2019 Audited Financial Statements

For the period ending December 31, 2019

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

MISSISSAUGA

2019 Audited Financial Statements

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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, 2019
- 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, 2019, 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.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

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

KPMG

- 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 1, 2020

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

as at December 31, 2019 with comparatives for 2018
(All dollar amounts are in $000)

	2019 $	2018 $ Recast Note 2
Financial Assets		
Cash	139,017	110,925
Taxes receivable (Note 3)	47,597	45,567
Accounts receivable (Note 3)	108,819	96,795
Loans and other receivables	450	500
Inventories for resale	107	173
Investments (Note 4)	1,179,887	1,020,141
Investment in Enersource Corporation (Note 5)	498,783	502,361
Total Financial Assets	**1,974,660**	**1,776,462**
Financial Liabilities		
Accounts payable and accrued liabilities	204,908	183,942
Deferred revenue - general	12,277	10,021
Deferred revenue - obligatory reserve funds (Note 6)	557,057	473,066
Employee benefits and other liabilities (Note 7)	207,034	209,650
Long-term debt (Note 8)	205,193	181,491
Total Financial Liabilities	**1,186,469**	**1,058,170**
Net Financial Assets	**788,191**	**718,292**
Non-Financial Assets		
Tangible capital assets (Note 9)	8,245,855	8,180,906
Inventories of supplies	8,859	7,616
Prepaid expenses	3,160	2,760
Total Non-Financial Assets	**8,257,874**	**8,191,282**
Accumulated Surplus (Note 10)	**9,046,065**	**8,909,574**

Contractual Rights (Note 20)

Commitments (Note 21)

Subsequent Event and Contingencies (Note 23)

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, 2019 with comparatives for 2018
(All dollar amounts are in $000)

	Budget 2019 $ (Note 16)	Actual 2019 $	Actual 2018 $ Recast Note 2
Revenues (Notes 14 and 15)			
Taxation (Note 11)	550,495	550,983	525,782
Municipal Accommodation Tax	9,800	12,152	8,990
User charges	246,332	263,215	258,215
Recoveries from third parties	5,300	29,117	12,991
Funding transfers from other governments (Note 19)	1,935	14,086	34,964
Development and other contributions applied	-	90,407	76,548
Investment income	36,511	43,607	35,305
Penalties and interest on taxes	8,120	10,806	9,805
Contributed assets (Note 9)	-	62,392	49,581
Other	1,706	5,604	20,158
Gain on Acquisition of Living Arts Centre (Note 22)	-	1,455	-
City's Share of Net Income in Enersource Corporation (Note 5)	-	10,758	30,268
City's Share of dilution gain recognized on Alectra's amalgamation with Guelph Hydro Electric Systems Inc. (GHESI) (Note 5)	-	1,324	-
Total Revenues	**860,199**	**1,095,906**	**1,062,607**
Expenses (Note 14)			
General government services	181,586	258,714	196,251
Protection services	139,351	135,446	133,209
Transportation services	353,961	345,613	341,197
Environmental services	21,496	18,121	22,998
Health services	647	560	557
Social and family services	760	638	648
Recreation and cultural services	176,725	174,978	170,252
Planning and development services	23,168	22,841	23,406
Loss on disposal of tangible capital assets (Note 9)	-	2,504	49,994
Total Expenses (Notes 15 & 17)	**897,694**	**959,415**	**938,512**
Annual Surplus/(Deficit)	**(37,495)**	**136,491**	**124,095**
Accumulated surplus, beginning of year	8,909,574	8,909,574	8,785,479
Accumulated Surplus, end of year (Note 10)	**8,872,079**	**9,046,065**	**8,909,574**

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, 2019 with comparatives for 2018
(All dollar amounts are in $000)

	Budget 2019 $ (Note 16)	Actual 2019 $	Actual 2018 $ Recast Note 2
Annual Surplus/(Deficit)	**(37,495)**	**136,491**	**124,095**
Acquisition of tangible capital assets (Note 9)	-	(344,663)	(318,719)
Amortization of tangible capital assets (Note 9)	146,188	140,098	140,468
Loss on disposal of tangible capital assets (Note 9)	-	2,504	49,994
Transfer of assets under construction (Note 9)	-	137,112	61,089
	108,693	**71,542**	**56,927**
Acquisition of inventory of supplies	-	(8,859)	(7,616)
Acquisition of prepaid expenses	-	(3,160)	(2,760)
Consumption of inventory of supplies	-	7,616	6,670
Use of prepaid expenses	-	2,760	3,552
Change in Net Financial Assets	**108,693**	**69,899**	**56,773**
Net Financial Assets, beginning of year	718,292	718,292	661,519
Net Financial Assets, end of year	**826,985**	**788,191**	**718,292**

The Corporation of the City of Mississauga
Consolidated Statement of Cash Flows

for the year ended December 31, 2019 with comparatives for 2018
(All dollar amounts are in $000)

	2019 $	2018 $ Recast Note 2
Cash Provided By (Used In):		
Operating Activities		
Annual surplus	136,491	124,095
Items Not Involving Cash		
Amortization of tangible capital assets	140,098	140,468
Loss on disposal of tangible capital assets	2,504	49,994
Contributed assets	(62,392)	(49,581)
Change in employee benefits and other liabilities	(2,616)	419
Equity in income of Enersource Corporation	(12,082)	(30,268)
Change in Non-Cash Assets and Liabilities		
Taxes receivable	(2,030)	(11,589)
Accounts receivable	(12,024)	33,256
Inventories for resale	66	52
Accounts payable and accrued liabilities	20,966	(29,318)
Deferred revenue - general	2,256	279
Deferred revenue - obligatory reserve funds	83,991	68,689
Inventories of supplies	(1,243)	(946)
Prepaid expenses	(400)	792
Net Change in Cash from Operating Activities	**293,585**	**296,342**
Capital Activities		
Tangible capital asset additions	(282,271)	(269,138)
Transfer of assets under construction	137,112	61,089
Net Change in Cash from Capital Activities	**(145,159)**	**(208,049)**
Investing Activities		
Increase in investments	(159,746)	(147,774)
Decrease in loans and other receivables	50	50
Dividends from Enersource Corporation	15,660	12,941
Net Change in Cash from Investing Activities	**(144,036)**	**(134,783)**
Financing Activities		
Proceeds from issuance of long-term debt	48,150	46,270
Repayment of long-term debt	(24,448)	(20,674)
Net Change in Cash from Financing Activities	**23,702**	**25,596**
Net Change in Cash	**28,092**	**(20,894)**
Cash, beginning of year	110,925	131,819
Cash, end of year	**139,017**	**110,925**

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, 2019
(All dollar amounts are in $000)

The City of Mississauga 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.

1. Significant Accounting Policies

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

a) Basis of consolidation

(i) Consolidated entities

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

These entities and organizations included in the reporting entity are:

- City of Mississauga Public Library Board
- Clarkson Village Business Improvement Association
- Malton Business Improvement Area
- Port Credit Business Improvement Area
- Streetsville Business Improvement District Association
- Tourism Mississauga
- The Living Arts Centre in Mississauga (the "Living Arts Centre")
- Live Cuisine Inc.
- The Living Arts Centre Foundation

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, 2019
(All dollar amounts are in $000)

1. Significant Accounting Policies

a) Basis of consolidation

(iv) Trust funds

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

b) Basis of accounting

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

c) Government transfers

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

d) Taxation revenue

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

e) Municipal accommodation tax revenue

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

f) Deferred revenue

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

g) Development charges

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

h) Investment income

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

The Corporation of the City of Mississauga
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2019
(All dollar amounts are in $000)

1. Significant Accounting Policies

i) Cash and cash equivalents

Cash and cash equivalents include cash and highly liquid investments with original dates to maturity of 90 days or less.

j) Loans and Other Receivables

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

k) Inventories for resale

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

l) Land held for resale

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

m) Investments

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

n) Employee future benefits

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

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

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

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

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

The Corporation of the City of Mississauga
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2019
(All dollar amounts are in $000)

1. Significant Accounting Policies

o) Loan guarantees:

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

p) Contaminated sites

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

(i) an environmental standard exists

(ii) contamination exceeds the environmental standard

(iii) the organization is directly responsible or accepts responsibility for the liability

(iv) future economic benefits will be given up, and

(v) a reasonable estimate of the liability can be made.

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

q) Non-financial assets

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

(i) Tangible capital assets

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

Asset	Useful Life - Years
Land	Unlimited
Land improvements	15 - 20
Buildings	40 - 50
Equipment, books and other	5 - 40
Linear - storm drainage	25 - 100
Linear - transportation	15 - 100
Vehicles	10 - 20

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

(ii) Contributions of tangible capital assets

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

(iii) Works of art and cultural and historic assets

Works of art and cultural and historic assets are not recorded as assets in these consolidated financial statements.

The Corporation of the City of Mississauga
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2019
(All dollar amounts are in $000)

1. Significant Accounting Policies

q) Non-financial assets

(iv) Leased tangible capital assets

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

(v) Inventories of supplies

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

r) Contingent Assets

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

As at December 31, 2019, there are no such contingent assets to disclose.

s) Contractual Rights

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

t) Related Party Disclosures

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

For the year ended December 31, 2019, there are no such related party transactions to disclose.

u) Inter-Entity Transactions

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

For the year ended December 31, 2019, there were no material inter-entity transactions to disclose.

v) Use of estimates

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

The Corporation of the City of Mississauga
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2019
(All dollar amounts are in $000)

1. Significant Accounting Policies

w) Adoption of budgets

The 2019 operating and capital budgets, as approved by Council, were adopted by the City at the February 06, 2019 meeting.

x) Adoption of new accounting policy

The City has adopted the following PSAB Standard effective January 1, 2019:

(i) PS 3430, Restructuring Transactions, requires that assets and liabilities in restructuring transactions be measured at their carrying amount. It also prescribes financial statement presentation and disclosure requirements. The adoption of this standard resulted in additional note disclosure pertaining to the acquisition of the Living Arts Centre and its related entities. Refer to note 22 for the related disclosure.

y) Future accounting pronouncements

These standards and amendments were not yet effective for the year ended December 31, 2019, and have therefore not been applied in preparing these consolidated financial statements. Management is currently assessing the impact of the following accounting standards updates on the future consolidated financial statements.

(i) PS 1201, Financial Statement Presentation, was issued in June, 2011. This standard requires entities to present a new statement of remeasurement gains and losses separate from the consolidated statement of operations and accumulated surplus. This new standard includes unrealized gains and losses arising from remeasurement of financial instruments and items denominated in foreign currencies and any other comprehensive income that arises when a government includes the results of government business enterprises and partnerships. This standard is effective for fiscal years beginning on or after April 1, 2021 and applies when PS 3450, Financial Instruments, and PS 2601, Foreign Currency Translation, are adopted (the City's December 31, 2022 year-end).

(ii) PS 3450, Financial Instruments, establishes the standards on accounting for and reporting all types of financial instruments including derivatives. The effective date of this standard has been deferred and is now effective for fiscal periods beginning on or after April 1, 2021 (the City's December 31, 2022 year-end).

(iii) PS 2601, Foreign Currency Translation, establishes the standards on accounting for and reporting transactions that are denominated in a foreign currency. The effective date of this standard has been deferred and is now effective for fiscal periods beginning on or after April 1, 2021 (the City's December 31, 2022 year-end). Earlier adoption is permitted. A public sector entity adopting this standard must also adopt the new financial instruments standard.

(iv) PS 3280, Asset Retirement Obligations, addresses the recognition, measurement, presentation and disclosure of legal obligations associated with retirement of tangible capital assets in productive use. This standard is effective for fiscal years beginning on or after April 1, 2021 (the City’s December 31, 2022 year-end).

