital Works Delivery Section of the Infrastructure Planning & Engineering Division of the Transportation & Works Department is responsible for the design, construction and rehabilitation of Mississauga roadways, bridges, watercourses, storm detention ponds and other storm water drainage infrastructure. The City works closely with the Region of Peel, Ministry of Transportation and Alectra to complete construction projects.

The City's approved capital budget was approximately $269.3 million in 2020 and $292.5 million in 2021; the Capital Works Delivery Section accounts for 23.2% (i.e. $62.6 million) and 17.7% (i.e. $51.8 million) of the capital budget, respectively. The lifecycle of these projects ranges from one to four years and supports programs such as Active Transportation, Bridge & Structure Renewal, Major Road Construction, Noise Wall Infrastructure, Roadway Rehabilitation, Stormwater Management Facilities and Flood Relief Works, and Watercourse Erosion Control.

The section operates under the Director, Infrastructure Planning & Engineering Services and is led by the Manager, Capital Works Delivery. There are 10 Project Managers who oversee the various capital projects, 4 Engineering Specialists and 2 Contract Assistants.

The last audit performed in this area was in 2016, which looked at Transportation & Works' contract administration processes and resulted in 6 recommendations that have all been resolved.

This review was selected as part of the Internal Audit Work Plan for 2021-2023, as approved by the Audit Committee.

SCOPE

The audit focused on the management of construction projects, including compliance with terms and conditions of the contract, cost management (e.g. budgeting, contingency planning and change orders), time management, and financial processes including progress payments, holdbacks, recoveries, and accuracy of payments. The period of analysis included projects that were in progress or completed (i.e. substantially completed or under warranty) during 2020 and 2021.

Out of scope

This audit did not review pre- and post-construction activities including establishment of estimates for budget requests and tendering of projects, vendor selection process (e.g.

requirements under the Purchasing By-law, minimum surety bonds and liability insurance, etc.) and management of warranties. Furthermore, risks and issues that are inherent to specific projects, such as compliance with conservation authority legislation, resident complaints and pending/potential claims, liens or lawsuits were excluded from the scope and may be part of future project-specific audits.

OBJECTIVES

The audit was performed in accordance with the International Standards for the Professional Practice of Internal Auditing. The audit focused on the review of the adequacy of internal controls that mitigate relevant risks related to the following business objectives:

A) To ensure that projects are completed to current City and industry construction standards, and that the stages of projects are fully executed in accordance with the Construction Act,
B) To deliver capital projects on schedule and within budget, and
C) To ensure compliance with City By-laws and policies.

SUMMARY OF OBSERVATIONS

Based on the audit work performed, the process for project management in the Capital Works Unit is well-established and follows some best practices including tracking of Project Managers' time spent on projects and evaluation of contingency reserves based upon potential activity-related requirements. Additionally, routine progress meetings are held during the course of the projects to discuss incident management and provide reminders to vendors regarding health and safety protocols, and adequate internal compliance reviews are completed prior to the release of holdback funds.

We noted some areas that required stronger controls related to formal justification of change orders and monitoring of internal recoverables. Another area of concern, which staff have made efforts to improve recently, relates to the centralization of project documentation and to reporting and monitoring of project timelines and budgets.

The main observations and recommendations are summarized below. A detailed list of observations and recommendations was provided to management, along with a separate list of lower risk opportunities for improvement. Appendix A outlines the detailed recommendations and the action plans proposed by management.

Provide appropriate justification and pre-approval for change orders

The monitoring of change orders was generally well-controlled and followed a number of best practices including a control schedule/log of all change orders, a written work description, pre-numbering in a sequential order of issuance by date, costs remaining within contract terms, and reviews to ensure the orders are free from improper pricing, mathematical and logic errors.

