



The Corporation of The City of Mississauga

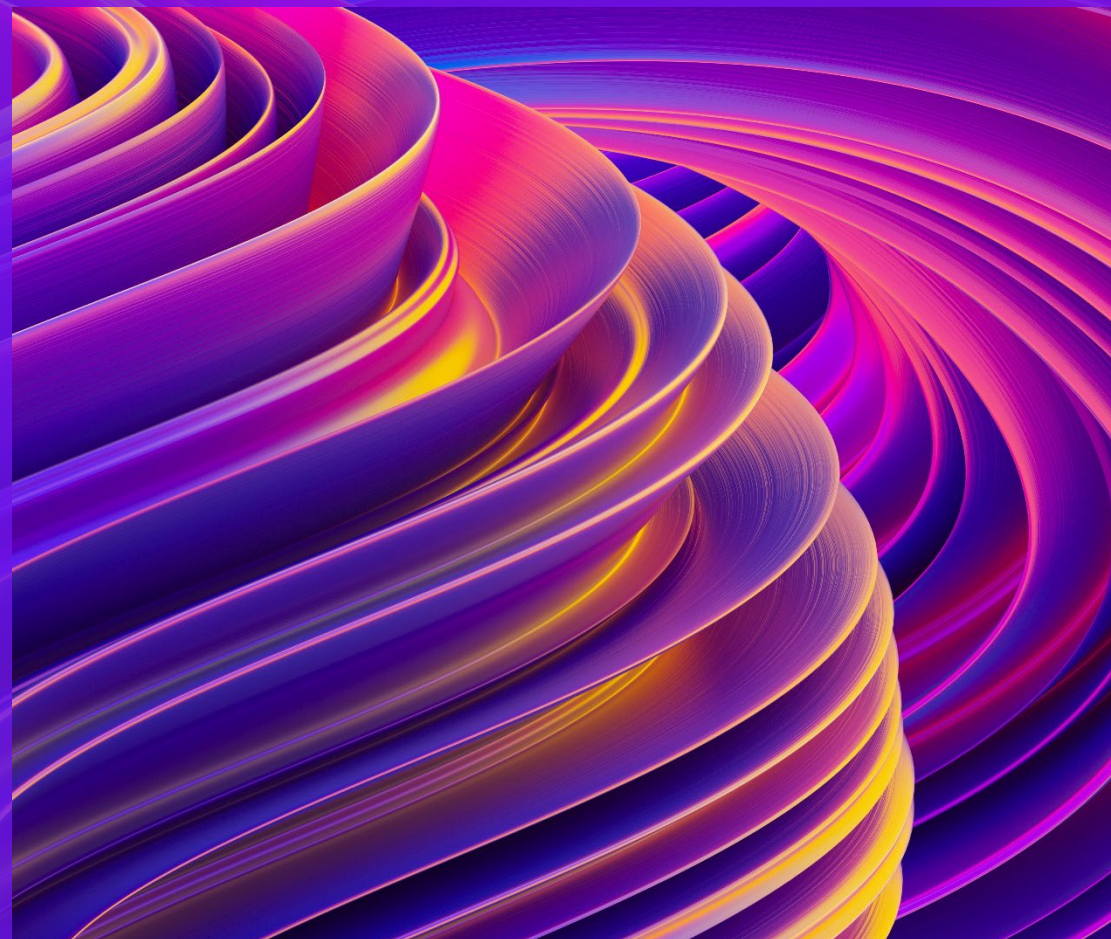
**Audit Findings Report
for the year ended
December 31, 2024**

KPMG LLP

Licensed Public Accountants

Prepared as of March 24, 2025 for presentation on June 9, 2025

kpmg.ca/audit



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Table of contents

4**Highlights****5****Status****6****Risks and
results****14****Policies and
practices****15****Audit quality****16****Appendices**

Digital use information

This Audit Findings Report is also available as a “hyper-linked” PDF document.

If you are reading in electronic form (e.g. In “Adobe Reader” or “Board Books”), clicking on the home symbol on the top right corner will bring you back to this slide.



Click on any item in the table of contents to navigate to that section.



Audit highlights



No matters to report



Matters to report – see link for details

Status

We have completed the audit of the consolidated financial statements of the City of Mississauga ("financial statements as highlighted on the 'Status' slide of this report.



Significant changes



Significant changes since our audit plan

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

Risks and results & Significant unusual transactions



Significant risks



Other risks of material misstatement



Going concern matters



Significant unusual transactions

Policies and practices & Specific topics



Accounting policies and practices



Other financial reporting matters

Control deficiencies



Significant deficiencies



Corrected & Uncorrected misstatements



Uncorrected misstatements



Corrected misstatements



Status

As of the date of preparation of this Audit Findings Report, we have completed the audit of the consolidated financial statements and financial statements were approved by City Treasurer on April 4, 2025.