(v) PS 3400, Revenue, establishes a single framework to categorize revenues to enhance the consistency of revenue recognition and its measurement. This standard is effective for fiscal years beginning on or after April 1, 2022 (the City's December 31, 2023 year-end).

2. Recast of Prior Year Comparative Figures

The comparative information presented in the consolidated financial statements has been adjusted for immaterial prior period adjustments relating to deferred revenue - obligatory reserve funds reported in 2018. The comparative information has been adjusted to reflect an increase in deferred revenue - obligatory reserve funds of $66,842 and an increase in development and other contributions applied revenue by $3,283. The amount previously reported for deferred revenue - obligatory reserve funds was understated and the amount reported for development and other contributions applied revenue was overstated by the amount of unspent funds related to approved capital projects. Prior to January 1, 2018, amounts previously reported for development and other contributions applied revenues were overstated by $70,125. These unspent funds were recognized as revenue in advance of when they were earned.

The Corporation of the City of Mississauga
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2019
(All dollar amounts are in $000)

2. Recast of Prior Year Comparative Figures

The impact of these changes has been adjusted and prior periods have been recast as follows:

	As previously reported $	Recast adjustment $	As recasted $
Consolidated Statement of Financial Position:			
Deferred revenue - obligatory reserve funds at December 31, 2018	406,224	66,842	473,066
Total financial liabilities at December 31, 2018	991,328	66,842	1,058,170
Accumulated surplus at December 31, 2018	8,976,416	(66,842)	8,909,574
Consolidated Statement of Operations:			
Development and other contributions applied revenue for the year ended December 31, 2018	73,265	3,283	76,548
Total revenues for the year ended December 31, 2018 (as recasted before a reclassification of $3,667)	1,055,657	3,283	1,058,940
Annual surplus for the year ended December 31, 2018	120,812	3,283	124,095
Accumulated surplus at January 1, 2018	8,855,604	(70,125)	8,785,479
Accumulated surplus at December 31, 2018	8,976,416	(66,842)	8,909,574
Consolidated Statement of Cash Flows:			
Annual surplus for the year ended December 31, 2018	120,812	3,283	124,095
Deferred revenue - obligatory reserve funds for the year ended December 31, 2018	71,972	(3,283)	68,689

3. Taxes Receivable and Accounts Receivable

Taxes receivable are reported net of valuation allowances of $182 (2018 $170). Accounts receivable are reported net of a valuation allowance of $546 (2018 $3,544) and comprises the following:

	2019 $	2018 $
Accounts Receivable		
Government of Canada	25,635	25,942
Government of Ontario	24,399	17,168
Other Municipalities	24,026	21,040
School Boards	7,311	12,366
Others	27,994	23,823
Sub-Total	**109,365**	**100,339**
Less: Valuation Allowance	546	3,544
Total Accounts Receivable	**108,819**	**96,795**

4. Investments

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

	2019		2018	
	Cost $	Market Value $	Cost $	Market Value $
Bank deposit notes and finance paper	204,073	205,307	186,031	185,949
Government and government guaranteed bonds	772,784	802,939	708,731	720,271
Municipal bonds	203,030	207,863	125,379	127,272
Total	**1,179,887**	**1,216,109**	**1,020,141**	**1,033,492**

The Corporation of the City of Mississauga
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For the Year Ended December 31, 2019
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5. Investment in Enersource Corporation

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

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

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

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

The following table provides condensed financial information for Enersource Corporation for its 2019 fiscal year, together with comparative figures for 2018:

Financial Position:	2019 $	2018 $
Assets:		
Current	6,967	4,378
Investment in Alectra Inc.	600,243	609,060
Other	148	405
Total Assets	**607,358**	**613,843**
Liabilities:		
Current	30	39
Non-current liabilities	53,125	55,625
Total Liabilities	**53,155**	**55,664**
Shareholders' Equity:		
Share capital	175,691	175,691
Accumulated other comprehensive income/(loss)	(6,108)	(1,672)
Retained earnings	384,620	384,160
Total Shareholders' Equity	**554,203**	**558,179**
Total Liabilities and Shareholders' Equity	**607,358**	**613,843**
Results of Operations and Non-Operations:		
Revenues	18,195	35,177
Expenses (including income tax provision)	6,242	1,546
Net Income	**11,953**	**33,631**
City's Share of Net Income in Enersource Corporation	**10,758**	**30,268**
Dilution gain recognized on Alectra's amalgamation with GHESI	**1,471**	**-**
City's Share of dilution gain recognized on Alectra's amalgamation with GHESI	**1,324**	**-**

During the year, the City received a dividend of $15,660 (2018 $12,941) declared by Enersource Corporation.

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5. Investment in Enersource Corporation

The City's investment in Enersource Corporation is reflected in the following table for its 2019 fiscal year together with comparative figures for 2018.

Investment in Enersource Corporation	2019 $	2018 $
Opening Balance, Beginning of Year	502,361	485,034
City's Share of Net Income in Enersource Corporation	10,758	30,268
City's Share of dilution gain recognized on Alectra's amalgamation with GHESI	1,324	-
City's Share of Dividend	(15,660)	(12,941)
Closing Balance, End of Year	**498,783**	**502,361**

6. Deferred Revenue - Obligatory Reserve Funds

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

	2019 $	2018 $ as recast
Development charges	182,735	167,117
CIL Parkland	132,956	115,450
CIL Parking	10,069	9,035
Bonus Zoning	2,346	2,650
Provincial Public Transit Funds and Gas Tax	44,616	36,384
Federal Public Transit Funds and Gas Tax	184,335	142,430
Total Deferred Revenue - Obligatory Reserve Funds	**557,057**	**473,066**

Deferred Revenue - Obligatory Reserve Funds Continuity Schedule

Source	Opening Balance $ as recast	Receipts and Interest Applied $	Refunds $	Recognized as Revenue $	Closing Balance $
Development charges	167,117	74,146	27,481	31,047	182,735
CIL Parkland	115,450	34,040	9	16,525	132,956
CIL Parking	9,035	1,565	-	531	10,069
Bonus Zoning	2,650	80	50	334	2,346
Provincial Public Transit Funds and Gas Tax	36,384	20,264	-	12,032	44,616
Federal Public Transit Funds and Gas Tax	142,430	83,656	-	41,751	184,335
Total	**473,066**	**213,751**	**27,540**	**102,220**	**557,057**

The Corporation of the City of Mississauga

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For the Year Ended December 31, 2019
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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:

	2019 $	2018 $
WSIB	32,380	28,630
Sick leave benefits	15,166	14,414
Early retirement benefits	40,333	39,488
Post-employment benefits	8,226	9,279
Vacation pay	25,912	24,989
Developer charge credits	44,984	57,682
Contaminated sites liability	365	606
Other liabilities	39,668	34,562
Total	**207,034**	**209,650**

The City has established reserve funds of $144,353 (2018 $136,210) 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.

Information about liabilities for defined benefit plans is as follows:

	WSIB $	Sick Leave $	Early Retirement $	Post Employment $	2019 Total $	2018 Total $
Accrued Benefit Liability, Beginning of Year	28,630	14,414	39,488	9,279	91,811	88,973
Service cost	3,506	1,584	1,732	262	7,084	6,783
Interest cost	1,396	811	1,463	191	3,861	3,802
Amortization of actuarial (gain)/loss	1,084	1,115	(356)	(538)	1,305	1,287
Benefit payments	(3,735)	(2,758)	(1,994)	(968)	(9,455)	(9,034)
Increase due to plan amendment	1,499	-	-	-	1,499	-
Accrued Benefit Liability, End of Year	**32,380**	**15,166**	**40,333**	**8,226**	**96,105**	**91,811**
Unamortized actuarial (gain)/loss	11,748	9,148	1,290	(706)	21,480	8,942
Actuarial valuation update, end of year	**44,128**	**24,314**	**41,623**	**7,520**	**117,585**	**100,753**
Expected average remaining service life	11 yrs	13 yrs	13 yrs	8 yrs	n/a	n/a

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For the Year Ended December 31, 2019
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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) Other pension plans:

The City makes contributions to OMERS, a multi-employer plan, on behalf of 5,087 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 $57,400 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 $57,400 at a rate of 15.8 per cent for earnings greater than the annual maximum pensionable earnings.

The amount contributed to OMERS for 2019 was $41,035 (2018 $41,328) for current service and is included as an expense on the consolidated statement of operations. Employees' contributions to OMERS in 2019 totalled $41,039 (2018 $41,331).

The City is current with all payments to OMERS; therefore, there is neither a surplus nor deficit with the pension plan contributions. However, at OMERS, the pension plan's funding deficit in 2019 dropped to $3.4 billion (2018 $4.2 billion). OMERS expects that investment returns as well as benefit reductions should return the plan to surplus by 2025.

OMERS has held contributions for both employees and employers in 2019 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, 2019, the developer charge credit liability is $44,984 (2018 $57,682).

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

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

From time to time, there may be uncertainty as to whether the City has a legal responsibility or accepts responsibility for a contaminated site or whether economic benefits will be foregone for a contaminated site. It is not expected that the impact of any such sites would have a material impact on the consolidated financial statements. When the City is able to determine that all inclusion criteria have been met, the City will accrue a liability for these future remediation costs. As at December 31, 2019, the amount of estimated recoveries is $0 (2018 – $0).

The Corporation of the City of Mississauga

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2019
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8. Long-term Debt

The long-term debt reported on the consolidated statement of financial position of $205,193 was issued by the Region. Of the debt issued in 2013, $17,600 is outstanding; of the debt issued in 2014, $16,500 is outstanding, of the debt issued in 2015, $24,000 is outstanding; of the debt issued in 2016, $26,500 is outstanding; of the debt issued in 2017, $31,000 is outstanding; of the debt issued in 2018, $41,443 is outstanding; all of the debt issued in 2019, $48,150 is outstanding as at December 31, 2019.

Principal payments on the 2013 debt are payable on June 20th annually; principal payments on the 2014 debt are payable on June 10th; principal payments on the 2015 debt are payable on August 20th; principal payments on the 2016 debt are payable on June 1st; principal payments on the 2017 debt are payable on September 28th; principal payments on the 2018 debt are payable on March 27th; and principal payments on the 2019 debt are payable on October 15th.

Serial debenture debt 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. Coupon rates range from 1.45 to 3.30 per cent.

Principal payments are repayable annually as follows:

	Total $
2020	28,759
2021	29,112
2022	29,927
2023	27,755
2024	22,995
Thereafter	66,645
Total	**205,193**

Interest expense and fees of $4,507 (2018 $4,467) are reported in the consolidated statement of operations.

9. Tangible Capital Assets

a) Assets under construction:

Assets under construction having a value of $106,841 (2018 $182,674) have not been amortized. Amortization of these assets will commence when the asset is put into service.

b) Contributed tangible capital assets:

Contributed tangible capital assets have been recognized at fair market value at the date of contribution. The value of contributed assets received during the year is $62,392 (2018 $49,581) comprising infrastructure in the amount of $0 (2018 $1,629) and land in the amount of $62,392 (2018 $47,952).

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 $0 (2018 $0).

e) Disposal of tangible capital assets:

The costs of assets under construction are excluded in calculating the loss on disposal of tangible capital assets. The purchase cost of $46,452 (2018 $88,864) (land $222; buildings $0; land improvements $2,058; equipment, books and other $34,579; linear transportation $526; linear storm drainage $0 and vehicles $9,067) less the accumulated amortization of $43,948 (2018 $38,870) resulted in a loss on disposal of $2,504 (2018 $49,994).

