



City of Mississauga
Corporate Services Department
300 City Centre Drive
MISSISSAUGA ON L5B 3C1
mississauga.ca

KPMG LLP
Vaughan Metropolitan Centre
100 New Park Place, Suite 1400
Vaughan, ON L4K 0J3
Canada

April 30, 2021

We are writing at your request to confirm our understanding that your audit was for the purpose of expressing an opinion on the consolidated financial statements (hereinafter referred to as “financial statements”) of The Corporation of the City of Mississauga (“the Entity”) as at and for the year ended December 31, 2020.

General:

We confirm that the representations we make in this letter are in accordance with the definitions as set out in **Attachment I** to this letter.

We also confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Responsibilities:

- 1) We have fulfilled our responsibilities, as set out in the terms of the engagement letter dated November 9, 2020 including for:
 - a) the preparation and fair presentation of the financial statements and believe that these financial statements have been prepared and present fairly in accordance with the relevant financial reporting framework.
 - b) providing you with all information of which we are aware that is relevant to the preparation of the financial statements (“relevant information”), such as financial records, documentation and other matters, including:
 - the names of all related parties and information regarding all relationships and transactions with related parties;
 - the complete minutes of meetings, or summaries of actions of recent meetings for which minutes have not yet been prepared, of City Council and committees of the City Council that may affect the financial statements. All significant actions are included in such summaries.
 - c) providing you with unrestricted access to such relevant information.
 - d) providing you with complete responses to all enquiries made by you during the engagement.
 - e) providing you with additional information that you may request from us for the purpose of the engagement.
 - f) providing you with unrestricted access to persons within the Entity from whom you determined it necessary to obtain audit evidence.

- g) such internal control as we determined is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. We also acknowledge and understand that we are responsible for the design, implementation and maintenance of internal control to prevent and detect fraud.
- h) ensuring that all transactions have been recorded in the accounting records and are reflected in the financial statements.
- i) ensuring that internal auditors providing direct assistance to you, if any, were instructed to follow your instructions and that we, and others within the entity, did not intervene in the work the internal auditors performed for you.

Internal control over financial reporting:

- 2) We have communicated to you all deficiencies in the design and implementation or maintenance of internal control over financial reporting of which we are aware.

Fraud & non-compliance with laws and regulations:

- 3) We have disclosed to you:
 - a) the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
 - b) all information in relation to fraud or suspected fraud that we are aware of that involves:
 - management;
 - employees who have significant roles in internal control over financial reporting; or
 - others
 where such fraud or suspected fraud could have a material effect on the financial statements.
 - c) all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements, communicated by employees, former employees, analysts, regulators, or others.
 - d) all known instances of non-compliance or suspected non-compliance with laws and regulations, including all aspects of contractual agreements, whose effects should be considered when preparing financial statements.
 - e) all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Subsequent events:

- 4) All events subsequent to the date of the financial statements and for which the relevant financial reporting framework requires adjustment or disclosure in the financial statements have been adjusted or disclosed.

Related parties:

- 5) We have disclosed to you the identity of the Entity's related parties.
- 6) We have disclosed to you all the related party relationships and transactions/balances of which we are aware.
- 7) All related party relationships and transactions/balances have been appropriately accounted for and disclosed in accordance with the relevant financial reporting framework.

Estimates:

- 8) The methods, the data and the significant assumptions used in making accounting estimates, and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.

Going concern:

- 9) We have provided you with all information relevant to the use of the going concern assumption in the financial statements.
- 10) We confirm that we are not aware of material uncertainties related to events or conditions that may cast significant doubt upon the Entity's ability to continue as a going concern.

Misstatements:

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

Other information:

- 12) We confirm that the final version of the annual report will be provided to you when available, and prior to issuance by the Entity, to enable you to complete your audit procedures in accordance with professional standards.

Non-SEC registrants or non-reporting issuers:

- 13) We confirm that the Entity is not a Canadian reporting issuer (as defined under any applicable Canadian securities act) and is not a United States Securities and Exchange Commission ("SEC") Issuer (as defined by the Sarbanes-Oxley Act of 2002).
- 14) We also confirm that the financial statements of the Entity will not be included in the group financial statements of a Canadian reporting issuer audited by KPMG or an SEC Issuer audited by any member of the KPMG organization.