We will update the Audit Committee, and not solely the Chair, on significant matters, if any, arising from the completion of the audit, including the completion of the above procedures.

Our final auditor's report is included in the consolidated financial statements.

KPMG Clara for Clients (KCC)

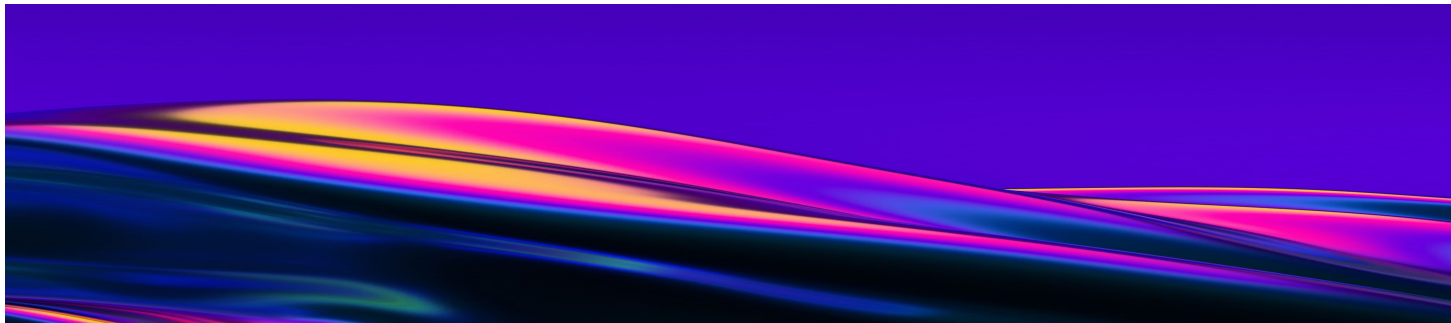


Real-time collaboration and transparency

We leveraged **KCC** to facilitate real-time collaboration with management and provide visual insights into the status of the audit!

On our audit we used KCC to coordinate requests with management.

 [Learn more](#)



Significant risks and results

We highlight our significant findings in respect of **significant risks**.



Presumed risk of fraudulent revenue recognition

RISK OF



FRAUD

Significant risk

Estimate?

No

The primary risk of fraudulent revenue recognition resides with manual journal entries for revenue transactions not in the normal course of business, specifically related to management's calculation of the deferred revenue – obligatory reserve funds.

Our response

- Our audit methodology incorporated the required procedures in professional standards to address this risk.
- Our audit approach consisted of evaluating the design and implementation of selected relevant controls. We tested journal entries that meet specific criteria. This criteria was designed during the planning phase of the audit and is based on areas and accounts that are susceptible to manipulation through management override. We also designed search filters that allowed us to identify any unusual journal entries.
- As part of our audit approach to address the inherent risk of error in revenue recognition, we substantively tested revenues (both recognized and amounts held as deferred at year end). We also incorporated an element of uncertainty into the journal entries and revenue testing.
- We obtained management's assessment of the impact of the adoption of PS 3400 Revenue and agree with management's assessment that the impact was not significant.
- We did not identify any issues related to fraud risk associated with revenue recognition.

Significant risks and results



Risk of management override of controls

Our response and findings

- As this risk is not rebuttable, Our audit methodology incorporates the required procedures in professional standards to address this risk. Our procedures included for all components within audit scope:
 - Testing of journal entries and other adjustments. To test journal entries, we utilized KPMG application software (IDEA) to:
 - Evaluate the completeness of the journal entry population through a roll-forward of all accounts
 - Analyze journal entries and determine sub-populations for more focused and risk-based testing
 - Apply certain criteria to sub-populations to identify potential high-risk journal entries for further testing
 - Journal entries containing high risk conditions were tested to ensure they were supported by proper documentation and followed the journal entry initiation and approval controls and processes in place. We did not find any exceptions in our testing over journal entries
 - Performing an “Element of Unpredictability” procedure, in the selection of the nature, timing and extent of audit procedures to be performed to address the risk of management override of controls, as individuals within the entity who are familiar with the audit procedures normally performed on engagements may be in a position to conceal fraudulent financial reporting.
 - Performing a walkthrough and evaluating the design and implementation of controls within the journal entry process.
 - Performing a retrospective review of estimates
- We did not identify any issues or concerns regarding management override of controls.



Other risks of material misstatement and results

We highlight our significant findings in respect of **other risks of material misstatement**.



Employee benefits liability

Other risk of material misstatement

Estimate?


Employee future benefits represent a liability computed by management's actuarial experts. A full actuarial study of the obligation was completed in December 2023. As the employee future benefits liabilities are significant and complex estimates, KPMG actuarial specialists were involved in completing the audit procedures.

