

City of Mississauga  
**Corporate Report**



|  |                                       |
|--|---------------------------------------|
| <p>Date: May 9, 2025</p> <p>To: Chair and Members of Audit Committee</p>                                     | <p>Originator's files:</p>            |
| <p>From: Marisa Chiu, CPA, CA, Commissioner of Corporate Services, Chief Financial Officer and Treasurer</p> | <p>Meeting date:<br/>June 9, 2025</p> |

## Subject

**2024 Audited Financial Statements**

## Recommendation

That the corporate report dated May 9, 2025 entitled "2024 Audited Financial Statements" from the Commissioner of Corporate Services, Chief Financial Officer and Treasurer be received for information.

## Executive Summary

- One of the responsibilities of the Audit Committee is to review the annual audited financial statements of the City and its local boards and external audit results.
- The audited financial statements have been reviewed and approved by the Commissioner of Corporate Services, Chief Financial Officer and Treasurer.
- This report presents the 2024 Audited Financial Statements for:
  - City of Mississauga (Consolidated) (Appendix 1)
  - City of Mississauga Trust Funds (Appendix 2)
  - Mississauga Public Library Board (Appendix 3)
  - Tourism Mississauga (Appendix 4)
  - Clarkson Village Business Improvement Areas (Appendix 5)
  - Port Credit Business Improvement Area (Appendix 6)
  - Streetsville Business Improvement District Area (Appendix 7)
  - Cooksville Business Improvement Area (Appendix 8)
  - Enersource Corporation (Appendix 9)
- The Malton Business Improvement Area had not completed their audit at the time of this report being published.

## Background

The Finance Division is responsible for the preparation of the annual financial statements as per Section 294.1 of the *Municipal Act, 2001* which requires municipalities to prepare financial statements, prepared by management in accordance with Public Sector Accounting Standards (PSAS) as established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

The Consolidated Financial Statements provide information on the cost of City activities and how they were financed, investing activities, and the City's assets and liabilities. The information also reflects the full nature and extent of the City's financial affairs in a way that is similar to private sector financial statement presentation. The financial statements comprise all organizations, committees and local boards accountable to the City for the administration of their financial affairs, and resources which are owned or controlled by the City. The consolidated entities include the City of Mississauga Trust Funds, the Mississauga Public Library Board, Tourism Mississauga, the five Business Improvements Areas (Clarkson Village, Port Credit, Streetsville, Cooksville and Malton) and Enersource Corporation.

The *Municipal Act, 2001* also specifies that the municipality must appoint an external auditor licensed under the *Public Accounting Act, 2004* to annually audit and express an opinion about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report in accordance with Canadian public sector accounting standards.

KPMG LLP is the City's current external audit firm. KPMG is in the final year of a ten-year contract for the fiscal years 2015 to 2024. In 2025, the City will be issuing a Request for Proposal for external auditor services for a five-year contract (with an option to extend up to 10 years) for fiscal years 2025 to 2029.

One of the responsibilities of Audit Committee is to review with management and the external auditor the result of the annual financial statements and audit results, including any significant accounting estimates and adjustments to the statements required as a result of the audit, and any difficulties encountered in the course of the audit.

## Comments

KPMG has completed its audit of the City's financial statements. As per the Independent Auditor's Report that accompanies the 2024 Audited Consolidated Financial Statements in Appendix 1, KPMG has rendered an opinion that the City's financial statements present fairly, in all material respects, the consolidated financial position for the year ended December 31, 2024. The financial statements have been approved by the Commissioner of Corporate Services, Chief Financial Officer and Treasurer.

The Malton BIA audit had not been completed at the time of this report being published. As a result, their financial results have been consolidated into the City's financial statements based on their annual budget.

### **Change in Accounting Policies**

The Public Sector Accounting Board introduced two new accounting standards and a guideline, effective for the 2024 financial year:

#### **PS 3160**

On January 1, 2024, the City adopted 3160 – Public Private Partnerships (“P3”). This new accounting standard identifies requirements on how to account for and disclose transactions in which public sector entities procure major infrastructure assets and/or services from private sector entities. Recognition of assets arising from P3 arrangements is ultimately dependent on whether public sector entities control the purpose and use of the assets, access to the future economic benefits and exposure to the risks associated with the assets, and significant residual interest in the asset, if any, at the end of the P3 term. Measurement of the asset and related liability will also be dependent on the overall model used to compensate the private sector entity. The City adopted the standard prospectively. The implementation of this new standard did not result in identification of transactions that would meet the definition of P3.

#### **PS 3400**

On January 1, 2024, the City adopted 3400 – Revenue. This new accounting standard establishes how to account for and report on revenue. Specifically, it differentiates between revenue arising from transactions that include performance obligations and those that do not. Adoption of this standard has resulted in changes in the timing of revenue recognition for certain revenue streams such as licenses, building permits and development application fees. The City will recognize revenue from these exchange transactions when it satisfies its performance obligations. The City adopted the standard prospectively resulting in an immaterial adjustment to decrease user charges and increase deferred revenue – general for the year ended December 31, 2024.

