City of Mississauga
Agenda

MISSISSAUGA

Audit Committee

Date: May 13, 2024

Time: 9:30 AM

Location: Council Chambers, Civic Centre, 2nd Floor
300 City Centre Drive, Mississauga, Ontario, L5B 3C1
and Online Video Conference

Members

Mayor (Vacant)	
Councillor Alvin Tedjo	Ward 2
Councillor Chris Fonseca	Ward 3 (Vice-chair)
Councillor John Kovac	Ward 4
Councillor Joe Horneck	Ward 6 (Chair)

To Request to Speak on Agenda Items - Advance registration is required. To make a Deputation please email Allyson D'Ovidio, Legislative Coordinator at allyson.dovidio@mississauga.ca or call 905-615-3200 ext. 8587 no later than Thursday, May 9, 2024 before 4:00 PM.

Questions for Public Question Period – To pre-register for Public Question Period, questions may be provided to the Legislative Coordinator at least 24 hours in advance of the meeting. Following the preregistered questions, if time permits, the public may be given the opportunity to ask a question on an agenda item. Virtual participants must pre-register.

Virtual Participation - All meetings of Council are streamed live and archived at Mississauga.ca/videos. To speak during the virtual meeting or if you do not have access to the internet, contact the Legislative Coordinator and you will be provided with directions on how to participate. Comments submitted will be considered as public information and entered into the public record.

Contact
Allyson D'Ovidio, Legislative Coordinator
905-615-3200 ext. 8587 | allyson.dovidio@mississauga.ca

Find it Online
http://www.mississauga.ca/portal/cityhall/councilcommittees

An asterisk (*) symbol indicates an Item that has been either Revised or Added

1. CALL TO ORDER

2. INDIGENOUS LAND STATEMENT

"We acknowledge the lands which constitute the present-day City of Mississauga as being part of the Treaty and Traditional Territory of the Mississaugas of the Credit First Nation, The Haudenosaunee Confederacy the Huron-Wendat and Wyandotte Nations. We recognize these peoples and their ancestors as peoples who inhabited these lands since time immemorial. The City of Mississauga is home to many global Indigenous Peoples.

As a municipality, the City of Mississauga is actively working towards reconciliation by confronting our past and our present, providing space for Indigenous peoples within their territory, to recognize and uphold their Treaty Rights and to support Indigenous Peoples. We formally recognize the Anishinaabe origins of our name and continue to make Mississauga a safe space for all Indigenous peoples."

3. APPROVAL OF AGENDA

4. DECLARATION OF CONFLICT OF INTEREST

5. MINUTES OF PREVIOUS MEETING

5.1 Audit Committee Minutes - March 18, 2024

6. DEPUTATIONS

Any member of the public interested in making a deputation to an item listed on the agenda must register by calling 905-615-3200 ext. 8587 or by emailing allyson.dovidio@mississauga.ca by Thursday, May 9, 2024 before 4:00 PM.

Each Deputation to Committee is limited to speaking not more than 10 minutes.

Pursuant to Section 57.1 of the Council Procedure By-law 0044-2022, as amended:

Deputations shall be received and the matter shall be referred to staff for a report, unless there is a resolution or recommendation passed to "receive" the Deputation. After a Deputation is completed, Members shall each have one opportunity to make a preamble statement and ask questions to the Deputant(s) or staff for clarification purposes only, and without debate.

6.1 Item 9.1 - Wesley Anderson, Manager, Business Planning and Financial Services

6.2 Item 9.2 - Maria Khoushnood, Partner, KPMG LLP and Wesley Anderson, Manager, Business Planning and Financial Services

7. PUBLIC QUESTION PERIOD - 15 Minute Limit

Public Comments: Members of the Public that have a question about an item listed on the agenda may pre-register by contacting the Legislative Coordinator at least 24 hours in advance of the meeting. Following the registered speakers, if time permits the Chair will acknowledge members of the public who wish to ask a question about an item listed on the agenda. Virtual participants must pre-register.

Pursuant to Section 58 of the Council Procedure By-law 0044-2022, as amended:

Audit Committee may grant permission to a member of the public to ask a question of Audit Committee, with the following provisions:

1. Questions may be submitted to the Clerk at least 24 hours prior to the meeting;
2. A person is limited to two (2) questions and must pertain specific item on the current agenda and the speaker will state which item the question is related to;
3. The total speaking time shall be five (5) minutes maximum, per speaker, unless extended by the Mayor or Chair; and
4. Any response not provided at the meeting will be provided in the format of a written response.

8. CONSENT AGENDA

9. MATTERS TO BE CONSIDERED

9.1 2023 Audited Financial Statements

9.2 2023 External Audit Findings Report

9.3 Final Audit Reports:

1. City Manager’s Department, Legal Services Division, Risk Management Section – Insurance Claims Audit; and,
2. Transportation & Works Department, Infrastructure Planning & Engineering Services Division, Capital Works Delivery Section – Third-Party Contract Administration Audit

9.4 Status of Outstanding Audit Recommendations as of March 31, 2024

10. ENQUIRIES

11. CLOSED SESSION - Nil

12. ADJOURNMENT

City of Mississauga
Minutes

Audit Committee

Date:	**March 18, 2024**
Time:	**9:31 AM**
Location:	**Council Chambers, Civic Centre, 2nd Floor 300 City Centre Drive, Mississauga, Ontario, L5B 3C1 and Online Video Conference**

Members Present	Mayor (Vacant)	
	Councillor Alvin Tedjo	Ward 2
	Councillor Chris Fonseca	Ward 3 (Vice-chair)
	Councillor John Kovac	Ward 4
	Councillor Joe Horneck	Ward 6 (Chair)

Staff Present
Geoff Wright, Commissioner, Transportation and Works
Jodi Robillos, Commissioner, Community Services
Amy Truong, Director, Internal Audit
Megan Piercey, Legislative Coordinator

Others Present
Maria Khoushnood, Partner, KPMG Enterprise

1. <u>CALL TO ORDER</u>

Councillor J. Horneck, Chair called the meeting to order at 9:31 AM.

2. <u>INDIGENOUS LAND STATEMENT</u>

Councillor J. Horneck, Chair recited the Indigenous Land Statement.

3. <u>APPROVAL OF AGENDA</u>

Approved (Councillor A. Tedjo)

4. <u>DECLARATION OF CONFLICT OF INTEREST</u> - Nil

5. <u>MINUTES OF PREVIOUS MEETING</u>

5.1 Audit Committee Minutes - December 4, 2023

Approved (Councillor J. Kovac)

6. DEPUTATIONS - Nil

7. <u>PUBLIC QUESTION PERIOD - 15 Minute Limit</u> - Nil

8. <u>CONSENT AGENDA</u> - Nil

9. <u>MATTERS CONSIDERED</u>

9.1 Proposed Amendments to the Internal Audit Charter By-law, the Audit Committee Terms of Reference and the Council Procedure By-law

No discussion took place regarding this item.

RECOMMENDATION AC-0001-2024

Moved By Councillor A. Tedjo

1. That the Internal Audit Charter By-law 0065-2013 be amended in order to update Schedule “A” as outlined in Appendix 1 to the report from Internal Audit dated February 28, 2024 entitled, “Proposed Amendments to the Internal Audit Charter By-law, the Audit Committee Terms of Reference and the Council Procedure By-law.”
2. That the Audit Committee Terms of Reference By-law 0069-2015 be repealed.
3. That the new Audit Committee Terms of Reference By-law be enacted, which will include the updated terms of reference, as outlined in Appendix 2 to the report from Internal Audit dated February 28, 2024 entitled, “Proposed Amendments to the Internal Audit Charter Bylaw, the Audit Committee Terms of Reference and the Council Procedure By-law.”
4. That Schedule “A” of the Council Procedure By-law 0044-2022 be amended in order to amend the minimum frequency of meetings for the Audit Committee, as outlined in Appendix 3 to the report from Internal Audit dated February 28, 2024

entitled, “Proposed Amendments to the Internal Audit Charter By-law, the Audit Committee Terms of Reference and the Council Procedure By-law.”

YES (4): Councillor A. Tedjo, Councillor C. Fonseca, Councillor J. Kovac, and Councillor J. Horneck

ABSENT (1): Mayor (Vacant)

Carried (4 to 0)

9.2 Internal Audit Work Plan 2024-2026

No discussion took place regarding this item.

RECOMMENDATION AC-0002-2024

Moved By Councillor C. Fonseca

That the Corporate Report dated February 12, 2024 from the Director, Internal Audit entitled “Internal Audit Work Plan 2024-2026” be approved.

YES (4): Councillor A. Tedjo, Councillor C. Fonseca, Councillor J. Kovac, and Councillor J. Horneck

ABSENT (1): Mayor (Vacant)

Carried (4 to 0)

9.3 Final Audit Reports:

1. Community Services Department, Recreation & Culture Division, Culture & Events Section, Event Development Unit – Celebration Square Audit
2. Community Services Department, Parks, Forestry & Environment Division, Parks Operations Section – Parks Operations Turf Inventory Audit

***Audit Presentations Added Post Meeting**

Airene Cunanan, Senior Internal Auditor provided a presentation regarding the Celebration Square Audit. A. Cunanan advised that this audit resulted in a total of seven (7) recommendations. Management has agreed and committed to completing five (5) recommendations by the first quarter and the remaining two (2) by the second quarter of this year. Committee members engaged in discussion and enquired about grant funding, budget recovery and the broader music strategy in different parks. Jodi Robillos, Commissioner, Community Services and Amy Truong, Director, Internal Audit responded to questions.

Vandana Waghela, Information Technology Auditor provided a presentation regarding the Parks Operations Turf Inventory Audit. V. Waghela advised that a total of eight (8) recommendations resulted from this audit. Management has agreed to complete three (3) by the end of 2024, four (4) by the end of 2025 and one (1) by the end of 2026. Committee members engaged in discussion and enquired about the re-establishing inventory management post-pandemic, Standard Operating Procedures (SOPs), and staff training. A. Truong, J. Robillos, V. Waghela, and Nadia Paladino, Director, Parks & Forestry & Environment responded to questions.

<u>RECOMMENDATION</u> AC-0003-2024

Moved By Councillor J. Kovac

That the report dated March 1, 2024 from the Director, Internal Audit with respect to final audit
reports:

1. Community Services Department, Recreation & Culture Division, Culture & Events Section, Event Development Unit – Celebration Square Audit; and;
2. Community Services Department, Parks, Forestry & Environment Division, Parks Operations Section – Parks Operations Turf Inventory Audit.

be received for information.

YES (4): Councillor A. Tedjo, Councillor C. Fonseca, Councillor J. Kovac, and Councillor J. Horneck

ABSENT (1): Mayor (Vacant)

<u>Carried (4 to 0)</u>

9.4 <u>Status of Outstanding Audit Recommendations as of December 31, 2023</u>

No discussion took place regarding this item.

<u>RECOMMENDATION</u> AC-0004-2024

Moved By Councillor C. Fonseca

That the Corporate Report dated January 31, 2024 entitled “Status of Outstanding Audit Recommendations as of December 31, 2023” from the City Manager & Chief Administrative Officer be received for information.

YES (4): Councillor A. Tedjo, Councillor C. Fonseca, Councillor J. Kovac, and Councillor J. Horneck

ABSENT (1): Mayor (Vacant)

<u>Carried (4 to 0)</u>

10. ENQUIRIES - Nil

11. CLOSED SESSION - Nil

12. ADJOURNMENT

10:06 AM (Councillor J. Kovac)

6.1

2023 Financial Results

Audit Committee

May 13, 2024

MISSISSAUGA

2023 Financial Overview

- The City's financial statements are presented on an accrual basis, different than the annual budget approved by Council
- Amortization, other non-cash revenue and expenses are not included in the budget
- Enersource, BIAs are consolidated into the financial statements
- Annual surplus differs from budgeted surplus

New Accounting Standards for 2023

Asset Retirement Obligations: The cost of recognizing the legal obligations of retiring assets like buildings, equipment, lease agreements

Financial Instruments: New disclosures on how the City reports its financial instruments, like cash, investments, accounts receivable, accounts payable, etc.

2023 Financial Overview ($ millions)

Statement of Financial Position

Financial Assets
$2,595.9

+

Non-Financial Assets
$8,908.9

=

Financial Liabilities
$1,651.1

+

Accumulated Surplus
$9,854.1

Statement of Operations

Revenue
$1,389.8

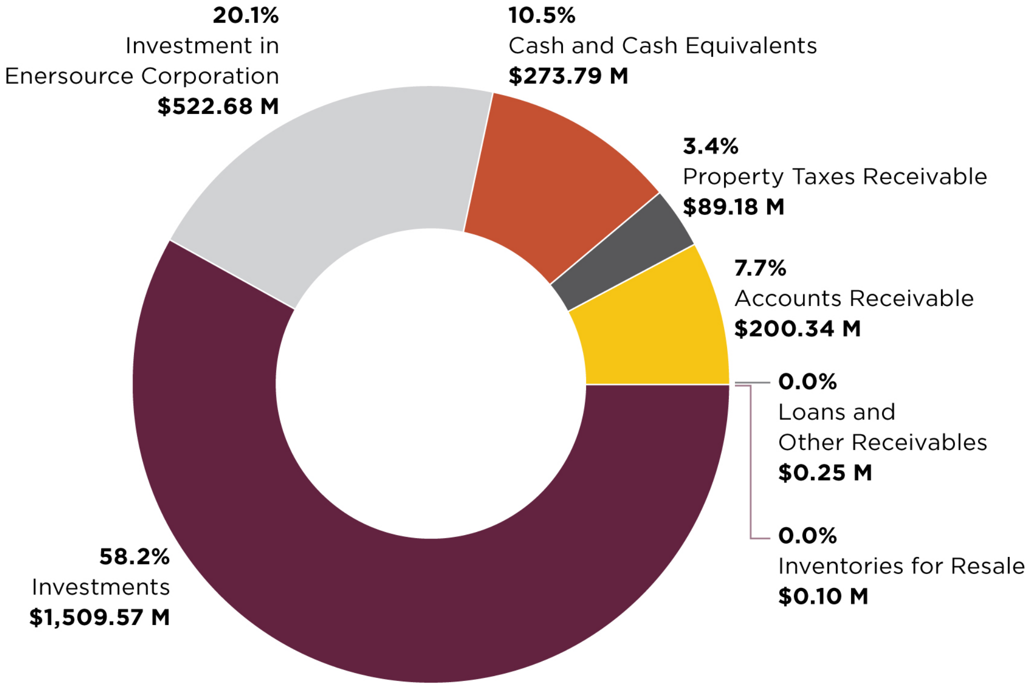
−

Expenses
$1,082.7

=

Annual Surplus
$307.1

Financial Assets ($2.6 billion)

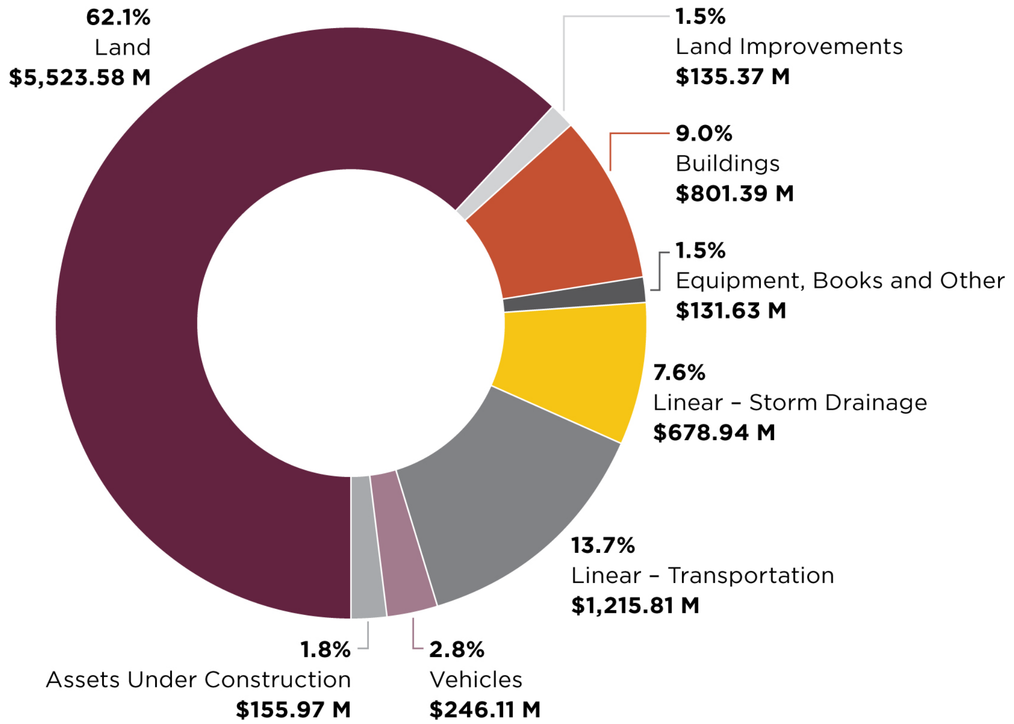


Investment in Enersource Corporation

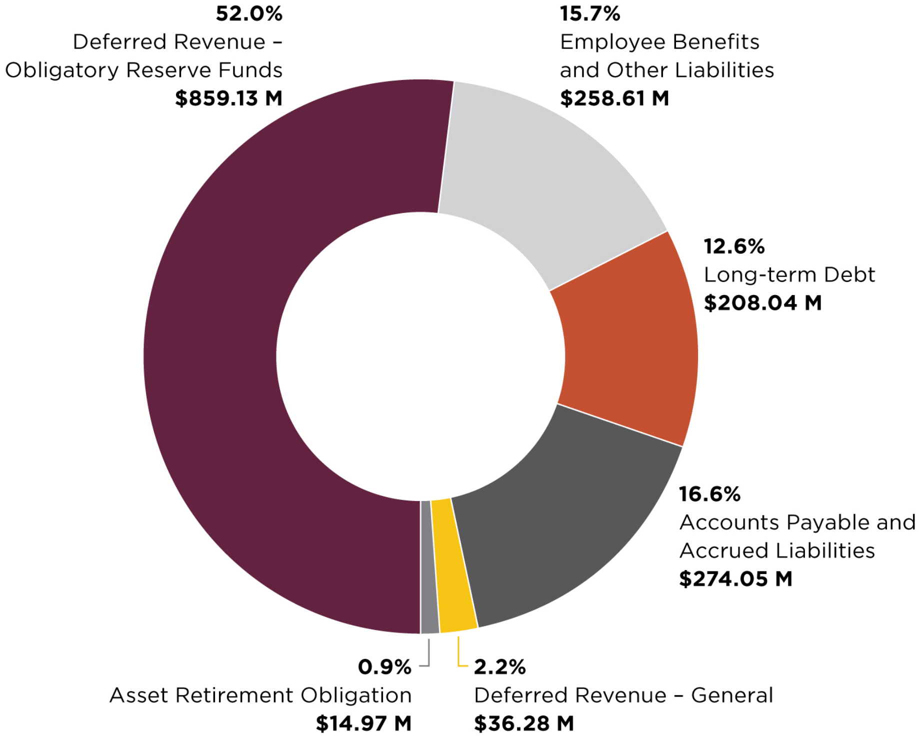
($ millions)	2023	2022
Opening Balance	505.4	510.5
Share of Net Income in Enersource Corp.	36.2	15.9
Share of other comprehensive income	(0.3)	0.0
City's Share of Dividend	(18.6)	(21.0)
Closing Balance	**522.7**	**505.4**

Enersource's interest in Alectra is currently 29.57%

Tangible Capital Assets ($8.89 billion)



Financial Liabilities ($1.65 billion)

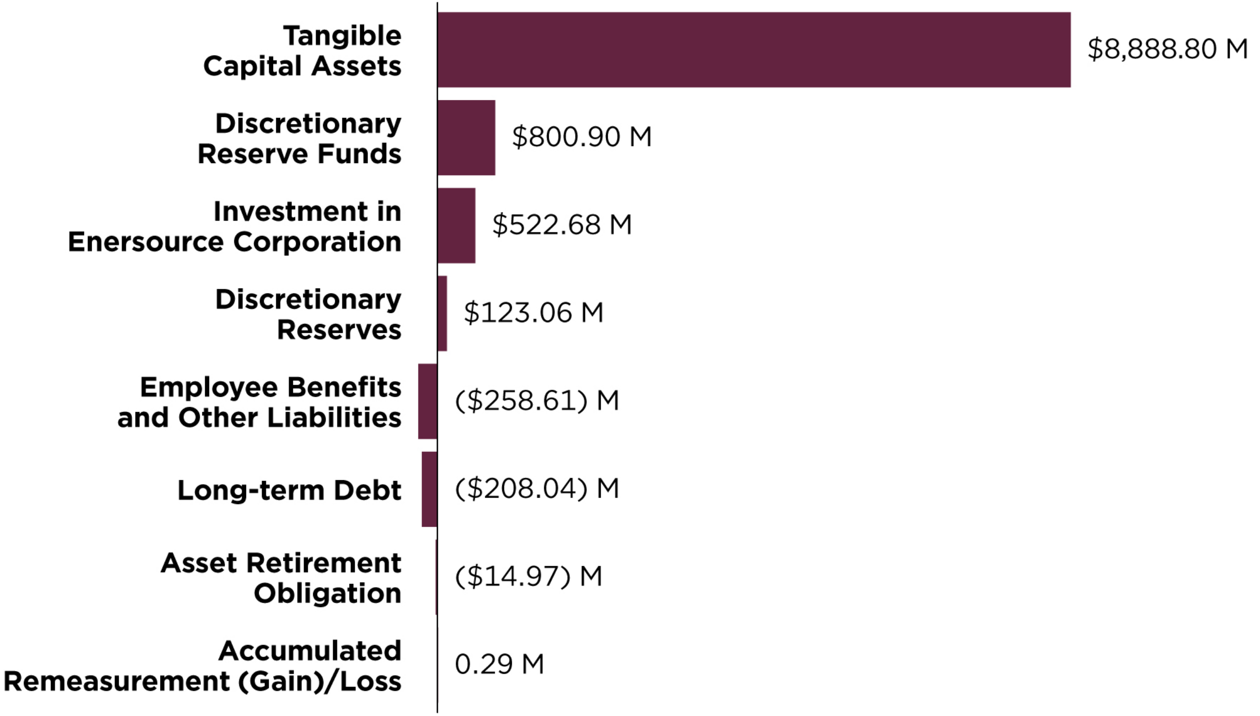


Deferred Revenue – Obligatory Reserve Funds

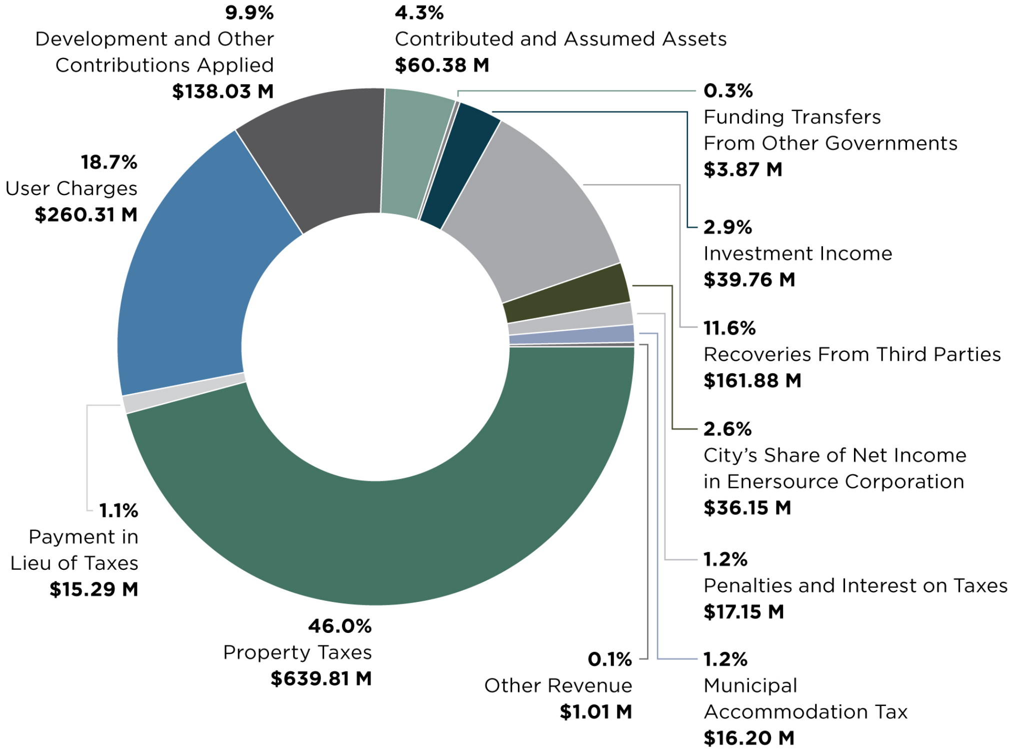
Item ($ millions)	2023	2022
Development Charges	413.8	357.9
CIL Parkland	170.1	172.0
CIL Parking	7.2	3.2
Community Benefit Charges	25.4	18.0
Provincial Public Transit Funds and Gas Tax	48.2	43.6
Canada Community-Building Fund and Federal Public Transit Funds	166.1	190.0
Housing Accelerator Fund	28.4	-
Total Deferred Revenue - Obligatory Reserve Funds	**859.1**	**784.7**

- Certain reserve funds are re-classified as liabilities for financial reporting purposes
- Includes both balances in the reserve funds at year-end, along with unspent balances that are in capital projects as of December 31st

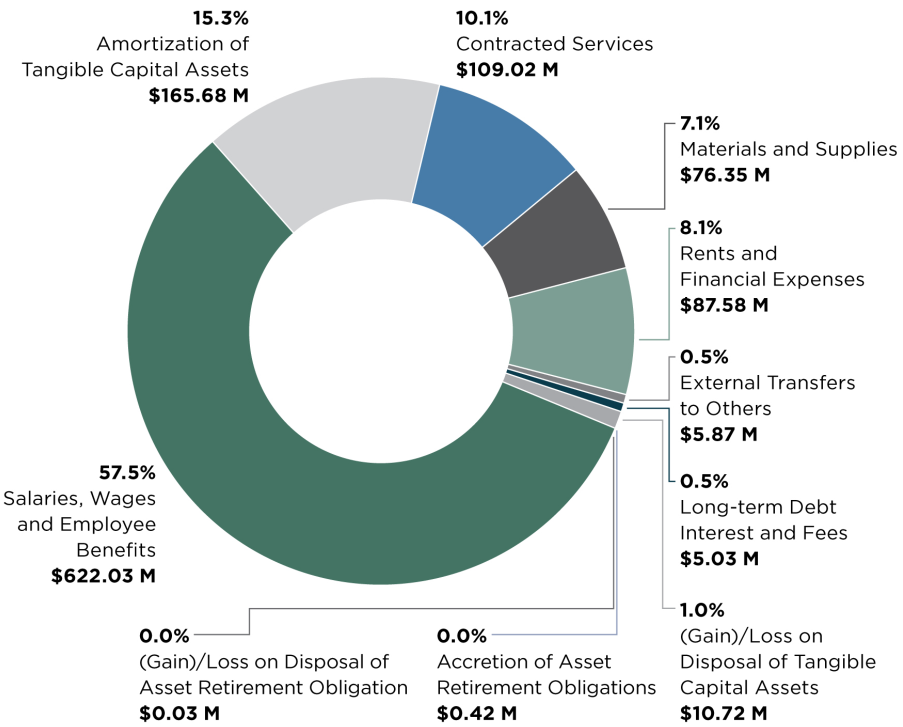
Accumulated Surplus ($9.85 billion)



2023 Revenue ($1.39 billion)



2023 Expenses ($1.1 billion)



Sustainability Accounting & Reporting

- Note 28 provides unaudited disclosure on the recognition of natural assets
- Inclusion of sustainability progress in the Financial and Sustainability Report
- Upcoming formal recognition of sustainability in public sector accounting standards

IFRS Sustainability

TNFD Taskforce on Nature-related Financial Disclosures

IPSASB

PSAB Public Sector Accounting Board

Questions

MISSISSAUGA

City of Mississauga

Corporate Report

MISSISSAUGA

Date: April 15, 2024	Originator's files:
To: Chair and Members of Audit Committee	
From: Shari Lichterman, CPA, CMA, City Manager and Chief Administrative Officer	Meeting date: May 13, 2024

Subject

2023 Audited Financial Statements

Recommendation

That the corporate report dated April 15, 2024 entitled "2023 Audited Financial Statements" from the City Manager and Chief Administrative Officer be received for information.

Executive Summary

- One of the fiduciary responsibilities of the Audit Committee is to review the annual financial statements and audit results.
- The audited financial statements have been reviewed and approved by the Director of Finance and Treasurer, and the City Manager and Chief Administrative Officer.
- This report presents the 2023 Financial Statements for:
  - City of Mississauga (consolidated)
  - City of Mississauga Trust Funds
  - City of Mississauga Public Library Board
  - Tourism Mississauga
  - Clarkson Business Improvement Area
  - Port Credit Business Improvement Area
  - Streetsville Business Improvement Area
  - Cooksville Business Improvement Area
  - Enersource Corporation
- The Malton Business Improvement Area has not completed their audit at the time of this report being published.

Background

Section 294.1 of the *Municipal Act, 2001* requires municipalities to prepare financial statements in accordance with generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board of Chartered Professional Accountants (CPA) Canada. The *Municipal Act, 2001* also specifies that the municipality must appoint an auditor licensed under the *Public Accounting Act, 2004* to annually audit and express an opinion on the financial statements.

The Finance Division is responsible for the preparation of the annual financial statements. The City's external audit firm, KPMG LLP, reports to Audit Committee by expressing an opinion on the City's financial statements. One of the fiduciary responsibilities of Audit Committee is to review the annual financial statements and audit results. KPMG is in the ninth year of a ten-year contract, for the years ending 2015 through 2024.

Comments

KPMG has completed its audit of the City's financial statements which fully comply with public sector accounting standards as set out by CPA Canada. As per the independent auditor's report in Appendix 1, KPMG has rendered an opinion that the City's financial statements present fairly, in all material respects, its financial position as of December 31, 2023. The financial statements have been approved by the Director of Finance and Treasurer, and the City Manager and Chief Administrative Officer.

The Consolidated Financial Statements provide information on the cost of 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 in a way that is similar to private sector financial statement presentation. The financial statements are comprised of all organizations, committees and local boards accountable to the City for the administration of its financial affairs and resources which are owned or controlled by the City. The consolidated entities include the five Business Improvements Areas, the Mississauga Library Board, Tourism Mississauga, and Enersource Corporation.

The Malton BIA Audit has not been completed to date. As a result, their 2023 results have been consolidated at the 2023 budget values and will be readjusted during the 2024 City consolidation. KPMG confirmed this approach as there is no material financial impact on the City's Consolidated Financial Statements.

New Accounting Standards

The Public Sector Accounting Board introduced two new standards that were effective in the 2023 reporting year for the City; Asset Retirement Obligation and Disclosure of Financial Instruments.

For Asset Retirement Obligations, the City has legal obligations associated with the retirement of buildings, equipment, and lease agreements. The City recognizes these obligations to retiring tangible capital assets from service in the period in which the obligation arises, which is typically upon the acquisition or development of the asset, or when a reasonable estimate of the obligation can be made. Asset retirement obligations must be reviewed each year for new obligations and/or changes in existing obligations. This liability is reported in the Statement of Financial Position with the City recording a $15 million liability for Asset Retirement Obligations in 2023. Any changes in that liability flows through the Statement of Operations as an expense.

The City must also now disclose its methods for reporting financial instruments. These can be found in Notes 1q and Note 5 in the financial statements. Financial instruments include cash, investments, taxes receivable, accounts payable and long-term debt. The City recognizes all of these instruments at cost, and not at fair market value. No changes to the financial statements were required in 2023, other than note disclosures.