However, certain aspects required more explicit documentation, specifically those related to the pre-approval and justification of additional work. Without this information, it was not possible to conclude, for most of the projects in our sample, whether the reason for the use of contingencies was a result of errors, omissions, additional required work, or work that should have been part of another project. Management advised us that the Capital Works Manager is usually aware of the extra work, as discussions with the Project Manager and contractor would have occurred prior to the issuance of his authorization for payment. Still, the lack of formal justification could result in less than optimal decision-making with regard to the need and extent of the changes, as well as hinder the ability to respond to inquiries and complaints in the future.

Enhance the monitoring of project recoverables

The Capital Works Section has built a robust process for monitoring progress payments and contingency spending as it relates to the main contract for the project. However, outside the main contract, there may be other additional work required to complete the project such as utility relocates, removal/planting of trees, etc. These additional costs or chargebacks were tracked outside the shared drive, and did not include internal recoverables. Additionally, a formal reconciliation process was not established to ensure all such transactions were accurately captured within the project's budget.

In our sample, we noted four instances where recoveries were not processed or not processed in a timely manner. Without a formal and centralized tracking mechanism, the reconciliation of projects would be more time consuming, prone to errors, or may miss expenses/recoverables for an indefinite period of time. While no indication of fraud was observed, the issue increases the risk that any potential fraud could go unnoticed.

Ensure data integrity and streamline project reporting process

Project Managers take a considerable amount of time reporting on their projects' statuses through various avenues including Finance's Work-In-Progress (WIP) list, Capital Works Work Plan (CW WP), the tender schedule and team meetings. Project Managers could have up to 10 projects running concurrently that require updates. We noted information reported in the CW WP was incomplete or missing. Additionally, project statuses were manually updated and did not always accurately depict the project's budget and schedule (e.g. projects that were behind schedule were shown as on time).

In essence, all these reports contain similar information (e.g. budget vs. actual spends, target completion dates, narratives on possible delays, etc.) which provides an opportunity to streamline the reporting process by developing a central repository for the data. This would enhance data consistency and integrity, and ensure that report-specific requirements are downloaded from the same source.

Management advised that they have started developing a SharePoint site to host most of this information as of January 2022, and we offered some suggestions to improve the reporting/tracking system such as the use of formulas and macros to pull data directly from the sources to ensure accuracy.

Develop documentation standards and store all documents in a central location

Our review of the sampled Capital Works projects showed that the project documentation repository (ProjectWise) was not being used consistently by the Project Managers to store the documents. This system was introduced to Capital Works in mid-2020 to function as a centralized repository to secure and maintain project documentation. Management advised us that ProjectWise's framework/design did not align with their processes, impairing widespread adoption. Project Managers continued to use other repositories, including shared service area network drives and corporate email, to store documentation pertaining to the projects. The use of multiple platforms for documentation creates duplication and/or missing/incomplete documents, leaves room for errors and may hinder the City's ability to readily support its position in the event of a claim/lawsuit.

CONCLUSION

The control environment in Capital Works needs some improvement, especially related to project documentation and reporting, monitoring of recoverables and justification for change orders, but is generally well-established in other key areas, such as management of costs and time, compliance reviews, and monitoring of project progress.

This audit resulted in 10 recommendations; 4 relate to operational and financial reporting, 3 deal with compliance with and clarification of corporate requirements, 2 with the safeguarding of assets and information, and 1 enhances the efficiency/effectiveness of the process.

Management has agreed and committed to completing 7 recommendations by August and December of this year, 2 by the end of 2023 and 1 by the end of 2024.