#### **Public Sector Guideline 8**

On January 1, 2024, the City adopted Public Sector Guideline 8 – Purchased Intangibles. This new guideline allows public sector entities to recognize intangibles purchased through an exchange transaction. The City adopted the standard prospectively. The implementation of this new standard did not result in identification of assets that would meet the definition of purchases intangibles.

### **Reconciliation of the City's Budget to Audited Financial Statements**

The City prepares two main sets of financial documents annually: the annual financial statements, and the Business Plan & Budget.

The Business Plan & Budget document is a spending control document, a revenue rate-setting document and the means to calculate a property tax levy, as specified in sections 290 and 312 of the *Municipal Act, 2001*. The Business Plan & Budget is prepared using a modified accrual basis of accounting. In contrast, the City's financial statements are prepared under the accrual basis of accounting in accordance with public sector accounting standards, which creates significant differences between both documents. The main differences include:

- Certain revenue and expenses, such as contributed assets received through development, or changes in employment and other liabilities, are not included in the budget, but are in the financial statements.
- In the Business Plan & Budget, transfers in or out of the operating fund or capital fund from reserves are recorded as either revenue or expenses; these transfers are not recorded as revenue or expenses in the financial statements.
- Liabilities are fully recognized in the financial statements but are not fully funded in the Business Plan & Budget, as these are an estimate of future possible expenditures. Levying an amount to fully fund liabilities would significantly increase the tax levy.
- The Business Plan & Budget does not provide for amortization, although it does set aside funds in reserves to pay for the future renewal of City infrastructure.

Note 21 of the Consolidated Financial Statements reconciles the adopted operating and capital budgets with an adjusted budget reported in the financial statements. The City presents a full accrual-based budget to accompany the operating and capital budgets.

### **2024 Financial and Sustainability Report**

To complement the financial statements, the 2024 Financial and Sustainability Report (Appendix 10) provides a comprehensive review of the City's accomplishments, activities and financial performance.

There has been a growing demand for sustainability reporting and disclosures due to increased global awareness around broader sustainability issues that affect decision-making for both private and public sector organizations. Organizations have developed voluntary sustainability reporting standards in an effort to report on a consistent basis and allow entities to be assessed on a common ground. The 2024 Financial and Sustainability Report provides an overview of the City's progress in sustainability related initiatives. Over the coming years, it is expected that sustainability-related disclosures, such as the recognition of unaudited natural assets presented in Note 28 of the Consolidated Financial Statements, will become mandatory in the future.

### **Enersource Corporation**

As outlined in Note 6 of the Consolidated Financial Statements, the City has a 90 per cent interest in Enersource Corporation, which is accounted for on the modified equity basis. Enersource holds a 29.57 per cent interest in Alectra Inc., whose primary businesses are to distribute electricity to customers in the Greater Golden Horseshoe Area. The investment in

Enersource generates an annual dividend that helps fund City operations and moderate the property tax rate. Enersource Corporation's Audited Financial Statements are presented in Appendix 9.

The City's 90 per cent interest in Enersource Corporation in 2024 is \$547.9 million (2023 \$522.7 million), an increase of \$25.2 million and is reported as a financial asset on the Consolidated Statement of Financial Position. \$18.0 million in dividends were paid to the City from Enersource, and the \$42.5 million in net income earned by the Corporation.

## Financial Impact

There are no financial impacts resulting from the recommendation in this report.

## Conclusion

The City's 2024 Audited Financial Statements provide information on the cost of all City activities, how they were financed, investing activities, and the City's assets and liabilities. The information also reflects the full nature and extent of the City's financial affairs.

## Attachments

- Appendix 1: 2024 City of Mississauga Audited Consolidated Financial Statements
- Appendix 2: 2024 City of Mississauga Trust Funds Audited Financial Statements
- Appendix 3: 2024 Mississauga Public Library Board Audited Financial Statements
- Appendix 4: 2024 Tourism Mississauga Audited Financial Statements
- Appendix 5: 2024 Clarkson Village Business Improvement Areas Audited Financial Statements
- Appendix 6: 2024 Port Credit Business Improvement Area Audited Financial Statements
- Appendix 7: 2024 Streetsville Business Improvement District Area Audited Financial Statements
- Appendix 8: 2024 Cooksville Business Improvement Area Audited Financial Statements
- Appendix 9: 2024 Enersource Corporation Audited Financial Statements
- Appendix 10: 2024 Financial and Sustainability Report



---

Marisa Chiu, CPA, CA, Commissioner of Corporate Services, Chief Financial Officer and Treasurer

Prepared by: Wesley Anderson, CPA, Senior Manager, Business Planning & Financial Services