Yes – Employee future benefits obligation/liability

Our response

- We assessed the participant data supplied by management to the actuary for completeness and accuracy.
- We obtained the actuarial valuation report and engaged our KPMG actuarial specialist team to audit the method and assumptions applied in the valuation.
- We evaluated the discount rate in comparison with rates issued by the Canadian Institute of Actuaries ("CIA") and KPMG LLP.
- We assessed the qualifications, competence and objectivity of the actuary as required by the Canadian auditing standards.
- We assessed the disclosures in the financial statements against the requirements of the PSAS

Other significant findings and results

<div>Investments</div>	
Other significant findings	Estimate?
<p>In accordance with PS 3450 Financial Instruments, investments with embedded derivative components must be recorded at fair value. PS 3450 allows the City to either bifurcate the embedded derivatives from the host contract or value the entire contract at fair value. The City did not have any investments with embedded derivative components in 2024</p> <p>The investments are carried at cost and amortized cost.</p> <p>Public sector accounting standards require management to review the decline in fair value on an annual basis to assess whether the decline in fair value is considered temporary or permanent. Management has made this assessment and did not identify any permanent impairment and as such no adjustment has been recorded for impairment of investments.</p>	Yes
Our response and significant findings	
<ul style="list-style-type: none">• We confirmed all of the investment balances with investment managers, CIBC Wood Gundy and BMO Nesbitt Burns.• We reviewed financial statement note disclosure in line with the PSAS.• We performed audit procedures on the assessment of fair value and did not identify any issues.• No matters to report.	

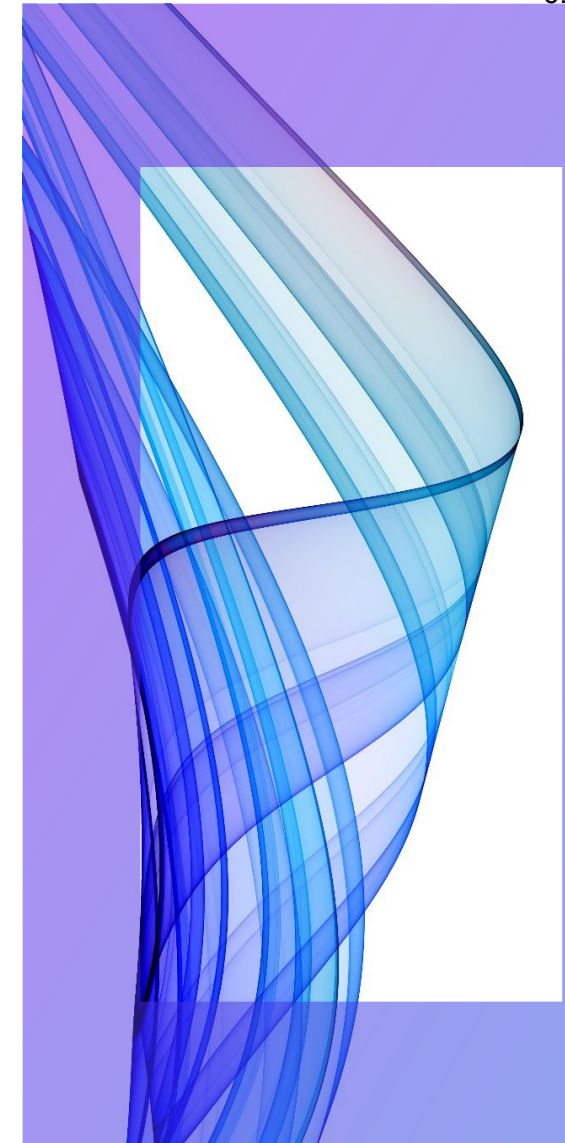
Other risks of material misstatement and results



Employee benefits liability

Significant findings

- Based on our review of the report prepared by the actuary, we noted that the method applied for the estimate is acceptable per the Canadian Institute of Actuaries and Public Sector Accounting Standards (PSAS) 3250 Retirement Benefits.
- We assessed the key assumptions used by the actuary in light of the City's financial results. We also performed a sideways glance to compare the assumptions used by the actuary for the City with other Ontario municipalities and we did not note any significant differences.
- We noted that the discount rate used by the actuary is a key assumption. Discount rates of 3.25% - 5.00% (2023 – 3.25% - 5.00%) were used for the determination of the liability. We evaluated the discount rates against the discount rate curve issued by different reliable sources including The Canadian Institute of Actuaries (CIA), Fiera Capital and KPMG LLP. Our actuarial specialists assessed the discount rate and other assumptions using actuarial techniques and market data. Based on this evaluation, we concluded that the discount rates used are reasonable.
- The disclosures included in the financial statements are in accordance with the requirements of the public sector accounting standards.
- Based on the audit work performed, we did not note any issues related to the calculation of the City's employee benefits liability as at December 31, 2024.
- The employee benefit liability as at December 31, 2024 are outlined in note 9 to the financial statements.



Other risks of material misstatement and results



Contingencies

Other risk of material misstatement

Estimate?