A minor restatement for a loss of $292,000 on the Consolidated Statement of Operations for Other Comprehensive Income from Enersource. In 2023, new PSAB accounting changes required that Other Comprehensive Income be reclassified to the Consolidated Statement of Financial Position as an Accumulated remeasurement gain/loss and excluded from the share of net income in Enersource. Other Comprehensive Income can be described as including revenues, expenses, gains, and losses that have yet to be realized. These are now excluded from net income and reported on the Consolidated Statement of Financial Position as an accumulated remeasurement gain/(loss).

Reconciliation between the Business Plan & Budget and the Audited Financial Statements

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

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 and public sector accounting standards, which create significant differences between both documents. The main differences include:

- Certain revenues 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 revenues or expenses; these transfers are not recorded as revenues 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 approved operating and capital budget with an adjusted budget reported in the financial statements. Beginning with the 2023 Business Plan & Budget, the City presents a full accrual-based budget to accompany the operating and capital budgets.

Annual Financial and Sustainability Report and Annual Report Highlights

The year in review outlined in Appendix 10 provides detailed information and analysis on the financial statements and its results. To complement the financial statements, the 2023 Annual Financial and Sustainability Report and the 2023 Financial Report Highlights Report provides a comprehensive review of the City's accomplishments, activities and financial performance in the previous year. These documents will be posted on the City's website early this summer.

The Financial and Sustainability Report provides an overview of the City's progress in sustainability related initiatives, including voluntary disclosures through the Task Force on Climate-Related Financial Disclosures (TCFD). Sustainability accounting and reporting is an emerging trend in financial reporting, and the City has completed a number of initiatives to support its adoption. Over the coming years, it is expected that sustainability-related disclosures, such as the unaudited natural assets note disclosure presented in Note 28 of the 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. Enersource Corporation's audited financial statements are presented in Appendix 9.

The City's 90 per cent interest in Enersource Corporation in 2023 is $522.7 million (2022 $505.4 million), an increase of $17.3 million and is reported as a financial asset on the Consolidated Statement of Financial Position. The year over year increase relates to the difference between $18.6 million in dividends paid to the City from Enersource, and the $36.2 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 2023 Audited Financial Statements provides information on the cost of 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: 2023 Audited Consolidated Financial Statements
Appendix 2: 2023 City of Mississauga Trust Funds Audited Financial Statements
Appendix 3: 2023 City of Mississauga Public Library Board Audited Financial Statements
Appendix 4: 2023 Tourism Mississauga Audited Financial Statements
Appendix 5: 2023 Clarkson BIA Audited Financial Statements
Appendix 6: 2023 Port Credit BIA Audited Financial Statements
Appendix 7: 2023 Streetsville BIA Audited Financial Statements
Appendix 8: 2023 Cooksville BIA Audited Financial Statements
Appendix 9: 2023 Enersource Corporation Audited Financial Statements
Appendix 10: 2023 Financial Year in Review

*2023 Malton BIA Audited Financial Statements excluded due to delay in audit.

Shari Lichterman, CPA, CMA, City Manager and Chief Administrative Officer

Prepared by: Wesley Anderson, Manager, Business Planning and Financial Services

Appendix 1 9.1

MISSISSAUGA

2023 Audited Consolidated Financial Statements

For the year ended December 31, 2023

Prepared by: Finance Division
City of Mississauga

The Corporation of the City of Mississauga
December 31, 2023

CONTENTS

Management's Responsibility for Financial Reporting

For the year ended December 31, 2023

The accompanying consolidated financial statements of the Corporation of the City of Mississauga (the "City") are the responsibility of the City's management and have been prepared in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

The City's Finance Division is responsible for the preparation of the consolidated financial statements and accompanying notes. The statements and notes include certain amounts based on estimates and judgements. Such amounts have been determined on a reasonable basis to ensure that the consolidated financial statements are presented fairly in all material respects.

There are four required consolidated financial statements: the Consolidated Statement of Financial Position, the Consolidated Statement of Operations, the Consolidated Statement of Change in Net Financial Assets, and the Consolidated Statement of Cash Flows. These consolidated financial statements provide information on the cost of all City activities, how they were financed, investing activities, assets, and liabilities. The consolidated financial statements are reviewed and approved by the Director of Finance and Treasurer.

The City maintains systems of internal and financial controls designed to ensure that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by City management.

The consolidated financial statements have been audited by KPMG LLP, independent external auditors appointed by the City's Audit Committee. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the consolidated financial statements.

The City's Audit Committee meets with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters.

Shari Lichterman
City Manager and Chief Administrative Officer

Marisa Chiu
Director of Finance and Treasurer

Mississauga, Ontario
April 19, 2024

KPMG LLP
Vaughan Metropolitan Centre
100 New Park Place, Suite 1400
Vaughan, ON L4K 0J3
Canada
Telephone 905 265 5900
Fax 905 265 6390

INDEPENDENT AUDITOR'S 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 City), which comprise:

- the consolidated statement of financial position as at December 31, 2023
- the consolidated statement of operations and accumulated surplus 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 City as at December 31, 2023, 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 ***"Auditor's Responsibilities for the Audit of the Financial Statements"*** section of our auditor's 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

Emphasis of Matter - Comparative Information

We draw attention to Note 2 to the financial statements, which explains that certain comparative information presented for the year ended December 31, 2022 has been restated as a result of the modified retroactive adoption of the asset retirement obligation standard.

Note 2 explains the reason for the restatement and also explains the adjustments that were applied to restate certain comparative information.

Our opinion is not modified in respect of this matter.

Other Matter - Comparative Information

As part of our audit of the financial statements for the year ended December 31, 2023, we also audited the adjustments that were applied to restate certain comparative information presented for the year ended December 31, 2022. In our opinion, such adjustments are appropriate and have been properly applied.

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.

Auditor's 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 auditor's 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.

KPMG

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 auditor's 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 auditor's 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 19, 2024

The Corporation of the City of Mississauga
Consolidated Statement of Financial Position
as at December 31, 2023 with comparatives for 2022
(All dollar amounts are in $000s)

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

	2023	2022 Restated (Note 2)
Financial Assets		
Cash and cash equivalents	273,785	303,166
Property taxes receivable (Note 3)	89,186	66,237
Accounts receivable (Note 3)	200,339	121,857
Loans and other receivables	250	300
Inventories for resale	97	97
Investments (Note 4)	1,509,569	1,518,329
Investment in Enersource Corporation (Note 6)	522,683	505,416
Total Financial Assets	2,595,909	2,515,402
Financial Liabilities		
Accounts payable and accrued liabilities	274,046	265,955
Deferred revenue - general (Note 7)	36,280	21,813
Deferred revenue - obligatory reserve funds (Note 8)	859,129	784,686
Employee benefits and other liabilities (Note 9)	258,608	240,740
Asset retirement obligation (Notes 2 and 11)	14,975	13,344
Long-term debt (Note 12)	208,040	249,095
Total Financial Liabilities	1,651,078	1,575,633
Net Financial Assets	944,831	939,769
Non-Financial Assets		
Tangible capital assets (Note 13)	8,888,802	8,587,543
Inventories of supplies	12,280	10,929
Prepaid expenses	7,902	8,758
Total Non-Financial Assets	8,908,984	8,607,230
	9,853,815	9,546,999
Accumulated Surplus (Note 14)	9,854,107	9,546,999
Accumulated remeasurement gain/(loss)	(292)	-
	9,853,815	9,546,999

Contingent liabilities and guarantee (Note 17)
Contractual rights (Note 25)
Commitments (Note 26)
Contingent assets (Note 27)

The Corporation of the City of Mississauga
Consolidated Statement of Operations
for the year ended December 31, 2023 with comparatives for 2022
(All dollar amounts are in $000s)

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

	2023 Budget (Note 21)	2023 Actual	2022 Actual Restated (Note 2)
Revenue (Notes 18, 19 and 20)			
Property taxes (Note 15)	638,400	639,813	584,150
Payment in lieu of taxes	37,061	15,295	15,558
Municipal Accommodation Tax	9,800	16,195	12,279
User charges (Note 23)	284,570	260,313	232,734
Recoveries from third parties	105,191	161,883	34,696
Funding transfers from other governments (Note 24)	2,011	3,868	37,067
Development and other contributions applied	201,958	138,026	100,368
Investment income	26,587	39,755	36,374
Penalties and interest on taxes	10,110	17,152	14,825
Contributed and assumed assets (Note 13)	-	60,379	75,591
Other	(595)	1,011	3,949
City's share of net income in Enersource Corporation (Note 6)	25,000	36,153	15,890
Total Revenue	**1,340,093**	**1,389,843**	**1,163,481**
Expenses (Notes 18, 19 and 20)			
General government services	186,440	202,606	230,532
Protection services (Note 23)	165,450	164,383	156,187
Transportation services	406,020	421,694	376,517
Environmental services	22,500	24,983	20,995
Health services	863	833	791
Social and family services	986	359	645
Recreation and cultural services	205,598	219,601	198,051
Planning and development services	43,683	48,276	28,716
Total Expenses (Note 22)	**1,031,540**	**1,082,735**	**1,012,434**
Annual surplus	**308,553**	**307,108**	**151,047**
Accumulated surplus, beginning of year	9,546,999	9,546,999	9,404,521
Adjustment on adoption of the asset retirement obligation standard (Note 2, b)	-	-	(8,569)
Accumulated surplus, beginning of year, as restated	**9,546,999**	**9,546,999**	**9,395,952**
Accumulated Surplus, end of year (Note 14)	**9,855,552**	**9,854,107**	**9,546,999**

The Corporation of the City of Mississauga
Consolidated Statement of Change in Net Financial Assets
for the year ended December 31, 2023 with comparatives for 2022
(All dollar amounts are in $000s)

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

	2023 Budget (Note 21)	2023 Actual	2022 Actual Restated (Note 2)
Annual surplus	308,553	307,108	151,047
Acquisition of tangible capital assets	-	(481,185)	(277,920)
Amortization of tangible capital assets (Note 13)	161,961	165,679	150,173
(Gain)/loss on disposal of tangible capital assets (Note 13)	-	10,723	(40)
Proceeds of disposition of tangible capital assets (Note 13)	-	3,490	1,175
Loss on disposal of asset retirement obligation	-	34	260
	470,514	5,849	24,695
Acquisition of inventories of supplies	-	(12,280)	(10,929)
Prepaid expenses, current year	-	(7,902)	(8,758)
Inventories of supplies	-	10,929	8,191
Prepaid expenses, prior year	-	8,758	3,910
Change in Net Financial Assets before the under-noted	470,514	5,354	17,109
Net financial assets, beginning of year	939,769	939,769	935,220
Adjustment on adoption of the asset retirement obligation standard (Note 2)	-	-	(12,560)
Accumulated remeasurement gain/(loss)	-	(292)	-
Net financial assets, beginning of year, as restated	939,769	939,477	922,660
Net Financial Assets, end of year	1,410,283	944,831	939,769

The Corporation of the City of Mississauga
Consolidated Statement of Cash Flows
for the year ended December 31, 2023 with comparatives for 2022
(All dollar amounts are in $000s)

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

	2023	2022 Restated (Note 2)
Cash provided by (used in):		
Operating activities		
Annual surplus	307,108	151,047
Items not involving cash		
Amortization of tangible capital assets	165,679	150,173
(Gain)/loss on disposal of tangible capital assets	10,723	(40)
Contributed and assumed assets	(60,379)	(75,591)
Change in employee benefits and other liabilities	17,868	9,494
Accretion expense	417	366
Loss on disposal of asset retirement obligation	34	260
City's share of net income in Enersource Corporation	(36,153)	(15,890)
Change in non-cash assets and liabilities		
Property taxes receivable	(22,949)	(9,137)
Accounts receivable	(78,482)	4,101
Inventories for resale	-	(17)
Accounts payable and accrued liabilities	8,091	42,721
Deferred revenue - general	14,467	6,787
Deferred revenue - obligatory reserve funds	74,443	116,327
Inventories of supplies	(1,351)	(2,738)
Prepaid expenses	856	(4,848)
Asset retirement obligations	1,214	418
Net change in cash from operating activities	**401,586**	**373,433**
Capital activities		
Tangible capital asset additions	(420,806)	(202,329)
Proceeds of disposition of tangible capital assets	3,490	1,175
Net change in cash from capital activities	**(417,316)**	**(201,154)**
Investing activities		
Increase in investments	8,760	(186,643)
Decrease in loans and other receivables	50	50
Dividends from Enersource Corporation	18,594	21,005
Net change in cash from investing activities	**27,404**	**(165,588)**
Financing activities		
Proceeds from issuance of long-term debt	-	50,000
Repayment of long-term debt	(41,055)	(38,227)
Net change in cash from financing activities	**(41,055)**	**11,773**
Net change in cash and cash equivalents	**(29,381)**	**18,464**
Cash and cash equivalents, beginning of year	303,166	284,702
Cash and Cash Equivalents, end of year	**273,785**	**303,166**

The Corporation of the City of Mississauga
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2023
(All dollar amounts are in $000s)

The Corporation of the City of Mississauga (the "City") 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, 1992, Provincial Offences Act* and other related legislation.

Accounting standards specify how transactions and other events are to be recognized, measured, presented, and disclosed in a public sector entity's financial statements. These statements have been prepared in accordance with the accounting standards of the Public Sector Accounting Board (PSAB). These standards are numbered and are referenced throughout these notes beginning with the letters "PS".

1. Significant Accounting Policies

The Consolidated Financial Statements of 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. 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, revenue, and expenses of the reporting entity (the City). The reporting entity comprises all organizations, committees, and local boards that are accountable to the City for the administration of their financial affairs and resources and that are owned or controlled by the City. Enersource Corporation (the City’s government business enterprise) is accounted for on the modified equity basis of accounting.

The entities and organizations included in the reporting entity are:

- Mississauga Public Library Board
- Tourism Mississauga
- Clarkson Village Business Improvement Association
- Cooksville Business Improvement Area
- Malton Business Improvement Area
- Port Credit Business Improvement Area
- Streetsville Business Improvement District Association
- Enersource Corporation

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 to 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 are reflected as reductions in the investment asset account.

(iii) Accounting for Region and school board transactions

Revenue (including taxation), 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.

(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, 2002* and the *Municipal Elections Act, 1996.*

b) Basis of accounting

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

c) Government transfers

Government transfers are recognized in the Consolidated Financial Statements as revenue 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) Property taxes

Property taxes and property taxes receivable are recognized as revenue when they meet the definition of an asset, the tax is authorized, and the taxable event has occurred. Additional property tax 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 the Municipal Property Assessment Corporation (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) Payment in lieu of taxes

Payments in lieu of taxes (PILTs) are payments received from other government entities for properties owned within the city that are exempt from property taxes. The federal *Payments in Lieu of Taxes Act* stipulates payment may be made, therefore there is no guarantee that the City will receive the amount of PILTs billed. Payments are also specific to a calendar year.

The PILT for the majority of government entities is based on their assessment value, as determined by MPAC, and the applicable PILT rate established annually by City Council ("Council"). PILTs for airport authorities are based on a per-passenger rate as determined through Section 45.1 of O. Reg. 282/98. PILTs for hospitals, colleges, universities and penitentiaries are based on a prescribed rate of $75 per full-time student, provincially rated bed, or resident place (commonly known as "heads and beds") as per O. Reg. 384/98. PILTs for railway rights-of-way and utility transmission corridors are based on a per-acreage rate as per O. Reg. 387/98 and the acreage as received from MPAC.

Similar to taxable properties, there can be in-year changes for PILTs through the issuance of supplementary assessment rolls and PILT adjustments resulting from assessment appeals.

The City does not collect penalty and interest for PILTs.

f) Municipal Accommodation Tax revenue

Municipal Accommodation Tax (MAT) revenue is revenue collected from accommodations owners offering short-term accommodation of 30 days or less under Municipal Accommodation Tax By-law 0023-2018. These amounts are recognized as revenue in the year that the tax is levied on accommodation charges by accommodations providers.

g) User charges

User charges are paid by anyone using fee-based programs and services offered by the City, regardless of their status as a taxpayer. User fees are generally charged when services offered by the City benefit specific individuals instead of the community as a whole. User fees include transit fares, attendance at recreation programs, dog licenses, and building permits. User charges are recognized when earned and measurable.

h) Deferred revenue - general

Deferred revenue - general is licence, permit and other fees which have been collected, but for which the related services have yet to be performed. These amounts will be recognized as revenue in the fiscal year the services are performed. Deferred revenue - general also includes the balance of the reserve funds used to fund the City's long-term disability benefit program. The balance comprises premiums paid by employees and the City, less claims paid during the year.

i) Deferred revenue - obligatory reserve funds

The City receives various types of payments that must be used for specific purposes. These include transfer payments from other levels of government for specific programs (e.g., Canada Community-Building Fund), as well as things like cash in lieu of parkland and community benefits charges. The City also receives development charge payments under the authority of provincial legislation and City by-laws. These funds, by their nature, are restricted in their use, and until applied to applicable operating or capital costs, are recorded as deferred revenue. Amounts applied to qualifying capital projects are recorded as revenue in the fiscal year they are expended.

j) Development and other contributions applied

There are two different components to development and other contributions applied.

The City receives funding from external parties or other levels of government with no contractual or legislated requirements. Funding is recognized as revenue once it is received by the City.

The City also receives funding from external parties or other levels of governtment with specific contractual or legislated requirements. These funds must be set aside as deferred revenue and applied as revenue against operating and capital expenditures as they occur.

k) Investment income

Investment income is reported as revenue in the year earned. Investment income earned on deferred revenue - obligatory reserve funds is not included in investment income but recognized as a receipt. Reciepts are then recognized as obligatory reserve fund revenue when the actual operating or capital expenditures are incurred.

l) Cash and cash equivalents

Cash and cash equivalents include cash and highly liquid investments with original dates to maturity of 90 days or less. Cash and short-term investments are recorded at amortized cost.

m) 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.

n) Inventories for resale

Inventories for resale are valued at the lower of cost and net realizable value.

o) Land held for sale

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

p) 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 something other than a temporary decline in value, the respective investment is written down to recognize the loss in the consolidated statement of operations.

q) Measurement of financial instruments

The City's financial assets and liabilities are measured as follows:

(i) Cash at amortized cost

(ii) Investments at amortized cost (with fair market value disclosed in the notes to the Consolidated Financial Statements)

(iii) Taxes receivable, accounts receivable, loans and other receivables at amortized cost

(iv) Accounts payable and accrued liabilities at amortized cost

(v) Long-term debt at amortized cost

At the end of 2023, there are no financial instruments recognized at fair value.

All financial assets are performing as expected and are tested annually for impairment. The nature of the City’s investment policies and practices reduce the risk of asset impairment. If financial assets are impaired, these realized losses are recorded in the Consolidated Statement of Operations.

Financial instruments are measured using amortized cost, with the effective interest rate method used to determine interest revenue or expenses. Transaction costs incurred on the acquisition of financial instruments are expensed as incurred and amortized using the straight-line method over the life of the instrument.

The purchase and sale of cash equivalents and investments are accounted for using trade-date accounting. The City does not use foreign currency contracts or any other type of derivative financial instruments for trading or speculative purposes.

r) Employee future benefits

(i) The City provides certain employee benefits which will require funding in future years. These benefits include sick leave, benefits under the *Workplace Safety and Insurance Act, 1997*, long-term disability, life insurance, and extended health and dental benefits for early retirees.

These 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 years 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 year when the events occur. Any actuarial gains or losses that are related to these benefits are recognized immediately in the year they arise.

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

s) Asset retirement obligation

The City has legal obligations associated with the retirement from service of buildings, equipment, and lease agreements. The City recognizes obligations to retiring tangible capital assets from service in the period in which the obligation arises, which is typically upon acquisition or development of the asset, or when a reasonable estimate of the obligation can be made.

Asset retirement obligations are measured based on the best estimate of directly attributable expenditures required to settle the obligation. The amount of the obligation is added to the carrying amount of the associated asset and amortized on a straight-line basis over the estimated remaining useful life of the asset. If an obligation exists and does not have a corresponding asset, the amount of the obligation is recognized as a liability and an expense in the year of acquisition.

Asset retirement obligations are reviewed at each statement of financial reporting date and adjusted based on the facts and circumstances available at that time. Changes to the estimated timing or amount of future asset retirement obligation costs are recognized in the Statement of Financial Position. Once the related tangible capital asset is no longer in productive use or remediated, the estimate of the liability for asset retirement obligations is removed from the Statement of Financial Position and any additional cost that arises in respect of the asset's disposal or remediation is recognized as an expense.

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

(i) There is a legal obligation to incur retirement costs in relation to a tangible capital asset

(ii) The past transaction or event giving rise to the liability that has occurred

(iii) It is expected that future economic benefits will be given up, and

(iv) A reasonable estimate of the amount can be made.

Asset retirement obligation liabilities are recognized in the City's financial statements for the following:

(i) Removal of asbestos in buildings owned by the City

(ii) Remediation and/or restoration of leased real property and facility space

(iii) Remediation of fuel tank and ammonia systems in City facilities

The liability is discounted using a present value calculation and adjusted annually for accretion expense. The recognition of a liability results in a corresponding increase to the respective tangible capital asset. The increase to the tangible capital assets is amortized in accordance with the depreciation accounting policies outlined in Note 1, m.

t) 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.

u) 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

(v) A reasonable estimate of the liability can be made

v) 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. The category includes amounts that are directly attributed to the 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 estimated useful lives in accordance with City policy as follows:

Asset	Useful Life (Years)
Land	Unlimited
Land improvements	15 - 20
Buildings	5 - 50
Equipment, books and other	4 - 40
Linear - storm drainage	25 - 100
Linear - transportation	15 - 100
Vehicles	5 - 15

A full year of amortization is charged in the year of acquisition. Amortization is not charged in the year of disposition. Assets under construction are not amortized until the asset is available for productive use. Amortization expense is not recorded in land because it has an unlimited useful life.

(ii) Contributed and assumed assets

Tangible capital assets received as contributions are recorded at their fair market value on the date of receipt. The contributions are recorded as contributed and assumed assets in the Consolidated Statement of Operations.

(iii) Works of art and cultural and historic assets

The City owns works of art and cultural and historic assets, including archaeological artifacts, memorabilia, photographs, and other heritage assets to support the City's museum and cultural programming. 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 is not determinable and a reasonable estimate of their future benefits cannot be made: hence a valuation is not assigned to these assets and they are not recorded as assets in these Consolidated Financial Statements. These assets are non-operational and are not amortized.

(iv) Leased assets

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

(v) Inventories of supplies

Inventories of supplies held for consumption are recorded at the lower of cost and net realizable value.

w) Contingent assets

PS 3320 - Contingent Assets 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.

x) Contractual rights

PS 3380 - Contractual Rights 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 25 provides disclosure regarding the nature, extent and timing of contractual rights.

y) Related-party disclosures

PS 2200 - Related Party Disclosures 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.

There were no material related-party transactions to disclose for the year ended December 31, 2023.

z) Inter-entity transactions

PS 3420 - Inter-entity Transactions 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.

There were no material inter-entity transactions to disclose for the year ended December 31, 2023.

aa) 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, disclosure of contingent assets and liabilities at the date of the Consolidated Financial Statements, and the reported amounts of revenue and expenses during the year. Significant estimates and assumptions include allowance for doubtful accounts for certain accounts receivable, estimated useful life of tangible capital assets, estimated costs, timing, and applicability of asset retirement obligations, provisions for accrued liabilities, and obligations related to employee benefits.

Actual results could differ from estimates.

ab) Assets

PS 3210 - Assets provides additional guidance on the definition of assets and what is meant by economic resources, control, past transactions and events, and from which future economic benefits are to be obtained. For the year ended December 31, 2023, all material assets have been disclosed and reported within this definition.

ac) Adoption of budgets

The 2023 operating and capital budgets were approved by Council on Wednesday, February 1, 2023.

ad) Future accounting pronouncements

The following standards were not yet effective for the year ended December 31, 2023, and have therefore not been applied in preparing these Consolidated Financial Statements. The City is currently assessing the impact of the following accounting standards updates on the future Consolidated Financial Statements.

(i) PS 3400 - Revenue establishes a single framework to categorize revenue to enhance the consistency of revenue recognition and its measurement. This standard is effective for fiscal years beginning on or after April 1, 2023 (the first effective year for the City being the year ending December 31, 2024).

(ii) Public Sector Guideline 8 - Purchased Intangibles allows public sector entities to recognize intangibles purchased through an exchange transaction. This guideline is effective for fiscal years beginning on or after April 1, 2023 (the first effective year for the City being the year ending December 31, 2024).

(iii) PS 1202 - Financial Statement Presentation was approved in March 2023. This standard supersedes PS 1201 and covers a new conceptual framework and reporting model. Prior period amounts would need to be restated to conform to the presentation requirements for comparative financial information. This standard is effective for fiscal years beginning on or after April 1, 2026 (the first effective year for the City being the year ending December 31, 2027).

(iv) PS 3160 – Public Private Partnerships (“P3s”), 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 term of P3s. Measurement of the asset and related liability will also be dependent on the overall model used to compensate the private sector entity. This standard is effective for fiscal years beginning on or after April 1, 2023 (the first effective year for the City being the year ending December 31, 2024).

(All dollar amounts are in $000s)

2. Change in Accounting Policies

a) PS 3450 - Financial Instruments, PS 2601 - Foreign Currency Translation, PS 1201 Financial Statement Presentation, and PS 3041 Portfolio Investments

On January 1, 2023, the City adopted PS 3450 – Financial Instruments, PS 2601 – Foreign Currency Translation, PS 1201 Financial Statement Preparation, and PS 3041 Portfolio Investments. These standards are effective for year ended December 31, 2023 and required to be implemented concurrently. These standards were adopted prospectively from the date of adoption with no significant impact. The new standards provide comprehensive requirements for the recognition, measurement, presentation and disclosure of financial instruments and foreign currency transactions.

Under PS 3450, all financial instruments, including derivatives, are included on the Statement of Financial Position and are measured either at fair value or amortized cost based on the characteristics of the instrument and the organization's accounting policy choices (see Note 1).

In accordance with the provisions of this new standard, all items have been recorded at amortized cost; therefore, no adjustments were recorded in 2023.

b) PS 3280 - Asset Retirement Obligations

On January 1, 2022, the City adopted Public Accounting Standard PS 3280 – Asset Retirement Obligations (ARO) using the modified retroactive method. As a result of applying the new accounting standard, adjustments were recorded to opening accumulated surplus of $8,569 and asset retirement obligation of $12,560 in the Consolidated Statement of Financial Position as of January 1, 2022. These obligations represent the estimated legal obligations associated with the retirement and remediation of City-owned buildings, fuel tank and ammonia systems, and leased real property and facility space.

		2022	
	Previously Reported	Adjustments	Restated
Consolidated Statement of Financial Position			
Asset retirement obligation	-	13,344	13,344
Tangible capital assets	8,584,033	3,510	8,587,543
Accumulated surplus	9,556,833	(9,834)	9,546,999
Accumulated surplus, beginning of year	9,404,521	(8,569)	9,395,952
Consolidated Statement of Operations			
General government services	229,838	694	230,532
Protection services	156,161	26	156,187
Transportation services	376,458	59	376,517
Social and family services	581	64	645
Recreation and cultural services	197,635	416	198,051
Planning and development services	28,710	6	28,716
Annual Surplus	152,312	(1,265)	151,047
Accumulated surplus, beginning of year	9,404,521	(8,569)	9,395,952
Accumulated surplus, end of year	9,556,833	(9,834)	9,546,999
Consolidated Statement of Change in Net Financial Assets			
Annual surplus	152,312	(1,265)	151,047
Amortization of tangible capital assets	149,952	221	150,173

The Corporation of the City of Mississauga
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2023
(All dollar amounts are in $000s)

	2022		
	Previously Reported	Adjustments	Restated
Consolidated Statement of Cash Flows			
Annual surplus	152,312	(1,265)	151,047
Amortization of tangible capital assets	149,952	221	150,173
Accretion of asset retirement obligations	-	366	366
Loss on disposal of asset retirement obligation	-	260	260
Asset retirement obligation	-	418	418

3. Property Taxes Receivable and Accounts Receivable

Property taxes receivable are reported net of valuation allowances of $274 (2022 $193). Accounts receivable are reported net of a valuation allowance of $609 (2022 $545) and comprises the following:

Accounts Receivable

	2023	2022
Government of Canada	75,617	15,361
Government of Ontario	74,842	41,136
Other municipalities	22,796	27,595
School boards	4,139	10,840
Other	23,554	27,470
Less: valuation allowance	609	545
Total Accounts Receivable	**200,339**	**121,857**

4. Investments

Investments reported on the Consolidated Statement of Financial Position have cost and market values as follows:

	2023		2022	
	Cost	Market Value	Cost	Market Value
Government and government guaranteed bonds	1,246,175	1,096,491	1,250,901	1,057,054
Municipal bonds	263,394	231,445	267,428	224,747
Total	**1,509,569**	**1,327,936**	**1,518,329**	**1,281,801**

As at December 31, 2023, the City's investments measured at amortized cost, exceed market value, representing a temporary decline in market value but no decline in the amortized cost value reported. There is no impairment due to the low-risk nature of the investments, the high credit ratings of the issuers, and the City's intention to hold these investments to their maturities.

5. Financial Instruments

The City is exposed to some risks through financial instruments (both assets and liabilities), including credit risk, liquidity risk and market risk. The following provides insights into the various risk exposures:

a) Credit risk

Credit risk is the risk that one party to a financial instrument (asset or liability) will cause a financial loss to the other party through the failure to discharge the obligations under the covenants of the financial instrument.

The City is exposed to credit risk in the event of non-payment by external parties. The City's credit risk is primarily attributable to its receivables. The amounts disclosed in the Consolidated Statement of Financial Position are net of an allowance for doubtful accounts, estimated by City management based on collection expectation, and their assessment of the current economic environment. The City does not have any significant past due accounts that are not provided for.

b) Liquidity risk

Liquidity risk is the risk that the City will encounter difficulty in meeting its financial obligations associated with its financial liabilities. The City mitigates its exposure to liquidity risk through the monitoring of cash flows relative to operational needs. The City's levels of cash, expected cash, and short-term investments provide liquidity for its operations. The City further mitigates liquidity risk through access to an operational line of credit $250,000 (2022 $250,000).

c) Market risk

Market risk is risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises interest rate risk, currency risk and price risk.

(i) Interest rate risk

Interest rate risk is the risk that future cash flows of a financial instrument (asset or liability) will fluctuate because of changes in market interest rates. The City is exposed to interest rate risk on its short and long-term investments and long-term debt, all of which are regularly monitored. The City has only issued serial debt with fixed interest rate terms to help mitigate risk. The City does not have outstanding debt subject to variable interest rates. The City has access to an operational line of credit with a variable interest rate. The balance drawn from this line of credit is $nil as of December 31, 2023 (2022 $nil).

(ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The City is exposed to currency risk through maintaining cash balances of foreign currency used in its operations. The City mitigates this risk through cash flow monitoring of operational needs, and purchasing foreign currency only as needed to settle financial liabilities. The City holds its foreign currency balances only as needed in chartered bank accounts, and reflects the balances in Canadian dollars in the Consolidated Financial Statements.

(iii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk).

The City mitigates price risk through fixed pricing procurement contracts. The City also mitigates price risk by maintaining low-risk bearing investment portfolio holdings that are assigned high credit ratings by national credit rating agencies.

The Corporation of the City of Mississauga
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2023
(All dollar amounts are in $000s)

6. 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 is a company whose principal business activities are to hold the shareholders' equity interest in Alectra, receive dividends from Alectra, service its debt and distribute dividends to its shareholders annually. The City is a 90 per cent shareholder in Enersource. 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, 2023, Enersource's interest in Alectra was 29.57 per cent (2022 29.57 per cent).

Enersource's Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards.