Luis H. Souza, CPA, CMA, CIA
Director, Internal Audit

Auditors: Amy Truong, CPA, CMA, CIA
Senior Internal Auditor

Vandana Waghela, PMP, CISA
Information Technology Auditor

Appendix A

Transportation & Works Department
Infrastructure Planning & Engineering Services Division
Capital Works Delivery Section
Capital Works Project Management Audit
Summary of Audit Recommendations

Rec	Recommendation	Priority (H/M/L)	Comments/Status	Classification
1	That a centralized tracking method be developed to help monitor internal and minor expenditures within a project.	H	A spreadsheet for budgeted external recoveries and utility recoveries is now in place but will have to be put in a central location so it can be accessed easily by the manager and backup person. Target Due Date: August 31, 2022	Operational Control and Financial Reporting
2	That a formalized reconciliation process for expenses outside the main contract be developed and completed on all projects, at minimum, upon substantial completion.	H	Tracking of internal recoveries will be created to ensure that they are recorded and followed up. Recoveries and expenses will be reviewed by the Project Manager (PM) with Finance on a regular basis to ensure that they are legitimate expenses and allocated accordingly through journal vouchers by Finance. SAP training will be provided by the Business Advisor to the PM’s. Target Due Date: December 31, 2022	Operational Control and Financial Reporting
3	That a divisional directive be established and document, through a guideline, the criteria for setting up project numbers (i.e. sibling accounts) and training be provided to relevant staff and enforced post-implementation.	H	Creating sibling accounts is the responsibility of the budget owner based on how he/she wants to track the project costs. A Divisional guideline or SOP will be developed to outline the criteria for setting up project numbers (i.e. sibling accounts) and	Compliance with and Clarification of Corporate Requirements

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			training will be provided to staff, but it will still be the prerogative of the budget owners to choose whether to use sibling accounts based on their requirements. Target Due Date: December 31, 2022	
4	That documentation standards be developed and training be provided to the Project Managers. This may include, but not be limited to, minimum documentation requirements, mapping of documentation to project folders, and naming conventions for files.	H	The Business Advisor is currently working with Records Management to develop a centralized document repository on SharePoint. Project Managers will be encouraged to use relevant folders and Capital Works will try to simplify the document storage process in ProjectWise. In the meantime, the folders in the network drive will be reviewed and will be set up with a consistent naming convention. Target Due Date: December 31, 2024	Safeguarding of Assets and Information
5	That the central repository for documentation be adopted by everyone, updated on a regular basis and enforced by management.	H	For now, the network drive is the central repository and the folders will be reviewed and will be set up with a consistent naming convention. Target Due Date: December 31, 2022	Safeguarding of Assets and Information

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Infrastructure Planning & Engineering Services Division
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6	That the Contract Cost Management Procedures be updated to include the need to document/reference applicable supporting documentation to provide evidence of pre-approval of work completed and clear justification for change orders. Additionally, training and enforcement be completed, as needed.	M	The Project Managers will be informed that a justification for the change orders must be explicitly written on the request form and to provide appropriate backup and evidence of pre-approval. Target Due Date: December 31, 2022	Compliance with and Clarification of Corporate Requirements
7	That an electronic signature be used to authorize the approval for payment of the change orders as prescribed in the Electronic Signatures Corporate Policy and Procedures.	M	An electronic signature will be set up for the Capital Works Manager. Target Due Date: August 31, 2022	Compliance with and Clarification of Corporate Requirements
8	That management streamline the project reporting process by gathering information in a central repository.	H	The Business Advisor is currently working with Records Management to develop a centralized document repository on Sharepoint. It will take about two years to get this fully implemented. The tender schedule will be placed in a centralized folder in the network Drive. Target Due Date: December 31, 2023	Efficiency/Effectiveness
9	That the Capital Works Work Plan be updated to ensure data accuracy and include additional information that may be valuable to management for decision-making.	H	The Business Advisor will work on improving the Work Plan site to provide consistencies, where possible. Target Due Date: December 31, 2023	Operational Control and Financial Reporting

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10	That purchase orders only remain open for the timeframe prescribed by Legal (i.e. for the duration of the two-year warranty period after the completion of the project), and any extension will follow the Procurement By-law.	M	The duration of the purchase orders will be changed from five years from the project start date to two years after the estimated project completion date to coincide with the duration of the warranty period and the release of all the warranty holdbacks. Any extension will follow the Procurement By-law. An SOP will be created by the Business Advisor to provide clarity to this new process. Target Due Date: December 31, 2022	Operational Control and Financial Reporting