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9. Tangible Capital Assets

f) Interest capitalization:

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

2019 Tangible Capital Assets

Cost	December 31, 2018 $	Additions $	Disposals $	December 31, 2019 $
Land	5,173,079	75,734	222	5,248,591
Land improvements	207,529	13,782	2,058	219,253
Buildings	1,122,661	14,882	-	1,137,543
Equipment, books and other	302,405	30,279	34,579	298,105
Linear - storm drainage	863,268	34,769	-	898,037
Linear - transportation	2,159,658	89,030	526	2,248,162
Vehicles	306,682	24,908	9,067	322,523
Assets under construction	182,674	61,279	137,112	106,841
Total	**10,317,956**	**344,663**	**183,564**	**10,479,055**

Accumulated Amortization	December 31, 2018 $	Amortization Expense $	Disposals $	December 31, 2019 $
Land	-	-	-	-
Land improvements	108,266	8,293	1,935	114,624
Buildings	408,156	29,705	-	437,861
Equipment, books and other	197,501	23,383	32,748	188,136
Linear - storm drainage	248,272	8,590	-	256,862
Linear - transportation	985,742	50,973	313	1,036,402
Vehicles	189,113	19,154	8,952	199,315
Assets under construction	-	-	-	-
Total	**2,137,050**	**140,098**	**43,948**	**2,233,200**

Net Book Value	December 31, 2018 $	December 31, 2019 $
Land	5,173,079	5,248,591
Land Improvements	99,263	104,629
Buildings	714,505	699,682
Equipment, books and other	104,904	109,969
Linear - storm drainage	614,996	641,175
Linear - transportation	1,173,916	1,211,760
Vehicles	117,569	123,208
Assets under construction	182,674	106,841
Total	**8,180,906**	**8,245,855**

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

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

	2019 $	2018 $
Surplus:		
Invested in Tangible Capital Assets		
Invested in tangible capital assets	8,245,561	8,180,762
Business Improvement Area tangible capital assets	294	144
Total Invested in Tangible Capital Assets	**8,245,855**	**8,180,906**
Unexpended capital	204,257	145,032
Long-term debt	(205,193)	(181,491)
Enersource Corporation	498,783	502,361
Living Arts Centre	120	-
Unfunded employee benefits	(207,034)	(209,650)
Total Surplus	**8,536,788**	**8,437,158**
Reserves Set Aside by Council:		
Fiscal Stability Reserve	51,253	46,773
Operating Reserves	33,644	27,059
Stormwater Reserve	5,442	6,684
BIA Reserves	411	354
Total Reserves	**90,750**	**80,870**
Reserve Funds Set Aside for Specific Purposes by Council:		
Tax Reserve Funds	190,846	174,385
Stormwater Reserve Funds	40,756	44,287
Lot Levy Reserve Funds	62,868	60,672
Insurance Reserve Funds	45,891	39,139
Employee Benefits Reserve Funds	35,594	36,399
Development Contributions	21,444	24,330
Other Reserve Funds	21,128	12,334
Total Reserve Funds	**418,527**	**391,546**
Total Accumulated Surplus	**9,046,065**	**8,909,574**

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11. Taxation

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

	2019 $	2018 $
Municipal, region and school property taxes	1,723,712	1,677,554
Payments in lieu of property taxes	35,385	33,355
Total Property Taxes Collected	**1,759,097**	**1,710,909**
Payments to Region and school boards	(1,208,114)	(1,185,127)
Net Property Taxes and Payments in Lieu Available for Municipal Purposes	**550,983**	**525,782**

12. Trust funds

Trust funds administered by the City amounting to $1,140 (2018 $900) 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 comprises cemetery perpetual care of $919 (2018 $900) and election trust funds of $221 (2018 $0).

13. Contingent liabilities & guarantee

a) As at December 31, 2019, the City has been named as defendant or co-defendant in a number of outstanding legal actions. No provision has been made for any claims that are expected to be covered by insurance or where the consequences are undeterminable. Where the claims are not expected to be covered by insurance and where management has assessed the likelihood of exposure as being likely and is able to reasonably assess the exposure, an amount is provided for in these consolidated financial statements.

b) On February 1, 2017, Enersource Corporation became a shareholder of Alectra, an entity created through the merger of certain hydro holding companies. The transactions included Enersource Corporation exchanging all of its ownership in its operating companies for this ownership in the newly created merged entity of Alectra. Included in these transactions and as of the same date, the City entered into an arrangement to provide $70M of loan guarantees to Enersource Corporation. The secured bank loan balance as at December 31, 2019 is $53,125 (2018 $55,625).

14. Segmented information

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

a) General Government Services:

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

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14. Segmented information

b) Protection Services:

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

c) Transportation Services:

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

d) Environmental Services:

The Environmental Services segment comprises primarily Storm Sewer Services. The City's 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 and managed cemeteries.

f) Social and Family Services:

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

g) Recreation and Cultural Services:

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

h) Planning and Development Services:

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

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

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

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.

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14. Segmented information

	2019										
	General Government Services $	Protection Services $	Transportation Services $	Environmental Services $	Health Services $	Social and Family Services $	Recreation and Cultural Services $	Planning and Development Services $	Other $	2019 Total $	2018 Total $
Revenues:											
Taxation	549,536	-	-	-	-	-	-	1,447	-	550,983	525,782
Municipal Accommodation Tax	12,152	-	-	-	-	-	-	-	-	12,152	8,990
User charges	8,673	31,881	119,374	40,143	112	164	55,959	6,909	-	263,215	258,215
Recoveries from third parties	757	321	26,948	203	-	-	875	13	-	29,117	12,991
Funding transfers from other governments	430	-	10,605	678	4	-	2,109	260	-	14,086	34,964
Development and other contributions applied	-	-	-	-	-	-	-	-	90,407	90,407	76,548
Investment income	14,472	-	-	-	32	-	13	-	29,090	43,607	35,305
Penalties and interest on taxes	10,806	-	-	-	-	-	-	-	-	10,806	9,805
Contributed assets	-	-	-	-	-	-	-	-	62,392	62,392	49,581
Other	1,471	97	2,330	142	-	36	1,357	-	171	5,604	20,158
Equity in Enersource Corporation	-	-	-	-	-	-	-	-	12,082	12,082	30,268
Gain on Acquisition of Living Arts Centre	-	-	-	-	-	-	1,455	-	-	1,455	-
Total Revenues	**598,297**	**32,299**	**159,257**	**41,166**	**148**	**200**	**61,768**	**8,629**	**194,142**	**1,095,906**	**1,062,607**
Expenses:											
Salaries, wages and employee benefits	110,911	122,339	180,282	5,517	487	309	96,434	16,765	-	533,044	513,720
Long-term debt interest	4,395	-	-	112	-	-	-	-	-	4,507	4,467
Materials and supplies	5,827	3,341	40,087	402	59	17	14,583	733	-	65,049	64,613
Contracted services	88,870	1,439	36,247	3,339	12	1	5,927	2,867	-	138,702	85,157
Rents and financial expenses	28,414	3,384	14,018	158	2	7	22,021	766	-	68,770	72,899
External transfers to others	1,554	-	-	-	-	20	3,719	1,448	-	6,741	7,194
Loss on disposal of tangible capital assets	-	-	-	-	-	-	-	-	2,504	2,504	49,994
Amortization	18,743	4,943	74,979	8,593	-	284	32,294	262	-	140,098	140,468
Total Expenses	**258,714**	**135,446**	**345,613**	**18,121**	**560**	**638**	**174,978**	**22,841**	**2,504**	**959,415**	**938,512**
Annual Surplus (Deficit)	**339,583**	**(103,147)**	**(186,356)**	**23,045**	**(412)**	**(438)**	**(113,210)**	**(14,212)**	**191,638**	**136,491**	**124,095**

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15. Segmented Information by Service Area

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

a) Business Services:

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

b) Culture Services:

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

c) City Manager’s Office:

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

d) Environmental Services:

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

e) Facilities and Property Management:

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

f) Financial Transactions:

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

The Corporation of the City of Mississauga
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2019
(All dollar amounts are in $000)

15. Segmented Information by Service Area

g) Fire and Emergency Services:

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

h) Information Technology Services:

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

i) Land Development Services:

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

j) Legislative Services:

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

k) Library Services:

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

l) Mayor and Members of Council:

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

m) Parks, Forestry & Environment:

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

n) Recreation Services:

The Recreation Division 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, 2019
(All dollar amounts are in $000)

15. Segmented Information by Service Area

o) Regulatory Services:

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

p) Road Services:

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

q) Stormwater Service:

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

r) Transit Services:

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

s) Other:

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

The Corporation of the City of Mississauga
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2019
(All dollar amounts are in $000)

15. Segmented Information by Service Area

t) Revenues by Service Area

	Property Tax and MAT* $	User charges $	Recoveries from third parties $	Funding transfers from other governments $	Development and other contributions applied $	Investment income $	Penalties and interest on taxes $	Contributed assets $	Other $	Gain on Acquisition of Living Arts Centre $	Equity in Enersource Corporation $	2019 Total $	2019 Budget ** $	2018 Total $
Business Services	-	2,305	-	-	-	-	119	-	5	-	-	2,429	2,489	2,504
City Manager's Office	-	1,222	-	253	-	-	-	-	33	-	-	1,508	1,257	1,436
Culture	-	4,232	563	150	-	12	-	-	327	1,455	-	6,739	4,092	2,710
Environment	-	-	-	-	-	-	-	-	-	-	-	-	-	53
Facilities & Property Management	-	587	-	-	-	-	-	-	320	-	-	907	660	1,038
Financial Transactions	563,135	7	129	318	-	14,465	10,687	62,392	999	-	-	652,132	583,245	623,389
Fire & Emergency Services	-	2,332	222	-	-	-	-	-	2	-	-	2,556	1,957	2,453
Information Technology	-	1,066	-	7	-	-	-	-	-	-	-	1,073	955	895
Legislative Services	-	9,642	-	-	-	-	-	-	-	-	-	9,642	10,513	10,166
Mississauga Library	-	1,257	-	765	-	-	-	-	15	-	-	2,037	1,969	2,074
Land Development Services	-	22,292	-	-	-	-	-	-	-	-	-	22,292	13,170	19,531
MiWay	-	93,407	1,505	-	-	-	-	-	107	-	-	95,019	91,275	93,160
Parks, Forestry & Environment	-	5,151	95	71	-	32	-	-	6	-	-	5,355	4,836	5,596
Recreation	-	47,048	-	1,115	-	8	-	-	850	-	-	49,021	50,207	51,122
Regulatory Services	-	17,311	-	-	-	-	-	-	40	-	-	17,351	16,570	15,530
Roads	-	12,037	5,399	-	-	-	-	-	(51)	-	-	17,385	13,457	16,623
Stormwater	-	40,064	-	-	-	-	-	-	121	-	-	40,185	40,812	41,856
Other	-	3,255	21,204	11,407	90,407	29,090	-	-	2,830	-	12,082	170,275	22,735	172,471
	563,135	**263,215**	**29,117**	**14,086**	**90,407**	**43,607**	**10,806**	**62,392**	**5,604**	**1,455**	**12,082**	**1,095,906**	**860,199**	**1,062,607**

* 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, 2019
(All dollar amounts are in $000)