The following table provides condensed financial information for Enersource Corporation for its 2023 fiscal year, together with comparative figures for 2022:

Financial Position	2023	2022
Assets		
Current	6,184	8,577
Investment in Alectra	617,397	598,113
Other	344	548
Total Assets	623,925	607,238
Liabilities		
Current	2,541	2,540
Non-current	40,625	43,125
Total Liabilities	43,166	45,665
Shareholders' Equity		
Share capital	175,691	175,691
Accumulated other comprehensive income/(loss)	1,847	2,172
Retained earnings	403,221	383,710
Total Shareholders' Equity	580,759	561,573
Total Liabilities and Shareholders' Equity	623,925	607,238
Results of Operations and Non-Operations		
Revenue	42,560	19,155
Expenses (including income tax provision)	2,389	1,500
Net Income	40,171	17,655
Other comprehensive income	(325)	-
Total comprehensive income	39,846	17,655
City's share of net income in Enersource Corporation	36,153	15,890

During the year, the City received a dividend of $18,594 (2022 $21,005) declared by Enersource Corporation.

The City's investment in Enersource Corporation is reflected in the following table for its 2023 fiscal year, together with comparative figures for 2022.

Investment in Enersource Corporation	2023	2022
Opening balance, beginning of year	505,416	510,531
City's share of net income in Enersource Corporation	36,153	15,890
City's share of other comprehensive income	(292)	-
Dividend received	(18,594)	(21,005)
Closing Balance, end of year	522,683	505,416

The Corporation of the City of Mississauga
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2023
(All dollar amounts are in $000s)

In December 2021, the City purchased 3214 and 3240 Mavis Road from Alectra Utilities Corporation for a purchase price of $28,433. The City subsequently entered into a lease-back agreement with Alectra Utilities Corporation for the period December 2021 to September 2023.

7. Deferred Revenue - General

Deferred revenue - general is licence, permit and other fees which have been collected, but for which the related services have yet to be performed. These amounts will be recognized as revenue in the fiscal year the services are performed. Deferred revenue - general also includes the balance of the reserve funds used to fund the City's long-term disability benefit program. The balance comprises premiums paid by employees and the City, less claims paid during the year.

Deferred revenue - general is comprised of the following:

	2023	2022
Deferred advance sales	22,744	16,966
Deferred grants	2,019	4,153
Deferred other contributions	1,214	694
Long-term disability contributions	10,303	-
Total Deferred Revenue - General	36,280	21,813

8. Deferred Revenue - Obligatory Reserve Funds

Revenue received that has been set aside for specific purposes by provincial legislation, City by-laws, or third-party agreements and is included in Deferred revenue - Obligatory Reserve Funds and reported on the Consolidated Statement of Financial Position. In the schedule below, $23,065 of investment earnings (2022 $16,203) are included in the interest applied balances.

	2023	2022
Development Charges	413,797	357,884
Cash-in-lieu (CIL) Parkland	170,073	171,977
CIL Parking	7,169	3,195
Community Benefit Charges	25,385	18,004
Provincial Gas Tax	40,159	35,515
Canada Community-Building Fund	160,577	183,932
Provincial Public Transit Funds	8,040	8,069
Federal Public Transit Funds	5,503	6,110
Housing Accelerator Fund	28,426	-
Total Deferred Revenue - Obligatory Reserve Funds	859,129	784,686

The Corporation of the City of Mississauga
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2023
(All dollar amounts are in $000s)

Deferred Revenue - Obligatory Reserve Funds Continuity Schedule

Source	Opening Balance	Receipts Applied	Interest Applied	Recognized as Revenue	Closing Balance
Development Charges	357,884	80,065	8,860	33,012	413,797
CIL Parkland	171,977	17,464	6,928	26,296	170,073
CIL Parking	3,195	3,760	256	42	7,169
Community Benefit Charges	18,004	6,929	1,375	923	25,385
Provincial Gas Tax	35,515	19,658	3,486	18,500	40,159
Canada Community-Building Fund	183,932	43,749	1,962	69,066	160,577
Provincial Public Transit Funds	8,069	-	17	46	8,040
Federal Public Transit Funds	6,110	-	5	612	5,503
Housing Accelerator Fund	-	28,250	176	-	28,426
Total	784,686	199,875	23,065	148,497	859,129

Deferred revenue – obligatory reserve fund balances are broken down between committed and uncommitted funds to help identify available funds for future projects. The committed balances represent approved planned spending through the City's capital budget that will be recognized as revenue in the Statement of Operations and Accumulated Surplus as expenses are incurred.

Name	Committed Funds	Uncommitted Funds	Total
Development Charges	182,288	231,509	413,797
CIL Parkland	29,597	140,476	170,073
CIL Parking	2,723	4,446	7,169
Community Benefit Charges	3,685	21,700	25,385
Provincial Gas Tax	66	40,093	40,159
Canada Community-Building Fund	133,692	26,885	160,577
Provincial Public Transit Funds	7,697	343	8,040
Federal Public Transit Funds	5,438	65	5,503
Housing Accelerator Fund	-	28,426	28,426
	365,186	493,943	859,129

9. Employee Benefits and Other Liabilities

Employee benefits and other liabilities, reported on the Consolidated Statement of Financial Position, are made up of the following:

	2023	2022
Workplace Safety and Insurance Board (WSIB)	49,689	44,110
Sick leave benefits	22,363	20,696
Early retirement benefits	45,712	43,495
Post-employment benefits	14,294	12,665
Long-term disability benefits	8,440	-
Vacation pay	34,317	32,833
Developer charges credits	41,140	47,335
Contaminated sites	5,484	2,529
Other liabilities	37,169	37,077
Total	258,608	240,740

The Corporation of the City of Mississauga
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2023
(All dollar amounts are in $000s)

Information about liabilities for defined benefit plans is as follows:

	WSIB	Sick Leave	Early Retirement	Post-Employment	Long-Term Disability	2023 Total	2022 Total
Accrued Benefit Liability, beginning of year	44,110	20,696	43,495	12,665	-	120,966	113,190
Service cost	5,832	2,099	2,284	2,549	-	12,764	12,314
Interest cost	1,815	902	1,581	441	-	4,739	4,534
Amortization of actuarial (gain)/loss	1,355	1,015	(383)	(336)	-	1,651	1,801
Benefit payments	(5,367)	(2,349)	(2,496)	(1,025)	-	(11,237)	(10,873)
Increase due to survivor claims/plan amendments	1,944	-	1,231	-	8,440	11,615	-
Accrued Benefit Liability, end of year	**49,689**	**22,363**	**45,712**	**14,294**	**8,440**	**140,498**	**120,966**
Unamortized actuarial (gain)/loss	6,163	3,174	(1,376)	(4,930)	-	3,031	14,673
Actuarial Valuation Update, end of year	**55,852**	**25,537**	**44,336**	**9,364**	**8,440**	**143,529**	**135,639**
Expected average remaining service life	11 yrs	3 yrs	13 yrs	8 yrs	8 yrs		

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

	WSIB	Sick Leave	Early Retirement	Post-Employment - Health and Dental	Post-Employment - Life Insurance	Long-Term Disability
Expected inflation rate	2.00 %	2.00 %	2.00 %	2.00 %	1.75 %	2.00 %
Expected level of salary increases	N/A	3.00 %	3.00 %	3.00 %	2.75 %	3.00 %
Interest discount rate	4.75 %	4.75 %	4.75 %	4.75 %	3.25 %	5.00 %
Expected health care increases	4.00 %	N/A	5.67 %	6.00 %	N/A	N/A

a) The City has elected to be a Schedule 2 employer under the provisions of the WSIB, and remits payments to WSIB only as required to fund disability payments. An independent actuarial valuation of this obligation was completed in December 2023, in accordance with the accounting standards established by PSAB.

b) Sick leave benefits accrue for certain employees of the City and are paid out either on approved retirement, termination or death. The accrued benefit obligation and the net periodic benefit cost were determined by an independent actuarial valuation completed in December 2023, in accordance with the accounting standards 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 independent actuarial valuation completed in December 2023, in accordance with the accounting standards 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 independent actuarial valuation completed in December 2023, in accordance with the accounting standards established by PSAB.

e) In January 2023, the City adopted a self-insured arrangement for its long-term disability benefit program. Under this arrangement, the City funds its own claims through segregated reserve funds and contracts with an insurance carrier to adjudicate and administer all claims on an administrative services only basis. An independent actuarial valuation dated December 2023 estimates the liability for the claims incurred to be $8,440 (2022 $nil) as at December 31, 2023 which is reported in the Consolidated Statement of Financial Position.

f) Vacation pay entitlements are accrued for as earned by the employee. Values are derived by the employees' current wage rate and vacation entitlement, unless specified otherwise in employment contracts or union agreements.

g) Developer charges credits are liabilities and obligations that arise through the *Development Charges Act, 1997*. For the year ended December 31, 2023, the developer charge credit liability is $41,140 (2022 $47,335).

h) 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 generally includes, but is not limited to, metals, petroleum hydrocarbons and polycyclic aromatic hydrocarbons. The sources of the contamination include, but are not limited to, activities related to historical operations (such as a former industrial or commercial operation) and non-sanctioned activities on City lands. Sites can 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, 2023, the amount of estimated recoveries is $nil (2022 $nil).

i) Other liabilities are comprised of legal and insurance liabilities and are accrued as the liability is determined.

10. OMERS

The City makes contributions to OMERS, a multi-employer plan, on behalf of 5,466 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 $66,600 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 $66,600 at a rate of 15.8 per cent for earnings greater than the annual maximum pensionable earnings.

The amount contributed to OMERS for 2023 was $45,287 (2022 $43,233) for current service and is included as an expense on the Consolidated Statement of Operations. Employees' contributions to OMERS in 2023 totalled $45,445 (2022 $43,241).

The City is current with all payments to OMERS; therefore, there is neither a surplus nor deficit with the pension plan contributions. The pension plan's funding deficit at OMERS in 2023 decreased to $4.2 billion (2022 $6.7 billion).

OMERS has held contributions for both employees and employers in 2023 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.

11. Asset Retirement Obligation

The City's asset retirement obligation consists of several obligations as follows:

a) Buildings

The City owns and operates several buildings that are known to have asbestos, which represents a health hazard upon demolition of the building and a legal obligation to remove it. Following the adoption of PS 3280 – Asset Retirement Obligations, the City recognized an obligation relating to the removal of the asbestos in these building as estimated at January 1, 2022. Estimated costs of $7,362 have been discounted to the present value using a rate of 2.83 per cent per annum based on the assets' estimated useful life of 40 years.

b) Lease agreements

The City leases real property and facility space with requirements to return the property to the original condition, which represents a legal obligation to remediate or restore at the end of the lease term. Following the adoption of PS 3280 – Asset Retirement Obligations, the City recognized an obligation relating to the restoration and remediation of leased space as estimated at January 1, 2022. The remaining lease terms vary and estimated costs of $3,045 have been discounted to the present value using a discount rate of 2.83 per cent per annum.

c) Fuel tank and ammonia systems

The City owns and operates fuel tanks and ammonia systems which have regulated lifecycle activities, including removal and replacement. The regulated activities represent an obligation to remove the fuel tanks and ammonia systems at the end of their useful life. Following the adoption of PS 3280 - Asset Retirement Obligations, the City recognized an obligation relating to the remediation of the fuel tank and ammonia systems as estimated at January 1, 2022. Estimated costs of $2,680 have been discounted to the present value using a rate of 2.83 per cent per annum based on the in-service date of the assets.

The Corporation of the City of Mississauga
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2023
(All dollar amounts are in $000s)

Changes to the asset retirement obligation in 2023 are as follows:

Asset Retirement Obligation	Buildings	Lease agreements	Fuel tank and ammonia systems	Total
Opening balance, January 1, 2022 as previously reported	-	-	-	-
Adjustment on adoption of the standard PS 3280 - Asset Retirement Obligations (Note 2)	6,970	3,252	2,338	12,560
Obligation incurred in year	400	244	342	986
Obligation settled in year	(568)	-	-	(568)
Accretion of asset retirement obligation	192	98	76	366
Closing balance, December 31, 2022, as restated	**6,994**	**3,594**	**2,756**	**13,344**
Obligation incurred in year	1,417	-	-	1,417
Obligation settled in year	(64)	(139)	-	(203)
Accretion of asset retirement obligation	292	97	28	417
Closing balance, December 31, 2023	**8,639**	**3,552**	**2,784**	**14,975**

12. Long-Term Debt

All of the City's long-term debt is acquired through the Region of Peel. In 2023, the City acquired new debt of $nil (2022 $50,000), changing the debt balance to $208,040 (2022 $249,095) on the Consolidated Statement of Financial Position. The following table summarizes outstanding principal payments along with their respective interest rates and maturity dates:

				Outstanding Principal	
Debt Series	Interest Rate	Maturity Date	Principal Amount	2023	2022
2013	1.30%-3.30%	June 20, 2023	50,000	-	4,000
2014	1.20%-3.30%	June 10, 2024	36,607	3,000	6,000
2015	0.95%-2.40%	August 20, 2025	40,000	8,000	12,000
2016	1.15%-2.50%	June 1, 2026	37,584	12,000	15,500
2017	1.70%-3.00%	September 28, 2027	38,853	15,500	19,000
2018	1.80%-3.05%	March 27, 2028	46,270	21,140	26,395
2019	1.90%-2.25%	October 15, 2029	48,150	30,000	34,500
2021-1	0.25%-1.50%	February 17, 2031	43,000	34,400	38,700
2021-2	0.08%-2.30%	November 8, 2031	47,000	39,000	43,000
2022	1.45%-2.75%	March 7, 2032	50,000	45,000	50,000
Total				208,040	249,095

There was no debt issued in 2020 or 2023.

Interest and issuance costs for the year consisted of the following:

	2023	2022
Interest expense on debt	4,827	5,453
Debt issuance costs	207	223
Total	5,034	5,676

(All dollar amounts are in $000s)

Debt from the issuance of serial debentures 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 and the City's Debt Management Policy.

Principal and interest payments are repayable annually, as follows:

	Principal Contributions	Interest	Total
2024	37,295	4,219	41,514
2025	34,405	3,498	37,903
2026	32,022	2,760	34,782
2027	28,644	2,127	30,771
2028	23,774	1,480	25,254
Thereafter	51,900	2,054	53,954
Total	208,040	16,138	224,178

13. Tangible Capital Assets

a) Assets under construction

Assets under construction having a value of $155,970 (2022 $139,315) have not been amortized. Amortization of these assets will commence when the asset is put into service.

b) Contributed and assumed assets

Contributed and assumed assets have been recognized at fair market value at the date of contribution. The gross value of contributed and assumed assets received during the year is $60,557 (2022 $65,049) comprising infrastructure in the amount of $15,368 (2022 $3,469), equipment in the amount of $453 (2022 $nil), land in the amount of $31,266 (2022 $61,548), and buildings in the amount of $13,470 (2022 $32). Contributed assets of $60,379 (2022 $75,591) includes a net adjustment decrease of $178 (2022 increase of $10,542) resulting from changes to land ownership between the City and other entities.

c) Works of art and historical treasures

The City owns both works of art and historical treasures at various City-owned facilities such as the 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 $94 (2022 $nil), mainly due to replacing tangible capital assets that were near the end of their useful lives. The value of write-down on tangible capital assets is recorded within disposal of tangible capital assets, which totals $230,234.

e) Disposal of tangible capital assets

The costs of assets under construction of $112,643 (2022 $51,403) are excluded in calculating the gain/loss on disposal of tangible capital assets. Write-down value of tangible capital assets $94 (2022 $nil) is included in the total disposal of tangible capital assets. Asset purchase costs of $134,246 (2022 $36,523) include land $219; buildings $41,446; land improvements $1,287; equipment $31,565; linear transportation $1,228 and vehicles $56,691, less the accumulated amortization of $119,999 (2022 $35,388) and proceeds of $3,490 (2022 $1,175) resulted in a loss on disposal of $10,723 (2022 gain on disposal of $40).

The Corporation of the City of Mississauga
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2023
(All dollar amounts are in $000s)

f) Interest capitalization

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

Tangible Capital Assets Cost	December 31, 2022 previously reported	PS 3280 ARO adoption	December 31, 2022 restated	Additions	Disposals	December 31, 2023
Land	5,486,797	-	5,486,797	36,999	219	5,523,577
Land improvements	274,011	-	274,011	13,952	1,287	286,676
Buildings	1,243,976	4,908	1,248,884	132,064	41,446	1,339,502
Equipment, books and other	375,848	-	375,848	47,019	31,565	391,302
Linear - storm drainage	950,928	-	950,928	20,523	1,810	969,641
Linear - transportation	2,407,850	-	2,407,850	47,539	1,228	2,454,161
Vehicles	323,961	-	323,961	166,434	56,691	433,704
Assets under construction	139,315		139,315	112,643	95,988	155,970
Total	**11,202,686**	**4,908**	**11,207,594**	**577,173**	**230,234**	**11,554,533**

Included in the additions of $577,173 (2022 $354,835) are contributed assets of $60,379 (2022 $75,591).

Tangible Capital Assets Accumulated Amortization	December 31, 2022 previously reported	PS 3280 ARO adoption	December 31, 2022 restated	Amortization Expense	Disposals	December 31, 2023
Land improvements	141,575	-	141,575	10,927	1,196	151,306
Buildings	527,670	1,398	529,068	37,062	28,016	538,114
Equipment, books and other	261,661	-	261,661	29,571	31,565	259,667
Linear - storm drainage	283,108	-	283,108	9,401	1,810	290,699
Linear - transportation	1,186,944	-	1,186,944	52,306	895	1,238,355
Vehicles	217,695	-	217,695	26,412	56,517	187,590
Total	**2,618,653**	**1,398**	**2,620,051**	**165,679**	**119,999**	**2,665,731**

Tangible Capital Assets Net Book Value	December 31, 2022 previously reported	PS 3280 ARO adoption	December 31, 2022 restated	December 31, 2023
Land	5,486,797	-	5,486,797	5,523,577
Land improvements	132,436	-	132,436	135,370
Buildings	716,306	3,510	719,816	801,388
Equipment, books and other	114,187	-	114,187	131,635
Linear - storm drainage	667,820	-	667,820	678,942
Linear - transportation	1,220,906	-	1,220,906	1,215,806
Vehicles	106,266	-	106,266	246,114
Assets under construction	139,315	-	139,315	155,970
Total	**8,584,033**	**3,510**	**8,587,543**	**8,888,802**

The Corporation of the City of Mississauga
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2023
(All dollar amounts are in $000s)

14. Accumulated Surplus

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

	2023	2022 Restated (Note 2)
Surplus		
Tangible capital assets	8,888,802	8,587,544
Employee benefits and other liabilities	(258,608)	(240,740)
Long-term debt	(208,040)	(249,095)
Investment in Enersource	522,683	505,416
Asset retirement obligation	(14,975)	(13,344)
Total Surplus	8,929,862	8,589,781
Discretionary Reserves		
Fiscal Stability Reserve	45,570	53,307
Operating Reserves	70,909	70,101
Stormwater Fiscal Stability Reserve	6,007	5,546
BIA Reserves	571	549
Total Discretionary Reserves	123,057	129,503
Discretionary Reserve Funds		
Tax Reserve Funds	427,976	466,485
Stormwater Reserve Funds	170,047	144,764
Lot Levy Reserve Funds	52,907	71,557
Insurance Reserve Funds	39,610	40,998
Employee Benefits Reserve Funds	26,189	30,405
Developer Contributions Reserve Funds	36,946	35,937
Other Reserve Funds	47,221	37,569
Total Discretionary Reserve Funds	800,896	827,715
	9,853,815	9,546,999
Accumulated Surplus	9,854,107	9,546,999
Accumulated remeasurement gain/(loss)	(292)	-
	9,853,815	9,546,999

(All dollar amounts are in $000s)

The following reserve and reserve fund balances are broken down between committed and uncommitted funds to help identify the funds available for future projects. The committed balances represent approved planned spending through the City's capital budget.

Discretionary Reserves	Committed Funds	Uncommitted Funds	Total
Fiscal Stability Reserve	2,343	43,227	45,570
Operating Reserves	1,507	69,402	70,909
Stormwater Fiscal Stability Reserve	-	6,007	6,007
BIA Reserves	-	571	571
Total	3,850	119,207	123,057

Discretionary Reserve Funds	Committed Funds	Uncommitted Funds	Total
Tax Reserve Funds	248,120	179,856	427,976
Stormwater Reserve Funds	105,526	64,521	170,047
Lot Levy Reserve Funds	-	52,907	52,907
Insurance Reserve Funds	-	39,610	39,610
Employee Benefits Reserve Funds	-	26,189	26,189
Developer Contributions Reserve Funds	3,966	32,980	36,946
Other Reserve Funds	1,783	45,438	47,221
Total	359,395	441,501	800,896

15. Property Taxes

Property tax revenue is recorded at the time tax billings are issued. Additional property tax revenue can be added throughout the year (that are 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 that identify 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. Property tax revenue, reported on the Consolidated Statement of Operations, is made up of the following:

	2023	2022
City, Region, and school boards taxation	1,969,876	1,853,470
Payments to the Region and school boards	(1,330,063)	(1,269,320)
Net Property Taxes Available for Municipal Purposes	639,813	584,150

16. Trust Funds

Trust funds administered by the City amounting to $1,112 (2022 $1,100) have not been included in the Consolidated Statement of Financial Position, nor have their operations been included in the Consolidated Statement of Operations. The 'Trust Funds' category comprises cemetery perpetual care of $1,112 (2022 $1,100) and election trust funds of $nil (2022 $nil).

17. Contingent Liabilities and Guarantee

As at December 31, 2023, 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 exposure as being likely, and is able to reasonably assess the exposure, an amount is provided for in these Consolidated Financial Statements.

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 $70,000 of loan guarantees to Enersource Corporation. The secured bank loan balance as at December 31, 2023 is $43,125 (2022 $45,625). Enersource Corporation's obligations are in good standing and no loss has been recognized by the City.

18. Segmented Information

Segmented information has been identified based on 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. Functional areas are determined by the Financial Information Return, a standardized reporting requirement of a municipality’s financial activities in the previous fiscal year under the *Municipal Act, 2001*.

Certain allocation methodologies are employed in the preparation of segmented financial information. User charges and other revenue has been allocated to the segments based upon the segment that generated the revenue. Government transfers have been allocated to the segment based on the purpose for which the transfer was made.

Property taxes are reflected under General Government Services and not segmented based upon functional lines of service provided by the City. Property taxes are allocated to the City's services based on the 2023 Operating Budget as approved by Council. The approved budget outlines how and where public resources will be spent, including the established framework for services, the way they will be provided, and how they will be funded.

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.

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: administering by-laws and policies; levying taxes; keeping the organization safely, fairly, and inclusively staffed; acquiring, managing, and maintaining City assets; connecting and communicating with people; supporting technology; ensuring effective financial management, planning and budgeting; monitoring financial and operating performance; ensuring that high quality City service standards are met; and serving Mississauga residents and taxpayers.

b) Protection Services

The Protection Services segment comprises the following: fire and emergency services (including fire suppression), fire prevention programs, fire inspection, by-law enforcement, animal control, vehicle and business licensing, security services, and Provincial Offences Administration (POA).

c) Transportation Services

The Transportation Services segment comprises the following: road services including road maintenance, public works, street cleaning, traffic operations, planning, engineering and development, winter maintenance control, transit, and street lighting.

d) Environmental Services

The Environmental Services segment comprises primarily storm sewer services. The City's stormwater 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 consists of the maintenance and operation of City-owned cemeteries.

f) Social and Family Services

The Social and Family Services segment comprises primarily assistance to older adults. While Social and Family Services is handled directly by the Region of Peel, the City does offer some programs and services to support and aid seniors in Mississauga.

g) Recreation and Cultural Services

The Recreation and Cultural Services segment comprises the following: parks, forestry and environment, recreation programs and 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 areas: planning and zoning, commercial and industrial developments, and City planning strategies. 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.

i) Other

Revenue recognized from reserve funds, including direct contributions and interest income.

The segmented information is provided in accordance with the financial reporting guidelines established by PS 2700 - Segment Disclosures. For additional information, see the table below.

The Corporation of the City of Mississauga
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2023
(All dollar amounts are in $000s)

Segmented by Financial Information Return

	General Government Services	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development Services	Other	2023 Total	2022 Total Restated (Note 2)
Revenue											
Property taxes	637,972	-	-	-	-	-	-	1,841	-	639,813	584,150
Payment in lieu of taxes	15,295	-	-	-	-	-	-	-	-	15,295	15,558
Municipal Accommodation Tax	8,146	-	-	-	-	-	8,049	-	-	16,195	12,279
User charges	5,430	28,528	121,787	47,184	116	103	53,790	3,375	-	260,313	232,734
Recoveries from third parties	3,963	812	144,696	3	39	-	12,067	303	-	161,883	34,696
Funding transfers from other governments	703	65	-	-	-	51	2,576	473	-	3,868	37,067
Development and other contributions applied	26,870	954	53,190	349	-	-	56,317	346	-	138,026	100,368
Investment income	14,472	-	-	-	-	-	7	50	25,226	39,755	36,374
Penalties and interest on taxes	17,152	-	-	-	-	-	-	-	-	17,152	14,825
Contributed and assumed assets	60,379	-	-	-	-	-	-	-	-	60,379	75,591
Other	486	48	51	-	-	23	383	20	-	1,011	3,949
City's share of net income in Enersource Corporation	36,153	-	-	-	-	-	-	-	-	36,153	15,890
Total Revenue	827,021	30,407	319,724	47,536	155	177	133,189	6,408	25,226	1,389,843	1,163,481

The Corporation of the City of Mississauga
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2023
(All dollar amounts are in $000s)

	General Government Services	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development Services	Other	2023 Total	2022 Total Restated (Note 2)
Expenses											
Salaries, wages and employee benefits	130,200	146,094	195,983	7,797	675	134	116,933	24,208	-	622,024	574,880
Long-term debt interest and fees	4,981	-	-	53	-	-	-	-	-	5,034	5,676
Materials and supplies	3,265	4,695	54,857	315	44	9	10,538	2,628	-	76,351	83,429
Contracted services	12,701	2,210	67,334	4,056	16	1	17,165	5,534	-	109,017	104,659
Rents and financial expenses	28,486	5,419	21,126	2,197	43	6	28,387	1,920	-	87,584	78,151
External transfers to others	-	-	-	1,157	-	32	4,613	70	-	5,872	14,880
(Gain)/loss on disposal of tangible capital assets	(872)	(75)	(1,326)	-	-	-	12,996	-	-	10,723	(40)
Amortization of tangible capital assets	23,806	6,039	83,660	9,408	55	128	28,752	13,831	-	165,679	150,173
Accretion of asset retirement obligations	6	1	60	-	-	49	216	85	-	417	366
Loss on disposal of asset retirement obligation	33	-	-	-	-	-	1	-	-	34	260
Total Expenses	202,606	164,383	421,694	24,983	833	359	219,601	48,276	-	1,082,735	1,012,434
Annual Surplus/(Deficit)	624,415	(133,976)	(101,970)	22,553	(678)	(182)	(86,412)	(41,868)	25,226	307,108	151,047

The Corporation of the City of Mississauga
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2023
(All dollar amounts are in $000s)

19. Segmented Information by Service Area

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

a) Corporate Transactions

Corporate Transactions accounts for certain operating budget revenue and expense transactions required for the general administration of City finances. These include ongoing operations support; reserves and reserve funds; payments in lieu of taxes and taxation; Citywide sources of revenue; and the Capital Infrastructure and Debt Repayment Levy.

b) Facilities & Property Management

Facilities & Property Management deals with the planning, design and construction of new and existing City facilities with consideration for accessibility, space planning and environmental sustainability, and manages the maintenance of existing buildings including operations, energy conservation, asset management, and the safety and security of the public and City staff.

c) Fire & Emergency Services

Fire & Emergency Services is an all-hazards fire department which operates 24 hours a day, 365 days a year. The programming and resource deployment model is designed to reduce, mitigate or eliminate community risk.

d) General Government

General Government comprises eight business areas: Corporate Business Services, Finance, Human Resources, Internal Audit, Legal Services, Legislative Services, the Office of Emergency Management, and Strategic Communications & Initiatives. Together, these areas support diligent business planning and reporting, and keep the City safely, fairly and inclusively staffed and supplied; properly financed and accounted for; legally compliant, transparent and accountable; connected and communicating with people; and innovating and performing at a high standard of efficiency.

e) Information Technology

Information Technology (IT) oversees the strategic planning, continuous development, maintenance, and comprehensive management of the City's technology infrastructure, business solutions and digital public services. IT ensures uninterrupted access to crucial systems, applications, computers, networks, data, internet connectivity supported by the security measures and policies essential for delivering City services, every day of the year, around the clock.

f) Mayor & Members of Council

Mississauga's elected governing Council consists of a mayor and 11 ward councillors. This service area budget includes the salaries and expenses of these elected officials and their support staff. In Ontario, municipal elections take place every four years.

g) Mississauga Library

Mississauga Library operates 18 libraries of various sizes that provide a physical space where people can gather, attend programs, and access the library's collections and services. The Library runs thousands of free programs a year for all demographics, operates four permanent makerspaces, has thousands of electronic resources available, and operates the Open Window Hub which supports at-risk residents from across the city.

h) Parks, Forestry & Environment

Parks, Forestry & Environment conserves and protects the natural environment and the City's heritage properties and artifact collection, and plans, develops and operates great outdoor public spaces to make healthy and happy communities. The service area is responsible for public art, leads the City's Indigenous relations, and aims to meet the open space and outdoor recreational needs of the community while also driving environmental sustainability and climate action.

i) Planning & Building

Planning & Building facilitates the City's physical and economic development to ensure the health, safety, and well-being of the public and business community. This includes strategic, long-term and community land use planning; creating urban design and built form policies and plans; conducting development and design studies; processing development applications and building permits; carrying out building inspections and site inspections; and supporting business start-up, growth and investment.

j) Recreation & Culture

the purpose of Recreation & Culture is to keep Mississauga residents healthy, active, creative and connected in partnership with the community. The service mix is balanced to be responsive to the diverse needs of residents within all Mississauga communities, and includes registration and drop-in programs; facility operations and facility space rentals; banquet and food services; golf course operations and programming; growing Mississauga's creative sector; community partnerships, grants and affiliations; major events; and local community event support.

k) Regulatory Services

Regulatory Services aims to 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. This includes education on by-laws, pets and wildlife; licensing of businesses, public vehicles and pets; animal investigations, care, adoption and fostering; by-law administration; and enforcement of over 35 by-laws including Zoning, Property Standards, Public Vehicle, Parking, and Animal Care and Control.

l) Roads

Roads plans, develops, constructs, operates, maintains and manages a multi-modal transportation system which efficiently and safely moves people and goods, respects the environment, supports the development of Mississauga as a 21st century city and serves the municipality's social, economic and physical needs.

m) Stormwater

Stormwater plans, develops, constructs, maintains and renews the City's stormwater system which protects property, infrastructure and the natural environment from flooding and erosion and helps to protect water quality.

n) Transit

The purpose of Transit is to plan and deliver a safe, reliable, and efficient travel choice that provides an excellent customer experience. MiWay is Mississauga's transit service, and is Ontario's third-largest municipal transit service. MiWay routes create economical and efficient transportation connections between popular destinations throughout Mississauga and connect with neighbouring transit systems including GO Transit, Toronto Transit Commission (TTC), Brampton Transit, and Oakville Transit.

The Corporation of the City of Mississauga
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2023
(All dollar amounts are in $000s)

o) Revenue by Service Area

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.