APPENDIX 2

City of Mississauga

Internal Audit Report

CORPORATE SERVICES DEPARTMENT
CORPORATE BUSINESS SERVICES DIVISION
PROCUREMENT SERVICES SECTION
HIGH VALUE ACQUISITION AUDIT

April 25, 2022

City Manager's Department
Internal Audit Division

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Corporate Services Department
Corporate Business Services Division
Procurement Services Section
High Value Acquisition Audit

BACKGROUND

Procurement Services is a section of the Corporate Business Services Division within the Corporate Services Department, responsible for the acquisition of all construction, consulting, equipment, materials, services and supplies on behalf of City departments.

The section is governed by the Procurement By-law 0013-2022 which stipulates the rules for all City procurement processes. Prior to the approval of this new By-law, the section was guided by Purchasing By-law 374-06. There are accompanying corporate policies and divisional procedures established to facilitate and control all purchasing activities. Their goal is to assist customers in navigating the purchasing process, as well as to ensure the integrity of the procurements by enforcing the principles of prudence, fairness, transparency and maintaining compliance with the By-law.

The City has established three procurement thresholds: Low Value Acquisitions (LVA, up to $25,000), Medium Value Acquisitions (MVA, between $25,000 and $100,000), and High Value Acquisitions (HVA, over $100,000). The HVA category requires a higher level of authorization and usually involves more risks and complexities. This audit reviewed the process of conducting competitive and non-competitive HVA procurements. In 2020, 481 High Value Acquisition procurements were completed with an approximate total value of $235 million. For the High Value Acquisitions, competitive or non-competitive (single/sole source) procurement processes may be used depending on specific criteria described in the By-law and the City's procurement policies and procedures.

This review was selected as part of the Internal Audit Work Plan 2021-2023, as approved by the Audit Committee. Portions of the HVA process have been reviewed as part of contract audits conducted over the years. A more focused review of the Single/Sole Source and Emergency Acquisitions was conducted in 2018 and resulted in eight recommendations, of which seven had been implemented prior to the commencement of this review and the remaining one was completed in March 2022.

SCOPE

The audit examined HVA procurements that were initiated and/or completed during the period January 1, 2020 to July 31, 2021 and covered all phases of the procurement cycle including pre-bidding, bidding and contract awarding. The review also covered the contract management activities that fall under the purview of the Procurement Services Section, such as vendor performance management, change orders, contract renewal, and contract extension.

The audit reviewed the adequacy of the control framework in place to effectively manage and conduct HVA procurements in a manner conducive to achieving Procurement Services' business goals (quality, cost-effectiveness, transparency and agility), while remaining compliant with applicable legislation and City policies and procedures.

Not in Scope

The scope of the audit did not cover reporting and statistics generated by Procurement Services to the Leadership Team or Council. It did not include aspects related to payments and tax impacts, accounting of purchases, and project management.

OBJECTIVES

The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing and was guided by a risk assessment performed in conjunction with the Division's management. The purpose of the audit was to review the adequacy of internal controls that mitigate relevant risks related to the following business objectives:

A) To acquire the right goods and services that meet the business needs;

B) To acquire goods and services from the right sources at the right time for the best value for money (right price);

C) To ensure the procurement process is effective, efficient, accountable, transparent and fair;

D) To acquire goods and services in a socially responsible manner and in compliance with all applicable regulatory requirements, applicable trade agreements, and the Purchasing By-law.

SUMMARY OF OBSERVATIONS

The audit showed that the processes for High Value procurements are well defined and were administered consistently with the Purchasing By-law in effect at the time. While the use of the Procurement Centre requires some improvement related to consistency and completeness of documentation, the tool has positively assisted staff in managing each acquisition by providing structure, milestones for timing and templates.