15. Segmented Information by Service Area

u) Expenses by Service Area

	Salaries, wages and employee benefits $	Long-term debt interest $	Materials and supplies $	Contracted services $	Rents and financial expenses $	External transfers to others $	Loss on disposal of tangible capital assets $	Amortization $	2019 Total $	2019 Budget * $	2018 Total $
Business Services	29,889	-	488	1,587	1,669	-	-	-	33,633	35,570	32,750
City Manager's Office	10,771	-	116	2,978	504	21	-	-	14,390	13,331	13,954
Mayor & Members Of Council	4,282	-	350	3	257	-	-	-	4,892	4,954	4,679
Culture	6,800	-	1,055	1,028	1,721	2,864	-	90	13,558	12,970	10,199
Environment	-	-	-	-	-	-	-	-	-	-	1,406
Facilities & Property Management	15,353	-	368	2,142	7,167	-	-	-	25,030	25,913	23,429
Financial Transactions	11,965	4,395	326	700	6,474	2,277	2,504	139,938	168,579	182,235	220,259
Fire & Emergency Services	103,820	-	2,678	172	2,132	-	-	-	108,802	111,932	107,885
Information Technology	22,981	-	103	38	9,467	-	-	-	32,589	32,710	30,428
Legislative Services	6,577	-	563	1,285	(742)	-	-	-	7,683	8,394	9,134
Mississauga Library	22,383	-	4,612	41	2,203	-	-	-	29,239	29,582	28,118
Land Development Services	19,789	-	295	177	618	-	-	-	20,879	22,255	20,705
MiWay	146,290	-	33,094	2,586	7,095	-	-	-	189,065	194,744	184,132
Parks & Forestry	26,524	-	5,890	4,693	3,451	82	-	-	40,640	40,869	38,176
Recreation	51,834	-	4,018	2,723	15,717	855	-	-	75,147	78,005	76,607
Regulatory Services	14,265	-	809	1,016	474	-	-	-	16,564	16,910	15,546
Roads	32,023	-	6,548	32,454	7,300	-	-	-	78,325	77,596	74,868
Stormwater	4,648	112	501	3,855	158	-	-	-	9,274	9,724	11,531
Other	2,850	-	3,235	81,224	3,105	642	-	70	91,126	-	34,706
	533,044	**4,507**	**65,049**	**138,702**	**68,770**	**6,741**	**2,504**	**140,098**	**959,415**	**897,694**	**938,512**

* 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, 2019
(All dollar amounts are in $000)

16. Budget Data

Budget data presented in these consolidated financial statements are based upon the 2019 operating and capital budgets as approved by Council and adopted by the City on February 06, 2019. 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	**913,973**
Adjustments:	
Assessment increase	292
Budget adjustments	3,084
Contributions from reserve funds	(66,244)
BIAs	1,729
BIAs contributions from reserve funds	(50)
City budgeted levy for BIAs	(1,450)
Living Arts Centre	1,913
Enersource dividend	(15,552)
Adjusted Operating Budget	**837,695**
Approved Capital Budget	**254,451**
Adjustments for transfers from reserve funds	(205,828)
Adjustments for debt proceeds	(48,150)
Adjusted Capital Budget	**473**
Reserve fund contributions	22,031
Total Revenue	**860,199**

Expenses	
Approved Operating Budget	**913,973**
Adjustments:	
Budget adjustments	3,377
BIA transfers to own	(8)
Transfers to own	(141,734)
BIA budgeted expenses	1,729
BIA budget on City's books	(1,450)
Living Arts Centre	1,923
Amortization - City	146,098
Amortization - Living Arts Centre	90
Debt principal repayments, net of debt issuance	(26,304)
Adjusted Operating Budget	**897,694**
Approved Capital Budget	**254,451**
Adjustments:	
Eliminate capital expense budget	(254,451)
Adjusted Capital Budget	**-**
Total Expenses	**897,694**
Annual Deficit	**(37,495)**

The Corporation of the City of Mississauga
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2019
(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 2019 $	Actual 2019 $	Actual 2018 $
Salaries, wages and employee benefits	539,734	533,044	513,720
Long-term debt interest and fees	5,078	4,507	4,467
Materials and supplies	61,888	65,049	64,613
Contracted services	54,938	138,702	85,157
Rents and financial expenses	78,623	68,770	72,899
External transfers to others	11,245	6,741	7,194
Loss on disposal of tangible capital assets	-	2,504	49,994
Amortization	146,188	140,098	140,468
Total	**897,694**	**959,415**	**938,512**

18. Provincial Offences Administration

The Ministry of the Attorney General in the Province of Ontario requires all municipal partners administering Provincial Offences Administration to disclose in the year-end audited financial statements the gross and net provincial offence revenues earned. The following table provides condensed financial information required by the terms in the Memorandum of Understanding for the City's 2019 fiscal year with comparative figures for 2018:

	2019 $	2018 $
Revenues		
Gross revenues	9,527	10,049
Less refunds	91	73
Net Revenues	**9,436**	**9,976**
Expenses		
Provincial charges	843	747
City's operating expenses	3,555	3,547
Total Expenses	**4,398**	**4,294**
Net Contribution	**5,038**	**5,682**

19. Funding Transfers from Other Governments

	2019 $	2018 $
General government services	430	2,353
Protection services	-	10
Transportation services	10,605	20,943
Environmental services	678	6,263
Health services	4	3
Social and family services	-	52
Recreation and cultural services	2,109	5,114
Planning and development services	260	226
Total	**14,086**	**34,964**

The Corporation of the City of Mississauga
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2019
(All dollar amounts are in $000)

20. Contractual Rights

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

The City has a number of Federal and Provincial funding agreements with estimated future funding of $186.9 million (for the period 2020 to 2023). The City has also entered into a number of third party contracts to provide shared services with estimated future recoveries of $23.4 million (for the period 2020 to 2024). Future revenues from incoming lease agreements for City-owned properties are approximately $12.2 million (for the period 2020 to 2023).

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 approximately as follows:

	$
2020	3,416
2021	3,016
2022	2,647
2023	1,140
2024	476
Total	**10,695**

22. Living Arts Centre

On July 3rd, 2019, City Council enacted and passed By-Law number 0127-2019 to authorize the City Manager to terminate the Master Relationship Agreement between the City and the Living Arts Centre in Mississauga and to take any and all such steps as necessary for the transition of the management and operation of the Living Arts Centre facility to the City.

On September 30th, 2019, the City assumed effective control of the Living Arts Centre, Live Cuisine Inc. and the Living Arts Centre Foundation.

As part of the acquisition of control, the City acquired the entities' assets (including cash, accounts receivables, other assets), assumed liabilities (including accounts payable and deferred revenue), immaterial leases, and the responsibility to provide ongoing operations of the entities. There was no consideration given up.

As at September 30, 2019, the City acquired / assumed the following at their carrying amounts:

	September 30, 2019 **$**
Financial Assets	2,775
Financial Liabilities	2,832
Net Financial Liabilities	**57**
Non-Financial Assets	1,512
Accumulated Surplus	**1,455**

(All dollar amounts are in $000)

22. Living Arts Centre

The City's consolidated financial statements includes the following in respect of the acquired responsibilities:

	December 31, 2019 $
Living Arts Centre Financial Statement balances	
Financial Assets	2,583
Financial Liabilities	2,721
Net Financial Liabilities	**138**
Non-Financial Assets	1,713
Accumulated Surplus	**1,575**

	September 30, 2019 to December 31, 2019
Total Revenues	2,049
Total Expenses	1,929
Surplus	**120**
Accumulated surplus, on acquisition	1,455
Accumulated Surplus, end of year	**1,575**

23. Subsequent Event and Contingencies

Subsequent to December 31, 2019 the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in governments worldwide, including the US, Canadian, Ontario and local governments, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown.

Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions, however, the success of these interventions is not currently determinable. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the City is not known at this time.

24. Comparative Figures

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

City of Mississauga - Public Library Board

Financial Statements

Year Ended December 31, 2019

KPMG LLP
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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, 2019
- the statement of operations for the year then ended
- the statement of change in net 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, 2019, 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.

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.

KPMG

- 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 1, 2020

City of Mississauga - Public Library Board
Statement of Financial Position

as at December 31, 2019 with comparatives for 2018
(All dollar amounts are in $000)

	2019 $	2018 $
Financial Assets		
Cash	15	-
Accounts receivable	27	-
Due from City of Mississauga (Note 2)	2,806	2,439
Total Financial Assets	**2,848**	**2,439**
Financial Liabilities		
Accounts payable and accrued liabilities	1,946	1,056
Employee benefits and other liabilities (Note 4)	3,043	3,151
Total Financial Liabilities	**4,989**	**4,207**
Net Debt	**(2,141)**	**(1,768)**
Non-financial Assets		
Tangible capital assets (Note 7)	70,903	73,364
Prepaid expenses	51	-
Total Non-Financial Assets	**70,954**	**73,364**
Accumulated Surplus	**68,813**	**71,596**

Commitments (Note 5)

Subsequent Event and Contingencies (Note 8)

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, 2019 with comparatives for 2018
(All dollar amounts are in $000)

	Budget 2019 $ Note 6	Actual 2019 $	Actual 2018 $
Revenues			
City of Mississauga	28,149	27,258	26,212
Funding transfers from other governments	715	765	858
Contributed assets by the City of Mississauga	-	226	1,305
Fines, service charges and rents	1,214	1,156	1,175
Recoveries from third parties	40	117	83
Total Revenues	**30,118**	**29,522**	**29,633**
Expenses			
Salaries, wages and employee benefits	23,105	22,275	21,409
Equipment	84	66	153
Materials and supplies	1,375	1,516	297
Communication	8	25	23
Staff development	126	167	112
Transportation	56	68	57
Professional Services	29	41	39
Advertising and promotion	47	30	13
Occupancy	1,734	1,849	1,747
Collection fees	50	54	56
Bank Charges	8	13	-
Amortization of tangible capital assets (Note 7)	-	5,715	6,073
Administrative support charged by the City	472	486	443
Total Expenses	**27,094**	**32,305**	**30,422**
Annual surplus/(deficit)	**3,024**	**(2,783)**	**(789)**
Accumulated surplus, beginning of year		71,596	72,385
Accumulated surplus, end of year		**68,813**	**71,596**

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

City of Mississauga - Public Library Board
Statement of Change in Net Debt

for the year ended December 31, 2019 with comparatives for 2018
(All dollar amounts are in $000)

	2019 Actual $	2018 Actual $
Annual surplus/(deficit)	(2,783)	(789)
Acquisition of tangible capital assets (Note 7)	(3,254)	(5,339)
Amortization of tangible capital assets (Note 7)	5,715	6,073
Acquisition of prepaid expenses	(51)	-
(Increase)/Decrease in net debt	**(373)**	**(55)**
Net debt, beginning of year	(1,768)	(1,713)
Net debt, end of year	**(2,141)**	**(1,768)**

City of Mississauga - Public Library Board
Statement of Cash Flows

for the year ended December 31, 2019 with comparatives for 2018
(All dollar amounts are in $000)

	2019 $	2018 $
Cash provided by (used in): Operating activities:		
Annual surplus/(deficit)	(2,783)	(789)
Items not involving cash:		
Amortization of tangible capital assets	5,715	6,073
Contributed assets by the City of Mississauga	(226)	(1,305)
Change in employee benefits and other liabilities	(108)	(220)
Change in non-cash working capital:		
Accounts receivable	(27)	-
Due from the City of Mississauga	(367)	(15)
Accounts payable and accrued liabilities	890	290
Prepaid expenses	(51)	-
Net change in cash from operating activities	**3,043**	**4,034**
Capital Activities:		
Tangible capital asset additions	(3,028)	(4,034)
Net Change in Cash	**15**	**-**
Cash, end of year	**15**	**-**

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, 2019
(All dollar amounts are in $000)

1. Significant Accounting Policies

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

a) Basis of accounting

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

b) Government transfers

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

c) Pensions and employee benefits

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

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

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

d) Non-financial assets

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

(i) Tangible capital assets

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

Asset	Useful Life (Years)
Land	Unlimited
Land improvements	15 - 20
Buildings	40 - 50
Equipment, books and other	5 - 40
Vehicles	10 - 20

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

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

For the Year Ended December 31, 2019
(All dollar amounts are in $000)

1. Significant Accounting Policies

d) Non-financial assets

(ii) Contributions of tangible capital assets

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

(iii) Leased assets

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

(iv) Works of art and historical treasures

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

e) Use of estimates

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

Actual amounts could differ from these estimates.

f) Adoption of new accounting policy

The Board has adopted the following PSAB Standard effective January 1, 2019:

(i) PS 3430, Restructuring Transactions, requires that assets and liabilities in restructuring transactions be measured at their carrying amount. It also prescribes financial statement presentation and disclosure requirements. For the year ended December 31, 2019, there are no such material restructuring transactions to disclose.

g) Future accounting pronouncements

These standards and amendments were not effective for the year ended December 31, 2019, and have therefore not been applied in preparing these financial statements. Management is currently assessing the impact of the following accounting standards updates on the future financial statements.