Segmented by Service Area

	Property Tax, PILT 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 and assumed assets	Other	City's share of net income in Enersource Corporation	2023 Total	2023 Budget	2022 Total Restated (Note 2)
Corporate Transactions	661,413	3	2,102	-	(10,471)	39,698	17,025	60,379	465	36,153	806,767	188,393	761,523
Facilities & Property Management	-	155	360	-	18,809	-	-	-	-	-	19,324	33,858	6,467
Fire & Emergency Services	-	2,263	431	65	954	-	-	-	-	-	3,713	143,151	2,463
General Government	-	13,681	322	646	32	-	127	-	20	-	14,828	70,488	13,297
Information Technology	-	59	1,179	58	-	-	-	-	-	-	1,296	35,891	1,753
Mayor & Members of Council	-	-	-	-	-	-	-	-	-	-	-	5,286	-
Mississauga Library	-	767	299	783	13,480	-	-	-	32	-	15,361	40,304	10,648
Parks, Forestry & Environment	-	5,701	4,288	218	23,170	-	-	-	(119)	-	33,258	116,373	23,716
Planning & Building	1,842	15,709	11	472	346	50	-	-	19	-	18,449	31,648	29,204
Recreation & Culture	8,048	48,478	8,520	1,626	19,816	7	-	-	494	-	86,989	114,781	68,049
Regulatory Services	-	18,113	620	-	-	-	-	-	49	-	18,782	20,561	15,958
Roads	-	9,321	7,192	-	48,101	-	-	-	(6)	-	64,608	175,384	60,485
Stormwater	-	47,041	12	-	349	-	-	-	-	-	47,402	48,061	46,472
Transit	-	99,022	136,547	-	23,440	-	-	-	57	-	259,066	315,914	123,446
Total Revenue	671,303	260,313	161,883	3,868	138,026	39,755	17,152	60,379	1,011	36,153	1,389,843	1,340,093	1,163,481

The Corporation of the City of Mississauga
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2023
(All dollar amounts are in $000s)

p) Expenses by Service Area

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.

	Salaries, wages and employee benefits	Long-term debt interest and fees	Materials and supplies	Contracted services	Rents and financial expenses	External transfers to others	(Gain)/loss on disposal of tangible capital assets	Amortization of tangible capital assets	Accretion of asset retirement obligations	Loss on disposal of asset retirement obligation	2023 Total	2023 Budget	2022 Total Restated (Note 2)
Corporate Transactions	33,571	4,981	1,894	474	9,408	707	(871)	-	-	33	50,197	37,241	93,102
Facilities & Property Management	16,827	-	321	2,157	6,694	-	-	-	-	-	25,999	27,021	23,719
Fire & Emergency Services	122,945	-	3,919	707	4,338	-	(75)	5,931	1	-	137,766	139,147	131,357
General Government	57,947	-	771	10,871	3,953	32	(2)	23,805	6	-	97,383	94,624	87,605
Information Technology	25,809	-	79	40	9,033	-	-	-	-	-	34,961	35,891	32,469
Mayor & Members of Council	4,649	-	386	-	224	-	-	-	-	-	5,259	5,241	5,153
Mississauga Library	22,909	-	1,922	524	2,470	-	13,243	6,706	13	1	47,788	41,411	31,532
Parks, Forestry & Environment	35,094	-	5,275	13,041	7,047	33	-	13,826	78	-	74,394	60,479	61,379
Planning & Building	27,139	-	2,013	752	1,797	71	-	382	7	-	32,161	30,965	28,571
Recreation & Culture	61,941	-	4,075	8,336	19,050	4,580	(246)	21,852	252	-	119,840	122,028	111,441
Regulatory Services	17,878	-	1,018	748	1,420	-	-	109	-	-	21,173	20,465	18,278
Roads	38,263	-	13,782	59,242	(2,548)	-	(680)	50,177	27	-	158,263	151,501	148,047
Stormwater	5,631	53	347	4,990	2,173	449	-	9,408	-	-	23,051	20,619	13,935
Transit	151,421	-	40,549	7,135	22,525	-	(646)	33,483	33	-	254,500	244,907	225,846
Total Expenses	622,024	5,034	76,351	109,017	87,584	5,872	10,723	165,679	417	34	1,082,735	1,031,540	1,012,434

The Corporation of the City of Mississauga
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2023
(All dollar amounts are in $000s)

20. Segmented Information Summary

	General Government Services	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development Services	Other	2023 Total	2023 Budget
Revenue											
Corporate Transactions	792,013	-	-	-	-	-	-	-	14,755	806,768	188,393
Facilities & Property Management	19,324	-	-	-	-	-	-	-	-	19,324	33,858
Fire & Emergency Services	3,713	-	-	-	-	-	-	-	-	3,713	143,151
General Government	6,318	7,536	-	-	-	-	-	973	-	14,827	70,488
Information Technology	1,296	-	-	-	-	-	-	-	-	1,296	35,891
Mayor & Members of Council	-	-	-	-	-	-	-	-	-	-	5,286
Mississauga Library	-	-	-	-	-	-	15,361	-	-	15,361	40,304
Parks, Forestry & Environment	-	-	291	-	155	-	32,082	730	-	33,258	116,373
Planning & Building	-	13,930	-	-	-	-	-	4,519	-	18,449	31,648
Recreation & Culture	43	273	567	-	-	178	85,743	185	-	86,989	114,781
Regulatory Services	-	4,956	13,826	-	-	-	-	-	-	18,782	20,561
Roads	-	-	64,464	144	-	-	-	-	-	64,608	175,384
Stormwater	-	-	10	47,392	-	-	-	-	-	47,402	48,061
Transit	18,500	-	240,566	-	-	-	-	-	-	259,066	315,914
Total Revenue	841,207	26,695	319,724	47,536	155	178	133,186	6,407	14,755	1,389,843	1,340,093

The Corporation of the City of Mississauga
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2023
(All dollar amounts are in $000s)

	General Government Services	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development Services	Other	2023 Total	2023 Budget
Expenses											
Corporate Transactions	48,130	947	389	708	-	-	23	-	-	50,197	37,241
Facilities & Property Management	24,415	-	224	-	-	-	1,360	-	-	25,999	27,021
Fire & Emergency Services	1,113	136,653	-	-	-	-	-	-	-	137,766	139,147
General Government	90,953	3,576	-	-	-	32	2,287	535	-	97,383	94,624
Information Technology	32,280	-	1,439	-	-	-	1,242	-	-	34,961	35,891
Mayor & Members of Council	5,259	-	-	-	-	-	-	-	-	5,259	5,241
Mississauga Library	-	-	-	-	-	-	47,788	-	-	47,788	41,411
Parks, Forestry & Environment	-	-	-	-	833	-	48,141	25,420	-	74,394	60,479
Planning & Building	-	9,875	-	-	-	-	-	22,286	-	32,161	30,965
Recreation & Culture	456	262	-	-	-	327	118,760	35	-	119,840	122,028
Regulatory Services	-	13,070	8,103	-	-	-	-	-	-	21,173	20,465
Roads	-	-	155,946	2,317	-	-	-	-	-	158,263	151,501
Stormwater	-	-	1,093	21,958	-	-	-	-	-	23,051	20,619
Transit	-	-	254,500	-	-	-	-	-	-	254,500	244,907
Total Expenses	202,606	164,383	421,694	24,983	833	359	219,601	48,276	-	1,082,735	1,031,540
Annual Surplus/(Deficit)	638,601	(137,688)	(101,970)	22,553	(678)	(181)	(86,415)	(41,869)	14,755	307,108	308,553

The Corporation of the City of Mississauga
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2023
(All dollar amounts are in $000s)

21. Budget Data

Budget data presented in these Consolidated Financial Statements are based on the 2023 Operating and Capital Budgets as approved by Council on February 01, 2023. 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
Approved operating revenue and tax levy	**1,126,563**
Adjustments:	
In-year budget adjustments	1,952
Final assessment growth	1,189
Contributions from reserves & reserve funds	(78,494)
Obligatory reserve fund revenue applied	183,308
Business Improvement Areas (BIAs) budgeted revenue	2,394
BIA contributions from reserves and reserve funds	(235)
Enersource net income	25,000
Enersource dividend	(17,577)
Tax adjustments reclassified from expense	(5,958)
Adjusted Operating Budget	**1,238,142**
Approved Capital Budget	**480,813**
Transfers from reserves & reserve funds and debt proceeds	(480,813)
Capital project revenue and recoveries	89,851
Adjusted Capital Budget	**89,851**
Discretionary reserve fund investment income	12,100
Adjusted Budget	**1,340,093**

Expenses	
Approved operating expense budget	**1,125,874**
Adjustments:	
In-year budget adjustments	3,830
Contributions to reserves & reserve funds	(219,603)
BIA budgeted expenses	2,299
BIA contributions to reserves and reserve funds	(15)
BIA amortization of tangible capital assets	95
Amortization of tangible capital assets	161,866
Debt principal repayments	(44,639)
Changes in employee benefits and other liabilities	7,791
Tax adjustments reclassified from expense	(5,958)
Adjusted Operating Budget	**1,031,540**
Approved Capital Budget	**480,813**
Adjustments:	
Eliminate capital expense budget	(480,813)
Adjusted Budget	**1,031,540**

Annual Surplus	**308,553**

(All dollar amounts are in $000s)

22. Expenses by Object

The Consolidated Statement of Operations presents the expenses by function; the following classifies those same expenses by object:

	2023 Budget	2023 Actual	2022 Actual Restated (Note 2)
Salaries, wages and employee benefits	616,499	622,024	574,880
Long-term debt interest and fees	7,316	5,034	5,676
Materials and supplies	82,502	76,351	83,429
Contracted services	75,158	109,017	104,659
Rents and financial expenses	82,280	87,584	78,151
External transfers to others	5,824	5,872	14,880
(Gain)/loss on disposal of tangible capital assets	-	10,723	(40)
Amortization of tangible capital assets	161,961	165,679	150,173
Accretion of asset retirement obligations	-	417	366
Loss on disposal of asset retirement obligation	-	34	260
Total	**1,031,540**	**1,082,735**	**1,012,434**

23. Provincial Offences Administration

The Ministry of the Attorney General in the Province of Ontario requires all municipal partners with Provincial Offences Administration (POA) operations to disclose in the year-end audited financial statements, the gross and net provincial offence revenue earned. The following table provides condensed financial information required by the terms in the Memorandum of Understanding between the City and the Ontario Ministry of the Attorney General.

	2023	2022
Revenue		
Gross revenue	9,875	7,607
Expenses		
Provincial charges	734	532
City's operating expenses	4,867	4,967
Total Expenses	**5,601**	**5,499**
Net Contribution	**4,274**	**2,108**

The POA financial summary is reported on a gross basis. Revenue is included within user charges in the Consolidated Statement of Operations and expenses are primarily included within the 'Protection Services' segment.

The Corporation of the City of Mississauga
Notes to Consolidated Financial Statements
For the Year Ended December 31, 2023
(All dollar amounts are in $000s)

24. Funding Transfers from Other Governments

The City recognizes the transfer of government funding as revenue in the year that the events giving rise to the transfer occurred. The government transfers reported on the Consolidated Statement of Operations are:

	Federal Grants	Provincial Grants	Other Grants	BIA Grants	2023	2022
General government services	-	703	-	-	703	342
Protection services	-	65	-	-	65	-
Transportation services	-	-	-	-	-	31,459
Environmental services	-	-	-	-	-	12
Social and family services	-	51	-	-	51	59
Recreation and cultural services	637	1,672	266	-	2,575	4,347
Planning and development services	-	382	13	79	474	848
Total	637	2,873	279	79	3,868	37,067

25. Contractual Rights

The City is involved with various contracts and agreements arising during 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, revenue from incoming lease agreements for City-owned properties and a number of third-party contracts to provide shared services with estimated future funding/recoveries as follows:

Contractual Rights	2024	2025	2026	2027	2028	Thereafter	Total
Development Charge Agreements	2,513	4,076	4,398	4,397	1,884	7,860	**25,128**
Provincial Agreements	54,996	71,385	56,918	28,368	21,005	20,672	**253,344**
Federal Agreements	104,475	93,636	77,004	32,034	24,536	24,362	**356,047**
Incoming Lease Payments	2,684	2,239	2,230	2,049	1,492	-	**10,694**
Third Party Contracts	2,736	2,960	3,035	3,036	1,685	9,390	**22,842**
Total	167,404	174,296	143,585	69,884	50,602	62,284	668,055

A transfer payment agreement with the Ministry of Transportation to support public transit infrastructure was executed in April 2022. The City is expecting to receive $386,577 from the initial agreement and an additional $224,613, which has been approved but not included in the original agreement.

(All dollar amounts are in $000s)

26. Commitments

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

Year	Lease Committment
2024	1,705
2025	1,101
2026	1,131
2027	683
2028	439
Total	**5,059**

The City has entered into an agreement with a third party to construct an Avro Arrow sculpture to be displayed in Malton for a remaining cost of up to $2.2 million. As of year end, the City has contributed $754 (2022 $534).

27. Contingent Assets

In the ordinary course of business, various claims and lawsuits are brought by the City. It is the opinion of management that the settlement of these actions will result in the City's favour and that the settlement amounts will be available for the City's use. These contingent assets are not recorded in these Consolidated Financial Statements.

28. Recognition of Natural Assets (Unaudited)

Canadian public sector accounting standards do not provide guidance for financial statement valuation and recording of natural assets or their related services; consequently, they are not reported in these Consolidated Financial Statements. The City must continue to maintain its existing natural assets in order to deliver an expected level of service to its taxpayers.

The City has a variety of natural assets that provide ecosystem benefits and services and reduce some needs for engineered infrastructure. These natural assets include approximately 302,000 trees that moderate urban temperature, lower atmospheric carbon dioxide (CO_2), reduce building energy use, mitigate rainfall run-off and flooding, moderate noise levels, and improve air quality. Trees owned by other entities including the Region of Peel, utility organizations and conservation authorities were not included in the City's tree inventory. In 2023, the City increased its investment in its natural assets by planting approximately 50,000 new trees with its partners. The City's 2023 tree inventory has increased by 1.12 per cent over the 2022 inventory.

The City oversees the management and maintenance of approximately 244 hectares of boulevard grass areas, 309 horticultural features amounting to approximately four hectares of area, and 137 amended boulevard treatment areas, including enhanced boulevard conditions such as soil cells. Additionally, the City owns and manages approximately 1,700 hectares of natural areas including woodlands, wetlands, grasslands and more.

29. Comparative Figures

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

MISSISSAUGA

2023 Audited Trust Funds Financial Statements

For the year ended December 31, 2023

Prepared by: Finance Division
City of Mississauga

MISSISSAUGA

Management's Responsibility for Financial Reporting

For the year ended December 31, 2023

The accompanying financial statements of the City of Mississauga Trust Funds ("Trust Funds") are the responsibility of management at the City of Mississauga (the "City") and have been prepared in accordance with generally accepted accounting principles as established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

The City's Finance Division is responsible for the preparation of the Trust Funds' financial statements and accompanying notes. The statements and notes include certain amounts based on estimates and judgements. Such amounts have been determined on a reasonable basis to ensure that the Trust Funds' financial statements are presented fairly in all material respects.

There are two required financial statements: the Statement of Financial Position, and the Statement of Operations. These financial statements provide information on the cost of all Trust Funds activities, how they were financed, investing activities, assets, and liabilities. The financial statements are reviewed and approved by the Director of Finance and Treasurer.

The City maintains systems of internal and financial controls designed to ensure that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by City management.

The Trust Funds' financial statements have been audited by KPMG LLP, independent external auditors appointed by the City's Audit Committee. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Trust Funds financial statements.

The City's Audit Committee meets with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters.

Shari Lichterman
City Manager and
Chief Administrative Officer

Marisa Chiu
Director of Finance and Treasurer

Mississauga, Ontario
April 19, 2024

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Fax 905 265 6390

INDEPENDENT AUDITOR'S 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, 2023
- 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, 2023, 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 ***"Auditor's Responsibilities for the Audit of the Financial Statements"*** section of our auditor's 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.

Auditor's 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 auditor's 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.

KPMG

- 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 auditor's 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 auditor's 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 19, 2024

City of Mississauga Trust Funds
Statement of Financial Position
as at December 31, 2023 with comparatives for 2022
(All dollar amounts are in $000s)

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

	Perpetual Care Fund	Election Surplus Fund	2023 Total	2022 Total
Financial Assets				
Cash and cash equivalents	193	148	341	166
Accounts Receivable	9	-	9	9
Investments (Note 4)	937	-	937	942
Total Financial Assets	1,139	148	1,287	1,117
Financial Liabilities				
Due to the City of Mississauga (Note 3)	27	-	27	17
Deferred Revenue – Election Proceeds	-	148	148	-
Total Financial Liabilities	27	148	175	17
Net Financial Assets and Accumulated Surplus	1,112	-	1,112	1,100

City of Mississauga Trust Funds
Statement of Operations
for the year ended December 31, 2023 with comparatives for 2022
(All dollar amounts are in $000s)

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

	Perpetual Care Fund (Note 5)	Election Surplus Fund (Note 6)	2023 Total	2022 Total
Revenue				
Interest	39	-	39	33
Burial receipts	12	-	12	17
Total Revenue	51	-	51	50
Expenses				
Cemetery maintenance	39	-	39	33
Total Expenses	39	-	39	33
Annual Surplus	12	-	12	17
Accumulated surplus, beginning of year	1,100	-	1,100	1,083
Accumulated Surplus, end of year	1,112	-	1,112	1,100

City of Mississauga Trust Funds
Notes to the Financial Statements
for the year ended December 31, 2023
(All dollar amounts are in $000s)

The City of Mississauga acts as a trustee, investing and administering these Trust Funds, in accordance with regulations of the *Funeral, Burial and Cremations Services Act, 2002* and the *Municipal Elections Act, 1996*.

Accounting standards specify how transactions and other events are to be recognized, measured, presented and disclosed in a public sector entity's financial statements. These statements have been prepared in accordance with the accounting standards of the Public Sector Accounting Board (PSAB). These standards are numbered and are referenced throughout these notes beginning with the letters "PS".

1. Significant Accounting Policies

The Trust Funds' financial statements are prepared by management 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. Significant aspects of the accounting policies adopted by the Trust Funds are as follows:

a) Basis of accounting

The Trust Funds follows the accrual method of accounting for revenue and expenses. Revenue is normally recognized in the year in which it is earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

b) Future accounting pronouncements

These standards and amendments were not yet effective for the year ended December 31, 2023, 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 3400 – Revenue establishes a single framework to categorize revenue to enhance the consistency of revenue recognition and its measurement. This standard is effective for fiscal years beginning on or after April 1, 2023 (the first effective year for the Trust Funds being the year ending December 31, 2024).

(ii) Public Sector Guideline 8 – Purchased Intangibles allows public sector entities to recognize intangibles purchased through an exchange transaction. This guideline is effective for fiscal years beginning on or after April 1, 2023 (the first effective year for the Trust Funds being the year ending December 31, 2024).

(iii) PS 1202 – Financial Statement Presentation was approved in March 2023. This standard supersedes PS 1201 – Financial Statement Presentation and covers a new conceptual framework and reporting model. Prior period amounts would need to be restated to conform to the presentation requirements for comparative financial information. This standard is effective for fiscal years beginning on or after April 1, 2026 (the first effective year for the Trust Funds being the year ending December 31, 2027).

(iv) PS 3160 – Public Private Partnerships (“P3s”), 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 term of P3s. Measurement of the asset and related liability will also be dependent on the overall model used to compensate the private sector entity. This standard is effective for fiscal years beginning on or after April 1, 2023 (the first effective year for the Trust Funds being the year ending December 31, 2024).

2. Change in Accounting Policies

a) PS 1201, PS 2601, PS 3450 and PS 3041

On January 1, 2023, the Trust Funds adopted PS 1201 – Financial Statement Presentation, PS 2601 – Foreign Currency Translation, PS 3450 – Financial Instruments, and PS 3041 – Portfolio Investments. These standards were adopted by the Trust Funds prospectively from the date of adoption of the new standards. The new standards provide comprehensive requirements for the recognition, measurement, presentation and disclosure of financial instruments and foreign currency transactions.

Under PS 3450, all financial instruments are included in the Statement of Financial Position and are measured either at fair value or amortized cost based on the characteristics of the instrument and the organization’s accounting policy choices. In accordance with the provisions of this new standard, all items have been recorded at amortized cost: therefore, no adjustments were recorded in 2023.

b) PS 3280

On January 1, 2023, the Trust Funds adopted PS 3280 – Asset Retirement Obligations using the modified retroactive method. The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in retired buildings by public sector entities.

Under the modified retrospective method, the discount rate and assumptions used on initial recognition are those as of the date of adoption of the standard. In accordance with the provisions of this new standard, the Trust Funds assessed its exposure and concluded it is not liable for asset retirement obligations and therefore did not require adjustments as of January 1, 2023.

3. Due to/from the City of Mississauga

This category 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 Trust Funds as at December 31, 2023. The balance due to/from the City of Mississauga is non-interest bearing and due on demand.

4. Investments

The total investments by the Trust Funds of $937 (2022 $942) reported on the Statement of Financial Position at cost, have a market value of $827 (2022 $801) at the end of the year.

5. Perpetual Care Fund

The Perpetual Care Fund administered by the City is funded by the sale of cemetery burial rights. These funds are invested and earnings derived there from are used to perform perpetual care maintenance to the municipality's cemeteries.

6. Election Surplus Fund

The Election Trust Fund is established in accordance with the *Municipal Elections Act, 1996* (the "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:

a) The election campaign period has ended under paragraph 2, 3 or 4 of subsection 88.24 (1)

b) It is no longer possible to recommence the campaign period under paragraph 5 of subsection 88.24 (1)

c) No recount, proceeding under section 83 (controverted elections) or compliance audit has been commenced

d) The period for commencing a recount, a proceeding under S.83, or a compliance audit has expired. 2016, c. 15, s. 62

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:

a) The campaign period has ended under paragraph 2 or 3 of S.88.28

b) It is no longer possible to recommence the campaign period under paragraph 4 of section 88.28

c) No compliance audit has been commenced

d) 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.

MISSISSAUGA

2023 Audited Mississauga Public Library Board Financial Statements

For the year ended December 31, 2023

Prepared by: Finance Division
City of Mississauga

MISSISSAUGA

Management's Responsibility for Financial Reporting

For the year ended December 31, 2023

The accompanying financial statements of the Mississauga Public Library Board ("the Board") are the responsibility of management at the City of Mississauga (the "City") and have been prepared in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

The City's Finance Division is responsible for the preparation of the Board's financial statements and accompanying notes. The statements and notes include certain amounts based on estimates and judgements. Such amounts have been determined on a reasonable basis to ensure that the Board's financial statements are presented fairly in all material respects.

There are four required financial statements: the Statement of Financial Position, the Statement of Operations, the Statement of Change in Net Financial Assets, and the Statement of Cash Flows. These financial statements provide information on the cost of all Board activities, how they were financed, investing activities, assets, and liabilities. The financial statements are reviewed and approved by the Director of Finance and Treasurer.

The City maintains systems of internal and financial controls designed to ensure that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by City management.

The Board's financial statements have been audited by KPMG LLP, independent external auditors appointed by the City's Audit Committee. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Board's financial statements.

The City's Audit Committee meets with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters.

Marisa Chiu
Director of Finance and Treasurer

Rona O'Banion
Director, Library

Mississauga, Ontario
April 19, 2024

KPMG

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INDEPENDENT AUDITOR'S 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 Corporation of the City of Mississauga - Mississauga Public Library Board (the Entity), which comprise:

- the statement of financial position as at December 31, 2023
- the statement of operations 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, 2023, 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 ***"Auditor's Responsibilities for the Audit of the Financial Statements"*** section of our auditor's 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

Emphasis of Matter - Comparative Information

We draw attention to Note 2 to the financial statements, which explains that certain comparative information presented for the year ended December 31, 2022 has been restated as a result of the modified retroactive adoption of the asset retirement obligation standard.

Note 2 explains the reason for the restatement and also explains the adjustments that were applied to restate certain comparative information.

Our opinion is not modified in respect of this matter.

Other Matter - Comparative Information

As part of our audit of the financial statements for the year ended December 31, 2023, we also audited the adjustments that were applied to restate certain comparative information presented for the year ended December 31, 2022. In our opinion, such adjustments are appropriate and have been properly applied.

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.

Auditor's 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 auditor's 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.

KPMG

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 auditor's 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 auditor's 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 19, 2024

Mississauga Public Library Board
Statement of Financial Position
as at December 31, 2023 with comparatives for 2022
(All dollar amounts are in $000s)

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

	2023	2022 Restated (Note 2)
Financial Assets		
Cash and cash equivalents	10	8
Accounts receivable	769	55
Due from the City of Mississauga (Note 3)	6,093	6,166
Total Financial Assets	6,872	6,229
Financial Liabilities		
Accounts payable and accrued liabilities	937	631
Employee benefits and other liabilities (Note 5)	4,225	3,952
Asset retirement obligation (Note 8)	463	460
Total Financial Liabilities	5,625	5,043
Net Financial Assets	1,247	1,186
Non-Financial Assets		
Tangible capital assets (Note 7)	86,558	59,735
Prepaid expenses	71	228
Total Non-Financial Assets	86,629	59,963
Accumulated Surplus	87,876	61,149

Mississauga Public Library Board
Statement of Operations
for the year ended December 31, 2023 with comparatives for 2022
(All dollar amounts are in $000s)

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

	2023 Budget (Note 6)	2023 Actual	2022 Actual Restated (Note 2)
Revenue			
Funding transfer from the City of Mississauga	31,236	28,767	27,608
Funding transfers from other governments	715	783	715
User charges and rents	714	767	503
Contributed assets from the City of Mississauga	-	43,469	192
Recoveries from third parties	40	93	101
Other	-	32	4
Total Revenue	32,705	73,911	29,123
Expenses			
Salaries, wages and employee benefits	23,878	22,905	21,503
Loss on disposal of tangible capital assets	-	13,243	-
Amortization of tangible capital assets (Note 7)	8,556	6,706	6,547
Materials and supplies	1,778	1,714	1,137
Occupancy	1,735	1,415	1,433
Administrative support charged by the City of Mississauga	518	516	537
Staff development	166	135	79
Equipment	916	133	115
Contractors and professional services	69	100	63
Communication	44	85	76
Advertising and promotion	67	80	51
Transportation	45	65	51
Collection fees	25	53	11
Bank charges	27	16	12
Accretion of asset retirement obligation (Note 8)	-	13	13
Other	10	5	2
Total Expenses	37,834	47,184	31,630
Annual Surplus/(Deficit)	(5,129)	26,727	(2,507)
Accumulated surplus, beginning of year	61,149	61,149	63,770
Adjustment on adoption of the asset retirement obligation standard (Note 2, b)			(114)
Accumulated surplus, beginning of year, as restated	61,149	61,149	63,656
Accumulated Surplus, end of year	56,020	87,876	61,149

Mississauga Public Library Board
Statement of Change in Net Financial Assets
for the year ended December 31, 2023 with comparatives for 2022
(All dollar amounts are in $000s)

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

	2023 Budget (Note 6)	2023 Actual	2022 Actual Restated (Note 2)
Annual surplus (deficit)	(5,129)	26,727	(2,507)
Acquisition of tangible capital assets (Note 7)	-	(46,772)	(2,753)
Amortization of tangible capital assets (Note 7)	8,556	6,706	6,547
Loss on disposal of tangible capital assets	-	13,243	-
Acquisition of prepaid expenses	-	(71)	(228)
Use of prepaid expenses	-	228	-
Change in Net Financial Assets	3,427	61	1,059
Net financial assets, beginning of year	1,186	1,186	574
Adjustment on adoption of the asset retirement obligation standard (Note 2, b)			(447)
Net Financial Assets, beginning of year, as restated			127
Net Financial Assets, end of year	4,613	1,247	1,186

Mississauga Public Library Board
Statement of Cash Flows
for the year ended December 31, 2023 with comparatives for 2022
(All dollar amounts are in $000s)

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

	2023	2022 Restated (Note 2)
Cash provided by (used in):		
Operating activities:		
Annual surplus/(deficit)	26,727	(2,507)
Items not involving cash:		
Amortization of tangible capital assets	6,706	6,547
Contributed assets from the City of Mississauga	(43,469)	(192)
Loss on disposal of tangible capital assets	13,243	-
Accretion of asset retirement obligation	13	13
Change in employee benefits and other liabilities	273	333
Change in non-cash working capital:		
Accounts receivable	(714)	5
Due from the City of Mississauga	73	(1,384)
Accounts payable and accrued liabilities	306	(26)
Asset retirement obligation	(10)	-
Deferred revenue	-	(1)
Prepaid expenses	157	(228)
Net change in cash from operating activities	3,305	2,560
Capital Activities:		
Tangible capital asset additions	(3,303)	(2,561)
Net Change in Cash and Cash Equivalents	2	(1)
Cash and cash equivalents, beginning of year	8	9
Cash and Cash Equivalents, end of year	10	8

Mississauga Public Library Board
Notes to the Financial Statements
for the year ended December 31, 2023
(All dollar amounts are in $000s)

The Mississauga Public Library Board (the "Board") operates in accordance with the *Public Libraries Act*. Board members are appointed by City Council ("Council"), concurrent with the four-year term of Council. The purpose of the Board is to govern the affairs of the public library in service to the community. This includes developing and expressing the Board's philosophy and values, contributing to the development of a mission and vision statement, upholding service priorities and furthering the Library's long-term strategy.

Accounting standards specify how transactions and other events are to be recognized, measured, presented and disclosed in a public sector entity's financial statements. These statements have been prepared in accordance with the accounting standards of the Public Sector Accounting Board (PSAB). These standards are numbered and are referenced throughout these notes beginning with the letters "PS".

1. Significant Accounting Policies

The Board's financial statements are prepared by management 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. Significant aspects of the accounting policies adopted by the Board are as follows:

a) Basis of accounting

The Library follows the accrual method of accounting for revenue and expenses. Revenue is normally recognized in the year in which it is earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

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 City's 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 as earned by the employee. Sick leave benefits are accrued where they are vested and subject to payout 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 and Insurance Board (WSIB), are amortized over the average expected period during which the benefits will be paid.

Costs related to prior-period employee service arising out of related benefit 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. This category 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 estimated useful lives in accordance with Board policy as follows:

Tangible Capital Asset	Useful Life (Years)
Land	Unlimited
Land improvements	20
Buildings	5 - 45
Equipment, books and other	4 - 40
Vehicles	7 - 15

A full year of amortization is charged in the year of acquisition. Amortization is not charged in the year of disposition. Assets under construction are not amortized until the asset is available for productive use. Amortization expense is not recorded on land because it has an unlimited useful life.

(ii) Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair market value on 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 expensed as incurred.

(iv) Works of art and historical treasures

The Board does not own any notable works of art nor historical treasures. 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 is not determinable or relevant to their significance: hence a valuation is not assigned to such 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, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Significant estimates and assumptions include estimated useful life of tangible capital assets, estimated costs and applicability of the asset retirement obligation, and provisions for accrued liabilities and obligations related to employee benefits. Actual amounts could differ from these estimates.

f) Asset retirement obligation

The Board has legal obligations associated with the retirement from service of buildings and lease agreements. The Board recognizes obligations to retiring tangible capital assets from service in the period in which the obligation arises, which is typically upon acquisition or development of the asset, or when a reasonable estimate of the obligation can be made.

Asset retirement obligations are measured based on the best estimate of directly attributable expenditures required to settle the obligation. The amount of the obligation is added to the carrying amount of the associated asset and amortized on a straight-line basis over the estimated remaining useful life of the asset. If an obligation exists and does not have a corresponding asset, the amount of the obligation is recognized as a liability and an expense in the year of acquisition. Under the modified retroactive method, the discount rate and assumptions used on initial recognition are those as of the date of adoption of the standard. Assumptions used in the subsequent calculations are revised annually.

Asset retirement obligations are reviewed at each statement of financial reporting date and adjusted based on the facts and circumstances available at that time. Changes to the estimated timing or amount of future asset retirement obligation costs are recognized in the Statement of Financial Position. Once the related tangible capital asset is no longer in productive use or remediated, the estimate of the liability for asset retirement obligations is removed from the statement of financial position and any additional cost that arises in respect of the asset's disposal or remediation is recognized as an expense.

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

(i) There is a legal obligation to incur retirement costs in relation to a tangible capital asset;

(ii) The past transaction or event giving rise to the liability has occurred;

(iii) It is expected that future economic benefits will be given up; and

(iv) A reasonable estimate of the amount can be made.