Employee Benefits:

- 15) The employee benefits costs, assets and obligation, if any, have been determined, accounted for and disclosed in accordance with the financial reporting framework.
- 16) All arrangements (contractual or otherwise) by which programs have been established to provide employee benefits, which include post-employment benefits, and that are funded or unfunded have been disclosed to you and included in the determination of employee benefit costs and obligations.
- 17) The set of actuarial assumptions for each plan is individually consistent.
- 18) The assumptions included in the actuarial valuation are those that management instructed Nexus Actuarial Consultants Ltd. to use in computing amounts to be used by the Entity in determining employee benefit costs and obligations and in making required disclosures in the above-named financial statements, in accordance with the relevant financial reporting framework.
- 19) In arriving at these assumptions, management has obtained the advice of Nexus Actuarial Consultants Ltd. but has retained the final responsibility for them.
- 20) All changes to plan provisions or events occurring subsequent to the date of the actuarial valuation and up to the date of this letter have been considered in the determination of employee benefits costs and obligations and as such have been communicated to you as well as to the actuary.
- 21) The extrapolations are accurate and properly reflect the effects of changes and events that occurred subsequent to the most recent valuation and that had a material effect on the extrapolation.
- 22) All material events and changes to the plan subsequent to the most recent actuarial valuation have been properly reflected in the extrapolation.
- 23) Each actuarial assumption used reflects management's best estimate solely with respect to that individual assumption, determined on a basis that the plan will continue to be in effect in the absence of evidence to the contrary.

- 24) Each of the best estimate assumptions used reflects management's judgment of the most likely set of conditions affecting future events.
- 25) The discount rate used to determine the accrued benefit obligation for each plan was determined by reference to market interest rates at the measurement date on high-quality debt instruments with cash flows that match the timing and amount of expected benefit payments; or inherent in the amount at which the accrued benefit obligation could be settled.

Self-insurance:

- 26) The self-insurance liability has been determined, accounted for and disclosed in accordance with the financial reporting framework.
- 27) All arrangements (contractual or otherwise) by which programs have been established to provide self-insurance, and that are funded or unfunded have been disclosed to you and included in the determination of self- insurance liability.
- 28) The assumptions included in the actuarial valuation are those that management instructed J.S Cheng & Partners Inc. to use in computing amounts to be used by the Entity in determining self-insurance liability and in making required disclosures in the above-named financial statements, in accordance with the relevant financial reporting framework.
- 29) In arriving at these assumptions, management has obtained the advice of J.S Cheng & Partners Inc. but has retained the final responsibility for them.
- 30) The source data and plan provisions provided to the actuary for preparation of the actuarial valuation are accurate and complete.
- 31) All changes to plan provisions or events occurring subsequent to the date of the actuarial valuation and up to the date of this letter have been considered in the determination of self-insurance liability and as such have been communicated to you as well as to the actuary.
- 32) Each actuarial assumption used reflects management's best estimate solely with respect to that individual assumption, determined on a basis that the plan will continue to be in effect in the absence of evidence to the contrary.
- 33) Each of the best estimate assumptions used reflects management's judgment of the most likely set of conditions affecting future events.
- 34) The discount rate used to determine the self-insurance liability was determined by reference to market interest rates at the measurement date on high-quality debt instruments with cash flows that match the timing and amount of expected claims payments; or inherent in the amount at which the claims could be settled.

Management's Use of Specialists:

- 35) We agree with the findings of Nexus Actuarial Consultants Ltd. as management's expert in evaluating WSIB and employee benefits liabilities. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.
- 36) We agree with the findings of J.S Cheng & Partners Inc. as management's expert in evaluating actuarial assessment of the self-insured retention levels and reserve funds. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.

Yours very truly,

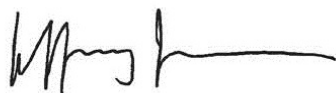
THE CORPORATION OF THE CITY OF MISSISSAUGA



Paul Mitcham, City Manager and Chief Administrative Officer



Gary Kent, 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.

Attachment II

Summary of corrected misstatements

| December 31, 2020 | | | | | | | Impact on financial statement captions - DR(CR) | | | | | | |
|---|-----------|---|-----------------------------------|------------|-------------|-----------------------|---|------------------|----------------------|-----------------------|----------------------|----------------------|----------------------|
| # | Account # | Account Name | Description / Identified During | Error Type | Amount | Income Effect DR (CR) | Balance Sheet Effect | | | | Cash Flow Effect | | |
| | | | | | DR (CR) | Income effect | Equity at period end | Financial Assets | Non-Financial Assets | Financial Liabilities | Operating Activities | Investing Activities | Financing Activities |
| | | | | | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| 1 | 2010 | Employee benefits and other liabilities | To decrease contingent liability. | N/A | 1,780,000 | | | | | 1,780,000 | (1,780,000) | - | - |
| | 5051 | PSAB expenses | | | (1,780,000) | (1,780,000) | (1,780,000) | | | | 1,780,000 | | |
| Total effect of corrected misstatements | | | | | | (1,780,000) | (1,780,000) | - | - | 1,780,000 | - | - | - |