(i) PS 1201, Financial Statement Presentation, was issued in June, 2011. This standard requires entities to present a new statement of remeasurement gains and losses separate from the statement of operations. This new statement includes unrealized gains and losses arising from remeasurement of financial instruments and items denominated in foreign currencies and any other comprehensive income that arises when a government includes the results of government business enterprises and partnerships. This standard is effective for fiscal years beginning on or after April 1, 2021 and applies when PS 3450, Financial Instruments, and PS 2601, Foreign Currency Translation, are adopted (the Board's December 31, 2022 year-end).

(ii) PS 3450, Financial Instruments, establishes the standards on accounting for and reporting all types of financial instruments including derivatives. The effective date of this standard has recently been deferred and is now effective for fiscal periods beginning on or after April 1, 2021 (the Board's December 31, 2022 year-end).

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

For the Year Ended December 31, 2019
(All dollar amounts are in $000)

1. Significant Accounting Policies

g) Future accounting pronouncements

(iii) PS 2601, Foreign Currency Translation, establishes the standards on accounting for and reporting transactions that are denominated in a foreign currency. The effective date of this standard has been deferred and is now effective for fiscal periods beginning on or after April 1, 2021 (the Board's December 31, 2022 year-end). Earlier adoption is permitted. A public sector entity adopting this standard must also adopt the new financial instruments standard.

(iv) PS 3280, Asset Retirement Obligations (ARO), addresses the recognition, measurement, presentation and disclosure of legal obligations associated with retirement of tangible capital assets in productive use. This standard is effective for fiscal years beginning on or after April 1, 2021 (the Board's December 31, 2022 year-end).

(v) PS 3400, Revenue, establishes a single framework to categorize revenues to enhance the consistency of revenue recognition and its measurement. This standard is effective for fiscal years beginning on or after April 1, 2022 (the Board's December 31, 2023 year-end).

2. Due from the City of Mississauga

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

3. Pension Agreements

The Board makes contributions to OMERS, a multi-employer defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay on behalf of all permanent, full-time members of its staff. The plan is accounted for as a defined contribution plan. During the year, the Board contributed $1,453 (2018 $1,449) on behalf of these eligible employees and the employees contributed $1,452 (2018 $1,450).

4. Employee Benefits & Other Liabilities

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

	2019 **$**	**2018** **$**
WSIB benefits	131	121
Accumulated sick leave benefit plan entitlements	107	174
Early retirement benefits	985	967
Post-employment benefits	909	1,007
Vacation Liability	911	882
Total	**3,043**	**3,151**

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

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

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

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

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

For the Year Ended December 31, 2019
(All dollar amounts are in $000)

4. Employee Benefits & Other Liabilities

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

	2019					2018
	WSIB $	Sick Leave $	Early Retirement $	Post-Employment $	Total $	Total $
Accrued benefit obligation, beginning of year	**121**	**174**	**967**	**1,007**	**2,269**	**2,349**
Service cost	16	5	34	8	**63**	**58**
Interest cost	6	4	37	21	**68**	**71**
Amortization of actuarial (gain)/loss	5	(15)	(2)	(43)	**(55)**	**(32)**
Benefit payments	(17)	(61)	(51)	(84)	**(213)**	**(177)**
Accrued benefit obligation, end of year	**131**	**107**	**985**	**909**	**2,132**	**2,269**
Unamortized actuarial (gain)/loss	907	(75)	(80)	(18)	**734**	**(403)**
Actuarial valuation update, end of year	1,038	32	905	891	**2,866**	**1,866**
Expected average remaining service life	10 years	3 years	13 years	8 years		

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

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

5. Commitments

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

	$
2020	334
2021	343
2022	202
2023	156
2024	39
Thereafter	-
Total	**1,074**

6. Budget Adoption

The 2019 budget, as approved by Council, was adopted by the Board at the February 20, 2019 meeting.

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

For the Year Ended December 31, 2019
(All dollar amounts are in $000)

7. Tangible Capital Assets

Tangible capital assets are non-financial assets that are generally not available to the Library 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, 2018** **$**	**Additions** **$**	**Disposals** **$**	**December 31, 2019** **$**
Land	1,247	-	-	1,247
Land improvements	404	-	-	404
Buildings	99,488	-	-	99,488
Equipment, books and other	66,379	3,254	34,493	35,140
Vehicles	158	-	-	158
Total	**167,676**	**3,254**	**34,493**	**136,437**

Accumulated Amortization	**December 31, 2018** **$**	**Amortization Expense** **$**	**Disposals** **$**	**December 31, 2019** **$**
Land	-	-	-	-
Land improvements	338	11	-	349
Buildings	43,162	2,619	-	45,781
Equipment, books and other	50,699	3,080	34,493	19,286
Vehicles	113	5	-	118
Total	**94,312**	**5,715**	**34,493**	**65,534**

Net Book Value	**December 31, 2018** **$**	**December 31, 2019** **$**
Land	1,247	1,247
Land Improvements	66	55
Buildings	56,326	53,707
Equipment, books and other	15,680	15,854
Vehicles	45	40
Total	**73,364**	**70,903**

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

For the Year Ended December 31, 2019
(All dollar amounts are in $000)

8. Subsequent Event and Contingencies

Subsequent to December 31, 2019 the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in governments worldwide, including the US, Canadian, Ontario and local governments, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown.

Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions, however, the success of these interventions is not currently determinable. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the Board is not known at this time.

9. Comparative Figures

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

City of Mississauga - Trust Funds

Financial Statements

Year Ended December 31, 2019

KPMG LLP
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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, 2019
- 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, 2019, and its results of operations for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

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

KPMG

- 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 1, 2020

City of Mississauga - Trust Funds
Statement of Financial Position

as at December 31, 2019 with comparatives for 2018
(All dollar amounts are in $000)

	2019			2018
	Perpetual Care $	Election Surplus $	Total $	Total $
Financial Assets				
Cash	35	221	256	34
Accounts Receivable	4	-	4	4
Due (to)/from City of Mississauga (Note 2)	(13)	-	(13)	55
Investments (Note 3)	893	-	893	807
Net Financial Assets and Accumulated Surplus	**919**	**221**	**1,140**	**900**

Subsequent Event and Contingencies (Note 6)

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, 2019 with comparatives for 2018
(All dollar amounts are in $000)

			2019	2018
	Perpetual Care $	Election Surplus $	Total $	Total $
Revenues				
Interest	32	4	36	25
Receipts	19	-	19	80
Surplus Proceeds	-	217	217	-
Total Revenues	**51**	**221**	**272**	**105**
Expenses				
Cemetery maintenance	32	-	32	25
Total Expenses	**32**	**-**	**32**	**25**
Annual surplus	**19**	**221**	**240**	**80**
Accumulated surplus, beginning of year	900	-	900	820
Accumulated surplus, end of year	**919**	**221**	**1,140**	**900**

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, 2019
(All dollar amounts are in $000)

1. Significant Accounting Policies

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

a) Basis of Accounting

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

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

This represents the net effect of the perpetual care receipts collected during the year offset by the interest earned resulting in an amount due to the City of Mississauga as at December 31, 2019 and transferred from the Trust Funds on January 27, 2020. 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 $893 (2018 $807) reported on the statement of financial position at cost, have a market value of $936 (2018 $825) at the end of the year.

4. Perpetual Care Fund

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

5. Election Trust Fund

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

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

1. The election campaign period has ended under paragraph 2, 3 or 4 of subsection 88.24 (1).
2. It is no longer possible to recommence the campaign period under paragraph 5 of subsection 88.24 (1).
3. No recount, proceeding under section 83 (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.

City of Mississauga - Trust Funds
Notes to the Financial Statements

For the Year Ended December 31, 2019
(All dollar amounts are in $000)

6. Subsequent Event and Contingencies

Subsequent to year end, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The COVID-19 pandemic is currently impacting many organizations, as all levels of government are advising individuals to self-isolate or to practice social-distancing.

It is currently not known how long or to what extent the pandemic will impact the Trust Funds. Currently, an estimate of the financial effect to the Trust Funds cannot be made as the pandemic's impact is changing daily.

Financial Statements of

CITY OF MISSISSAUGA CLARKSON VILLAGE BUSINESS IMPROVEMENT ASSOCIATION

And Independent Auditors' Report thereon

Year ended December 31, 2019

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

To the Members of City of Mississauga 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, 2019
- 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, 2019, 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 15, 2020

CITY OF MISSISSAUGA CLARKSON VILLAGE BUSINESS IMPROVEMENT ASSOCIATION

Statement of Financial Position

December 31, 2019, with comparative information for 2018

		2019		2018
Financial assets:				
Current assets:				
Cash	$	71,495	$	62,294
Accounts receivable and other assets		4,991		7,223
Due from The Corporation of the City of Mississauga (note 2)		766		-
		77,252		69,517
Financial liabilities:				
Accounts payable and accrued liabilities	$	1,298	$	1,298
Due to The Corporation of the City of Mississauga (note 2)		-		1,100
		1,298		2,398
Net financial assets		75,954		67,119
Tangible capital assets (note 3)		6,868		8,585
Subsequent event (note 5)				
Accumulated surplus (note 4)	$	82,822	$	75,704

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, 2019, with comparative information for 2018

	2019 Budget	2019	2018
Revenue:			
Special levy on business assessment	$ 73,000	$ 73,766	$ 71,900
Sponsorship	4,000	4,775	1,000
Other	4,000	2,600	3,200
	81,000	81,141	76,100
Expenses:			
Advertising and promotion	33,000	25,257	23,815
Beautification and maintenance	33,300	31,031	37,109
Office and general	9,400	11,040	6,188
Professional fees	3,000	2,951	2,951
Amortization of tangible capital assets	-	1,717	2,146
Insurance	2,300	2,027	2,233
Other	-	-	2,260
	81,000	74,023	76,702
Annual surplus (deficit)	-	7,118	(602)
Accumulated surplus, beginning of year	75,704	75,704	76,306
Accumulated surplus, end of year (note 4)	$ 75,704	$ 82,822	$ 75,704

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, 2019, with comparative information for 2018

	2019	2018
Annual surplus (deficit)	$ 7,118	$ (602)
Amortization of tangible capital assets	1,717	2,146
Change in net financial assets	8,835	1,544
Net financial assets, beginning of year	67,119	65,575
Net financial assets, end of year	$ 75,954	$ 67,119

See accompanying notes to financial statements.