Due to the pandemic and the need to become virtual, Procurement Services accelerated the use of the third-party bidding platform Bids & Tenders. This allowed for the posting of bidding opportunities and provided some enhanced functionality to the procurement process.

However, the audit also revealed the need for enhanced monitoring to ensure compliance, as well as stronger controls relating to documentation, training and fraud risk management.

Our main observations and recommendations are summarized below. Appendix A outlines the detailed recommendations and the action plans suggested by management.

Implement a procurement fraud risk management process

Procurement Services' role is to ensure the integrity of procurements by enforcing the principles of prudence, fairness and transparency, and maintaining compliance with the By-law.

To ensure the integrity of procurements, certain checks and balances are included in the process, such as approvals of key milestones (PRF, specifications, awards), budget reviews (PRF, PAR, POs) and others. However, even though those controls are useful, a more holistic approach to procurement fraud risk management has not been implemented. Aspects noted were related to enhancements on reference checks, reviews of performance history, Buyers' and Contract Managers' training on fraud "red flags," increased scrutiny of evaluations and risk of collusion.

The audit did not reveal any instances of fraud; however, formal training regarding Fraud Risk for Contract Managers and Buyers is recommended to augment and reiterate the controls that are in place.

Ensure all documentation is kept in the Procurement Centre and monitor for completeness and accuracy

The Procurement Centre is a centralized site, developed by a third party and launched in 2017, as a central repository to house Medium Value (MVA) and High Value Acquisition (HVA) documentation and as a workflow management tool for the life of the procurement.

The audit found that most procurements in the sample were well documented, but still noted some inconsistencies and departure from the established process, related to naming conventions, organization, blank templates, missing documents and old versions of contracts (unsigned).

The completeness and quality of the documentation contained within the Procurement Centre is essential in understanding the stages involved in each acquisition and potentially defending or supporting the City's position should there be an inquiry, dispute or claim.

Ensure Buyers are accountable for the quality, fairness and compliance of the procurement specifications and statements of work.

The development of specifications and statement of work is tasked to the Contract Managers. Buyers support the process, but are not currently accountable for the specifications, nor are they expected to exert further scrutiny on the information provided by the Contract Manager.

Contract Managers, though knowledgeable about the work that is required, may not be up to date on the latest technology and solutions in the marketplace and may not fully understand the procurement process.

Currently there are no procedures or clear guidance on how to write specifications. Buyers have been trained to direct their clients to the Bids & Tenders bidder portal when they are developing specifications. At times, Contract Managers may turn to using the internet or inquiring with existing vendors for assistance, which could provide an unfair advantage if the specifications are (intentionally or not) too limiting or too similar to a vendor's offering. Besides decreasing competitiveness, such situations may result in disputes and conflicts during or after the procurement.

Update the Vendor Performance Management and Evaluation Policy (03-08-04) to address procedures, roles and responsibilities and records retention

An important responsibility of the Contract Manager is managing vendor performance. Some Contract Managers complete a vendor evaluation at the end of a high-value contract to reference in the future. These are not requested by or normally sent to Procurement Services, which increases the risk that vendors with poor performance in one area will continue to work with the City and bid in future procurements.

The Contract Manager is responsible for monitoring the vendor's performance; however, the current policy and guidelines do not provide guidance on monitoring the vendors' compliance with the code of conduct and ethical standards, and details on document retention. Updating the policy will clarify roles, responsibilities and procedures including performance records retention in order to maintain a history of past performance.

Ensure all new critical Single/Sole Source HVA contracts have completed a risk assessment

The audit found that some long-standing single/sole source procurements do not submit a new Corporate Report for Council approval. We found the same Corporate Report used every year for a renewal starting in 2018, to 2019, 2020 and 2021. The oldest example was a 2020 single source procurement supported by a Corporate Report from 2012 and again in 2016 and 2020.