Asset retirement obligation liabilities are recognized in the Board's financial statements for the following:

(i) Removal of asbestos in buildings owned by the Board

(ii) Remediation and/or restoration of leased real property and facility space

The liability is discounted using a present value calculation and adjusted annually for accretion expense. The recognition of a liability results in a corresponding increase to the respective tangible capital asset. The increase to the tangible capital assets is amortized in accordance with the depreciation accounting policies outlined in (d).

g) Measurement of financial instruments

The Board's financial instruments (assets and liabilities) are measured as follows:

(i) Cash at amortized cost

(ii) Accounts receivable and due from City of Mississauga at amortized cost

(iii) Accounts payable and accrued liabilities at amortized cost

(iv) Deferred revenue at amortized cost

At the end of 2023, there are no financial instruments recognized at fair value.

All financial assets are tested annually for impairment. The Corporation's investment policies and practices reduce the risk of asset impairment. If financial assets are impaired, these losses are recorded in the Statement of Operations. Financial instruments are measured using amortized cost, with the effective interest rate method used to determine expenses. Transaction costs incurred on the acquisition of financial instruments are expensed as incurred, and are amortized using the straight-line method over the life of the instrument.

The purchase and sale of cash equivalents and investments are accounted for using trade-date accounting. The Board does not use foreign currency contracts or any other type of derivative financial instruments for trading or speculative purposes.

h) Future accounting pronouncements

These standards and amendments were not effective for the year ended December 31, 2023 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 3400 – Revenue establishes a single framework to categorize revenue to enhance the consistency of revenue recognition and its measurement. This standard is effective for fiscal years beginning on or after April 1, 2023 (the first effective year for the Board being the year ending December 31, 2024).

(ii) Public Sector Guideline 8 – Purchased Intangibles allows public sector entities to recognize intangibles purchased through an exchange transaction. This guideline is effective for fiscal years beginning on or after April 1, 2023 (the first effective year for the Board being the year ending December 31, 2024).

(iii) PS 1202 – Financial Statement Presentation was approved in March 2023. This standard supersedes PS 1201 – Financial Statement Presentation and covers a new conceptual framework and reporting model. Prior period amounts would need to be restated to conform to the presentation requirements for comparative financial information. This standard is effective for fiscal years beginning on or after April 1, 2026 (the first effective year for the Board being the year ending December 31, 2027).

(iv) PS 3160 – Public Private Partnerships ("P3s"), 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 term of P3s. Measurement of the asset and related liability will also be dependent on the overall model used to compensate the private sector entity. This standard is effective for fiscal years beginning on or after April 1, 2023 (the first effective year for the Board being the year ending December 31, 2024).

2. Change in Accounting Policies

a) PS 1201, PS 2601, PS 3450 and PS 3041

On January 1, 2023, the Board adopted PS 1201 – Financial Statement Presentation, PS 2601 – Foreign Currency Translation, PS 3450 – Financial Instruments, and PS 3041 – Portfolio Investments. These standards were adopted by the Board prospectively from the date of adoption of the new standards. The new standards provide comprehensive requirements for the recognition, measurement, presentation and disclosure of financial instruments and foreign currency transactions.

Under PS 3450, all financial instruments are included on the Statement of Financial Position and are measured either at fair value or amortized cost based on the characteristics of the instrument and the organization's accounting policy choices (see also Note 1, f) – Significant Accounting Policies). In accordance with the provisions of this new standard, all items have been recorded at amortized cost; therefore, no adjustments were recorded in 2023.

b) PS 3280

On January 1, 2022, the Board adopted PS 3280 – Asset Retirement Obligations (ARO) using the modified retroactive method. As a result of applying the new accounting standard, adjustments were recorded to opening accumulated surplus of $114, asset retirement obligation of $447, and tangible capital assets of $333 in the Statement of Financial Position as of January 1, 2022. These obligations represent the estimated legal obligations associated with the retirement and remediation of Board-owned buildings that contain asbestos and leased real property and facility space.

In accordance with the provisions of this new standard, the Board reflected the following adjustments as of December 31, 2022:

	2022		
	Previously reported	Adjustments	Restated
Statement of Financial Position			
Asset retirement obligation	-	460	460
Tangible capital assets	59,485	250	59,735
Accumulated surplus	61,359	(210)	61,149
Statement of Operations			
Amortization of tangible capital assets	6,464	83	6,547
Accretion of asset retirement obligation	-	13	13
Annual deficit	(2,411)	(96)	(2,507)
Accumulated surplus, beginning of year	63,770	(114)	63,656
Accumulated surplus, end of year	61,359	(210)	61,149
Statement of Change in Net Financial Assets			
Annual deficit	(2,411)	(96)	(2,507)
Amortization of tangible capital assets	6,464	83	6,547
Statement of Cash Flows			
Annual deficit	(2,411)	(96)	(2,507)
Amortization of tangible capital assets	6,464	83	6,547
Accretion of asset retirement obligation	-	13	13

3. Due from the City of Mississauga

This category represents the accumulated surplus and the current year, non-cash, working capital changes due from the City. There are no specific terms of repayment and the amounts do not bear any interest due from the City.

4. Pension Agreements

The Board makes contributions to OMERS, 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 $1,504 (2022 $1,458) on behalf of these eligible employees and the employees contributed $1,515 (2022 $1,460).

5. Employee Benefits and Other Liabilities

Employee benefits and other liabilities, reported on the Statement of Financial Position, are made up of the following:

	2023	2022
Workplace Safety and Insurance Board (WSIB)	886	694
Accumulated sick leave benefit plan entitlements	17	18
Early retirement benefits	951	969
Post-employment benefits	1,362	1,256
Long-term disability	-	-
Vacation liability	1,009	1,015
Total	4,225	3,952

a) 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 2023, in accordance with the financial reporting guidelines established by PSAB.

b) 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 2023, in accordance with the financial reporting guidelines established by PSAB.

c) 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 2023, 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 a full actuarial valuation completed in December 2023, in accordance with the financial reporting guidelines established by PSAB.

e) In January 2023, the Board adopted a self-insured arrangement for its long-term disability benefit program. Under this arrangement, the Board funds its own claims through a segregated reserve fund and contracts with an insurance carrier to adjudicate and administer all claims on an administrative services-only basis. An independent actuarial valuation, dated December 2023, estimates the liability for claims incurred to be $nil (2022 $nil) as at December 31, 2023 which is reported on the Statement of Financial Position.

f) Vacation entitlements are accrued as earned by the employee. Values are derived by the employee's current wage rate and vacation entitlement, unless specified otherwise in employment contracts or union agreements.

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

	WSIB	Sick Leave	Early Retirement	Post-Employment	2023 Total	2022 Total
Accrued benefit obligation, beginning of year	694	18	969	1,256	2,937	2,677
Service cost	207	-	36	185	428	415
Interest cost	47	1	32	44	124	116
Amortization of actuarial (gain)/loss	92	-	(33)	(41)	18	17
Benefit payments	(154)	(2)	(56)	(82)	(294)	(288)
Increase due to plan amendment/survivor claims	-	-	3	-	3	-
Accrued benefit obligation, end of year	886	17	951	1,362	3,216	2,937
Unamortized actuarial (gain)/loss	538	-	134	(689)	(17)	615
Actuarial valuation update, end of year	1,424	17	1,085	673	3,199	3,552
Expected average remaining service life	11 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	2.00%	2.00%	2.00%	2.00%
Expected level of salary increases	N/A	3.00%	3.00%	3.00%
Interest discount rate	4.75%	4.75%	4.75%	4.75%
Expected health care increases	4.00%	N/A	5.67%	6.00%

6. Budget

Budget data presented in these financial statements are based upon the 2023 Operating and Capital Budgets as approved by Council and adopted by the Board at the April 19, 2023 meeting. Adjustments to budgeted values are required to provide comparative budget values based on the full accrual basis of accounting. The chart below reconciles the approved budget, which is developed using the cash basis of accounting, and the budget figures presented in these financial statements, which are produced using the accrual basis of accounting.

	2023 Approved Budget
Revenue	
Approved Operating Budget	1,857
Adjustments:	
City contribution (net of allocations)	31,236
Budget adjustments	500
Transfers from reserve funds	(888)
Adjusted Operating Budget	32,705
Approved Capital Budget	8,614
Adjustments:	
Adjustments for transfers from reserve funds	(8,614)
Adjusted Capital Budget	-
Total Revenue	32,705
Expenses	
Approved Operating Budget	33,093
Adjustments:	
Budget adjustments	500
Library books transferred to tangible capital assets	(3,316)
Transfers to reserve funds	(999)
Amortization of tangible capital assets	8,556
Adjusted Operating Budget	37,834
Approved Capital Budget	8,614
Adjustments:	
Eliminate capital expense budget	(8,614)
Adjusted Capital Budget	-
Total Expenses	37,834
Annual Deficit	(5,129)

7. Tangible Capital Assets

Tangible capital assets are non-financial assets that are generally not available to the Board 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. Tangible capital assets include buildings, books, furniture and land.

Library Tangible Capital Assets

Cost	Dec. 31, 2022 previously reported	PS 3280 ARO adoption	Dec. 31, 2022 as restated	Additions	Disposals	Dec. 31, 2023
Land	1,247	-	1,247	-	-	1,247
Land improvements	596	-	596	166	-	762
Buildings	99,834	417	100,251	38,120	(40,504)	97,867
Equipment, books and other	43,014	-	43,014	8,486	(17,297)	34,203
Vehicles	167	-	167	-	(51)	116
Total	**144,858**	**417**	**145,275**	**46,772**	**(57,852)**	**134,195**

Accumulated Amortization	Dec. 31, 2022 previously reported	PS 3280 ARO adoption	Dec. 31, 2022 as restated	Amortization Expense	Disposals	Dec. 31, 2023
Land	-	-	-	-	-	-
Land improvements	401	-	401	25	-	426
Buildings	53,779	167	53,946	2,621	(27,261)	29,306
Equipment, books and other	31,091	-	31,091	4,048	(17,297)	17,842
Vehicles	102	-	102	12	(51)	63
Total	**85,373**	**167**	**85,540**	**6,706**	**(44,609)**	**47,637**

Net Book Value	Dec. 31, 2022 previously reported	PS 3280 ARO adoption	Dec. 31, 2022 as restated	Dec. 31, 2023
Land	1,247	-	1,247	1,247
Land improvements	195	-	195	336
Buildings	46,055	250	46,305	68,561
Equipment, books and other	11,923	-	11,923	16,361
Vehicles	65	-	65	53
Total	**59,485**	**250**	**59,735**	**86,558**

8. Asset Retirement Obligation

The Board's asset retirement obligation consists of the following:

a) Asbestos obligation

The Board owns and operates several buildings that are known to have asbestos, which represents a health hazard upon demolition of the building and there is a legal obligation to remove it. Following the adoption of PS 3280 – Asset Retirement Obligations, the Board recognized an obligation relating to the removal of the asbestos in these buildings as estimated at January 1, 2022. Estimated costs of $437 have been discounted to the present value using a discount rate of 2.83 per cent per annum.

b) Lease obligation

The Board leases real property and facility space with requirements to return the property to the original condition, which represents a legal obligation to remediate or restore at the end of the lease term. Following the adoption of PS 3280 – Asset Retirement Obligations, the Board recognized an obligation relating to the restoration and remediation of leased space as estimated at January 1, 2022. The lease term is 20 years; however, only five years remain on the agreement. Estimated costs of $10 have been discounted to the present value using a discount rate of 2.83 per cent per annum.

The transition and recognition of asset retirement obligations involved an accompanying increase to *buildings* (tangible capital assets) and the restatement of prior year numbers (see also Note 2).

Changes to the asset retirement obligation in 2023 are as follows:

Asset Retirement Obligation	Asbestos Obligation	Lease Obligation	Total
Opening balance, December 31, 2022 as previously reported	-	-	-
Adjustment on adoption of the standard PS 3280 – Asset Retirement Obligations	449	11	460
Opening balance, December 31, 2022 as restated	449	11	460
Obligation incurred in year	-	-	-
Obligation settled in year	(10)	-	(10)
Revisions to obligation in year	-	-	-
Accretion of asset retirement obligation	13	-	13
Closing Balance, December 31, 2023	**452**	**11**	**463**

9. Contractual Rights

The Board 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 Board has revenue from incoming lease agreements for Board-owned properties as follows:

Contractual Rights	2023	2024	2025	2026	2027	Total
Incoming Lease Payments	372	380	388	397	406	1,943

10. 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:

Year	Lease Commitment
2024	226
2025	190
2026	190
2027	47
2028	-
Total	653

11. Financial Instruments

The Board is exposed to some risks through financial instruments (both assets and liabilities), including credit risk, liquidity risk and market risk. The following provides insights into the various risk exposures:

a) Credit risk

Credit risk is the risk that one party to a financial instrument (asset or liability) will cause a financial loss to the other party through the failure to discharge the obligations under the covenants of the financial instrument.

The Board is exposed to credit risk in the event of non-payment by external parties. The Board’s credit risk is primarily attributable to its receivables. The Board does not have any significant past-due accounts that are not provided for.

b) Liquidity risk

Liquidity risk is the risk that the Board will encounter difficulty in meeting its financial obligations associated with its financial liabilities. The Board mitigates its exposure to liquidity risk through the monitoring of cash flows relative to operational needs.

The majority of trade accounts payable and accrued liabilities are expected to be settled in the next fiscal year.

c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises interest rate risk, currency risk and price risk.

(i) Interest rate risk

Interest rate risk is the risk that future cash flows of a financial instrument (asset or liability) will fluctuate because of changes in market interest rates. The Board is not exposed to interest rate risk as it does not hold any investments or debt.

(ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Board is exposed to currency risk through purchases of goods and services using foreign currency. The Board mitigates this risk through cash flow monitoring of operational needs, and purchasing foreign currency only as needed to settle financial liabilities.

(iii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The Board mitigates price risk through fixed pricing procurement contracts.

12. Comparative Figures

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

9.1
Appendix 4

MISSISSAUGA

2023 Audited Tourism Mississauga Financial Statements

For the year ended December 31, 2023

Prepared by: Finance Division
City of Mississauga

MISSISSAUGA

Management's Responsibility for Financial Reporting

For the year ended December 31, 2023

The accompanying financial statements of Tourism Mississauga (the "Corporation") are the responsibility of management at the City of Mississauga (the "City") and have been prepared in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

The City's Finance Division is responsible for the preparation of the Corporation's financial statements and accompanying notes. The statements and notes include certain amounts based on estimates and judgements. Such amounts have been determined on a reasonable basis to ensure that the Corporation's financial statements are presented fairly in all material respects.

There are four required financial statements: the Statement of Financial Position, the Statement of Operations, the Statement of Change in Net Financial Assets, and the Statement of Cash Flows. These financial statements provide information on the cost of all Tourism Mississauga activities, how they were financed, investing activities, assets, and liabilities. The financial statements are reviewed and approved by the Director of Finance and Treasurer.

The City maintains systems of internal and financial controls designed to ensure that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

The Corporation's financial statements have been audited by KPMG LLP, independent external auditors appointed by the City's Audit Committee. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Corporation's financial statements.

The City's Audit Committee meets with management and the external auditors to review the Corporation's financial statements and discuss any significant financial reporting or internal control matters.

Marisa Chiu
Director of Finance and Treasurer

Victoria Clarke
CEO, Tourism

Mississauga, Ontario
April 19, 2024

KPMG LLP
Vaughan Metropolitan Centre
100 New Park Place, Suite 1400
Vaughan, ON L4K 0J3
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Telephone 905 265 5900
Fax 905 265 6390

INDEPENDENT AUDITOR'S REPORT

To the Members of City of Council, Inhabitants and Ratepayers of
The Corporation of the City of Mississauga

Opinion

We have audited the financial statements of Tourism Mississauga (the Entity), which comprise:

- the statement of financial position as at December 31, 2023
- the statement of operations 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, 2023, 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 ***"Auditor's Responsibilities for the Audit of the Financial Statements"*** section of our auditor's 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.

Auditor's 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 auditor's 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.

KPMG

- 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 auditor's 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 auditor's 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 19, 2024

Tourism Mississauga
Statement of Financial Position
as at December 31, 2023 with comparatives for 2022
(All dollar amounts are in $000s)

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

	2023	2022
Financial Assets		
Due from the City of Mississauga (Note 3)	20,862	17,066
Funding receivable	23	18
Total Financial Assets	**20,885**	**17,084**
Financial Liabilities		
Accounts payable and accrued liabilities	337	334
Employee vacation liability	51	31
Total Financial Liabilities	**388**	**365**
Net Financial Assets	**20,497**	**16,719**
Non-Financial Assets		
Prepaid expenses	69	65
Total Non-Financial Assets	**69**	**65**
Accumulated Surplus (Note 6)	**20,566**	**16,784**

Tourism Mississauga
Statement of Operations
for the year ended December 31, 2023 with comparatives for 2022
(All dollar amounts are in $000s)

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

	2023 Budget (Note 4)	2023 Actual	2022 Actual
Revenue			
Municipal Accommodation Tax (Note 5)	4,835	8,048	6,093
Other funding	-	5	553
Total Revenue	**4,835**	**8,053**	**6,646**
Expenses			
Salaries, wages and employee benefits	1,652	1,384	1,202
Event hosting and partnerships	950	1,214	792
Advertising and promotion	1,985	878	606
Professional services	987	232	304
Administrative support charged by the City of Mississauga	-	217	115
Staff development	140	189	110
Equipment maintenance and licensing	75	85	47
Materials and supplies	87	55	15
Transportation	9	11	8
Communication	2	5	5
Miscellaneous	41	1	16
Total Expenses	**5,928**	**4,271**	**3,220**
Annual Surplus/(Deficit)	**(1,093)**	**3,782**	**3,426**
Accumulated surplus, beginning of year	16,784	16,784	13,358
Accumulated Surplus, end of year (Note 6)	**15,691**	**20,566**	**16,784**

Tourism Mississauga
Statement of Change in Net Financial Assets
for the year ended December 31, 2023 with comparatives for 2022
(All dollar amounts are in $000s)

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

	2023 Budget (Note 4)	2023 Actual	2022 Actual
Annual surplus	(1,093)	3,782	3,426
Acquisition of prepaid expenses	-	(69)	(65)
Use of prepaid expenses	-	65	30
Increase in Net Financial Assets	**(1,093)**	**3,778**	**3,391**
Net financial assets, beginning of year	16,719	16,719	13,328
Net Financial Assets, end of year	**15,626**	**20,497**	**16,719**

Tourism Mississauga
Statement of Cash Flows
for the year ended December 31, 2023 with comparatives for 2022
(All dollar amounts are in $000s)

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

	2023	2022
Cash provided by (used in):		
Operating activities:		
Annual surplus	3,782	3,426
Change in non-cash working capital:		
Due from the City of Mississauga	(3,796)	(4,218)
Funding receivable	(5)	699
Accounts payable and accrued liabilities	3	115
Employee vacation liability	20	13
Prepaid expenses	(4)	(35)
Net Change in Cash and Cash Equivalents	-	-
Cash and cash equivalents, beginning of year	-	-
Cash and Cash Equivalents, end of year	-	-

Tourism Mississauga
Notes to the Financial Statements
for the Year Ended December 31, 2023
(All dollar amounts are in $000s)

Tourism Mississauga (the "Corporation"), incorporated under Ontario Regulation 599/06, is a municipal services corporation that was formed to promote tourism in Mississauga. The Corporation is owned 100 per cent by the Corporation of the City of Mississauga (the "City").

Accounting standards specify how transactions and other events are to be recognized, measured, presented and disclosed in a public sector entity's financial statements. These statements have been prepared in accordance with the accounting standards of the Public Sector Accounting Board (PSAB). These standards are numbered and are referenced throughout these notes beginning with the letters "PS".

1. Significant Accounting Policies

The Corporation's financial statements are prepared by management 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. Significant aspects of the accounting policies adopted by the Corporation are as follows:

a) Basis of accounting

The Corporation follows the accrual method of accounting for revenue and expenses. Revenue is normally recognized in the year in which it is earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

b) 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.

c) Use of estimates

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

d) External funding

This category represents revenue recognized from the Corporation's agreements with other organizations. Revenue is recognized when the corresponding expenses are incurred.

e) Employee vacation liability

Vacation entitlements are accrued as earned by the employee. Values are derived by the employee's current wage rate and vacation entitlement, unless specified otherwise in employment contracts.

f) Measurement of financial instruments

The Corporation's financial instruments (assets and liabilities) are measured as follows:

(i) Funding receivable and other receivables at amortized cost

(ii) Accounts payable and accrued liabilities at amortized cost

At the end of 2023, there are no financial instruments recognized at fair value.

All financial assets are tested annually for impairment. The Corporation's investment policies and practices reduce the risk of asset impairment. If financial assets are impaired, these losses are recorded in the Statement of Operations.

Financial instruments are measured using amortized cost, with the effective interest rate method used to determine interest revenue or expenses. Transaction costs incurred on the acquisition of financial instruments are expensed as incurred, and are amortized using the straight-line method over the life of the instrument.

The purchase and sale of cash equivalents and investments are accounted for using trade-date accounting. The Corporation does not use foreign currency contracts or any other type of derivative financial instruments for trading or speculative purposes.

g) Future accounting pronouncements

These standards and amendments were not effective for the year ended December 31, 2023, 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 3400 – Revenue establishes a single framework to categorize revenue to enhance the consistency of revenue recognition and its measurement. This standard is effective for fiscal years beginning on or after April 1, 2023 (the first effective year for the Corporation being the year ending December 31, 2024).

(ii) Public Sector Guideline 8 – Purchased Intangibles allows public sector entities to recognize intangibles purchased through an exchange transaction. This guideline is effective for fiscal years beginning on or after April 1, 2023 (the first effective year for the Corporation being the year ending December 31, 2024).

(iii) PS 1202 – Financial Statement Presentation was approved in March 2023. This standard supersedes PS 1201 – Financial Statement Presentation and covers a new conceptual framework and reporting model. Prior period amounts would need to be restated to conform to the presentation requirements for comparative financial information. This standard is effective for fiscal years beginning on or after April 1, 2026 (the first effective year for the Corporation being the year ending December 31, 2027).

(iv) PS 3160 – Public Private Partnerships ("P3s"), 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 term of P3s. Measurement of the asset and related liability will also be dependent on the overall model used to compensate the private sector entity. This standard is effective for fiscal years beginning on or after April 1, 2023 (the first effective year for the Corporation being the year ending December 31, 2024).

2. Change in Accounting Policies

a) PS 1201, PS 2601, PS 3450 and PS 3041

On January 1, 2023, the Corporation adopted PS 1201 – Financial Statement Presentation, PS 2601 – Foreign Currency Translation, PS 3450 – Financial Instruments, and PS 3041 – Portfolio Investments. These standards were adopted by the Corporation prospectively from the date of adoption of the new standards. The new standards provide comprehensive requirements for the recognition, measurement, presentation and disclosure of financial instruments and foreign currency transactions.

Under PS 3450, all financial instruments are included in the Statement of Financial Position and are measured either at fair value or amortized cost based on the characteristics of the instrument and the organization's accounting policy choices (see also **Note 1 f**) – Significant Accounting Policies). In accordance with the provisions of this new standard, all items have been recorded at amortized cost: therefore, no adjustments were recorded in 2023.

b) PS 3280

On January 1, 2023, the Corporation adopted PS 3280 – Asset Retirement Obligations using the modified retroactive method. The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in retired buildings by public sector entities.

Under the modified retroactive method, the discount rate and assumptions used on initial recognition are those as of the date of adoption of the standard. In accordance with the provisions of this new standard, the Corporation assessed its exposure and concluded it is not liable for asset retirement obligations and therefore did not require adjustments as of January 1, 2023.

3. Due from the City of Mississauga

This category represents the accumulated Municipal Accommodation Tax revenue, less net expenses paid by the City on behalf of the Corporation, due from the City. There are no specific terms of payment and no interest is charged to or due from the City.

4. Budget

The Tourism Mississauga 2023 budget was adopted by the Corporation on October 17, 2022, and subsequently approved by City Council on February 1, 2023.

5. Municipal Accommodation Tax

This category represents 50 per cent of the City's Municipal Accommodation Tax revenue collected during the year.

6. Accumulated Surplus

Accumulated surplus consists of surplus and reserves as follows:

	2023	2022
Reserves Set Aside by Council:		
Tourism Mississauga	20,617	16,815
Surplus:		
Unfunded vacation liability	(51)	(31)
Total Accumulated Surplus	**20,566**	**16,784**

7. Financial Instruments

The Corporation is exposed to some risks through financial instruments (both assets and liabilities), including credit risk, liquidity risk and market risk. The following provides insights into the various risk exposures:

a) Credit risk

Credit risk is the risk that one party to a financial instrument (asset or liability) will cause a financial loss to the other party through the failure to discharge the obligations under the covenants of the financial instrument.

The Corporation is exposed to credit risk in the event of non-payment by external parties. The Corporation's credit risk is primarily attributable to its receivables. The Corporation does not have any significant past-due accounts that are not provided for.

b) Liquidity risk

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting its financial obligations associated with its financial liabilities. The Corporation mitigates its exposure to liquidity risk through the monitoring of cash flows relative to operational needs.

The majority of trade accounts payable and accrued liabilities are expected to be settled in the next fiscal year.

c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises interest rate risk, currency risk and price risk.

(i) Interest rate risk

Interest rate risk is the risk that future cash flows of a financial instrument (asset or liability) will fluctuate because of changes in market interest rates. The Corporation is not exposed to interest rate risk since it does not hold any investments or debt.

(ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Corporation is exposed to currency risk through purchases of goods and services using foreign currency. The Corporation mitigates this risk through cash flow monitoring of operational needs, and purchasing foreign currency only as needed to settle financial liabilities.

(iii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The Corporation mitigates price risk through fixed pricing procurement contracts.

Financial Statements of

CITY OF MISSISSAUGA CLARKSON VILLAGE BUSINESS IMPROVEMENT ASSOCIATION

And Independent Auditor's Report thereon

Year ended December 31, 2023

KPMG LLP
Vaughan Metropolitan Centre
100 New Park Place, Suite 1400
Vaughan, ON L4K 0J3
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INDEPENDENT AUDITOR'S 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, 2023
- 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, 2023, 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 ***"Auditor's Responsibilities for the Audit of the Financial Statements"*** section of our auditor's 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.

Auditor's 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 auditor's 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 auditor's 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 auditor's 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 19, 2024

CITY OF MISSISSAUGA CLARKSON VILLAGE BUSINESS IMPROVEMENT ASSOCIATION

Statement of Financial Position

December 31, 2023, with comparative information for 2022

	2023	2022
Financial Assets		
Cash	$ 81,401	$ 103,439
Accounts receivable and other assets	6,484	27,150
Prepaid deposits	1,838	1,361
	89,723	131,950
Financial Liabilities		
Accounts payable and accrued liabilities	3,130	4,462
Due to The Corporation of the City of Mississauga (note 2)	731	3,686
	3,861	8,148
Net financial assets	85,862	123,802
Tangible capital assets (note 3)	29,945	17,611
Accumulated surplus (note 4)	$ 115,807	$ 141,413

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, 2023, with comparative information for 2022

	Budget 2023 (note 5)	Actual 2023	Actual 2022
Revenue:			
Special levy on business assessment	$ 80,000	$ 82,269	$ 76,314
Other	5,300	13,893	73,234
Sponsorship	3,000	6,575	4,400
	88,300	102,737	153,948
Expenses:			
Advertising and promotion	26,000	41,120	29,190
Beautification and maintenance	38,000	45,788	48,857
Office and general	28,000	29,747	22,520
Professional fees	4,000	3,504	4,024
Insurance	3,300	2,900	2,299
Amortization of tangible capital assets	–	5,284	2,784
	99,300	128,343	109,674
Annual surplus (deficit)	$ (11,000)	(25,606)	44,274
Accumulated surplus, beginning of year		141,413	97,139
Accumulated surplus, end of year (note 4)		$ 115,807	$ 141,413

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, 2023, with comparative information for 2022

	2023	2022
Annual surplus (deficit)	$ (25,606)	$ 44,274
Tangible capital asset additions	(17,618)	(12,949)
Amortization of tangible capital assets	5,284	2,784
Change in net financial assets	(37,940)	34,109
Net financial assets, beginning of year	123,802	89,693
Net financial assets, end of year	$ 85,862	$ 123,802

See accompanying notes to financial statements.

CITY OF MISSISSAUGA CLARKSON VILLAGE BUSINESS IMPROVEMENT ASSOCIATION

Statement of Cash Flows

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operating activities:		
Annual surplus (deficit)	$ (25,606)	$ 44,274
Amortization of tangible capital assets which does not involve cash	5,284	2,784
Change in non-cash operating working capital:		
Accounts receivable and other assets	20,666	(19,269)
Prepaid deposits	(477)	(34)
Accounts payable and accrued liabilities	(1,332)	(8,065)
Deferred revenue	–	(1,329)
	(1,465)	18,361
Financing activities:		
Due to The Corporation of the City of Mississauga	(2,955)	15
Investing activities:		
Purchase of tangible capital assets	(17,618)	(12,949)
Increase (decrease) in cash	(22,038)	5,427
Cash, beginning of year	103,439	98,012
Cash, end of year	$ 81,401	$ 103,439

See accompanying notes to financial statements.

CITY OF MISSISSAUGA CLARKSON VILLAGE BUSINESS IMPROVEMENT ASSOCIATION

Notes to Financial Statements

Year ended December 31, 2023

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 ("PSAB") 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 year 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.

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

Accounts receivable include amounts to be received that can be reasonably estimated and collection is reasonably assured.

Other revenue includes grants, associate member fees and miscellaneous revenue, and are recognized as revenue as funds spent in accordance with the grant restriction, and reasonably estimated and collection is reasonably assured.

CITY OF MISSISSAUGA CLARKSON VILLAGE BUSINESS IMPROVEMENT ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(c) Tangible capital assets:

(i) 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.

(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 recorded as contributed assets in the statement of operations and accumulated surplus.

(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.

(e) Future accounting pronouncements:

These standards and amendments were not yet effective for the year ended December 31, 2023, 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 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, 2023 (the Association's December 31, 2024 year end).

CITY OF MISSISSAUGA CLARKSON VILLAGE BUSINESS IMPROVEMENT ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(ii) Public Sector Guideline 8, Purchased Intangibles, allows public sector entities to recognize intangibles purchased through an exchange transaction. This guideline is effective for fiscal years beginning on or after April 1, 2023 (the Association's December 31, 2024 year end).

(f) Adoption of new accounting policies:

Effective January 1, 2023, the Association adopted the following standards issued by the PSAB:

(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 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.

(ii) PS 3450, Financial Instruments, establishes the standards on accounting for and reporting all types of financial instruments including derivatives.

(iii) PS 2601, Foreign Currency Translation, establishes the standards on accounting for and reporting transactions that are denominated in a foreign currency.

(iv) PS 3041, Portfolio Investments, replaces PS 3040, Portfolio Investments. The standard provides revised guidance on accounting for, and presentation and disclosure of portfolio investments to conform to PS 3450, Financial Instruments. The distinction between temporary and portfolio investments has been removed in the new standard, and upon adoption, PS 3030, Temporary Investments, will no longer apply.

(v) PS 3280, Asset Retirement Obligations, addresses the recognition, measurement, presentation and disclosure of legal obligations associated with retirement of tangible capital assets either in productive use or no longer in productive use.

CITY OF MISSISSAUGA CLARKSON VILLAGE BUSINESS IMPROVEMENT ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(vi) PS 3160, Public Private Partnerships ("P3s"), 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 P3s 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 term of P3s. Measurement of the asset and related liability will also be dependent on the overall model used to compensate the private sector entity.

The adoption of these standards did not have a significant impact on the Association's financial statements.

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 of December 31, 2023 (2022 - underlevy). The amount receivable has no specific terms of repayment and does not bear any interest due from the City.

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

3. Tangible capital assets:

			2023	2022
	Cost	Accumulated amortization	Net book value	Net book value
Furniture and fixtures	$ 56,837	$ 26,892	$ 29,945	$ 17,611

CITY OF MISSISSAUGA CLARKSON VILLAGE BUSINESS IMPROVEMENT ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2023

4. Accumulated surplus:

Accumulated surplus at December 31 comprises the following:

	2023	2022
Reserve for working capital needs	$ 85,862	$ 123,802
Invested in tangible capital assets	29,945	17,611
	$ 115,807	$ 141,413

5. Budget data:

The audited budget information presented in these financial statements is based on the budget approved by City Council on January 23, 2023.