CITY OF MISSISSAUGA CLARKSON VILLAGE BUSINESS IMPROVEMENT ASSOCIATION

Statement of Cash Flows

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operating activities:		
Annual surplus (deficit)	$ 7,118	$ (602)
Items not involving cash:		
Amortization of tangible capital assets	1,717	2,146
Changes in non-cash operating working capital:		
Accounts receivable and other assets	2,232	(1,999)
Accounts payable and accrued liabilities	-	479
	11,067	24
Financing:		
Due from/to The Corporation of the City of Mississauga	(1,866)	(1,889)
Increase (decrease) in cash	9,201	(1,865)
Cash, beginning of year	62,294	64,159
Cash, end of year	$ 71,495	$ 62,294

See accompanying notes to financial statements.

CITY OF MISSISSAUGA CLARKSON VILLAGE BUSINESS IMPROVEMENT ASSOCIATION

Notes to Financial Statements

Year ended December 31, 2019

Nature of operations:

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

1. Significant accounting policies:

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

(a) Basis of accounting:

Revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable; expenses are the cost of goods or services acquired in the 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.

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

CITY OF MISSISSAUGA CLARKSON VILLAGE BUSINESS IMPROVEMENT ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2019

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.

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

The amount due from The Corporation of the City of Mississauga includes the cumulative overlevy as of December 31, 2019 (2018 - underlevy). The amount receivable has no specific terms of repayment and does not bear any interest due from the City.

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

3. Tangible capital assets:

			2019	2018
	Cost	Accumulated amortization	Net book value	Net book value
Furniture and fixtures	$ 23,167	$ 16,299	$ 6,868	$ 8,585

4. Accumulated surplus:

Accumulated surplus at December 31 comprises the following:

	2019	2018
Reserve for working capital needs	$ 75,954	$ 67,119
Invested in tangible capital assets	6,868	8,585
	$ 82,822	$ 75,704

CITY OF MISSISSAUGA CLARKSON VILLAGE BUSINESS IMPROVEMENT ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2019

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5. Subsequent event:

Subsequent to year end, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The COVID-19 pandemic is currently impacting many organizations, as all levels of government are advising individuals to self-isolate or to practice social-distancing. It is currently not known how long or to what extent the pandemic will impact the Association's operations. Currently, an estimate of the financial effect to the Association cannot be made as the pandemic's impact is changing daily.

Financial Statements of

CITY OF MISSISSAUGA MALTON BUSINESS IMPROVEMENT AREA

And Independent Auditors' Report thereon

Year ended December 31, 2019

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, 2019
- 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, 2019, and its results of operations, its changes 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.

KPMG

- 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 17, 2020

CITY OF MISSISSAUGA MALTON BUSINESS IMPROVEMENT AREA

Statement of Financial Position

December 31, 2019, with comparative information for 2018

		2019		2018
Financial Assets:				
Cash	$	69,957	$	191,531
Accounts receivable and other assets (note 7)		40,454		14,679
Due from The Corporation of the City of Mississauga (note 3)		5,375		-
	$	115,786	$	206,210
Financial Liabilities:				
Accounts payable and accrued liabilities (note 2)	$	30,496	$	29,929
Deferred revenue		-		23,700
Due to The Corporation of the City of Mississauga (note 3)		-		16,845
		30,496		70,474
Net financial assets		85,290		135,736
Tangible capital assets (note 4)		157,912		33,069
Commitments (note 6)				
Subsequent event (note 8)				
Accumulated surplus (note 5)	$	243,202	$	168,805

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, 2019, with comparative information for 2018

	2019 Budget	2019	2018
Revenue:			
Special levy on business assessment	$ 146,140	$ 151,515	$ 131,825
Special event - Canada Day sponsorship revenue	65,200	57,000	36,600
Other grants revenue	29,250	33,000	29,250
Other revenue	12,000	33,250	4,900
	252,590	274,765	202,575
Expenses:			
Special event - Canada Day expenses	133,500	86,256	80,498
Office and administration (notes 2 and 7)	50,700	79,205	56,672
Beautification and maintenance	17,000	13,463	22,904
Advertising and promotion	12,000	3,674	-
Amortization	-	16,800	10,289
Other event expense	-	720	-
Sponsorship expense	5,000	250	1,000
	218,200	200,368	171,363
Annual surplus	34,390	74,397	31,212
Accumulated surplus, beginning of year	168,805	168,805	137,593
Accumulated surplus, end of year (note 5)	$ 203,195	$ 243,202	$ 168,805

See accompanying notes to financial statements.

CITY OF MISSISSAUGA MALTON BUSINESS IMPROVEMENT AREA

Statement of Change in Net Financial Assets

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
Annual surplus	$ 74,397	$ 31,212
Additions to tangible capital assets	(141,643)	(2,057)
Amortization of tangible capital assets	16,800	10,289
Change in net financial assets	(50,446)	39,444
Net financial assets, beginning of year	135,736	96,292
Net financial assets, end of year	$ 85,290	$ 135,736

See accompanying notes to financial statements.

CITY OF MISSISSAUGA MALTON BUSINESS IMPROVEMENT AREA

Statement of Cash Flows

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operating activities:		
Annual surplus	$ 74,397	$ 31,212
Item not involving cash:		
Amortization of tangible capital assets	16,800	10,289
Changes in non-cash operating working capital:		
Decrease (increase) in accounts receivable and other assets	(25,775)	3,382
Increase in accounts payable and accrued liabilities	567	25,026
Decrease in due to The Corporation of the City of Mississauga	(22,220)	(1,634)
	43,769	68,275
Financing activities:		
(Decrease) increase to deferred revenue	(23,700)	23,700
Capital activities:		
Additions to tangible capital assets	(141,643)	(2,057)
(Decrease) increase in cash	(121,574)	89,918
Cash, beginning of year	191,531	101,613
Cash, end of year	$ 69,957	$ 191,531

See accompanying notes to financial statements.

CITY OF MISSISSAUGA MALTON BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2019

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

1. Significant accounting policies:

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

(a) Basis of accounting:

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

(b) Revenue:

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

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

(c) Tangible capital assets:

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

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.

CITY OF MISSISSAUGA MALTON BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2019

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1. Significant accounting policies (continued):

(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 revenues and expenses during the year. Actual results could differ from those estimates.

2. Related party transactions:

Included in office and administration expense are $6,696 (2018 - $3,768) of services provided by companies owned by members of the Board of Directors. Accounts payable and accrued liabilities include $1,187 (2018 - $1,080) in respect of these related party transactions.

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

The amount due to (from) the Corporation of the City of Mississauga includes the cumulative overlevy as at December 31, 2019 (2018 - underlevy). The amount is non-interest bearing and payable on demand.

4. Tangible capital assets:

			2019	2018
	Cost	Accumulated amortization	Net book value	Net book value
Fixtures and decorations	$ 222,504	$ 103,344	$ 119,160	$ 33,069
Assets under construction	38,752	-	38,752	-
	$ 261,256	$ 103,344	$ 157,912	$ 33,069

CITY OF MISSISSAUGA MALTON BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2019

5. Accumulated surplus:

The accumulated surplus as at December 31 comprises the following:

		2019		2018
Reserve for working capital needs	$	85,290	$	135,736
Invested in tangible capital assets		157,912		33,069
	$	243,202	$	168,805

6. Commitments:

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

2020	$	3,450
2021		3,115
2022		2,100
2023		525

7. Financial instruments:

The main risk to which the Association's financial instruments are exposed is credit risk. Credit risk is the risk of an unexpected loss if a counterparty to a financial instrument fails to meet its contractual obligations. The Association is exposed to credit risk on accounts receivable. The Association has recorded an allowance for doubtful accounts of $15,000 for accounts receivable.

CITY OF MISSISSAUGA MALTON BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2019

8. Subsequent event:

Subsequent to year end, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The COVID-19 pandemic is currently impacting many organizations, as all levels of government are advising individuals to self-isolate or to practice social-distancing. It is currently not known how long or to what extent the pandemic will impact the Association's operations. Currently, an estimate of the financial effect to the Association cannot be made as the pandemic's impact is changing daily.

Financial Statements of

CITY OF MISSISSAUGA PORT CREDIT BUSINESS IMPROVEMENT AREA

And Independent Auditors' Report thereon

Year ended December 31, 2019

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 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, 2019
- 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, 2019, 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.

KPMG

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 28, 2020

CITY OF MISSISSAUGA PORT CREDIT BUSINESS IMPROVEMENT AREA

Statement of Financial Position

December 31, 2019, with comparative information for 2018

		2019		2018
Financial Assets:				
Cash	$	133,554	$	112,707
Accounts receivable		62,252		44,895
		195,806		157,602
Financial Liabilities:				
Accounts payable and accrued liabilities	$	31,244	$	34,446
Due to The Corporation of the City of Mississauga (note 2)		19,703		15,189
		50,947		49,635
Net financial assets		144,859		107,967
Prepaid expenses		5,985		10,310
Tangible capital assets (note 3)		88,453		40,046
Commitment (note 6)				
Contractual right (note 7)				
Subsequent event (note 8)				
Accumulated surplus (note 4)	$	239,297	$	158,323

See accompanying notes to financial statements.

On behalf of the Board:

____________________ Director ____________________ Director

CITY OF MISSISSAUGA PORT CREDIT BUSINESS IMPROVEMENT AREA

Statement of Operations and Accumulated Surplus

Year ended December 31, 2019, with comparative information for 2018

	2019 Budget	2019	2018
Revenue:			
Special levy on business assessment	$ 856,533	$ 836,830	$ 841,342
Fundraising	53,000	52,619	141,777
Other	-	3,111	1,534
	909,533	892,560	984,653
Expenses:			
Office and general	294,103	273,328	257,750
Beautification and maintenance	330,817	206,219	252,015
Project expenses	111,500	133,790	191,513
Advertising and promotion	57,511	49,484	134,175
Sponsorships	64,500	80,500	79,534
Amortization of tangible capital assets	-	33,162	24,036
Business development (note 5)	24,915	18,052	20,714
Information technology	11,000	-	4,422
Repairs and maintenance	10,000	4,396	2,871
Loss on disposal	-	12,655	-
	904,346	811,586	967,030
Annual surplus	5,187	80,974	17,623
Accumulated surplus, beginning of year	158,323	158,323	140,700
Accumulated surplus, end of year (note 4)	$ 163,510	$ 239,297	$ 158,323

See accompanying notes to financial statements.

CITY OF MISSISSAUGA PORT CREDIT BUSINESS IMPROVEMENT AREA

Statement of Change in Net Financial Assets

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
Annual surplus	$ 80,974	$ 17,623
Additions to tangible capital assets	(94,224)	(6,044)
Amortization of tangible capital assets	33,162	24,036
Loss on disposal of tangible capital assets	12,655	-
Change in prepaid expenses	4,325	10,943
Change in net financial assets	36,892	46,558
Net financial assets, beginning of year	107,967	61,409
Net financial assets, end of year	$ 144,859	$ 107,967

See accompanying notes to financial statements.

CITY OF MISSISSAUGA PORT CREDIT BUSINESS IMPROVEMENT AREA

Statement of Cash Flows

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operating activities:		
Annual surplus	$ 80,974	$ 17,623
Items not involving cash:		
Amortization of tangible capital assets	33,162	24,036
Loss on disposal of capital assets	12,655	-
Changes in non-cash operating working capital:		
Increase in accounts receivable	(17,357)	(2,465)
Decrease in prepaid expenses	4,325	10,943
Increase (decrease) in accounts payable and accrued liabilities	(3,202)	2,001
Increase (decrease) in due to The Corporation of the City of Mississauga	4,514	(29,508)
	115,071	(22,630)
Capital activities:		
Additions to tangible capital assets	(94,224)	(6,044)
Increase in cash	20,847	16,586
Cash, beginning of year	112,707	96,121
Cash, end of year	$ 133,554	$ 112,707

See accompanying notes to financial statements.

