

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(PSAB) standards, these funds are no longer individually reported in the consolidated financial statements and have been replaced by accumulated surplus.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-19 safe 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. Prior Year	% Change	\$ 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. Prior Year	% Change	\$ 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 not 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%