Appendix 6

DRAFT #3
April 16, 2024

Financial Statements of

CITY OF MISSISSAUGA PORT CREDIT BUSINESS IMPROVEMENT AREA

And Independent Auditor's Report thereon

Year ended December 31, 2023

INDEPENDENT AUDITOR'S 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, 2023
- the statement of operations and accumulated surplus for the year then ended
- the statement of changes 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, 2023, 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 ***"Auditor's Responsibilities for the Audit of the Financial Statements"*** section of our auditor's 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.

Auditor's 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 auditor's 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 auditor's 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 auditor's 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.

DRAFT
Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

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CITY OF MISSISSAUGA PORT CREDIT BUSINESS IMPROVEMENT AREA

DRAFT Statement of Financial Position

December 31, 2023, with comparative information for 2022

	2023	2022
Financial Assets		
Cash	$ 308,948	$ 157,584
Investment (note 2)	268,514	267,849
Accounts receivable	53,978	39,137
	631,440	464,570
Financial Liabilities		
Accounts payable and accrued liabilities	55,928	91,232
Due to The Corporation of the City of Mississauga (note 3)	4,892	35,508
Deferred revenue	–	24,232
	60,820	150,972
Net financial assets	570,620	313,598
Non-Financial Assets		
Prepaid expenses	17,586	8,664
Tangible capital assets (note 4)	88,777	157,822
Commitment (note 7)		
Accumulated surplus (note 5)	$ 676,983	$ 480,084

See accompanying notes to financial statements.

On behalf of the Board:

______________________________ Director

______________________________ Treasurer

CITY OF MISSISSAUGA PORT CREDIT BUSINESS IMPROVEMENT AREA

DRAFT Statement of Operations and Accumulated Surplus

Year ended December 31, 2023, with comparative information for 2022

	Budget 2023 (note 8)	Actual 2023	Actual 2022
Revenue:			
Special levy on business assessment	$ 434,700	$ 946,443	$ 796,482
Fundraising	50,450	38,633	49,924
Grant	28,000	40,902	21,697
Interest	24	38,759	9,527
	513,174	1,064,737	877,630
Expenses:			
Office and general (note 6)	208,390	295,446	295,748
Beautification and maintenance	155,600	215,546	238,532
Project expenses	123,160	192,509	159,317
Sponsorships	–	67,392	46,946
Amortization of tangible capital assets	7,500	69,045	67,088
Advertising and promotion	17,500	22,486	38,587
Loss on disposal of tangible capital assets	–	–	8,750
Business development (note 6)	–	4,798	10,264
Repairs and maintenance	–	616	4,530
	512,150	867,838	869,762
Annual surplus	1,024	196,899	7,868
Accumulated surplus, beginning of year	–	480,084	472,216
Accumulated surplus, end of year (note 5)	$ 1,024	$ 676,983	$ 480,084

See accompanying notes to financial statements.

CITY OF MISSISSAUGA PORT CREDIT BUSINESS IMPROVEMENT AREA

DRAFT Statement of Changes in Net Financial Assets

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Annual surplus	$ 196,899	$ 7,868
Additions to tangible capital assets	–	(82,214)
Amortization of tangible capital assets	69,045	67,088
Loss on disposal of tangible capital assets	–	8,750
Change in prepaid expenses	(8,922)	3,827
Change in net financial assets	257,022	5,319
Net financial assets, beginning of year	313,598	308,279
Net financial assets, end of year	$ 570,620	$ 313,598

See accompanying notes to financial statements.

CITY OF MISSISSAUGA PORT CREDIT BUSINESS IMPROVEMENT AREA

DRAFT Statement of Cash Flows

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operating activities:		
Annual surplus	$ 196,899	$ 7,868
Items not involving cash:		
Amortization of tangible capital assets	69,045	67,088
Loss on disposal of tangible capital assets	–	8,750
Change in non-cash operating working capital:		
Accounts receivable	(14,841)	43,845
Prepaid expenses	(8,922)	3,827
Accounts payable and accrued liabilities	(35,304)	60,151
Due to The Corporation of the City of Mississauga	(30,616)	27,794
Deferred revenue	(24,232)	24,232
	152,029	243,555
Investing activities:		
Additions to tangible capital assets	–	(82,214)
Change in investments	(665)	(228,124)
	(665)	(310,338)
Increase (decrease) in cash	151,364	(66,783)
Cash, beginning of year	157,584	224,367
Cash, end of year	$ 308,948	$ 157,584

See accompanying notes to financial statements.

CITY OF MISSISSAUGA PORT CREDIT BUSINESS IMPROVEMENT AREA

DRAFT Notes to Financial Statements

Year ended December 31, 2023

On December 20, 1984, 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 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 ("PSAB") 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 year, 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 Organization. Fundraising and interest revenue is recognized on an accrual basis.

(c) Investment:

Investment consists of a guaranteed investment certificate with original date to maturity of 91 days or longer and is recorded at amortized cost.

CITY OF MISSISSAUGA PORT CREDIT BUSINESS IMPROVEMENT AREA

DRAFT Notes to Financial Statements

Year ended December 31, 2023

1. Significant accounting policies (continued):

(d) 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 received as contributions are recorded at their fair market value at the date of receipt and are recorded as contributed assets in the statement of operations and accumulated surplus.

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:

Machinery and equipment	4 years
Furniture and fixtures	4 years
Leasehold improvements	5 years

(e) 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.

CITY OF MISSISSAUGA PORT CREDIT BUSINESS IMPROVEMENT AREA

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2023

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1. Significant accounting policies (continued):

(f) Future accounting pronouncements:

These standards and amendments were not yet effective for the year ended December 31, 2023, and have therefore not been applied in preparing these financial statements. Management is currently assessing the impact of these standards on the future financial statements.

(i) PS 3400, Revenue, establishes a single framework to categorize revenue of enhance the consistency of revenue recognition and its measurement. This standard is effective for fiscal years beginning on or after April 1, 2023 (the Organization's December 31, 2024 year end).

(ii) Public Sector Guideline 8, Purchased Intangibles, allows public sector entities to recognize intangibles purchased through an exchange transaction. This guideline is effective for fiscal years beginning on or after April 1, 2023 (the Organization's December 31, 2024 year end).

(iii) PS 3160, Public Private Partnerships ("P3s"), 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 P3s 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 term of P3s. Measurement of the asset and related liability will also be dependent on the overall model used to compensate the private sector entity. The standard is effective for fiscal years beginning on or after April 1, 2023 (the Organization's December 31, 2024 year end).

CITY OF MISSISSAUGA PORT CREDIT BUSINESS IMPROVEMENT AREA

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2023

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1. Significant accounting policies (continued):

(g) Adoption of new accounting policies:

Effective January 1, 2023, the Organization adopted the following standards issued by the PSAB:

(i) PS 3450, Financial Instruments, establishes standards on how to account for and report types of financial instruments including derivatives.

(ii) PS 2601, Foreign Currency Translation, which replaces PS 2600, establishes standards on how to account for and report transactions that are denominated in a foreign currency in government financial statements.

(iii) PS 1201, Financial Statement Presentation, which replaces PS 1200, establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the statement of remeasurement gains and losses, which reports changes in the values of financial assets and financial liabilities arising from their remeasurement at current exchange rates and/or fair value.

(iv) PS 3041, Portfolio Investments, which replaces PS 3040, establishes standards on how to account for and report portfolio investments in government financial statements.

(v) PS 3280, Asset Retirement Obligations, establishes standards on how to account for and report a liability for asset retirement obligations.

PS 1201, Financial Statement Presentation, PS 3450, Financial Instruments, PS 2601, Foreign Currency Translation, and PS 3041 Portfolio Investments required concurrent adoption and implementation. The Organization implemented the above standards and there was no significant impact on the financial statements.

CITY OF MISSISSAUGA PORT CREDIT BUSINESS IMPROVEMENT AREA

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2023

2. Investments:

Investment consists of two (2022 - one) guaranteed investment certificates bearing interest at 4.6% and 5.2% (2022 - 0.75%) with maturity dates of April 29, 2024 and March 11, 2024 respectively.

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

The amount due to the City includes the cumulative underlevy as at December 31, 2023 (2022 - underlevy). The amount is non-interest bearing and payable on demand.

4. Tangible capital assets:

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Machinery and equipment	$ 355,377	$ 272,217	$ 83,160	$ 146,198
Furniture and fixtures	21,838	20,396	1,442	2,894
Leasehold improvements	22,775	18,600	4,175	8,730
	$ 399,990	$ 311,213	$ 88,777	$ 157,822

5. Accumulated surplus:

Accumulated surplus at December 31 comprises the following:

	2023	2022
Invested in tangible capital assets	$ 88,777	$ 157,822
Reserve for working capital needs	588,206	322,262
	$ 676,983	$ 480,084

CITY OF MISSISSAUGA PORT CREDIT BUSINESS IMPROVEMENT AREA

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2023

6. Related party transactions:

Office and general and business development expenses include $1,130 (2022 - $353) of services provided by a company owned by a member of the Board of Directors.

7. Commitment:

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

Amounts payable under this lease are as follows:

2024	$ 10,492

8. Budget data:

The audited budget information presented in these financial statements is based on the budget approved by City Council on April 15,2023.

Financial Statements of

CITY OF MISSISSAUGA STREETSVILLE BUSINESS IMPROVEMENT DISTRICT ASSOCIATION

And Independent Auditor's Report thereon

Year ended December 31, 2023

KPMG LLP
Vaughan Metropolitan Centre
100 New Park Place, Suite 1400
Vaughan, ON L4K 0J3
Canada
Telephone 905 265 5900
Fax 905 265 6390

INDEPENDENT AUDITOR'S 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, 2023
- 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, 2023, 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 ***"Auditor's Responsibilities for the Audit of the Financial Statements"*** section of our auditor's 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.

Auditor's 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 auditor's 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.

KPMG

- 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 auditor's 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 auditor's 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 12, 2024

CITY OF MISSISSAUGA STREETSVILLE BUSINESS IMPROVEMENT DISTRICT ASSOCIATION

Statement of Financial Position

December 31, 2023, with comparative information for 2022

	2023	2022
Financial Assets		
Cash	$ 6,118	$ 34,781
Investments (note 1(d))	17,984	24,000
Accounts receivable	23,011	37,470
Due from The Corporation of the City of Mississauga (note 2)	8,092	3,929
	55,205	100,180
Financial Liabilities		
Accounts payable and accrued liabilities	60,645	5,698
Net financial assets (debt)	(5,440)	94,482
Non-Financial Assets		
Tangible capital assets (note 3)	71,470	40,746
Accumulated surplus (note 4)	$ 66,030	$ 135,228

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, 2023, with comparative information for 2022

	2023 Budget (note 6)	2023 Actual	2022 Actual
Revenue:			
Special levy on business assessment	$ 434,700	$ 444,042	$ 410,679
Fundraising	78,450	90,454	85,440
Other	24	752	111
	513,174	535,248	496,230
Expenses:			
Advertising and promotion	17,500	184,374	149,753
Office and administration (note 5)	331,550	222,643	182,477
Beautification and maintenance	155,600	179,850	136,380
Amortization of tangible capital assets	7,500	17,579	8,242
	512,150	604,446	476,852
Annual surplus (deficit)	$ 1,024	(69,198)	19,378
Accumulated surplus, beginning of year		135,228	115,850
Accumulated surplus, end of year (note 4)		$ 66,030	$ 135,228

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, 2023, with comparative information for 2022

	2023	2022
Annual surplus (deficit)	$ (69,198)	$ 19,378
Additions to tangible capital assets	(48,303)	(22,558)
Amortization of tangible capital assets	17,579	8,242
Change in net financial assets	(99,922)	5,062
Net financial assets, beginning of year	94,482	89,420
Net financial assets (debt), end of year	$ (5,440)	$ 94,482

See accompanying notes to financial statements.

CITY OF MISSISSAUGA STREETSVILLE BUSINESS IMPROVEMENT DISTRICT ASSOCIATION

Statement of Cash Flows

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operating activities:		
Annual surplus (deficit)	$ (69,198)	$ 19,378
Item not involving cash:		
Amortization of tangible capital assets	17,579	8,242
Change in non-cash operating working capital:		
Accounts receivable	14,459	(10,403)
Due from The Corporation of the City of Mississauga	(4,163)	(3,929)
Accounts payable and accrued liabilities	54,947	(21,784)
Due to The Corporation of the City of Mississauga	–	(5,434)
Deferred revenue	–	(6,000)
	13,624	(19,930)
Investing activities:		
Additions to tangible capital assets	(48,303)	(22,558)
Change in investments	6,016	–
	(42,287)	(22,558)
Decrease in cash	(28,663)	(42,488)
Cash, beginning of year	34,781	77,269
Cash, end of year	$ 6,118	$ 34,781

See accompanying notes to financial statements.

CITY OF MISSISSAUGA STREETSVILLE BUSINESS IMPROVEMENT DISTRICT ASSOCIATION

Notes to Financial Statements

Year ended December 31, 2023

On November 5, 1979, 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 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 ("PSAB") 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 year 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. Fundraising and other revenues are recognized on an accrual basis.

(c) Deferred revenue:

Deferred revenue represents grants for specific events or expenditures which have been received, but for which the related event or expenditures have yet to take place or be incurred. These amounts will be recognized as revenue in the fiscal year the event occurs or in which in the expenditures have been incurred.

CITY OF MISSISSAUGA STREETSVILLE BUSINESS IMPROVEMENT DISTRICT ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(d) Investments:

Investment consists of a guaranteed investment certificate bearing interest at 2.29% (2022 - between 0.60% to 0.75% with a maturity date of August 24, 2028 (2022 - January 5, 2024.

(e) Tangible capital assets:

(i) 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 of tangible capital assets is provided on a straight-line basis as follows:

Furniture, fixtures and decoratives	5 - 10 years
Benches	5 years
Computer equipment	5 years

(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 contributions are recorded as contributed assets in the statement of operations and accumulated surplus.

(f) 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.

CITY OF MISSISSAUGA STREETSVILLE BUSINESS IMPROVEMENT DISTRICT ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(g) Future accounting pronouncements:

These standards and amendments were not yet effective for the year ended December 31, 2023, 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 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, 2023 (the Association's December 31, 2024 year-end).

(ii) Public Sector Guideline 8, Purchased Intangibles, allows public sector entities to recognize intangibles purchased through an exchange transaction. This guideline is effective for fiscal years beginning on or after April 1, 2023 (the Association's December 31, 2024 year-end).

(iii) PS 3160 - Public Private Partnerships ("P3s"), 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 term of P3s. Measurement of the asset and related liability will also be dependent on the overall model used to compensate the private sector entity. This standard is effective for fiscal years beginning on or after April 1, 2023 (the Association's December 31, 2024 year end).

CITY OF MISSISSAUGA STREETSVILLE BUSINESS IMPROVEMENT DISTRICT ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2023

---

1. Significant accounting policies (continued):

(h) Adoption of new accounting policies:

Effective January 1, 2023, the Association adopted the following standards issued by the PSAB:

(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 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.

(ii) PS 3450, Financial Instruments, establishes the standards on accounting for and reporting all types of financial instruments including derivatives.

(iii) PS 2601, Foreign Currency Translation, establishes the standards on accounting for and reporting transactions that are denominated in a foreign currency.

(iv) PS 3041, Portfolio Investments, replaces PS 3040, Portfolio Investments. The standard provides revised guidance on accounting for, and presentation and disclosure of portfolio investments to conform to PS 3450, Financial Instruments. The distinction between temporary and portfolio investments has been removed in the new standard, and upon adoption, PS 3030, Temporary Investments, will no longer apply.

(v) PS 3280, Asset Retirement Obligations, addresses the recognition, measurement, presentation and disclosure of legal obligations associated with retirement of tangible capital assets either in productive use or no longer in productive use.

PS 1201, Financial Statement Presentation, PS 3450, Financial Instruments, PS 2601, Foreign Currency Translation, and PS 3041, Portfolio Investments, required concurrent adoption and implementation. The Association implemented the above standards and there was no significant impact on the financial statements.

CITY OF MISSISSAUGA STREETSVILLE BUSINESS IMPROVEMENT DISTRICT ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2023

---

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

The amount due from the City includes the cumulative overlevy as at December 31, 2023. The amount is non-interest bearing and receivable in conjunction with the 2023 levy.

3. Tangible capital assets:

			2023	2022
	Cost	Accumulated amortization	Net book value	Net book value
Furniture, fixtures and decoratives	$ 217,671	$ 161,694	$ 55,977	$ 33,762
Benches	38,727	28,216	10,511	5,316
Computer equipment	7,761	2,779	4,982	1,668
	$ 264,159	$ 192,689	$ 71,470	$ 40,746

4. Accumulated surplus:

The accumulated surplus as at December 31 comprises the following:

	2023	2022
Reserve DEFICIT for working capital needs	$ (5,440)	$ 94,482
Invested in tangible capital assets	71,470	40,746
	$ 66,030	$ 135,228

5. Related party transactions:

Office and general expenses include $9,838 (2022 - $9,506) of services provided by members of the Board of Directors.

CITY OF MISSISSAUGA STREETSVILLE BUSINESS IMPROVEMENT DISTRICT ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2023

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6. Budget data:

The audited budget information presented in these financial statements is based on the budget approved by City Council on January 23, 2023.

7. Risk management:

The Association has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk, and market risk (interest rate risk).

(a) Credit risk:

Credit risk is the risk of a financial loss to the Association if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Such risks arise principally from certain financial assets held by the Association consisting of accounts receivables and due from City of Mississauga balance. The Association's exposure to credit risk associated with accounts receivable and due from City of Mississauga is assessed as low because they are due largely from governments.

(b) Liquidity risk:

Liquidity risk is the risk that the Association will not be able to meet its financial obligations as they become due. The Association's objective is to have sufficient liquidity to meet these liabilities when due. The Association monitors its cash balance and cash flows generated from operations to meet its liquidity requirements. The liquidity risk arises from the financial liabilities consisting of accounts payable and accrued liabilities.

(c) Market risk:

Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Association manages its interest rate risk by maintaining a fixed income investment that is not subject to fair valuation fluctuations.

Appendix 8

DRAFT
April 16, 2024

Financial Statements of

CITY OF MISSISSAUGA COOKSVILLE BUSINESS IMPROVEMENT AREA

And Independent Auditor's Report thereon

Year ended December 31, 2023

INDEPENDENT AUDITOR'S REPORT

To the Members of City of Mississauga Cooksville 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 Cooksville Business Improvement Area (the Entity), which comprise:

- the statement of financial position as at December 31, 2023
- 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, 2023, 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 ***"Auditor's Responsibilities for the Audit of the Financial Statements"*** section of our auditor's 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.

Auditor's 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 auditor's 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 auditor's 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 auditor's 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.

DRAFT

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

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CITY OF MISSISSAUGA COOKSVILLE BUSINESS IMPROVEMENT AREA

DRAFT Statement of Financial Position

December 31, 2023, with comparative information for 2022

	2023	2022
Financial Assets		
Cash	$ 299,514	$ 428,581
Accounts receivable	24,914	27,000
	324,428	455,581
Financial Liabilities		
Accounts payable and accrued liabilities	17,816	34,485
Due to The Corporation of the City of Mississauga (note 2)	2,763	3,082
	20,579	37,567
Net financial assets	303,849	418,014
Prepaid expenses	2,329	–
Tangible capital assets (note 3)	19,806	21,292
Accumulated surplus (note 4)	$ 325,984	$ 439,306

See accompanying notes to financial statements.

On behalf of the Board:

______________________________ Chair

______________________________ Treasurer

CITY OF MISSISSAUGA COOKSVILLE BUSINESS IMPROVEMENT AREA

DRAFT Statement of Operations and Accumulated Surplus

Year ended December 31, 2023, with comparative information for 2022

	Budget 2023 (note 5)	Actual 2023	Actual 2022
Revenue:			
Special levy on business assessment	$ 280,838	$ 170,359	$ 280,838
Grant	–	–	3,945
Other	25,000	13,263	–
Interest	5,000	7,179	4,131
	310,838	190,801	288,914
Expenses:			
Office and administration	155,442	130,737	93,139
Beautification and maintenance	125,200	81,873	89,515
Amortization	–	8,586	6,665
Professional fees	11,400	14,583	5,724
Advertising and promotion	9,000	4,395	3,205
Events	62,500	63,949	2,043
	363,542	304,123	200,291
Annual surplus (deficit)	$ (52,704)	(113,322)	88,623
Accumulated surplus, beginning of year	–	439,306	350,683
Accumulated surplus, end of year (note 4)		$ 325,984	$ 439,306

See accompanying notes to financial statements.

CITY OF MISSISSAUGA COOKSVILLE BUSINESS IMPROVEMENT AREA

DRAFT Statement of Change in Net Financial Assets

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Annual surplus (deficit)	$ (113,322)	$ 88,623
Additions to tangible capital assets	(7,100)	(8,123)
Amortization of tangible capital assets	8,586	6,665
Change in prepaid expenses	(2,329)	–
Change in net financial assets	(114,165)	87,165
Net financial assets, beginning of year	418,014	330,849
Net financial assets, end of year	$ 303,849	$ 418,014

See accompanying notes to financial statements.

CITY OF MISSISSAUGA COOKSVILLE BUSINESS IMPROVEMENT AREA

DRAFT Statement of Cash Flows

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operating activities:		
Annual surplus (deficit)	$ (113,322)	$ 88,623
Item not involving cash:		
Amortization of tangible capital assets	8,586	6,665
Change in non-cash operating working capital:		
Accounts receivable	2,086	(13,783)
Prepaid expenses	(2,329)	–
Accounts payable and accrued liabilities	(16,669)	(3,364)
Due to/from The Corporation of the City of Mississauga	(319)	(5,370)
	(121,967)	72,771
Capital activities:		
Additions to tangible capital assets	(7,100)	(8,123)
Increase (decrease) in cash	(129,067)	64,648
Cash, beginning of year	428,581	363,933
Cash, end of year	$ 229,514	$ 428,581

See accompanying notes to financial statements.

CITY OF MISSISSAUGA COOKSVILLE BUSINESS IMPROVEMENT AREA

DRAFT Notes to Financial Statements

Year ended December 31, 2023

On February 19, 2020, 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 Cooksville 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 the Organization 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 they become available and measurable; expenses are the cost of goods or services acquired in the year, 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 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 COOKSVILLE BUSINESS IMPROVEMENT AREA

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2023

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:

Furniture and fixtures	4 years

(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.

(e) Future accounting pronouncements:

These standards and amendments were not yet effective for the year ended December 31, 2023, and have therefore not been applied in preparing these financial statements. Management is currently assessing the impact of these standards on the future financial statements.

(i) PS 3400, Revenue, establishes a single framework to categorize revenue of enhance the consistency of revenue recognition and its measurement. This standard is effective for fiscal years beginning on or after April 1, 2023 (the Organization's December 31, 2024 year end).

(ii) Public Sector Guideline 8, Purchased Intangibles, allows public sector entities to recognize intangibles purchased through an exchange transaction. This guideline is effective for fiscal years beginning on or after April 1, 2023 (the Organization's December 31, 2024 year end).

CITY OF MISSISSAUGA COOKSVILLE BUSINESS IMPROVEMENT AREA

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2023

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1. Significant accounting policies (continued):

(f) Adoption of new accounting policies:

Effective January 1, 2023, the Organization adopted the following standards issued by the PSAB:

(i) PS 3450, Financial Instruments, establishes standards on how to account for and report types of financial instruments including derivatives.

(ii) PS 2601, Foreign Currency Translation, which replaces PS 2600, establishes standards on how to account for and report transactions that are denominated in a foreign currency in government financial statements.

(iii) PS 1201, Financial Statement Presentation, which replaces PS 1200, establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the statement of remeasurement gains and losses, which reports changes in the values of financial assets and financial liabilities arising from their remeasurement at current exchange rates and/or fair value.

(iv) PS 3041, Portfolio Investments, which replaces PS 3040, establishes standards on how to account for and report portfolio investments in government financial statements.

(v) PS 3280, Asset Retirement Obligations, establishes standards on how to account for and report a liability for asset retirement obligations.

(vi) PS 3160, Public Private Partnerships ("P3s"), 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 P3s 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 term of P3s. Measurement of the asset and related liability will also be dependent on the overall model used to compensate the private sector entity.

CITY OF MISSISSAUGA COOKSVILLE BUSINESS IMPROVEMENT AREA

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

PS 1201, Financial Statement Presentation, PS 3450, Financial Instruments, PS 2601, Foreign Currency Translation, and PS 3041 Portfolio Investments required concurrent adoption and implementation. The Organization implemented the above standards and there was no significant impact on the financial statements.

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 of December 31, 2023 (2022 - underlevy). The amount receivable has no specific terms of repayment and does not bear any interest due to the City.

3. Tangible capital assets:

			2023	2022
	Cost	Accumulated amortization	Net book value	Net book value
Furniture and fixtures	$ 37,890	$ 18,084	$ 19,806	$ 21,292

4. Accumulated surplus:

Accumulated surplus at December 31 comprises the following:

	2023	2022
Invested in tangible capital assets	$ 19,806	$ 8,123
Reserve for working capital needs	306,178	431,183
	$ 325,984	$ 439,306

5. Budget data:

The audited budget information presented in these financial statements is based on the budget approved by City Council on April 5, 2023.

Appendix 9
Draft

Financial Statements of

ENERSOURCE CORPORATION

Year ended December 31, 2023

ENERSOURCE CORPORATION

Statement of Financial Position
In thousands of Canadian dollars

Year ended December 31, 2023, with comparative information for 2022

		2023		2022
Assets				
Current Assets:				
Cash	$	5,889	$	8,333
Prepaid expenses		295		244
Total Current Assets		6,184		8,577
Non-Current Assets:				
Investment In Alectra Inc. (note 5)		617,397		598,113
Interest rate swap (note 7)		344		548
Total Non-Current Assets		617,741		598,661
Total Assets	**$**	**623,925**	**$**	**607,238**
Liabilities and Shareholders' Equity				
Current Liabilities				
Trade payables	$	41	$	40
Loans and borrowings (note 7)		2,500		2,500
Total Current Liabilities		2,541		2,540
Non-Current Liabilities				
Loans and borrowings (note 7)		40,625		43,125
Total Non-Current Liabilities		40,625		43,125
Total Liabilities		**43,166**		**45,665**
Shareholders' Equity				
Share capital (note 8)		175,691		175,691
Accumulated other comprehensive income		1,847		2,172
Retained earnings		403,221		383,710
Total Shareholders' Equity		580,759		561,573
Total Liabilities and Shareholders' Equity	**$**	**623,925**	**$**	**607,238**

See accompanying notes to financial statements.

On behalf of the Board:

______________________________ Director

______________________________ Director

ENERSOURCE CORPORATION

Statement of Comprehensive Income

In thousands of Canadian dollars

For the year ended December 31, 2023, with comparative information for 2022

		2023		**2022**
Revenue:				
Interest earned	$	479	$	249
Share of net income from investment in Alectra Inc. (note 5)		42,285		10,890
Unrealized fair value gain (loss) on interest rate swap (note 7)		(204)		623
		42,560		**11,762**
Expenses:				
Office supplies		40		34
Professional and legal services fees		69		72
Board management fees (note 10)		76		76
Debt expenses (note 7)		2,204		1,318
		2,389		**1,500**
Net income:		**40,171**		**10,262**
Other Comprehensive Income:				
Share of other comprehensive income (loss) from investment in Alectra Inc. (note 5)		(325)		7,393
Total Comprehensive Income	**$**	**39,846**	**$**	**17,655**

See accompanying notes to financial statements.

ENERSOURCE CORPORATION

Statement of Changes in Shareholders' Equity

In thousands of Canadian dollars

Year ended December 31, 2023, with comparative information for 2022

	Share Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total Shareholders' Equity
Balance at January 1, 2023	$ 175,691	$ 2,172	$ 383,710	$ 561,573
Net income	-	-	40,171	40,171
Other comprehensive loss	-	(325)	-	(325)
Dividends paid	-	-	(20,660)	(20,660)
Balance at December 31, 2023	**$ 175,691**	**$ 1,847**	**$ 403,221**	**$ 580,759**
Balance at January 1, 2022	$ 175,691	$ (5,221)	$ 396,787	$ 567,257
Net income	-	-	10,262	10,262
Other comprehensive income	-	7,393	-	7,393
Dividends paid	-	-	(23,339)	(23,339)
Balance at December 31, 2022	**$ 175,691**	**$ 2,172**	**$ 383,710**	**$ 561,573**

See accompanying notes to financial statements.

ENERSOURCE CORPORATION

Statement of Cash Flows

In thousands of Canadian dollars

For the year ended December 31, 2023, with comparative information for 2022

	2023	**2022**
Cash flows provided by (used in):		
Operating Activities:		
Comprehensive income	$ 39,846	$ 17,655
Adjustments for:		
Interest income	(479)	(249)
Debt expense	2,204	1,318
Items not involving cash:		
Share of net income from investment in Alectra Inc. (note 5)	(42,285)	(10,890)
Share of other comprehensive loss/(income) from investment in Alectra Inc. (note 5)	325	(7,393)
Change in fair value of interest rate swap (note 7)	204	(623)
Changes in non-cash operating working capital (note 9)	(50)	(187)
Cash flows used in operating activities	(235)	(369)
Financing Activities		
Repayment of bank loans	(2,500)	(2,500)
Dividends paid	(20,660)	(23,339)
Interest paid	(2,204)	(1,318)
Cash flows used in financing activities	(25,364)	(27,157)
Investing Activities		
Interest received	479	249
Dividends from Alectra Inc (note 5)	22,676	28,072
Cash flows from investing activities	23,155	28,321
Increase (decrease) in cash	(2,444)	795
Cash, beginning of year	8,333	7,538
Cash, end of year	**$ 5,889**	**$ 8,333**

See accompanying notes to financial statements.

ENERSOURCE CORPORATION
Notes to Financial Statements
In thousands of Canadian dollars

Year ended December 31, 2023

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 in 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, Enersource Holdings Inc. amalgamated with Power Stream Holdings Inc. and Horizon Holdings Inc. to form Alectra Inc. ("Alectra"). Alectra's primary businesses are to distribute electricity to customers in municipalities in the greater golden horseshoe area, as well as provide non-regulated energy services.

The Corporation has a 29.57% ownership interest in Alectra's issued and outstanding common shares. 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.

The shareholder ownership of Alectra is as follows: Barrie Hydro Holdings - 8.4%, Enersource Corporation - 29.57%, Guelph Municipal Holdings Inc. - 4.6%, Hamilton Utilities Corporation - 17.3%, Markham Enterprises Corporation - 15.03%, St. Catharines Hydro Inc. - 4.6% and Vaughan Holdings Inc. - 20.5%.

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

Year ended December 31, 2023

1. General information (continued):

(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 <Date>.

(b) Basis of measurement:

These financial statements have been prepared on a historical cost basis, with the exception of the unrealized fair value gain (loss) 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, other than those inherent in the preparation of Alectra's financial statements, 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, 2023

4. Material accounting policies:

(a) Changes in accounting policies:

The Corporation adopted Disclosure of Accounting Policies – Amendments to IAS-1 and IFRS Practice Statement 2 effective January 1, 2023. There was no significant impact on the Corporation upon adoption of the standard.

(b) Investment in Alectra:

The Corporation's interest in Alectra is recognized and measured in accordance with International Accounting Standard ("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.

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.

(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.

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

Year ended December 31, 2023

4. Material accounting policies (continued):

(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.

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.

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

Year ended December 31, 2023

4. Material accounting policies (continued):

(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.

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

(f) New standards and interpretations not yet adopted:

There were no new standards that have not yet been adopted by the Corporation.