PSAS 3300 Contingent Liabilities requires that the City recognize a liability when “it is likely that a future event will confirm that a liability has been incurred at the date of the financial statements; and the amount can be reasonably estimated.” At any point in time, the City is subject to a number of matters which could potentially result in the determination of a contingent liability as defined above, including, but not limited to matters such as legal claims, etc.

At year end, no provision has been made in the consolidated statements for any liability that may result.

Estimation uncertainty exists related to the likelihood and measurement of the contingent liability.

However, this estimation uncertainty does not result in a risk of material misstatement

Our response

- We obtained and evaluated the City’s assessments and claims listing that are used to develop and record these estimated liabilities.
- We obtained a legal confirmation from internal legal counsel and evaluated the assessments made by internal legal counsel on the pending legal matters in terms of determination of likelihood and measurability.
- We reviewed Council and committee meeting minutes to determine the completeness of contingencies and held discussions thereon with senior management, including internal legal representatives.

Significant findings

- We reviewed the listing of active litigation and potential claims provided by internal legal counsel and reviewed assessments of each matter and the process employed to develop and record the related estimated liabilities. Management has recorded an accrual based on the likely amounts of loss after accounting for insurance coverage.
- As these items are resolved, it is possible that the final amounts recorded for these liabilities may change, however the amounts currently recorded represent management’s best estimates of exposure given the information presently available.
- Based on the work performed, the contingent liabilities reported by the City are reasonable.

Other risks of material misstatement and results



Tangible capital assets

Other risk of material misstatement

Estimate?

Tangible capital assets present the biggest non-financial asset for the City. There is a risk of material misstatement related to the existence and accuracy of tangible capital assets and accuracy of timing of revenue recognition, particularly related to funds intended for tangible capital assets.

No

Our response and findings

- We obtained management's assessment of the impact of the newly effective PS 3160, Public Private Partnerships (P3) and PSG-8, Purchased Intangibles accounting standard and reviewed it against the PSAS criteria, along with our general understanding of the City's operations. Management's assessment indicated that there are no current transactions that would meet the P3 or/and PSG-8 criteria, and we agree with management's assessment that the impact is not significant.
- We tested, on a sample basis, the additions to tangible capital assets and noted that management has appropriately capitalized the additions including transfers from work in progress to tangible capital assets. We obtained assurance related to the accuracy and existence of these additions and also assessed if these additions met the criteria for capitalization.
- We tested on a sample basis the work in progress to ensure amounts are properly transferred to correct capital asset classes and amortization commences on a timely basis.
- We tested on a sample basis contributed and assumed assets to assess if these assets had been recognized at fair market value at the date of contribution.
- We assessed financial statement note disclosure in line with the PSAS.
- We obtained the City's amortization policy and assessed reasonableness of estimated useful lives.
- We obtained management's assessment of impact of PSG 8 AND PS 3160 on the FS for the City and we agree with management's assessment that the impact is not significant
- The amounts reported for tangible capital assets are reasonable and disclosures in the financial statements are in accordance with the public sector accounting standards.

Other risks of material misstatement and results



Consolidation

Other risk of material misstatement

Estimate?

The City consolidates the following entities and organizations in the consolidated financial statements for the City:

No

- City of Mississauga Public Library Board
- Tourism Mississauga
- Business Improvement Areas (BIAs) including Clarkson, Cooksville, Malton, Port Credit, Streetsville

Inter-departmental and inter-organizational transactions and balances are between these entities and organizations are eliminated.

Our response and findings

- Each of the entities and organizations noted above are considered non-significant components to the City's financial statements. For each of these entities and organizations, there is a required statutory audit performed. These individual audits of are performed by the same audit team as for the main City.
- We obtained an understanding the consolidation process in place by management including the review and approval controls, checks and balances, and information system being utilized for the consolidation process and the financial reporting process.
- We obtained the consolidation workbook from management and completed our audit procedures related to consolidation including elimination of inter-departmental and inter-organizational transactions, pick-up of government business enterprises and any other transactions that are relevant for consolidation.
- Based on the work performed, we did not identify any issues or errors.

Accounting policies and practices



Initial selection

The following new accounting standards came into effect for the year ended December 31, 2024 and were implemented by the City:

- PS 3400 *Revenue*, PS 3160 *Public private partnerships*,
- The new Public Sector Guideline 8 *Purchased intangibles*

Impact on adoption of new accounting policies are disclosed in Note 2 to the consolidated financial statements.



Description of new or revised significant accounting policies and practices

None in 2024



Significant qualitative aspects

Significant accounting policies are disclosed in Note 1 to the consolidated financial statements

Estimates and assumptions are disclosed in Note 1(t).

Audit quality - How do we deliver audit quality?