Management advised us that this is in compliance with the authority provided by the Purchasing By-Law which determines a maximum of 10 years for any contract, and that the multiple renewals could be an opportunity for the City to review the market conditions and determine if the reasons for a single source award remain. However, it is not clear that such review is being done consistently, as documentation to that effect was not found in the files.

Sole source suppliers can pose a risk as one single event may impact production and could force Procurement Services to scramble to find an alternative. For new sole source vendors a risk assessment would help with understanding and awareness of the potential risks, determining the impacts should a performance issue arise and having a plan in place for business continuity.

Additionally, currently there is no requirement to assess financial capabilities for new vendors. The City is at risk assuming that the company will remain solvent, with the resulting threats to the City's ability to deliver services or obtain supplies in a timely and effective manner.

CONCLUSION

The audit found the control environment in Procurement Services needs improvement, particularly related to fraud mitigation, enhancing risk assessments for single source procurements, monitoring the Procurement Centre and Bids & Tenders for complete and accurate documentation, and training for both Buyers and Contract Managers. A new corporate policy on contract amendments and terminations (03-06-12) should help mitigate some operational issues related to amended or terminated contracts, as it clearly describes the roles and responsibilities of staff, as well as their authority.

In total there were 14 recommendations, eight (8) relating to compliance with and clarification of corporate requirements, four (4) specific to operational control and financial reporting, one (1) regarding safeguarding of assets and information and one (1) to enhance efficiency and effectiveness. Management has agreed and committed to completing all of the recommendations. Two (2) will be done by May 15, 2022, four (4) by June 30, 2022, five (5) by December 31, 2022 and the final three (3) by March 31, 2023.

Details of the audit recommendations and management's comments are presented in Appendix A to this report.

Luis H. Souza, CPA, CMA, CIA
Director, Internal Audit

Auditor: Barbara Webster, BAA, PMP
Senior Internal Auditor

Ahmed Abuasad, CIA
Senior Internal Auditor

Corporate Services Department
Corporate Business Services Division
Procurement Services Section
High Value Acquisition Audit
Summary of Audit Recommendations

Rec	Recommendation	Priority (H/M/L)	Comments/Status	Classification
1	That Procurement Services, in conjunction with key users and with support from risk-related areas, conduct a periodic fraud risk assessment of its processes, addressing situations as described in the report and other potential threats to the fairness, transparency, compliance and cost-effectiveness, and update their procedures to mitigate the relevant risks identified. Aspects such as mandating a Buyer's participation in reference checks, rotation of Buyers and inconsistencies in the evaluation process should be considered.	H	We will shortly be hiring a Procurement Compliance Officer (new position), whose job will include assessing procurement risks and driving improvements. In addition, reference checking by Buyers and evaluation guidelines are included in the draft Bid Review and Evaluation Policy. Buyer rotation will be considered in our upcoming reorganization. To be completed by December 31, 2022	Operational Control and Financial Reporting
2	That yearly training be conducted on Fraud Risk Management, including but not limited to business ethics, fraud risk, price fixing, collusion and conflict of interest. Guidelines to be developed to detail how to spot indications of fraud included in the Draft Bid Review and Evaluation Policy.	H	Develop recommended training, in conjunction with Internal Audit. To be completed by December 31, 2022	Compliance with and Clarification of Corporate Requirements
3	That declarations and acknowledgement of ethical standards for staff in Procurement Services and by Contract Managers at the start of a procurement be completed and signed off.	H	Buyers and Contract Managers to acknowledge and sign off on the PRF for each procurement. To be completed by May 15, 2022	Compliance with and Clarification of Corporate Requirements
4	Ensure that all documents required by the existing SOP are stored in the Procurement Centre and the Buyers are trained to identify such documents and use the tool appropriately.	H	We will shortly be hiring a Procurement Compliance Officer (new position), whose job will include additional training for Buyers who are not using the tools correctly. In addition, we are in the process of reorganizing, which will move all administrative tasks, including	Operational Control and Financial Reporting