CITY OF MISSISSAUGA PORT CREDIT BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2019

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

1. Significant accounting policies:

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

(a) Basis of accounting:

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

(b) Revenue:

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

(c) Tangible capital assets:

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

CITY OF MISSISSAUGA PORT CREDIT BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2019

1. Significant accounting policies (continued):

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

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

(d) Use of estimates:

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

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

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

3. Tangible capital assets:

			2019	2018
	Cost	Accumulated amortization	Net book value	Net book value
Machinery and equipment	$ 150,841	$ 86,258	$ 64,583	$ 8,698
Furniture and fixtures	16,585	15,110	1,475	2,803
Leasehold improvements	22,775	380	22,395	28,545
	$ 190,201	$ 101,748	$ 88,453	$ 40,046

CITY OF MISSISSAUGA PORT CREDIT BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2019

4. Accumulated surplus:

The accumulated surplus at December 31 comprised the following:

	2019	2018
Invested in tangible capital assets	$ 88,453	$ 40,046
Reserves for working capital needs	150,844	118,277
	$ 239,297	$ 158,323

5. Related party transactions:

Business development expense includes $4,000 (2018 - nil) of services provided by a company owned by a member of the Board of Directors. There are nil (2018 - nil) amounts included in accounts payable and accrued liabilities in respect of these related party transactions.

6. Commitment:

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

Amounts payable under this lease is as follows:

2020	$ 16,180
2021	16,666
2022	17,166
2023	17,681
2024	10,492
	$ 78,185

7. Contractual right:

As at December 31, 2019, the Organization has a contract with the City to receive a $7,500 grant towards a 2020 event.

CITY OF MISSISSAUGA PORT CREDIT BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2019

8. Subsequent event:

Subsequent to year end, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The COVID-19 pandemic is currently impacting many organizations, as all levels of government are advising individuals to self-isolate or to practice social-distancing. It is currently not known how long or to what extent the pandemic will impact the Organization's operations. Currently, an estimate of the financial effect to the Organization cannot be made as the pandemic's impact is changing daily.

Financial Statements of

CITY OF MISSISSAUGA STREETSVILLE BUSINESS IMPROVEMENT DISTRICT ASSOCIATION

And Independent Auditors' Report thereon

Year ended December 31, 2019

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, 2019
- 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, 2019, 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.

KPMG

- 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

March 25, 2020

CITY OF MISSISSAUGA STREETSVILLE BUSINESS IMPROVEMENT DISTRICT ASSOCIATION

Statement of Financial Position

December 31, 2019, with comparative information for 2018

		2019		2018
Financial assets:				
Cash	$	12,299	$	30,393
Accounts receivable		41,773		20,979
	$	54,072	$	51,372
Financial liabilities:				
Accounts payable and accrued liabilities	$	7,669	$	11,224
Due to The Corporation of the City of Mississauga (note 2)		2,633		5,809
Deferred revenue		-		1,538
		10,302		18,571
Net financial assets		43,770		32,801
Tangible capital assets (note 3)		49,507		62,351
Commitments (note 5)				
Contractual right (note 6)				
Subsequent events (notes 5 and 7)				
Accumulated surplus (note 4)	$	93,277	$	95,152

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, 2019, with comparative information for 2018

	2019 Budget	2019	2018
Revenue:			
Special levy on business assessment	$ 387,313	$ 384,680	$ 318,545
Fundraising	45,000	79,244	82,959
Other income	4,000	16	-
	436,313	463,940	401,504
Expenses:			
Advertising and promotion	144,550	154,177	121,722
Office and administration	152,794	160,326	154,784
Beautification and maintenance	126,469	133,668	114,304
Amortization of capital assets	-	17,644	20,232
	423,813	465,815	411,042
Annual surplus (deficit)	12,500	(1,875)	(9,538)
Accumulated surplus, beginning of year	95,152	95,152	104,690
Accumulated surplus, end of year (note 4)	$ 107,652	$ 93,277	$ 95,152

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, 2019, with comparative information for 2018

	2019	2018
Annual deficit	$ (1,875)	$ (9,538)
Additions to tangible capital assets	(4,800)	-
Amortization of tangible capital assets	17,644	23,232
Change in net financial assets	10,969	10,694
Net financial assets, beginning of year	32,801	22,107
Net financial assets, end of year	$ 43,770	$ 32,801

See accompanying notes to financial statements.

CITY OF MISSISSAUGA STREETSVILLE BUSINESS IMPROVEMENT DISTRICT ASSOCIATION

Statement of Cash Flows

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operating activities:		
Annual deficit	$ (1,875)	$ (9,538)
Item not involving cash:		
Amortization of tangible capital assets	17,644	20,232
Changes in non-cash operating working capital:		
(Increase) decrease in accounts receivable	(20,794)	8,321
Increase (decrease) in accounts payable and accrued liabilities	(3,555)	1,274
Decrease in due to The Corporation of the City of Mississauga	(3,176)	(7,950)
Decrease in deferred revenue	(1,538)	(384)
	(13,294)	11,955
Capital activities:		
Additions to tangible capital assets	(4,800)	-
(Decrease) increase in cash	(18,094)	11,955
Cash, beginning of year	30,393	18,438
Cash, end of year	$ 12,299	$ 30,393

See accompanying notes to financial statements.

CITY OF MISSISSAUGA STREETSVILLE BUSINESS IMPROVEMENT DISTRICT ASSOCIATION

Notes to Financial Statements

Year ended December 31, 2019

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

1. Significant accounting policies:

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

(a) Basis of accounting:

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

(b) Revenue:

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

(c) 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.

CITY OF MISSISSAUGA STREETSVILLE BUSINESS IMPROVEMENT DISTRICT ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2019

1. Significant accounting policies (continued):

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

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

(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 revenues and expenses during the year. Actual results could differ from those estimates.

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

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

3. Tangible capital assets:

			2019	2018
	Cost	Accumulated amortization	Net book value	Net book value
Furniture, fixtures and decoratives	$ 158,532	$ 111,997	$ 46,535	$ 57,411
Benches	25,113	22,141	2,972	4,940
	$ 183,645	$ 134,138	$ 49,507	$ 62,351

CITY OF MISSISSAUGA STREETSVILLE BUSINESS IMPROVEMENT DISTRICT ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2019

4. Accumulated surplus:

The accumulated surplus as at December 31 comprises the following:

		2019		2018
Reserve for working capital needs	$	43,770	$	32,801
Invested in tangible capital assets		49,507		62,351
	$	93,277	$	95,152

5. Commitments:

The Association has entered into an operating lease commitment for premises expiring November 30, 2020. The minimum annual payment remaining in 2020 is $18,100.

Subsequent to year end in January 2020, the Association entered into a maintenance contract to purchase services to be provided in 2020 for payments totalling $72,000.

6. Contractual right:

As at December 31, 2019, the Association has a contract with The Corporation of the City of Mississauga to receive a $12,500 grant towards a 2020 special event.

7. Subsequent event:

Subsequent to year end, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The COVID-19 pandemic is currently impacting many organizations, as all levels of government are advising individuals to self-isolate or to practice social-distancing. It is currently not known how long or to what extent the pandemic will impact the Association's operations. Currently, an estimate of the financial effect to the Association cannot be made as the pandemic's impact is changing daily.

Financial Statements of

ENERSOURCE CORPORATION

And Independent Auditors' Report thereon

Year ended December 31, 2019

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, 2019
- 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, 2019, 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.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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.

KPMG

- 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 21, 2020

ENERSOURCE CORPORATION

Statement of Financial Position
(In thousands of Canadian dollars)

December 31, 2019, with comparative information for 2018

	2019	2018
Assets		
Current assets:		
Cash	$ 6,836	$ 4,241
Prepaid expense	131	137
	6,967	4,378
Non-current assets:		
Investment in Alectra Inc. (note 5)	600,243	609,060
Interest rate swaps (note 7)	148	405
	600,391	609,465
Total assets	$ 607,358	$ 613,843
Liabilities and Shareholders' Equity		
Current liabilities:		
Trade payables	$ 30	$ 39
Loans and borrowings (note 7)	2,500	2,500
	2,530	2,539
Non-current liabilities:		
Loans and borrowings (note 7)	50,625	53,125
Total liabilities	53,155	55,664
Shareholders' equity:		
Share capital (note 8)	175,691	175,691
Accumulated other comprehensive loss	(6,108)	(1,672)
Retained earnings	384,620	384,160
Total shareholders' equity	554,203	558,179
Total liabilities and shareholders' equity	$ 607,358	$ 613,843

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, 2019, with comparative information for 2018

	2019	2018
Revenue:		
Finance income	$ 187	$ 111
Share of net income from investment in Alectra Inc. (note 5)	18,008	32,917
Dilution gain on Alectra Inc.'s acquisition of Guelph Hydro Electric Systems Inc. (note 5)	1,471	–
	19,666	33,028
Expenses:		
Office supplies	22	21
Professional services fee	58	86
Board management fee (note 10)	82	74
Finance expense	1,387	1,348
Unrealized fair value loss on interest rate swap (note 7)	257	17
	1,806	1,546
Income before income taxes	17,860	31,482
Income tax recovery (note 6)	–	(289)
Net income	17,860	31,771
Other comprehensive income (loss):		
Share of other comprehensive income (loss) from investment in Alectra Inc. (note 5)	(4,436)	1,860
Total comprehensive income	$ 13,424	$ 33,631

See accompanying notes to financial statements.

ENERSOURCE CORPORATION

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

Year ended December 31, 2019, with comparative information for 2018

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

2018	Share capital	Accumulated other comprehensive loss	Retained earnings	Total shareholders' equity
Balance, beginning of year	$ 175,691	$ (3,532)	$ 366,768	$ 538,927
Net income	–	–	31,771	31,771
Other comprehensive income	–	1,860	–	1,860
Dividends paid	–	–	(14,379)	(14,379)
Balance, end of year	$ 175,691	$ (1,672)	$ 384,160	$ 558,179

See accompanying notes to financial statements.

ENERSOURCE CORPORATION

Statement of Cash Flows
(In thousands of Canadian dollars)

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
Cash flows provided by (used in):		
Operating activities:		
Comprehensive income	$ 13,424	$ 33,631
Items not involving cash:		
Share of net income from investment in Alectra Inc. (note 5)	(18,008)	(32,917)
Share of other comprehensive loss (income) from investment in Alectra Inc. (note 5)	4,436	(1,860)
Gain recognized on Alectra Inc.'s acquisition of Guelph Hydro Electric Systems Inc. (note 5)	(1,471)	–
Interest rate swap (note 7)	257	17
Income tax recovery	–	(289)
Finance income	(187)	(111)
Finance expense	1,387	1,370
Income tax received	–	292
Change in non-cash operating working capital (note 9)	(3)	(83)
Cash flows from (used in) operating activities	(165)	50
Financing activities:		
Repayment of bank loans	(2,500)	(2,500)
Dividends paid	(17,400)	(14,379)
Interest paid	(1,387)	(1,370)
Cash flows used in financing activities	(21,287)	(18,249)
Investing activities:		
Interest received	187	111
Dividends from Alectra Inc. (note 5)	23,860	18,796
Cash from investing activities	24,047	18,907
Increase in cash	2,595	708
Cash, beginning of year	4,241	3,533
Cash, end of year	$ 6,836	$ 4,241

See accompanying notes to financial statements.

ENERSOURCE CORPORATION

Notes to Financial Statements
(In thousands of Canadian dollars)

Year ended December 31, 2019

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

On January 1, 2019, Alectra amalgamated with Guelph Hydro Electric Systems Inc. ("GHESI"). Alectra issued 485,000 Class G common Shares to Guelph Municipal Holdings Inc. ("GMHI") in consideration for all the issued and outstanding shares of GHESI. This common share issuance by Alectra represents an effective 4.6% interest in its aggregate issued and outstanding classes of common shares.