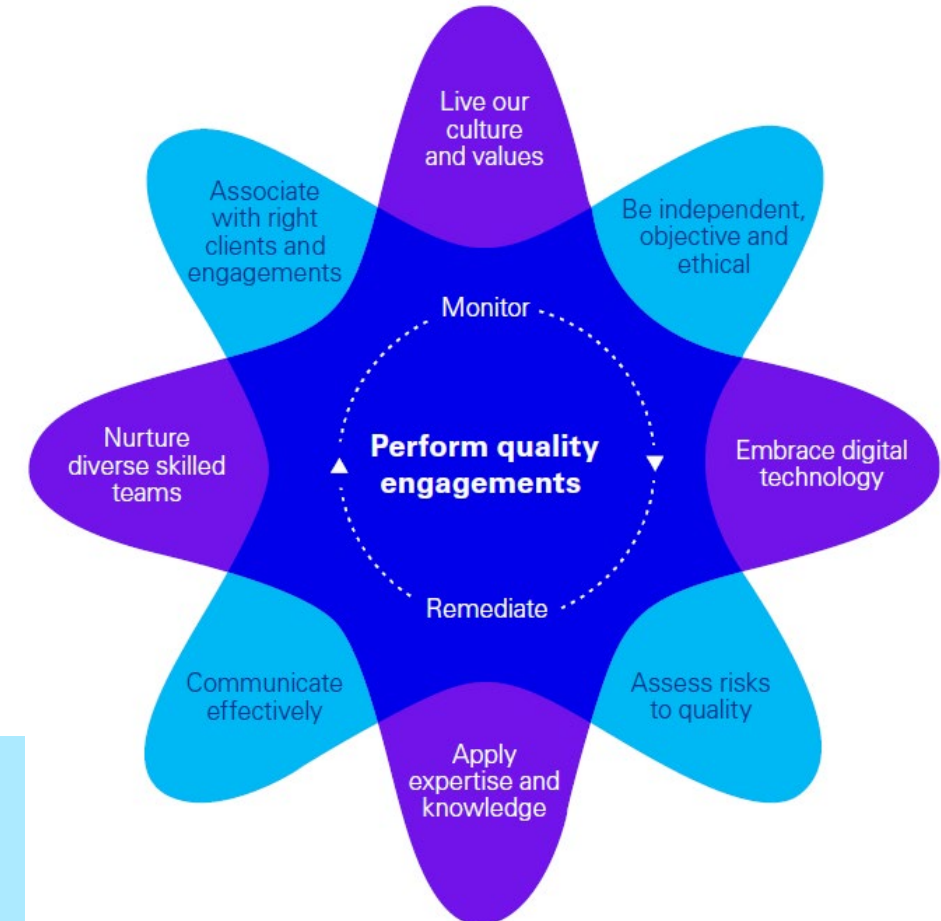
Quality essentially means doing the right thing and remains our highest priority. Our Global Quality Framework outlines how we deliver quality and how every partner and staff member contributes to its delivery.

The drivers outlined in the framework are the ten components of the KPMG System of Quality Management (SoQM). Aligned with ISQM 1/CSQM 1, our SoQM components also meet the requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA) and the relevant rules of professional conduct / code of ethics applicable to the practice of public accounting in Canada, which apply to professional services firms that perform audits of financial statements. Learn more about our system of quality management and our firm's statement on the effectiveness of our SoQM:

 [KPMG Canada Transparency Report](#)

We define 'audit quality' as being the outcome when:

- audits are **executed consistently**, in line with the requirements and intent of **applicable professional standards** within a strong **system of quality management**; and
- all of our related activities are undertaken in an environment of the utmost level of **objectivity, independence, ethics and integrity**.



Doing the right thing. Always.

Appendices

A

Required
communications

B

New auditing
standards

C

New accounting
standards

D

Insights

E

Environmental, social
and governance (ESG)

F

Technology

G

Unleashing tomorrow –
today with AI



Appendix A: Required inquiries of the audit committee



Inquiries regarding risk assessment, including fraud risks

- What are the Audit Committee's views about fraud risks, including management override of controls, in the Company? And have you taken any actions to respond to any identified fraud risks?
- Is the Audit Committee aware of, or has the Audit Committee identified, any instances of actual, suspected, or alleged fraud, including misconduct or unethical behavior related to financial reporting or misappropriation of assets?
 - If so, have the instances been appropriately addressed and how have they been addressed?
- How does the Audit Committee exercise oversight of the Company's fraud risks and the establishment of controls to address fraud risks?



Inquiries regarding company processes

- Is the Audit Committee aware of tips or complaints regarding the Company's financial reporting (including those received through the Audit Committee's internal whistleblower program, if such programs exist)? If so, the Audit Committee's responses to such tips and complaints?



Inquires regarding related parties and significant unusual transactions

- Is the Audit Committee aware of any instances where the Company entered into any significant unusual transactions?
- What is the Audit Committee's understanding of the Company's relationships and transactions with related parties that are significant to the Company?
- Is the Audit Committee concerned about those relationships or transactions with related parties? If so, the substance of those concerns?