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

Year ended December 31, 2023

5. Investment in Alectra:

		2023		2022
Investment in Alectra Inc.	$	**617,397**	$	**598,113**

Movement in equity-accounted investee:

		2023		2022
Balance, beginning of year	$	**598,113**	$	**607,902**
Share of net income from investment in Alectra Inc.		42,285		10,890
Share of other comprehensive income (loss)		(325)		7,393
Dividends received from Alectra Inc.		(22,676)		(28,072)
Balance, end of year	$	**617,397**	$	**598,113**

Certain former shareholders of predecessor companies which amalgamated to form Alectra 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. The Corporation does not hold Class S shares of Alectra.

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

Year ended December 31, 2023

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.

		2023		**2022**
Ownership interest		29.57%		29.57%
Current assets	$	750,000	$	706,000
Non-current assets		5,327,000		5,014,000
Current liabilities		(1,383,000)		(934,000)
Non-current liabilities		(2,893,000)		(3,050,000)
Net Assets (100%)		1,801,000		1,736,000
Ring Fenced Solar Portfolio Net Assets		(8,100)		(8,846)
Fair value adjustments from purchase price		296,145		296,145
	$	2,089,045	$	2,023,299
Carrying value of Investment in Alectra Inc - 29.57%	**$**	**617,397**	**$**	**598,113**
Revenue	$	3,956,000	$	3,904,000
Depreciation and amortization		(201,000)		(191,000)
Other expenses		(3,459,000)		(3,575,000)
Finance expense		(96,000)		(79,000)
Income tax expense		(54,000)		(19,000)
Net income		146,000		40,000
Other comprehensive income (loss)		(1,000)		25,000
Total comprehensive income	$	145,000	$	65,000
Ring Fenced Solar Portfolio net gain		3,000		3,171
Share of income (29.57%)	$	42,285	$	10,890
Share of other comprehensive income (loss) (29.57%)		(325)		7,393

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

Year ended December 31, 2023

6. Income taxes:

The components of income tax recovery for the years ended December 31, 2023 and 2022 were as follows:

		2023		2022
Current income tax expense				
Expense for the year	$	-	$	-
Total income tax expense	$	-	$	-

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:

		2023		2022
Income before income taxes	$	40,171	$	10,262
Federal and Ontario statutory income tax rate		26.5%		26.5%
Provision for income taxes at statutory rate	$	10,645		2,719
Increase (decrease) resulting from:				
Differences between accounting and tax treatment of investments in subsidiaries		(11205)		(2,886)
Losses not recognized as deferred tax asset		560		167
Provision for income taxes	$	-	$	-
Effective income tax rate		**0%**		**0%**

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

Year ended December 31, 2023

7. Loans and borrowings:

		2023		2022
Bank Loan				
Current	$	2,500	$	2,500
Non-current		40,625		43,125
Total	**$**	**43,125**	**$**	**45,625**

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 rates on Credit Facility A and B bank loans are determined through a combination of 3-month CDOR rates, reset 4 times each year on February 1st, May 1st, August 1st, and November 1st, plus a CIBC stamping fee of 0.60%. Credit Facility A has a 10-year term to maturity with an outstanding balance of $35,000 and will be carried for the duration of the facility. The November 1st, 2023 Canadian Dollar Offered Rate (CDOR) - based interest rate reset for Credit Facility A was 5.58%. Credit Facility B has a 10-year term to maturity, maturing on February 1st, 2027, and an outstanding balance of $8,469. Credit Facility B is being paid down with quarterly principal payments at a rate of $625 per quarter plus interest and has an accompanying amortizing interest rate swap associated with it, to create an effective fixed interest rate of 2.414%.

The CIBC credit facilities contain covenants 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 and/or 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 2023, nor since inception. Bank loans are guaranteed by the City of Mississauga up to an amount of $70,000.

The Corporation included $204 unrealized loss (2022 - $623 unrealized gain) in its financial statements related to the interest rate swap. An asset of $344 (2022 - $548 asset) is the fair value of the interest rate swap, which represents the amount that the Corporation would have received to unwind its position as at 2023. The notional value on the interest rate swap is equal to the outstanding value of Credit Facility B, or $8,125.

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

Year ended December 31, 2023

7. Loans and borrowings (continued):

Reconciliation of debt arising from financing activities:

		2023		2022
Balance, beginning of period	$	45,625	$	48,125
Principal repayment		(2,500)		(2,500)
Balance, end of period	**$**	**43,125**	**$**	**45,625**

The Corporation made interest payments of $2,204 (2022 - $1,318).

8. Share capital:

		2023		2022
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
Total	**$**	**175,691**	**$**	**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.

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

Year ended December 31, 2023

8. Share capital (continued):

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.

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, 2023, there were no cumulative preferential dividends outstanding (2022 - 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. As at December 31, 2023, dividends of $20,660 (2022 - $23,339) were declared and paid to the shareholders of the Corporation.

9. Change in non-cash operating working capital:

	2023	2022
Prepaid expenses	$ (51)	$ (227)
Trade payables	1	40
Decrease in working capital	$ (50)	$ (187)

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

Year ended December 31, 2023

10. Related party transactions and balances:

For 2023, a dividend of $18,594 was declared and paid to the City of Mississauga (2022 - $21,005), and a dividend of $2,066 was declared and paid to Borealis (2022 - $2,334). 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.

		2023		**2022**
Directors honorarium and per diems	$	76	$	76

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 2023 and 2022, there are no legal actions where the Corporation is a defendant.

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 2023 and 2022.

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 an asset of $344 (2022 – $548 Asset). The interest rate swap is classified as Level 2 in the hierarchy.

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

Year ended December 31, 2023

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 is not exposed to commodity risk or foreign exchange risk.

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 the 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:

		Due within 1 year		Due between 1 & 5 years		Due Past 5 years
Financial Liabilities						
Trade payables	$	41	$	-	$	-
Bank loan (interest and principal)		4,482		44,357		-
Total	$	4,523	$	44,357	$	-

2023 Financial Year in Review

2023 Financial Year in Review

Introduction

The City of Mississauga's consolidated financial statements have been prepared in accordance with the *Municipal Act, 2001* and based on the reporting standards set by the Public Sector Accounting Board (PSAB).

There are four required consolidated financial statements:

- the Consolidated Statement of Financial Position
- the Consolidated Statement of Operations
- the Consolidated Statement of Change in Net Financial Assets
- the Consolidated Statement of Cash Flows

The consolidated financial statements include the City, the Mississauga Public Library Board, Tourism Mississauga, Enersource Corporation, and the five Business Improvement Areas/Associations (BIAs). These consolidated financial statements provide information on the cost of all the City activities, how they were financed, investing activities and the assets and liabilities of the City.

The following is a high-level overview of the 2023 financial results of the City.

Consolidated Statement of Financial Position

The Consolidated Statement of Financial Position presents four key figures that together describe the financial position of a public entity:

- Total financial assets, including cash and investments
- Total financial liabilities, including long-term debt
- Total non-financial assets, including tangible capital assets
- The accumulated surplus/(deficit) which identifies the net financial position

The City manages its financial operations through various funds such as the operating fund, capital fund, reserves and reserve funds. In accordance with PSAB standards, these funds are not individually reported in the consolidated financial statements and show instead as accumulated surplus. The accumulated surplus summarizes the City's consolidated equity, which identifies its net financial position, including all tangible capital assets and financial resources of the City.

Financial Assets

Financial assets were $2.6 billion in 2023 ($2.52 billion in 2022), which is an increase of $80.5 million over the 2022 value.

ITEM ($000s)	REF. #	2023 ACTUAL	2022 ACTUAL	$ CHANGE	% CHANGE
Cash	1	273,785	303,166	(29,381)	(9.7%)
Taxes Receivable	2	89,186	66,237	22,949	34.6%
Accounts Receivable	3	200,339	121,857	78,482	64.4%
Loans and Other Receivables	4	250	300	(50)	(16.7%)
Inventories for Resale	5	97	97	0	0.0%
Investments	6	1,509,569	1,518,329	(8,760)	(0.6%)
Investment in Enersource Corporation	7	522,683	505,416	17,267	3.4%
Total Financial Assets		**2,595,909**	**2,515,402**	**80,507**	**3.2%**

COMMENTARY:

1. Cash

2023 ACTUAL	2022 ACTUAL	$ CHANGE	% CHANGE
273,785	303,166	(29,381)	(9.7%)

What it is: Cash is the money available on demand to pay for operating and capital expenses.

Why it is important: Cash is used to fund the disbursements needed for daily operations such as payments for staff, materials and supplies, contractors, and more. The City keeps enough cash on hand to conduct its day-to-day work. Excess cash is invested to earn a higher financial return.

Change between 2023 and 2022: Lower reserve and reserve fund balances at year end accounted for the lower cash and investment balances.

2. Taxes Receivable

2023 ACTUAL	2022 ACTUAL	$ CHANGE	% CHANGE
89,186	66,237	22,949	34.6%

What it is: Taxes receivable are any uncollected property taxes as at December 31. The tax levy is applied in June with due dates in July, August and September.

Why it is important: Property tax is the single largest source of revenue for the City. When collected, property tax becomes the cash to fund daily operations. The City has strong collection practices and has historically achieved a high rate of collection success (97 to 98 per cent).

Change between 2023 and 2022: The increased taxes receivable reflect some property owners' inability to pay either in full or on time, potentially due to the ongoing impacts of inflation. The City uses all of its legislated collection tools and abilities to collect the outstanding taxes in a fair manner that is helpful to the resident.

3. Accounts Receivable

2023 ACTUAL	2022 ACTUAL	$ CHANGE	% CHANGE
200,339	121,857	78,482	64.4%

What it is: Accounts receivable represents various types of amounts owed to the City across all types of operations, excluding property tax.

Why it is important: The City collects various funds including third-party recoveries for work performed by the City and HST rebates.

Change between 2023 and 2022: This number varies from year to year based on the timing of collections of departmental receivables and capital works recoveries where shared funding agreements are in place. When applicable, penalty and interest charges are applied on overdue accounts.

Recoveries from federal government agencies increased by $60.2 million from 2022. Recovery from the Investing in Canada Infrastructure Program (ICIP) – Public Transit Resilience Stream was the primary driver (federal/provincial split).

Recoveries from the Province of Ontario increased by $33.7 million from 2022. Recovery from the Investing in Canada Infrastructure Program (ICIP)was the primary driver (federal/provincial split).

Recoveries from the Region of Peel and other municipalities decreased by $4.8 million from 2022.

Recoveries from the school boards decreased by $6.7 million from 2022.

Other general receivables decreased by $3.8 million from 2022.

4. Loans and Other Receivables

2023 ACTUAL	2022 ACTUAL	$ CHANGE	% CHANGE
250	300	(50)	(16.7%)

What it is: From time to time, the City enters into special contractual arrangements approved by Council that may include loans to third parties. The City currently has one 20-year special purpose loan made for the Vic Johnston Community Centre development project. The loan is scheduled to be paid off in 2028.

Why it is important: These receivables are categorized separately from other receivables because they have been created by a special arrangement.

Change between 2023 and 2022: Each December, a payment of $50,000 is applied against the Vic Johnston Community Centre loan.

5. Inventories for Resale

2023 ACTUAL	2022 ACTUAL	$ CHANGE	% CHANGE
97	97	0	0.0%

What it is: Inventories for resale represents the value of owned items on hand intended for resale for various City services (e.g., snack bar items, beer and liquor, golf balls).

Why it is important: These inventories have value and their eventual sale delivers revenue to the City.

Change between 2023 and 2022: This number varies from year to year based on the timing of sales and the replenishment of inventory prior to December 31. There were fluctuations across all inventory categories, resulting in the nil change.

6. Investments

2023 ACTUAL	2022 ACTUAL	$ CHANGE	% CHANGE
1,509,569	1,518,329	(8,760)	(0.6%)

What it is: Cash that is not being used to manage the day-to-day operation of the City is invested in securities to earn a higher rate of return. Investments can be short-term (one year or less) or long-term (longer than one year).

Why it is important: Investment income is a critical component of the City's revenue base. The City's investment portfolios yield a higher rate of return than bank deposits.

Change between 2023 and 2022: Investment balances fluctuate with cash flow requirements and the timing of receipts and disbursements. Lower reserve and reserve fund balances at year end accounted for the lower cash and investment balances.

7. Investment in Enersource Corporation

2023 ACTUAL	2022 ACTUAL	$ CHANGE	% CHANGE
522,683	505,416	17,267	3.4%

What it is: The City is a 90 per cent shareholder in Enersource Corporation. This number represents 90 per cent of Enersource's equity as at December 31 (using the modified equity basis of accounting). Enersource, in turn, is a 29.57 per cent owner of Alectra Inc.

Why it is important: The investment in Enersource generates an annual dividend that helps to fund City operations and moderate the property tax rate.

Change between 2023 and 2022: The City's share of Enersource's net income of $36.1 million (2022 $15.9 million), offset by the City's share of the comprehensive income of $292,000 and dividend payments to the City of $18.6 million (2022 $21.0 million), comprises the increase in the Enersource investment position.

Financial Liabilities

Financial liabilities were $1.65 billion in 2023 ($1.58 billion in 2022), which is an increase of $75.4 million over the 2022 value.

ITEM ($000s)	REF. #	2023 ACTUAL	2022 ACTUAL	$ CHANGE	% CHANGE
Accounts Payable and Accrued Liabilities	1	274,046	265,955	8,091	3.0%
Deferred Revenue – General	2	36,280	21,813	14,467	66.3%
Deferred Revenue – Obligatory Reserve Funds	3	859,129	784,686	74,443	9.5%
Employee Benefits and Other Liabilities	4	258,608	240,740	17,868	7.4%
Asset Retirement Obligation	5	14,975	13,344	1,631	12.2%
Long-term Debt	6	208,040	249,095	(41,055)	(16.5%)
Total Financial Liabilities		**1,651,078**	**1,575,633**	**75,445**	**4.8%**

COMMENTARY:

1. Accounts Payable and Accrued Liabilities

2023 ACTUAL	2022 ACTUAL	$ CHANGE	% CHANGE
274,046	265,955	8,091	3.0%

What it is: Accounts payable and accrued liabilities are the monies owed for goods, services, payroll, deposits held by the City and third-party remittances due as at December 31.

Why it is important: These payables represent the outstanding obligations by the City as at December 31. As accounts payables are drawn down, the City's cash position is also drawn down.

Change between 2023 and 2022: The timing of payments and year-end accruals affect these liabilities and the City's cash position. The main contributors to this variance are the increase in the City's payables ($3.7 million) and an increase in held security deposits ($4.5 million), offset by overall minor decreases in other liabilities ($0.3 million).

2. Deferred Revenue – General

2023 ACTUAL	2022 ACTUAL	$ CHANGE	% CHANGE
36,280	21,813	14,467	66.3%

What it is: Deferred revenue is payments received during the year that are to be recognized when the related activity takes place in the future. Some examples include recreation registrations, facility bookings, purchases of memorial trees and benches, and bus advertising.

Why it is important: Deferred revenue represents future revenue once the corresponding activities have been performed.

Change between 2023 and 2022: Increases in advanced sale of goods and services ($5.7 million) and long-term disability contributions ($10.3 million) were offset by a decrease in government grants and other contributions.

3. Deferred Revenue – Obligatory Reserve Funds

2023 ACTUAL	2022 ACTUAL	$ CHANGE	% CHANGE
859,129	784,686	74,443	9.5%

What it is: This liability is for deferred revenue payments initially received for restricted or conditional agreements that can only be used for the purposes specified in those agreements or legislation. Some examples include development charges, cash in lieu (CIL) of parkland and parking, community benefit charges, provincial and federal public transit funds, provincial gas tax funds, and the Canada Community-Building Fund (CCBF).

Why it is important: This deferred revenue is initially collected and accounted for in dedicated reserve funds. The funds become revenue when the related capital and operating expenses have been incurred.

Change between 2023 and 2022: The increases in obligatory reserve fund balances in 2023 were primarily attributed to a $55.9 million increase in development charges, $4.0 million in CIL parking, $7.3 million in community benefit charges, $28.4 million in the Housing Accelerator Fund, and $4.6 million in provincial gas tax. These are offset by decreases of $1.9 million in CIL parkland, $23.3 in the Canada Community-Building Fund, and $0.6 million in provincial and federal transit funds.

4. Employee Benefits and Other Liabilities

2023 ACTUAL	2022 ACTUAL	$ CHANGE	% CHANGE
258,608	240,740	17,868	7.4%

What it is: These liabilities include actuarial assessments for the City's obligations for Workplace Safety and Insurance Board (WSIB) costs, sick leave and disability benefits, vacation pay entitlements, developer charge credits, contaminated sites, and legal and insurance liability provisions. They represent future obligations but are reported in present value terms.

Why it is important: These liabilities represent expenses that will be incurred in the future that must be reported on the Consolidated Statement of Financial Position to provide an accurate assessment of the City's obligations at a point in time. The City has an external actuarial valuation performed every three years to review these liabilities. Updates can be made annually if there are any significant changes to benefits entitlements, legislation, or the assumptions made in the analysis.

Change between 2023 and 2022: A full actuarial benefit evaluation was completed in 2023 and revised based on benefit program changes and recent claims activity. In 2023, long-term disability was moved from an insured program to a City self-insured program which resulted in a new liability and expense of $8.4 million. WSIB increased by $5.6 million, sick leave by $1.7 million, early retirement by $2.2 million, post-employment by $1.6 million, vacation pay by $1.5 million and, and contaminated sites by $3.0 million. These increases are offset by a decrease in developer charges of $6.2 million.

5. Asset Retirement Obligation

2023 ACTUAL	2022 ACTUAL	$ CHANGE	% CHANGE
14,975	13,344	1,631	12.2%

What it is: The City has legal obligations associated with the retirement from service of buildings, equipment, and lease agreements. The City recognizes obligations to retiring tangible capital assets from service in the period in which the obligation arises, which is typically upon acquisition or development of the asset, or when a reasonable estimate of the obligation can be made.

Why it is important: Asset retirement obligations (ARO) are reviewed at each statement of financial reporting date and adjusted based on the facts and circumstances available at that time. Changes to the estimated timing or amount of future asset retirement obligation costs are recognized in the Statement of Financial Position. Once the related tangible capital asset is no longer in productive use or remediated, the estimate of the liability for ARO is removed from the Statement of Financial Position and any additional cost that arises in respect of the asset's disposal or remediation is recognized as an expense.

Change between 2023 and 2022: ARO became a new accounting and reporting standard in 2023 under PSAB guidelines.

6. Long-Term Debt

2023 ACTUAL	2022 ACTUAL	$ CHANGE	% CHANGE
208,040	249,095	(41,055)	(16.5%)

What it is: Long-term debt is the amount of debt outstanding as at December 31 each year. Debt is issued to help fund the City's investments in its capital infrastructure.

Why it is important: Debt is a key tool used by the City to fund its infrastructure requirements. Provincial legislation allows municipalities to carry debt equivalent to 25 per cent of own-source revenue. The City's debt policy limits debt repayment to 15 per cent of own-source revenue. The City is currently well within that range at 5.4 per cent of own-source revenue.

Change between 2023 and 2022: There were no debt issuances in 2023. Planned debt issuances were deferred to 2024 due to the Region of Peel dissolution discussions.

Non-Financial Assets

Non-financial assets were $8.91 billion in 2023 ($8.61 billion in 2022), which is an increase of $301.5 million over the 2022 value.

ITEM ($000s)	REF. #	2023 ACTUAL	2022 ACTUAL	$ CHANGE	% CHANGE
Tangible Capital Assets	1	8,888,802	8,587,543	301,259	3.5%
Inventory of Supplies	2	12,280	10,929	1,351	12.4%
Prepaid Expenses	3	7,902	8,758	(856)	(9.8%)
Total Non-Financial Assets		**8,908,984**	**8,607,230**	**301,754**	**3.5%**

COMMENTARY:

1. Tangible Capital Assets

2023 ACTUAL	2022 ACTUAL	$ CHANGE	% CHANGE
8,888,802	8,587,543	301,259	3.5%

What it is: Tangible capital assets (TCA) represent the City's investment in capital infrastructure such as buildings, roads, stormwater management facilities, vehicles, and equipment. Each year, the City prepares a capital budget for new capital projects and renovations to existing assets. These capital projects become assets when the project goes into service or is completed. The City maintains capital assets through its operating budget.

Why it is important: The City's tangible capital assets support all of the services and programs it provides, and represents the results of its investment in capital infrastructure.

Change between 2023 and 2022: Assets valued at $577.2 million were added to the City's tangible capital asset inventory in 2023. These additions were offset by $230.2 million in asset disposals and amortization of $165.7 million.

2. Inventory of Supplies

2023 ACTUAL	2022 ACTUAL	$ CHANGE	% CHANGE
12,280	10,929	1,351	12.4%

What it is: This category is for goods that support front-line services. Examples of these inventories include traffic signals and equipment; fuel; salt and sand inventories; fire equipment; transit fleet supplies; and lighting equipment.

Why it is important: These inventories are necessary to help the City deliver its services to residents, visitors and businesses.

Change between 2023 and 2022: General fluctuations up and down in all inventory categories accounted for the slight overall increase. A mild December also resulted in higher salt and sand inventories.

3. Prepaid Expenses

2023 ACTUAL	2022 ACTUAL	$ CHANGE	% CHANGE
7,902	8,758	(856)	(9.8%)

What it is: Prepaid expenses are payments made in the current year for things that are intended to be consumed or used in future years and recognized as an expense at that point. Some examples include memberships, subscriptions, debt fees, and prepaid postage.

Why it is important: Prepaid expenses allow expenses to be recorded when the good or service is consumed, regardless of when payment was made.

Change between 2023 and 2022: Timing on payments and general fluctuations in accounts payable accruals accounted for the overall decrease from 2022 to 2023.

Tangible Capital Assets Overview

All City assets at the end of 2023 have been inventoried, assessed at cost and recorded in an asset registry for accounting, reporting, and asset management purposes. The City's net book value of tangible capital assets at the end of 2023 was $8.89 billion ($8.59 billion in 2022). Refer to **Note 13** in the Consolidated Financial Statements for a detailed breakdown of tangible capital asset activity. The annual amortization expense in 2023 was $165.68 million ($150.17 million in 2022).

In 2023, the City invested in a variety of projects to build, maintain, rehabilitate and remodel infrastructure. The City's 10-year capital program is $4.6 billion (gross). Fifty-six per cent of the committed capital program is for state-of-good-repair projects. These projects support the maintenance of, and protect taxpayers' investments in, these valuable public infrastructure assets.

Amortization versus Transfers to Capital Reserve Fund

The City owns infrastructure assets with an estimated replacement cost of $15.3 billion. The majority of capital spending is to ensure the City maintains or replaces its current infrastructure. Several financing strategies are used to ensure assets remain in a state of good repair, including an annual infrastructure levy and sustained funding from federal and provincial government partners (e.g., Canada Community-Building Fund).

There continues to be an infrastructure gap, where the City's funding from all currently available sources does not fully meet its state-of-good-repair needs. The chart below highlights the annual amortization of the City's tangible capital assets, along with the funding transferred to the capital reserve fund to ultimately repair and replace those assets. Implementation of asset management best practices, as well as assistance from senior levels of government through continued infrastructure funding programs, will provide opportunities to address some elements of the infrastructure funding gap.

Accumulated Surplus

Accumulated surplus represents the accumulated excess of revenue over expenses from prior years, and is essentially, the overall net worth of the City.

The accumulated surplus was $9.85 billion in 2023 ($9.55 billion in 2022), which is an increase of $307.11 million over the 2022 value. Additional information can be found in **Note 14** in the Consolidated Financial Statements.

ITEM ($000s)	2023 ACTUAL	2022 ACTUAL	$ CHANGE	% CHANGE
Tangible Capital Assets	8,888,802	8,587,544	301,258	3.5%
Employee Benefits and Other Liabilities	(258,608)	(240,740)	(17,868)	7.4%
Long-term Debt	(208,040)	(249,095)	41,055	(16.5%)
Investment in Enersource Corporation	522,683	505,416	17,267	3.4%
Asset Retirement Obligation	(14,975)	(13,344)	(1,631)	12.2%
Reserves	123,057	129,503	(6,446)	(5.0%)
Reserve Funds	800,896	827,715	(26,819)	(3.2%)
Total	**9,853,815**	**9,546,999**	**306,816**	**3.2%**

Accumulated Surplus	9,854,107	9,546,999
Accumulated Remeasurement Gain/(Loss)	(292)	0
Total	**9,853,815**	**9,546,999**

Accumulated Remeasurement Gain/(Loss)

The accumulated remeasurement gain/(loss) is unrealized revenue or expenses of the City that is reported separately on the Consolidated Statement of Financial Position and is excluded from the accumulated surplus calculation. At the time it becomes realized, the gain/(loss) is recognized on the Consolidated Statement of Operations and becomes part of the accumulated surplus.

Reserves and Reserve Funds Overview

Reserves and reserve fund balances are consolidated within the accumulated surplus position on the Consolidated Statement of Operations. Refer to **Note 14** in the Consolidated Financial Statements for more reserve and reserve fund information.

Reserves and reserve funds are established by Council. These funds are set aside to help offset future capital needs, obligations, pressures and costs. They are drawn upon to finance specific-purpose capital and operating expenditures as designated by Council to minimize tax rate fluctuations (due to unanticipated expenditure and revenue shortfalls) and to fund ongoing programs (i.e., insurance and employee benefits).

Reserves and reserve funds help the City meet projected expenditure needs in future years. However, draws on reserves and reserve funds in future years to support our growing capital infrastructure and maintenance needs will reduce these balances and therefore reduce the total accumulated surplus.

The reserve and reserve fund totals do not include development charges, senior government grants, and other reserve funds that are reported as Deferred Revenue – Obligatory Reserve Funds on the Consolidated Statement of Financial Position.

Reserve and reserve fund balances at the end of 2023 totalled $923.95 million ($957.22 million in 2022), which is a decrease of $33.27 million over the 2022 value.

Reserves

Reserves, which are discretionary in nature, are generally used to offset major fluctuations in operating costs/revenues or to fund future contingent liabilities. Total reserves were $123.06 million in 2023 ($129.5 million in 2022), which is a decrease of $6.45 million over the 2022 value.

ITEM ($000s)	2023 ACTUAL	2022 ACTUAL	$ CHANGE	% CHANGE
Fiscal Stability Reserve	45,570	53,307	(7,737)	(14.5%)
Operating Reserves	70,909	70,101	808	1.2%
Stormwater Fiscal Stability Reserve	6,007	5,546	461	8.3%
BIA Reserves	571	549	22	4.0%
Total Reserves	**123,057**	**129,503**	**(6,446)**	**(5.0%)**

Reserve Funds

Reserve funds are segregated and restricted to meet specific, identified purposes for the City. Total reserve funds were $800.9 million in 2023 ($827.72 million in 2022), which is a decrease of $26.82 million over the 2022 value.

ITEM ($000s)	2023 ACTUAL	2022 ACTUAL	$ CHANGE	% CHANGE
Tax Reserve Funds	427,976	466,485	(38,509)	(8.3%)
Stormwater Reserve Funds	170,047	144,764	25,283	17.5%
Lot Levy Reserve Funds	52,907	71,557	(18,650)	(26.1%)
Insurance Reserve Funds	39,610	40,998	(1,388)	(3.4%)
Employee Benefits Reserve Funds	26,189	30,405	(4,216)	(13.9%)
Developer Contributions Reserve Funds	36,946	35,937	1,009	2.8%
Other Reserve Funds	47,221	37,569	9,652	25.7%
Total Reserve Funds	**800,896**	**827,715**	**(26,819)**	**(3.2%)**

Consolidated Statement of Operations

Revenue

Total revenue was $1.39 billion in 2023 ($1.16 billion in 2022), which is an increase of $226.4 million over the 2022 value.

ITEM ($000s)	REF. #	2023 BUDGET	2023 ACTUAL	2022 ACTUAL	$ VARIANCE VS. BUDGET	% VARIANCE VS. BUDGET	$ CHANGE VS. PRIOR YEAR	% CHANGE VS. PRIOR YEAR
Property Taxes	1	638,400	639,813	584,150	1,413	0.2%	55,663	9.5%
Payment in Lieu of Taxes	2	37,061	15,295	15,558	(21,766)	(58.7%)	(263)	(1.7%)
Municipal Accommodation Tax	3	9,800	16,195	12,279	6,395	65.3%	3,916	31.9%
User Charges	4	284,570	260,313	232,734	(24,257)	(8.5%)	27,579	11.9%
Recoveries from Third Parties	5	105,191	161,883	34,696	56,692	53.9%	127,187	366.6%
Funding Transfers from Other Governments	6	2,011	3,868	37,067	1,857	92.3%	(33,199)	(89.6%)
Development and Other Contributions Applied	7	201,958	138,026	100,368	(63,932)	(31.7%)	37,658	37.5%
Investment Income	8	26,587	39,755	36,374	13,168	49.5%	3,381	9.3%
Penalties and Interest on Taxes	9	10,110	17,152	14,825	7,042	69.7%	2,327	15.7%
Contributed and Assumed Assets	10	0	60,379	75,591	60,379	100.0%	(15,212)	(20.1%)
Other	11	(595)	1,011	3,949	1,606	(269.9%)	(2,938)	(74.4%)
City's Share of Net Income in Enersource Corporation	12	25,000	36,153	15,890	11,153	44.6%	20,263	127.5%
Total Revenue		**1,340,093**	**1,389,843**	**1,163,481**	**49,750**	**3.7%**	**226,362**	**19.5%**

COMMENTARY:

1. Property Taxes

2023 BUDGET	2023 ACTUAL	2022 ACTUAL	$ VARIANCE VS. BUDGET	% VARIANCE VS. BUDGET	$ CHANGE VS. PRIOR YEAR	% CHANGE VS. PRIOR YEAR
638,400	639,813	584,150	1,413	0.2%	55,663	9.5%

What it is: Property taxes is the City's property tax revenue.

Why it is important: Property taxes are the City's single largest source of revenue.

Change between 2023 and 2022: In 2023, assessment growth was 0.81 per cent (0.81 per cent in 2022). For the 2023 Business Plan and Budget, Council approved a 3.0 per cent increase on the total residential tax bill and a 2.0 per cent increase on the total commercial tax bill.

Variance between 2023 actuals and 2023 budget: The unfavourable variance between actuals and budget is mainly due to an increase in processed rebate applications and assessment appeal adjustments.

2. Payment in Lieu of Taxes

2023 BUDGET	2023 ACTUAL	2022 ACTUAL	$ VARIANCE VS. BUDGET	% VARIANCE VS. BUDGET	$ CHANGE VS. PRIOR YEAR	% CHANGE VS. PRIOR YEAR
37,061	15,295	15,558	(21,766)	(58.7%)	(263)	(1.7%)

What it is: Payments in lieu of taxes (PILTs) are a source of revenue for the City for delivering services to federally, provincially and locally owned properties that would be subject to property tax if they were privately owned.

Why it is important: The City is responsible to deliver services to all properties. In fairness, federally, provincially and locally owned properties within a municipality pay a PILT to supplement property taxes as if the properties were privately owned.

Change between 2023 and 2022: The small change is a result of assessment appeal adjustments processed in 2023 and federal properties opting to pay only the lower education rate.

Variance between 2023 actuals and 2023 budget: The unfavourable variance between actuals and budget is mainly due to the GTAA PILT revenue loss of $21.8 million. The lower PILT payment was based on the passenger counts in 2021 which were impacted by COVID-19.

3. Municipal Accommodation Tax

2023 BUDGET	2023 ACTUAL	2022 ACTUAL	$ VARIANCE VS. BUDGET	% VARIANCE VS. BUDGET	$ CHANGE VS. PRIOR YEAR	% CHANGE VS. PRIOR YEAR
9,800	16,195	12,279	6,395	65.3%	3,916	31.9%

What it is: Municipal Accommodation Tax (MAT) revenue is tax that applies to the purchase of accommodations provided for a continuous period of 30 days or less in a motel, hotel, lodge, inn, bed and breakfast, dwelling unit or any place that provides accommodation, including private short-term rentals through Airbnb.

Why it is important: MAT is a revenue tool that provides the City with an opportunity to generate funds that will be used for future tourism-related initiatives.

Change between 2023 and 2022: Occupancy rates in 2023 increased over those in 2022, resulting in an increase to Municipal Accommodation Tax revenue.