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

ENERSOURCE CORPORATION

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

Year ended December 31, 2019

1. General information (continue):

(b) Nature of operations:

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

2. Basis of preparation:

(a) Statement of compliance:

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

These financial statements have been approved by the Corporation's Board of Directors on April 21, 2020.

(b) Basis of measurement:

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

3. Key accounting judgments, estimates and assumptions:

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

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

ENERSOURCE CORPORATION

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

Year ended December 31, 2019

4. Significant accounting policies:

(a) Changes in accounting policies:

Effective January 1, 2019, the Corporation adopted new IFRS standards and applied the following new policies in preparing the financial statements:

(i) Leases:

On January 1, 2019, the Corporation adopted IFRS 16 Leases ("IFRS 16"), which supersedes International Accounting Standard ("IAS") 17, Leases, and International Financial Reporting Interpretations Committee ("IFRIC") 4, Determining Whether an Arrangement Contains a Lease.

As the Corporation does not have any leases, therefore there was no impact on the Corporation on adoption of IFRS 16 as at January 1, 2019.

(ii) Uncertainty over income tax treatments:

In June 2017, the IFRS Interpretations Committee of the IASB issued IFRIC 23, Uncertainty over Income Tax Treatments ("IFRIC 23"). The interpretation provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The interpretation is effective for the annual period beginning on January 1, 2019. The adoption of IFRIC 23 did not have an impact on the Corporation's 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.

4. Significant accounting policies (continued):

Investments in associates are accounted for using the equity method. The equity method involves the recording of the initial investment at cost, which includes transaction costs. Subsequent to initial recognition, the financial statements include the Corporation's share of profit or loss and any other changes in the associates' net assets, such as dividends of equity accounted investees, until the date on which significant influence ceases.

Adjustments are made to align the accounting policies of the associate with those of the Corporation before applying the equity method. When the Corporation's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Corporation has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Corporation resumes recognizing its share of those profits only after its share of the profits equals the share of losses not recognized.

(c) Revenue recognition:

The Corporation's source of income is interest and investment income. Interest income is recognized when earned, while investment income from Alectra is recorded as per note 4(b) above.

(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.

4. Significant accounting policies (continued):

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax liabilities are generally recognized on all taxable temporary differences, except on investments in subsidiaries where it is probable that the reversal of temporary differences associated with investments in subsidiaries will not occur.

Current taxes are based on taxable profit or loss for the year, which differ from profit or loss as reported in the statement of comprehensive income because it excludes items that are taxable or deductible in other years and items that are neither taxable nor deductible. The Corporation's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the end of the reporting year.

Both current and deferred taxes are included as part of income tax expense in the statement of comprehensive income.

In determining the amount of current and deferred tax, the Corporation takes into account the impact of uncertain tax provisions and whether additional taxes and interest may be due. The Corporation believes that its accruals for tax liabilities are adequate for all tax years subject to audit based on its assessment of many factors, including interpretations of tax laws and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Corporation to change its judgment regarding its income taxes.

(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.

(In thousands of Canadian dollars)

4. Significant accounting policies (continued):

A contingent asset is not recognized in the financial statements. However, a contingent asset is disclosed where an inflow of economic benefits is probable.

5. Investment in Alectra:

	2019	2018
Investment in Alectra	$ 600,243	$ 609,060

Movement in equity-accounted investee:

	2019	2018
Balance, beginning of year	$ 609,060	$ 593,079
Share of net income from investment in Alectra	18,008	32,917
Share of other comprehensive income (loss)	(4,436)	1,860
Gain recognized on acquisition of GHESI	1,471	–
Dividends received from Alectra	(23,860)	(18,796)
Balance, end of year	$ 600,243	$ 609,060

Certain former shareholders of predecessor companies which amalgamated to form Alectra and 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. As such, the Corporation does not hold Class S shares of Alectra.

On January 1, 2019, Alectra amalgamated with GHESI. Alectra issued 485,000 Class G common Shares to GMHI in consideration for all the issued and outstanding shares of GHESI. The dilution in ownership from 31% to 29.57% resulted in a gain of $1,471 recorded in the statement of comprehensive income.

ENERSOURCE CORPORATION

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

Year ended December 31, 2019

5. Investment in Alectra (continued):

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.

	2019	2018
Ownership interest	29.57	31.00%
Current assets	$ 625,000	$ 663,000
Non-current assets	4,431,000	3,992,000
Current liabilities	(750,000)	(788,000)
Non-current liabilities	(2,559,000)	(2,178,000)
Net assets (100%)	1,747,000	1,689,000
Ring Fenced Solar Portfolio net assets	(13,212)	(20,209)
Fair value adjustments from purchase price	296,145	296,145
	$ 2,029,933	$ 1,964,936
Carrying value of investment in Alectra (29.57%; 2018 - 31.00%)	$ 600,243	$ 609,060
Revenue	$ 3,779,000	$ 3,452,000
Depreciation and amortization	(158,000)	(140,000)
Other expenses	(3,463,000)	(3,101,000)
Finance expenses	(74,000)	(64,000)
Income tax expense	(20,000)	(39,000)
Net income	64,000	109,000
Other comprehensive income (loss)	(15,000)	6,000
Total comprehensive income	49,000	115,000
Ring Fenced Solar Portfolio net gain (loss)	3,102	2,816
Share of income (29.57%; 2018 - 31.00%)	$ 18,008	$ 32,917
Share of other comprehensive income (loss) (29.57%; 2018 - 31.00%)	(4,436)	1,860

ENERSOURCE CORPORATION

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

Year ended December 31, 2019

6. Income taxes:

The components of income tax recover) for the years ended December 31, 2019 and 2018 were as follows:

	2019	2018
Current income tax recovery:		
Recovery for the year	$ –	$ (289)
Total income tax recovery	$ –	$ (289)

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:

	2019	2018
Income before income taxes	$ 17,860	$ 31,482
Federal and Ontario statutory income tax rate	26.50%	26.50%
Provision for income taxes at statutory rate	$ 3,557	$ 8,912
Increase (decrease) resulting from:		
Recovery of prior year's tax expense due to loss carryback	–	(289)
Differences between accounting and tax treatment of investments in subsidiaries	(3,557)	(8,912)
Provision for income taxes	$ –	$ (289)
Effective income tax rate	0.00%	0.86%

ENERSOURCE CORPORATION

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

Year ended December 31, 2019

7. Loans and borrowings:

	2019	2018
Bank loan:		
Current	$ 2,500	$ 2,500
Non-current	50,625	53,125
	$ 53,125	$ 55,625

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 2.57% on November 1, 2019 and is carried with quarterly interest payments. Credit Facility B has a 10 year term to maturity and an outstanding balance of $20,625. Credit Facility B is being paid down with quarterly principal and interest payments at a rate of $625 per quarter and has an accompanying amortizing interest rate swap associated with it, to create an effective fixed interest rate of 2.414%.

The credit facilities contain a covenant stating that the Corporation cannot incur any additional debt without CIBC's consent. In addition, the Corporation must advise CIBC if dividends are not received from Alectra in any quarter if the dividend amount is not sufficient to make the required monthly or quarterly payments of principal and interest. These covenants have not been breached in 2019 or 2018. The secured bank loans are guaranteed by the City of Mississauga in the amount of $70,000.

The Corporation included $257 of unrealized loss (2018 - $17 loss) in its financial statements related to the interest rate swap. $148 (2018 - $405) 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, 2019. The notional value on the interest rate swap is equal to the outstanding value of Credit Facility B, or $20,625.

ENERSOURCE CORPORATION

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

Year ended December 31, 2019

7. Loans and borrowings (continued):

Reconciliation of debt arising from financing activities:

	2019	2018
Balance, beginning of year	$ 55,625	$ 58,125
Principal repayment	(2,500)	(2,500)
Balance, end of year	$ 53,125	$ 55,625

The Corporation made interest payments of $1,387 (2018 - $1,370).

8. Share capital:

	2019	2018
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.

(In thousands of Canadian dollars)

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, 2019, there were no cumulative preferential dividends outstanding (2018 – $Nil). Once these preferential dividend entitlements have been satisfied, holders of each class of shares are entitled to receive, on a concurrent basis with each other class of shares, additional dividends if, as and when declared by the Corporation's Board of Directors and in such amounts and payable in such manner as may be determined from time to time by the Corporation's Board of Directors. Holders of the Class A shares and the Class C shares are together entitled to 60% of any such additional dividends, which are to be allocated between the holders of each such class of shares in proportion to the rate base equity represented by each such class. Holders of the Class B shares are entitled to 40% of any such additional dividends. Class A, B and C shares have no par value.

Dividends may be declared by the Board of Directors through a resolution. In 2019, dividends of $17,400 (2018 - $14,379) were declared and paid to the shareholders of the Corporation.

9. Change in non-cash operating working capital:

	2019	2018
Prepaid expense	$ 6	$ (39)
Trade payables	(9)	(44)
	$ (3)	$ (83)

ENERSOURCE CORPORATION

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

Year ended December 31, 2019

10. Related party transactions and balances:

For 2019, a dividend of $15,660 was declared and paid to the City of Mississauga (2018 - $12,941), and a dividend of $1,740 was declared and paid to Borealis (2018 - $1,438). 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.

	2019	2018
Directors Honorarium and per diems	$ 82	$ 74

11. Contingencies, provisions, commitments and guarantees:

The Corporation is a member of the Municipal Electric Association Reciprocal Insurance Exchange ("MEARIE"). A reciprocal insurance exchange may be defined as a group of persons formed for the purpose of exchanging reciprocal contracts of indemnity or inter-insurance with each other. MEARIE is licensed to provide general liability insurance to its members. Insurance premiums charged to each member consist of a levy per thousand dollars of service revenue subject to a credit or surcharge based on each member's claims experience. Current liability coverage is provided to a level of $30,000 per occurrence.

As at December 31, 2019 and December 31, 2018, 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, 2019

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12. Financial instruments and risk management:

Financial instruments which are disclosed at fair value are to be classified using a three-level hierarchy. Each level reflects the inputs used to measure the fair values disclosed of the financial liabilities, and are as follows:

- Level 1 - inputs are unadjusted quoted prices for identical instruments in active markets;

- Level 2 - inputs other than quoted market prices included within Level 1 that are observable for the instrument, either directly or indirectly; and

- Level 3 - inputs that are not based on observable market data. There were no financial instruments carried at fair value categorized in Level 3 as at December 31, 2019 and 2018.

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 $148 (2018 - $405). 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, 2019

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, 2019 and 2018.

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 then nature of its operations.

(c) Liquidity risk:

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they come due. Short-term liquidity is provided through cash and funds from operations. Short-term liquidity is expected to be sufficient to fund normal operating requirements.

The Corporation has contractual obligations in the normal course of business; future minimum undiscounted contractual maturities are as follows:

Financial liabilities	Due within 1 year	Due between 1 and 5 years	Due past 5 years
Trade payables	$ 30	$ –	$ –
Bank loan (interest and principal)	3,893	14,978	42,738
	$ 3,923	$ 14,978	$ 42,738

ENERSOURCE CORPORATION

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

Year ended December 31, 2019

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13. Subsequent events:

(a) Dividend:

On March 20, 2020, the Corporation received a dividend of $12,787 from Alectra.

(b) COVID-19:

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in governments worldwide, including the U.S., Canadian and Ontario governments, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally, in the U.S. and in Ontario, resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions, however, the success of these interventions is not currently determinable. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the Corporation is not known at this time.