Appendix A: Other required communications



Engagement terms

A copy of the engagement letter and any subsequent amendments has been provided to the Audit Committee.



CPAB communication protocol

The reports available through the following links were published by the Canadian Public Accountability Board to inform Audit Committees and other stakeholders about the results of quality inspections conducted over the past year:

- [CPAB Audit Quality Insights Report: 2022 Annual Inspections Results](#)
- [CPAB Audit Quality Insights Report: 2023 Interim Inspections Results](#)
- [CPAB Regulatory Oversight Report: 2023 Annual Inspections Results](#)
- [CPAB Audit Quality Insights Report: 2024 Interim Inspections Results](#)



Appendix B: Newly effective and upcoming changes to auditing standards

For more information on newly effective and upcoming changes to auditing standards - see Current Developments



Effective for periods beginning on or after December 15, 2023

ISA 600/CAS 600

.....

Revised special considerations – Audits of group financial statements

Effective for periods beginning on or after December 15, 2024

ISA 260/CAS 260

.....

Communications with those charged with governance

ISA 700/CAS 700

.....

Forming an opinion and reporting on the financial statements

Appendix C: Upcoming changes in accounting standards

Standard	Summary and implications
Concepts Underlying Financial Performance	<ul style="list-style-type: none"> The revised conceptual framework is effective for fiscal years beginning on or after April 1, 2026 with earlier adoption permitted. The framework provides the core concepts and objectives underlying Canadian public sector accounting standards. The ten chapter conceptual framework defines and elaborates on the characteristics of public sector entities and their financial reporting objectives. Additional information is provided about financial statement objectives, qualitative characteristics and elements. General recognition and measurement criteria, and presentation concepts are introduced.
Financial Statement Presentation	<ul style="list-style-type: none"> The proposed section PS 1202 <i>Financial statement presentation</i> will replace the current section PS 1201 <i>Financial statement presentation</i>. PS 1202 <i>Financial statement presentation</i> will apply to fiscal years beginning on or after April 1, 2026 to coincide with the adoption of the revised conceptual framework. Early adoption will be permitted. The proposed section includes the following: <ul style="list-style-type: none"> Relocation of the net debt indicator to its own statement called the statement of net financial assets/liabilities, with the calculation of net debt refined to ensure its original meaning is retained. Separating liabilities into financial liabilities and non-financial liabilities. Restructuring the statement of financial position to present total assets followed by total liabilities. Changes to common terminology used in the financial statements, including re-naming accumulated surplus (deficit) to net assets (liabilities). Removal of the statement of remeasurement gains (losses) with the information instead included on a new statement called the statement of changes in net assets (liabilities). This new statement would present the changes in each component of net assets (liabilities), including a new component called “accumulated other”. A new provision whereby an entity can use an amended budget in certain circumstances. Inclusion of disclosures related to risks and uncertainties that could affect the entity’s financial position. The Public Sector Accounting Board is currently deliberating on feedback received on exposure drafts related to the reporting model.



Appendix C: Upcoming changes in accounting standards

Standard	Summary and implications
Employee benefits	<ul style="list-style-type: none"> • The Public Sector Accounting Board has initiated a review of sections PS 3250 <i>Retirement benefits</i> and PS 3255 <i>Post-employment benefits, compensated absences and termination benefits</i>. • The intention is to use principles from International Public Sector Accounting Standard 39 <i>Employee benefits</i> as a starting point to develop the Canadian standard. • Given the complexity of issues involved and potential implications of any changes that may arise from the review of the existing guidance, the new standards will be implemented in a multi-release strategy. The first standard will provide foundational guidance. Subsequent standards will provide additional guidance on current and emerging issues. • The proposed section PS 3251 <i>Employee benefits</i> will replace the current sections PS 3250 <i>Retirement benefits</i> and PS 3255 <i>Post-employment benefits, compensated absences and termination benefits</i>. It will apply to fiscal years beginning on or after April 1, 2026. Early adoption will be permitted and guidance applied retroactively. • This proposed section would result in public sector entities recognizing the impact of revaluations of the net defined benefit liability (asset) immediately on the statement of financial position. Organizations would also assess the funding status of their post-employment benefit plans to determine the appropriate rate for discounting post-employment benefit obligations. • The Public Sector Accounting Board is in the process of evaluating comments received from stakeholders on the exposure draft.

Appendix D: Audit and assurance insights

Our latest thinking on the issues that matter most to Audit Committees, board of directors and management.

KPMG Audit & Assurance Insights

Curated research and insights for audit committees and boards.

Board Leadership Centre

Leading insights to help board members maximize boardroom opportunities

Current Developments

Series of quarterly publications for Canadian businesses including Spotlight on IFRS, Canadian Assurance & Related Services, Canadian Securities Matters, and US Outlook reports.

Accelerate - The key issues driving the audit committee agenda

Discover the most pressing risks and opportunities that face audit committees, boards and management teams.