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			document retention and file closing responsibility, to Purchasing Assistants, for consistency and standardization. To be completed by June 30, 2022	
5	That criterion for file and subfolder structure and document naming convention be monitored and enforced in the Procurement Centre and that errors are tracked for coaching purposes.	H	This will be covered by the addition of the new Procurement Compliance Officer. As well, ensuring that procurement files are properly completed/closed out at Procurement Step completion will be done by the Purchasing Assistants, once we reorganize – this is to drive standardization and maximize proper use of tools. To be completed by June 30, 2022	Compliance with and Clarification of Corporate Requirements
6	That Procurement Services clarify and reinforce the Buyer's role in ensuring fairness, transparency and compliance with the procurement process with regard to writing specifications and statements of work, and empower them to exert further scrutiny in the information provided by the Contract Managers in this step. Considerations should be given to creating written guidelines for both Contract Managers and Buyers.	H	a) Create specification/SOW writing guidelines, including roles and responsibilities. b) Strengthen Buyer PDPs and job descriptions to reflect added accountability. c) Amend Schedule D of the Procurement By-law with additional role clarity for Buyers and Contract Managers. To be completed by; a) October 31, 2022 b) 2023 PDP agreements c) March 31, 2023	Compliance with and Clarification of Corporate Requirements

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7	That there be an acknowledgement from the Contract Manager, Buyer and other staff who developed the specifications and/or statement of work, that the specifications and/or statement of work are unbiased and have not been shared with potential bidders.	H	Agree – this relates to ethical standards, ref. Recommendation #2 and will be added to the PRF. To be completed by May 15, 2022	Safeguarding of Assets and Information
8	That the Vendor Performance Management and Disqualification Policy (03-08-04) be updated to address procedures, performance records retention as well as roles and responsibilities, including that Procurement Services is informed and maintains the history of vendor performance evaluations.	H	Agree. To be completed by December 31, 2022	Compliance with and Clarification of Corporate Requirements
9	That Procurement Services provide a risk assessment template for completion by the business unit before entering into a sole source HVA contract with a critical vendor.	M	Agree to develop a risk assessment template. To be completed by March 31, 2023	Compliance with and Clarification of Corporate Requirements
10	That the review of market conditions and reasons for single-source effected at renewal time is formalized, approved by the Chief Procurement Officer or resubmitted to Council, and the documentation is retained in the files.	M	Agree – to be added to Contract Amendments Policy. To be completed by December 31, 2022	Operational Control and Financial Reporting
11	That Procurement Services institute an analysis of the vendor's financial capacity and solvency, potentially considering aspects such as credit ratings, financial positions and others, to confirm fitness for contract award. Potential exceptions (that may happen when the City has a strategic interest in developing a category of vendors), should be clearly stated in the Policy.	M	Agree - to be added to Bid Review and Evaluation Policy. To be completed by December 31, 2022	Operational Control and Financial Reporting
12	That a standard operating procedure be developed with detailed instructions on how to track all contract expiries and a frequency set on how many times a year a report is run, for what duration and provide a report periodically to Contract Managers. Procurement Services to reach out to the business units to advise them of expiring contracts.	M	Agree. To be completed by June 30, 2022	Compliance with and Clarification of Corporate Requirements

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13	That Procurement Services work with the SAP team to determine the best reports to use in order to manage contract expiration dates and document how to produce the reports.	M	Agree. To be completed by June 30, 2022	Efficiency and Effectiveness
14	That the Sustainability Procurement Policy be updated, to consider opportunities to further strengthen the relevance and impact of the sustainability requirements in the City's procurement processes. Consideration could be given to increasing the weight of the SLQ, or to make it a pass/fail requirement even in non-evaluated processes, and to include this assessment for single source procurements, among other potential developments.	M	This is already in our 2022 work plan. To be completed by March 31, 2023	Compliance with and Clarification of Corporate Requirements