Sustainability Reporting

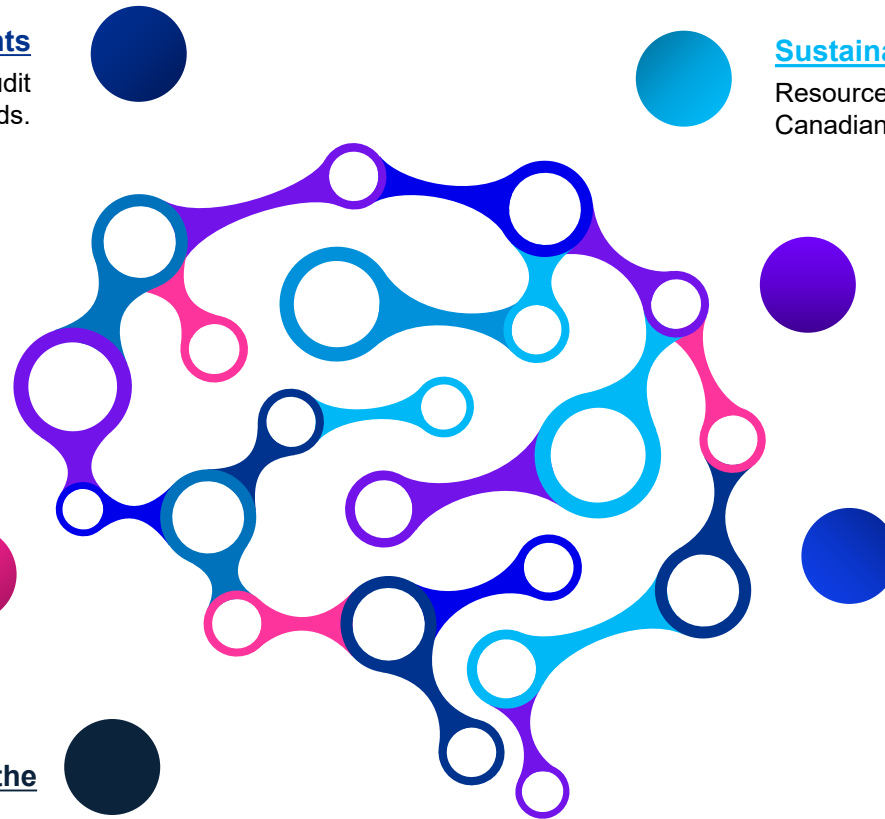
Resource centre on implementing the new Canadian reporting standards

IFRS Breaking News

A monthly Canadian newsletter that provides the latest insights on accounting, financial reporting and sustainability reporting.

Audit Committee Guide – Canadian Edition

A practical guide providing insight into current challenges and leading practices shaping audit committee effectiveness in Canada.





Appendix E: Canadian ESG reporting activities

What's here and what's coming?

There continues to be activity in the Canadian ESG reporting space along with regulations introduced in other jurisdictions that may impact Canadian companies, such as the Corporate Sustainability Reporting Directive (CSRD) and California Climate Laws.

UPDATE THIS QUARTER: CSSB released its first two final Canadian Sustainability Disclosure Standards

► Voluntary standards rollout

- In December 2024, the Canadian Sustainability Standards Board (CSSB) released its first two Canadian Sustainability Disclosure Standards (CSDS).
- The standards are aligned with the IFRS Sustainability Disclosure Standards, with the exception of a Canadian-specific effective date and incremental transition reliefs.
- The standards are effective, on a *voluntary basis* only, for annual reporting periods beginning on or after January 1, 2025.

► Road to mandatory application?

- Canada's regulators and legislators will determine if and when application of the standards should be mandated.
- The Canadian Securities Administrators (CSA) issued a statement that it is working towards a revised climate-related disclosure rule that will consider the Canadian Sustainability Disclosure Standards.

► Why should you prepare?

Momentum toward standardized, transparent and comparable sustainability reporting continues.

- Federally regulated financial institutions are already required to comply with OSFI B-15 which is broadly based on the ISSB standards.
- Despite the CSSB standards being voluntary, legislation and rules continue to evolve in other jurisdictions such as the CSRD and California Climate Laws.
- Canadian government anti-greenwashing regulations introduced (Bill C-59).

► What could you be doing now?

1 (Re) Establish reporting strategy

- Undertake a regulatory impact assessment to determine the sustainability reporting requirements that apply to your organization.
- Document your reporting strategy, including any planned voluntary reporting and assurance.
- Conduct a materiality assessment considering the frameworks you plan to comply with.

2 Assess current state

- Identify the differences between applicable regulations and/or standards and current reporting.
- Conduct a current state maturity analysis of processes, controls, people, technology and governance structures.
- Complete data gap assessment and develop plan to close gaps.

3 Design reporting policies & target operating model (TOM)

- Develop and/or adapt policies, regarding identified material risks and opportunities.
- Develop standard Key Performance Indicator (KPI) definitions and calculation methodologies.
- Determine TOM and solutions to support sustainability reporting and assurance.

4 Implement sustainability reporting roadmap

- Develop roadmap for delivery, identify milestones, interim and final targets.
- Design future reports.
- Rollout of TOM, including implementation and training required.

Appendix F: Continuous evolution

Our investment:

We are in the midst of a five-year investment to develop our people, digital capabilities, and advanced technology.

Responsive delivery model

Tailored to you to drive impactful outcomes around the quality and effectiveness of our audits.

Result: A better experience

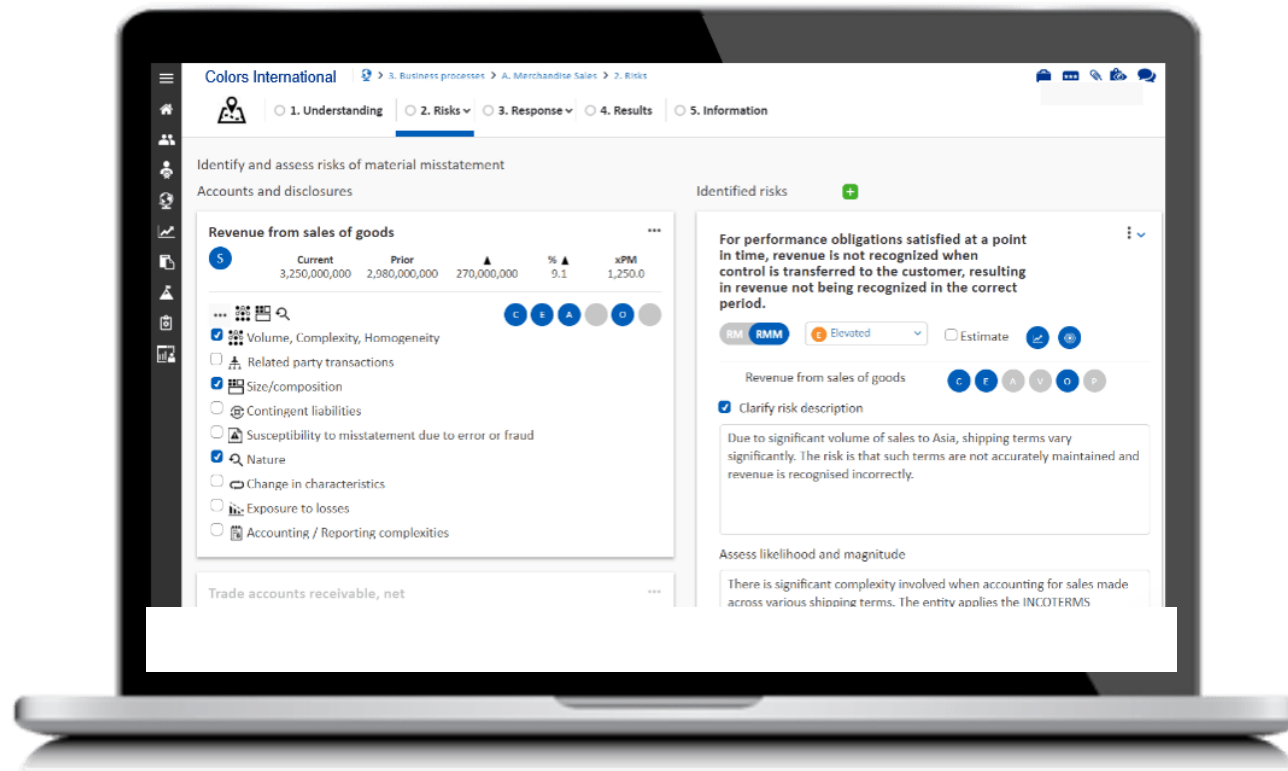
Enhanced quality, reduced disruption, increased focus on areas of higher risk, and deeper insights into your business.





Appendix F: KPMG Clara Generative AI

With our global alliance partner Microsoft, we have embarked on a journey to embed Generative AI into our smart audit platform—KPMG Clara. This will make our auditors more productive and give them the tools to provide quicker feedback, make more insightful connections, and deliver a better audit experience.



AI done right

Although early adoption is key, we are focused on avoiding reliance on a 'black box' so we're building 'explainability' and 'traceability' at the core.



Bolstered productivity

Focused on removing time-consuming low value tasks, we'll apply our skills in other, more judgmental areas or in order to give insights to you.



Quality at our fingertips

We are teaching our model with our knowledge databases to capture our vast experience. This means quality information accessible in seconds.



Secure integration

KPMG Clara has been built on a solid and secure Azure Cloud backbone, allowing us to easily integrate Generative AI in partnership with Microsoft.



<https://kpmg.com/ca/en/home.html>

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