Variance between 2023 actuals and 2023 budget: The favourable variance between actuals and budget is due to a faster recovery of accommodation bookings than budgeted following the COVID-19 pandemic.

4. User Charges

2023 BUDGET	2023 ACTUAL	2022 ACTUAL	$ VARIANCE VS. BUDGET	% VARIANCE VS. BUDGET	$ CHANGE VS. PRIOR YEAR	% CHANGE VS. PRIOR YEAR
284,570	260,313	232,734	(24,257)	(8.5%)	27,579	11.9%

What it is: User charges are associated with many City programs and services. Transit fares, recreation program fees and the stormwater program charge are three examples. Council establishes fees via by-law annually. Revenue from enforcement activities (fines) are also accounted for here.

Why it is important: User charges contribute significantly to covering service costs. User charges are the second-largest source of City revenue in 2023.

Change between 2023 and 2022: User charge revenue recovered further from the impacts of COVID-19 in 2023, including transit fares ($21.2 million), recreation program registrations ($4.6 million), facility rentals and concessions ($3.8 million), fines ($2.5 million), stormwater fees ($1.8 million), and golf green fees ($1.4 million). These increases were offset by decreases in building fees ($4.8 million) and site plan applications ($2.9 million).

Variance between 2023 actuals and 2023 budget: While the change between 2022 and 2023 was positive, user charge revenue still fell short of budgeted amounts, highlighting the pandemic-related gaps that persist. The largest deficits are from recreation program fees ($3.9 million), facility rentals and concessions ($3.7 million), parking fines ($16.3 million), Provincial Offences Administration fines ($4.0 million), site plan applications ($1.5 million), and various other user charges ($0.9 million). These were offset by positive transit fares ($5.9 million).

5. Recoveries from Third Parties

2023 BUDGET	2023 ACTUAL	2022 ACTUAL	$ VARIANCE VS. BUDGET	% VARIANCE VS. BUDGET	$ CHANGE VS. PRIOR YEAR	% CHANGE VS. PRIOR YEAR
105,191	161,883	34,696	56,692	53.9%	127,187	366.6%

What it is: As part of regular operations, the City will pay for services or work that will be reimbursed by a third party. The City will then invoice the third party for any incurred costs. For example, if the City and the Region of Peel were working together on a capital project (e.g., road construction) and the City handled all of the payments for the project, the City would then invoice the Region for their portion of the costs.

Why it is important: The City performs work and provides services on behalf of third parties such as the Region of Peel, Metrolinx or an insurance company. Any work performed on behalf of third parties is recoverable by the City.

Change between 2023 and 2022: The increase over 2022 relates to the timing of recovery for capital projects, primarily respecting funding from the federal government of $77.6 million (2022 $6.4 million), funding from the provincial government of $52.4 million (2022 $6.2 million) and other external recoveries of $24.4 million (2022 $11.4 million). These increases were offset by a decrease in recoveries from other municipalities of $7.6 million (2022 $17.8 million).

Variance between 2023 actuals and 2023 budget: The variance versus budget relates to timing, both of incurring the recoverable expenses and the recovery of those expenses.

6. Funding Transfers from Other Governments

2023 BUDGET	2023 ACTUAL	2022 ACTUAL	$ VARIANCE VS. BUDGET	% VARIANCE VS. BUDGET	$ CHANGE VS. PRIOR YEAR	% CHANGE VS. PRIOR YEAR
2,011	3,638	37,067	1,857	92.3%	(33,199)	(89.6%)

What it is: The City receives grants and funding from other levels of government for many types of services and initiatives.

Why it is important: While these transfers represent a small portion of the overall City revenue, it is valuable revenue that helps pay for City programs and services. During 2022, the provincial and federal governments provided funding to municipal governments through the Safe Restart and COVID-19 Recovery Funding for Municipalities funding programs. These programs have now concluded.

Change between 2023 and 2022: The year-over-year change primarily relates to the end of the Safe Restart and COVID-19 Recovery Funding for Municipalities funding programs, and the Ontario Summer Games funding that was received in 2022.

Variance between 2023 actuals and 2023 budget: The variance versus budget relates primarily to the timing of the budgeted transfers.

7. Development and Other Contributions Applied

2023 BUDGET	2023 ACTUAL	2022 ACTUAL	$ VARIANCE VS. BUDGET	% VARIANCE VS. BUDGET	$ CHANGE VS. PRIOR YEAR	% CHANGE VS. PRIOR YEAR
201,958	138,026	100,368	(63,932)	(31.7%)	37,658	37.5%

What it is: When Development Charges and Other Contributions are initially received, they are held as deferred revenue in obligatory reserve funds. Then, when the corresponding capital or operating related expenses are incurred, the deferral ends and the reserved dollars are brought into the revenue stream.

Why it is important: Development and other contributions help fund capital projects that deliver front-line services to residents, visitors and businesses.

Change between 2023 and 2022: In 2023, $148.5 million was applied from obligatory reserve funds to fund operating and capital expenses (2022 $88.5 million). Discretionary reserve fund receipts in 2023 had a deficit of $10.5 million, representing $0.2 million in direct contributions which was offset by a transfer of $12.0 million in development levies to Deferred Revenue – General (2022 $13.4 million). The 2022 balance primarily related to a reclassification of parking meter revenue of $8.8 million from obligatory reserve funds to discretionary reserve funds, triggering revenue recognition.

Variance between 2023 actuals and 2023 budget: Actual capital and operating expenses funded through obligatory reserve funds were lower than the budgeted amount due to the timing of capital project works and contracts.

8. Investment Income

2023 BUDGET	2023 ACTUAL	2022 ACTUAL	$ VARIANCE VS. BUDGET	% VARIANCE VS. BUDGET	$ CHANGE VS. PRIOR YEAR	% CHANGE VS. PRIOR YEAR
26,587	39,755	36,374	13,168	49.5%	3,381	9.3%

What it is: Investment income represents the annual net return on investment for the City funds portfolio, and recognized in the City's operating budget and discretionary reserve funds. Investment income earned on obligatory reserve fund balances is recognized as a receipt in those funds, and ultimately recognized as development and other contributions applied revenue when the income is applied against capital projects.

Why it is important: Investment income reduces the overall impact on the City's tax levy, and increases the balances held in reserve funds to help fund capital projects.

Change between 2023 and 2022: The increase in investment income is due to higher investment and interest rates.

Variance between 2023 actuals and 2023 budget: The variance versus budget relates to higher-than-expected investment returns due to higher interest rates.

9. Penalties and Interest on Taxes

2023 BUDGET	2023 ACTUAL	2022 ACTUAL	$ VARIANCE VS. BUDGET	% VARIANCE VS. BUDGET	$ CHANGE VS. PRIOR YEAR	% CHANGE VS. PRIOR YEAR
10,110	17,152	14,825	7,042	69.7%	2,327	15.7%

What it is: This revenue results from penalties and interest charged on overdue property tax accounts.

Why it is important: Penalties and interest on taxes help to offset any costs associated with untimely property tax payments.

Change between 2023 and 2022: Penalty and interest revenue is dependent on taxpayer payment activities and varies annually based on the amount of taxes outstanding and length of arrears. In 2023, penalty and interest charges trended higher due to an increase in overdue taxes of $22,949 over 2022.

Variance between 2023 actuals and 2023 budget: The variance versus budget is mainly due to an increase in taxpayers' inability to make property tax payments on time. Interest is added the day after the defaulted payment and then on the first of each month until paid in full.

10. Contributed and Assumed Assets

2023 BUDGET	2023 ACTUAL	2022 ACTUAL	$ VARIANCE VS. BUDGET	% VARIANCE VS. BUDGET	$ CHANGE VS. PRIOR YEAR	% CHANGE VS. PRIOR YEAR
0	60,379	75,591	60,379	100.0%	(15,212)	(20.1%)

What it is: This revenue category includes assets assumed by the City (e.g., land under roads, land under infrastructure and general infrastructure) through development agreements.

Why it is important: Contributed assets are part of the City's capital infrastructure, but developers have paid for these assets through their development agreements.

Change between 2023 and 2022: Contributed assets vary from year to year depending on the agreements reached and the timing of asset transfer to the City.

Variance between 2023 actuals and 2023 budget: The entire amount in this category shows as surplus because this category is not included in the budget.

11. Other

2023 BUDGET	2023 ACTUAL	2022 ACTUAL	$ VARIANCE VS. BUDGET	% VARIANCE VS. BUDGET	$ CHANGE VS. PRIOR YEAR	% CHANGE VS. PRIOR YEAR
(595)	1,011	3,949	(1,606)	(269.9%)	(2,938)	(74.4%)

What it is: This is miscellaneous and one-time revenue received by the City.

Why it is important: Other revenue helps fund City programs and services.

Change between 2023 and 2022: This value routinely fluctuates due to the category's miscellaneous nature. This revenue is generally one-time revenue and is not expected to be sustained.

Variance between 2023 actuals and 2023 budget: A variance is always likely, due to the miscellaneous nature of the category.

12. City's Share of Net Income in Enersource Corporation

2023 BUDGET	2023 ACTUAL	2022 ACTUAL	$ VARIANCE VS. BUDGET	% VARIANCE VS. BUDGET	$ CHANGE VS. PRIOR YEAR	% CHANGE VS. PRIOR YEAR
25,000	35,861	15,890	10,861	43.4%	19,971	125.7%

What it is: The City is a 90 per cent shareholder in Enersource Corporation. This number represents 90 per cent of Enersource's bottom line as at December 31 (using the modified equity basis of accounting). Enersource, in turn, is a 29.57 per cent owner of Alectra Inc.

Why it is important: The investment in Enersource generates an annual dividend that helps to fund City operations and moderate the property tax rate.

Change between 2023 and 2022: The City has 90 per cent ownership in Enersource Corporation and therefore applies 90 per cent to Enersource's shareholders' equity. The change in year-over-year shareholders' equity is in the Investment in Enersource Corporation balance reported on the City's Consolidated Statement of Financial Position. Alectra earnings in 2023 improved, which translated into higher net income for Enersource Corporation and a higher share of net income for the City. An 'other comprehensive income' loss of $292,000 was backed out of net revenue and reported as a remeasurement gain/(loss) on the City's Consolidated Statement of Financial Position as per new accounting standards.

Variance between 2023 actuals and 2023 budget: The variance between actuals and budget relates to a lower forecasted budget versus actual earning in the year.

Expenses

Total expenses were $1.08 billion in 2023 ($1.01 billion in 2022), which is an increase of $70.3 million over the 2022 value.

ITEM ($000s)	REF. #	2023 BUDGET	2023 ACTUAL	2022 ACTUAL	$ VARIANCE VS. BUDGET	% VARIANCE VS. BUDGET	$ CHANGE VS. PRIOR YEAR	% CHANGE VS. PRIOR YEAR
Salaries, Wages and Employee Benefits	1	616,499	622,024	574,880	5,525	0.9%	47,144	8.2%
Long-term Debt Interest and Fees	2	7,316	5,034	5,676	(2,282)	(31.2%)	(642)	(11.3%)
Materials and Supplies	3	82,502	76,351	83,429	(6,151)	(7.5%)	(7,078)	(8.5%)
Contracted Services	4	75,158	109,017	104,659	33,859	45.1%	4,358	4.2%
Rents and Financial Expenses	5	82,280	87,584	78,151	5,304	6.4%	9,433	12.1%
External Transfers to Others	6	5,824	5,872	14,880	48	0.8%	(9,008)	(60.5%)
(Gain)/Loss on Disposal of Tangible Capital Assets	7	0	10,723	(40)	10,723	0.0%	10,763	(26,907.5%)
Amortization of Tangible Capital Assets	8	161,961	165,679	150,173	3,718	2.3%	15,506	10.3%
Accretion of Asset Retirement Obligations	9	0	417	366	417	0.0%	51	13.9%
(Gain)/Loss on Disposal of Asset Retirement Obligations	10	0	34	260	34	0.0%	(226)	(86.9%)
Total Expenses		**1,031,540**	**1,082,735**	**1,012,434**	**51,195**	**5.0%**	**70,301**	**6.9%**

COMMENTARY:

1. Salaries, Wages and Employee Benefits

2023 BUDGET	2023 ACTUAL	2022 ACTUAL	$ VARIANCE VS. BUDGET	% VARIANCE VS. BUDGET	$ CHANGE VS. PRIOR YEAR	% CHANGE VS. PRIOR YEAR
616,499	622,024	574,880	5,525	0.9%	47,144	8.2%

What it is: This figure represents salary, wage and benefit costs for all full-time, part-time and contract employees, plus the current year impacts for actuarial benefits assessment of Workplace Safety and Insurance Board (WSIB), sick leave, disability benefits and post-retirement benefits.

Why it is important: Staff are the number one resource required to deliver City services, and correspondingly represent the largest category of expenses for the organization.

Change between 2023 and 2022: This increase was primarily due to labour contract range progressions, pay adjustments and increased benefit costs ($32.7 million) and PSAB-related actuarial benefit liabilities ($13.0 million) which includes a new expense for the City's self-insured, long-term disability program ($8.4 million).

Variance between 2023 actuals and 2023 budget: Increases in PSAB-related actuarial benefit liabilities and non-tangible capital asset labour, offset by decreases in salary, wage and benefit costs due to labour gapping, were the primary reasons for the variance.

2. Long-Term Debt Interest and Fees

2023 BUDGET	2023 ACTUAL	2022 ACTUAL	$ VARIANCE VS. BUDGET	% VARIANCE VS. BUDGET	$ CHANGE VS. PRIOR YEAR	% CHANGE VS. PRIOR YEAR
7,316	5,034	5,676	(2,282)	(31.2%)	(642)	(11.3%)

What it is: This figure represents all debt management and interest fees associated with the City's debt.

Why it is important: Debt is a critical source of funding for capital projects. This category fully accounts for these financing costs.

Change between 2023 and 2022: There was no debt issuance in 2023, which resulted in slightly lower interest expenses in 2023 than in 2022.

Variance between 2023 actuals and 2023 budget: The City's 2023 Budget assumed there would be a debt issuance. However, the issuance did not occur due to the Region of Peel dissolution discussions and stable cash balances.

3. Materials and Supplies

2023 BUDGET	2023 ACTUAL	2022 ACTUAL	$ VARIANCE VS. BUDGET	% VARIANCE VS. BUDGET	$ CHANGE VS. PRIOR YEAR	% CHANGE VS. PRIOR YEAR
82,502	76,351	83,429	(6,151)	(7.5%)	(7,078)	(8.5%)

What it is: Materials and supplies include vehicle fuel and all other general operational materials and supplies needed for service and program delivery.

Why it is important: Materials and supplies keep day-to-day services running without interruption.

Change between 2023 and 2022: The decrease is primarily the result of decreased diesel fuel costs ($5.4 million), vehicle supplies ($2.4 million), and maintenance costs ($3.6 million). Increases and decreases in other material and supplies accounted for the balance of the change.

Variance between 2023 actuals and 2023 budget: The variance is largely due to the decrease in the price of diesel fuel ($5.9 million) and general operating supplies ($4.0 million), offset by higher maintenance costs ($1.9 million).

4. Contracted Services

2023 BUDGET	2023 ACTUAL	2022 ACTUAL	$ VARIANCE VS. BUDGET	% VARIANCE VS. BUDGET	$ CHANGE VS. PRIOR YEAR	% CHANGE VS. PRIOR YEAR
75,158	109,017	104,659	33,859	45.1%	4,358	4.2%

What it is: The City sets contracts with third parties for professional services, maintenance contracts (e.g., snow removal), and project management services.

Why it is important: Contracted services can bring expertise to the City that staff alone may not have, or that the City needs only intermittently.

Change between 2023 and 2022: The increase is due to higher, non-TCA capital budget costs ($4.9 million), offset by ARO disposals ($0.2 million).

Variance between 2023 actuals and 2023 budget: The large increase in actual costs versus budget relates to higher-than-budget contractor costs ($1.2 million) and non-tangible capital assets capital costs which are not included in the budget ($32.8 million), offset by ARO disposals ($0.2 million).

5. Rents and Financial Expenses

2023 BUDGET	2023 ACTUAL	2022 ACTUAL	$ VARIANCE VS. BUDGET	% VARIANCE VS. BUDGET	$ CHANGE VS. PRIOR YEAR	% CHANGE VS. PRIOR YEAR
82,280	87,584	78,151	5,304	6.4%	9,433	12.1%

What it is: This category includes many different types of financially related expenses, including rent, staff development, communications costs, occupancy-related costs, insurance costs, banking costs and equipment and maintenance costs.

Why it is important: These expenses represent the overhead-type costs that help support City services and programs.

Change between 2023 and 2022: The increase is due to internal recovery costs ($8.5 million), equipment and maintenance costs ($2.1 million), related capital budget costs expensed ($1.2 million), finance costs ($0.8 million), and staff development costs ($0.7 million), offset by a decrease in PSAB-related liabilities ($4.3 million).

Variance between 2023 actuals and 2023 budget: The variance is mainly due to increases in related capital budget costs that were expensed and not budgeted ($8.7 million), finance/insurance charges ($3.2 million) and occupancy costs ($1.3 million). These increases were offset by decreases in equipment and maintenance costs ($2.5 million), PSAB liability charges ($3.1 million) and other costs such as staff development, advertising, promotions and internal recoveries ($2.7 million).

6. External Transfers to Others

2023 BUDGET	2023 ACTUAL	2022 ACTUAL	$ VARIANCE VS. BUDGET	% VARIANCE VS. BUDGET	$ CHANGE VS. PRIOR YEAR	% CHANGE VS. PRIOR YEAR
5,824	5,872	14,880	48	0.8%	(9,008)	(60.5%)

What it is: The City provides defined grants and funding to third parties who contribute to supporting the City's vision and objectives.

Why it is important: These third-party organizations are able to leverage City grants, multiplying the money's effectiveness with their organization, community and volunteer support.

Change between 2023 and 2022: The decrease is due to a one-time, $9.9 million grant in 2022 towards the development of a new long-term care home in the City, offset by an increase of other grants of $0.9 million.

Variance between 2023 actuals and 2023 budget: There was a minor difference between actual and budget.

7. (Gain)/Loss on Disposal of Tangible Capital Assets

2023 BUDGET	2023 ACTUAL	2022 ACTUAL	$ VARIANCE VS. BUDGET	% VARIANCE VS. BUDGET	$ CHANGE VS. PRIOR YEAR	% CHANGE VS. PRIOR YEAR
0	10,723	(40)	10,723	0.0%	10,763	(26,907.5%)

What it is: From time to time, the City sells assets or disposes of assets no longer in use. When the asset's net book value exceeds the sale price, a loss is incurred. When the sale price exceeds the asset's net book value, a gain is realized.

Why it is important: Proceeds from the sale of capital assets can be used to fund new projects or asset purchases.

Change between 2023 and 2022: (Gain)/loss on disposal of assets varies from year to year depending on the identification and disposal of assets.

Variance between 2023 actuals and 2023 budget: The full amount shows as a deficit against budget because (gain)/loss on disposal of assets is not a budgeted item.

8. Amortization of Tangible Capital Assets

2023 BUDGET	2023 ACTUAL	2022 ACTUAL	$ VARIANCE VS. BUDGET	% VARIANCE VS. BUDGET	$ CHANGE VS. PRIOR YEAR	% CHANGE VS. PRIOR YEAR
161,961	165,679	150,173	3,718	2.3%	15,506	10.3%

What it is: Capital assets decline in value over time as they are used. Each year, a portion of their cost is reflected in the financial statements as amortization expense. The amount of amortization expensed each year is determined by the estimated useful life of each asset class.

Why it is important: Amortization allows the net value of assets (vs. their cost value) to be represented on the financial statements.

Change between 2023 and 2022: The total amortization amount increases as the City continues its investment in capital projects. Offsets to this increase in amortization will occur as capital assets are disposed of at the end of their useful life.

Variance between 2023 actuals and 2023 budget: Actual amortization was slightly higher than budget. The amortization budget was based on projected tangible capital asset inventory balances.

9. Accretion of Asset Retirement Obligations

2023 BUDGET	2023 ACTUAL	2022 ACTUAL	$ VARIANCE VS. BUDGET	% VARIANCE VS. BUDGET	$ CHANGE VS. PRIOR YEAR	% CHANGE VS. PRIOR YEAR
0	417	366	417	0.0%	51	13.9%

What it is: The City has legal obligations associated with the retirement from service of buildings, equipment, and lease agreements. The City recognizes obligations to retiring tangible capital assets from service in the period in which the obligation arises, which is typically upon acquisition or development of the asset, or when a reasonable estimate of the obligation can be made. Accretion represents the expense associated with the increase in asset retirement liability obligations.

Why it is important: There is a legal obligation to incur retirement costs in relation to a tangible capital asset. For example, when the past transaction or event gives rise to the liability that has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. Accretion expenses help build up the liability for future remediation of the impaired asset.

Change between 2023 and 2022: Asset retirement obligation accounting was first reported by the City in 2023, along with a prior-year restatement. There were immaterial changes in the liability from 2022 to 2023.

Variance between 2023 actuals and 2023 budget: Due to the new accounting standards and reporting obligation in 2023, a budget could not be determined until the review was completed.

10. (Gain)/Loss on Disposal of Asset Retirement Obligations

2023 BUDGET	2023 ACTUAL	2022 ACTUAL	$ VARIANCE VS. BUDGET	% VARIANCE VS. BUDGET	$ CHANGE VS. PRIOR YEAR	% CHANGE VS. PRIOR YEAR
0	34	260	34	0.0%	(226)	0.0%

What it is: Asset retirement obligations (ARO) are recognized when a legal obligation exists to remediate an asset. When an asset is remediated, any costs that exceed the liability estimate flow through the Consolidated Statement of Operations.

Why it is important: This category reflects the financial impacts resulting from changes in the ARO liability from year to year.

Change between 2023 and 2022: The (gain)/loss on disposal of ARO will fluctuate based on the remediation activity undertaken by the City in a given year.

Variance between 2023 actuals and 2023 budget: Asset retirement obligations are a new reporting requirement for 2023, therefore no budget was recorded nor any variances therein.

Consolidated Statement of Change in Net Financial Assets

The Consolidated Statement of Change in Net Financial Assets/(Net Debt) starts with the annual surplus/(deficit) and identifies changes in non-financial assets (i.e., tangible capital asset acquisition, amortization) that will use or add to the surplus amount to derive a net change in financial assets.

Consolidated Statement of Cash Flows

The Consolidated Statement of Cash Flows reports changes in cash resulting from operations. It shows how the City financed its activities during the year and met its cash requirements.

City of Mississauga
Corporate Report

Date: April 19, 2024 To: Chair and Members of Audit Committee From: Shari Lichterman, CPA, CMA, City Manager and Chief Administrative Officer	Originator's files: Meeting date: May 13, 2024

Subject
2023 External Audit Findings Report

Recommendation
That the corporate report dated April 19, 2024 entitled "2023 External Audit Findings Report", from the City Manager and Chief Administrative Officer, be received for information.

Executive Summary
- The City's external auditor, KPMG LLP, has completed the audit of the City's consolidated financial statements, and has rendered an opinion that the financial statements are presented fairly, in all material respects, in accordance with Canadian public sector accounting standards.
- The 2023 External Audit Findings Report provides an overview of the 2023 audit process and findings and highlights those matters on which the audit firm wishes to advise Audit Committee.
- Audit Committee is responsible for reviewing any reports and correspondence from the external audit firm relating to the City and any local boards or agencies, which may be created.
- There was one uncorrected misstatement and one corrected misstatement identified during the audit.

Background
Audit Committee's Terms of Reference (By-law 0049-2024) establishes the roles and responsibilities of Audit Committee, including reviewing and making recommendations to Council regarding the external audit function, internal audit function, financial reporting, internal controls and compliance. Audit Committee is responsible for reviewing any reports and correspondence from the external audit firm (KPMG LLP) relating to the City and any local boards or agencies which may be created. For the fiscal year 2023, local boards and agencies

include Tourism Mississauga, the Mississauga Public Library Board, Enersource Corporation, and the five Business Improvement Areas.

Comments

KPMG has now completed the statutory audit for the fiscal year 2023 and has issued an Audit Findings Report for information. Per the independent auditor's report that accompanies the City's 2023 consolidated financial statements, KPMG has rendered an opinion that the City's financial statements present fairly, in all material respects, in accordance with Canadian public sector accounting standards.

The 2023 External Audit Findings Report assists Audit Committee in the review of the City's Consolidated Financial Statements, and provides an overview and summary of the findings and an assessment of the completed audit. The report also provides information and comments regarding the following areas:

- Significant changes to the audit plan.
- Significant audit risks and results.
- Audit misstatements.
- Significant unusual transactions.
- Control deficiencies.
- Accounting policies, practices and other financial reporting matters.

Audit Misstatements

There was one uncorrected misstatement presenting an increase to revenue and a reduction to opening accumulated surplus for $12M, related to an out of period adjustment to obligatory reserve funds. The adjustment resulted in a correct ending accumulated surplus. However as the opening accumulated surplus was not adjusted, this resulted in the item being recorded as an uncorrected error. Based on both qualitative and quantitative considerations, management has decided not to correct the misstatement and represented to KPMG that the misstatement, individually and in the aggregate, is in their judgment, not material to the financial statements. KPMG concurs with management's representation.

There was also one corrected misstatement during the audit. KPMG identified that management had recognized the surplus arising from long-term disability benefits insurance premiums collected and actual claims paid out as Development and other contributions applied (revenue). These funds are to be used towards actual claims in the future, the remaining surplus does not represent revenues but instead represent a liability (deferred revenue). Management corrected this error by recording $10M as a reduction in development and other contributions applied (revenue) and a corresponding recognition of deferred revenue – general (liability).

Given that the uncorrected and corrected audit misstatements are not material to the City's Consolidated Financial Statements, it does not affect the KPMG's opinion of the City's financial statements.

Financial Impact

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

Conclusion

The 2023 External Audit Findings Report provides an overview of the 2023 audit results. The report highlights any findings and/or audit observations and recommendations for Audit Committee's review and consideration.

There was one uncorrected misstatement and one corrected misstatement identified, however the misstatements are not material to the City's Consolidated Financial Statements and does not affect KPMG's audit opinion.

Attachments

Appendix 1: 2023 Management Representation Letter
Appendix 2: 2023 External Audit Findings Report

Shari Lichterman, CPA, CMA, City Manager and Chief Administrative Officer

Prepared by: Wesley Anderson, Manager, Business Planning and Financial Services

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

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

April 19, 2024

We are writing at your request to confirm our understanding that your audit was for the purpose of expressing an opinion on the consolidated financial statements (hereinafter referred to as "financial statements") of The Corporation of the City of Mississauga ("the Entity") as at and for the year ended December 31, 2023.

General:

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

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

Responsibilities:

1) We have fulfilled our responsibilities, as set out in the terms of the engagement letter dated October 19, 2023, including for:

   a) the preparation and fair presentation of the financial statements and believe that these financial statements have been prepared and present fairly in accordance with the relevant financial reporting framework.

   b) providing you with all information of which we are aware that is relevant to the preparation of the financial statements ("relevant information"), such as financial records, documentation and other matters, including:

      — the names of all related parties and information regarding all relationships and transactions with related parties;

      — the complete minutes of meetings, or summaries of actions of recent meetings for which minutes have not yet been prepared, of City Council and committees of City Council that may affect the financial statements. All significant actions are included in such summaries.

   c) providing you with unrestricted access to such relevant information.

   d) providing you with complete responses to all enquiries made by you during the engagement.

   e) providing you with additional information that you may request from us for the purpose of the engagement.

f) providing you with unrestricted access to persons within the Entity from whom you determined it necessary to obtain audit evidence.

g) such internal control as we determined is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. We also acknowledge and understand that we are responsible for the design, implementation and maintenance of internal control to prevent and detect fraud.

h) ensuring that all transactions have been recorded in the accounting records and are reflected in the financial statements.

i) ensuring that internal auditors providing direct assistance to you, if any, were instructed to follow your instructions and that we, and others within the entity, did not intervene in the work the internal auditors performed for you.

Internal control over financial reporting:

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

Fraud & non-compliance with laws and regulations:

3) We have disclosed to you:

a) the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

b) all information in relation to fraud or suspected fraud that we are aware of that involves:

— management;

— employees who have significant roles in internal control over financial reporting; or

— others

where such fraud or suspected fraud could have a material effect on the financial statements.

c) all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements, communicated by employees, former employees, analysts, regulators, or others.

d) all known instances of non-compliance or suspected non-compliance with laws and regulations, including all aspects of contractual agreements or illegal acts, whose effects should be considered when preparing financial statements.

e) all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

f) We have disclosed to you all information regarding investigations into possible fraud and/or non-compliance or suspected non-compliance with laws and regulations, including illegal acts, that we have undertaken at our discretion and completed, including the results of such investigations, and the resolution of the matters, if any, identified in such investigations.

Subsequent events:

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

Related parties:

5) We have disclosed to you the identity of the Entity’s related parties.

6) We have disclosed to you all the related party relationships and transactions/balances of which we are aware.

7) All related party relationships and transactions/balances have been appropriately accounted for and disclosed in accordance with the relevant financial reporting framework.

Estimates:

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

Going concern:

9) We have provided you with all information relevant to the use of the going concern assumption in the financial statements.

10) We confirm that we are not aware of material uncertainties related to events or conditions that may cast significant doubt upon the Entity's ability to continue as a going concern.

Misstatements:

11) The effects of the uncorrected misstatements described in **Attachment II** are immaterial, both individually and in the aggregate, to the financial statements as a whole.

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

Other information:

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

Non-SEC registrants or non-reporting issuers:

14) We confirm that the Entity is not a Canadian reporting issuer (as defined under any applicable Canadian securities act) and is not a United States Securities and Exchange Commission ("SEC") Issuer (as defined by the Sarbanes-Oxley Act of 2002).

15) We also confirm that the financial statements of the Entity will not be included in the group financial statements of a Canadian reporting issuer audited by KPMG or an SEC Issuer audited by any member of the KPMG organization.

Employee Benefits:

1) The employee benefits costs, assets and obligation, if any, have been determined, accounted for and disclosed in accordance with the financial reporting framework.

2) All arrangements (contractual or otherwise) by which programs have been established to provide employee benefits, which include post-employment benefits, and that are funded or unfunded have been disclosed to you and included in the determination of employee benefit costs and obligations.

3) The set of actuarial assumptions for each plan is individually consistent.

4) The assumptions included in the actuarial valuation are those that management instructed Nexus Actuarial Consultants Ltd. to use in computing amounts to be used by the Entity in determining employee benefit costs and obligations and in making required disclosures in the above-named financial statements, in accordance with the relevant financial reporting framework.

5) In arriving at these assumptions, management has obtained the advice of Nexus Actuarial Consultants Ltd. but has retained the final responsibility for them.

6) The source data and plan provisions provided to the actuary for preparation of the actuarial valuation are accurate and complete.

7) All changes to plan provisions or events occurring subsequent to the date of the actuarial valuation and up to the date of this letter have been considered in the determination of employee

benefits costs and obligations and as such have been communicated to you as well as to the actuary.

8) The extrapolations are accurate and properly reflect the effects of changes and events that occurred subsequent to the most recent valuation and that had a material effect on the extrapolation.

9) All material events and changes to the plan subsequent to the most recent actuarial valuation have been properly reflected in the extrapolation.

10) Each actuarial assumption used reflects management's best estimate solely with respect to that individual assumption, determined on a basis that the plan will continue to be in effect in the absence of evidence to the contrary.

11) Each of the best estimate assumptions used reflects management’s judgment of the most likely set of conditions affecting future events.

12) The discount rate used to determine the accrued obligation for each plan was determined by reference to market interest rates at the measurement date on high-quality debt instruments with cash flows that match the timing and amount of expected benefit payments; or inherent in the amount at which the accrued benefit obligation could be settled.

Self-insurance:

13) The self-insurance liability has been determined, accounted for and disclosed in accordance with the financial reporting framework.

14) All arrangements (contractual or otherwise) by which programs have been established to provide self-insurance, and that are funded or unfunded have been disclosed to you and included in the determination of self- insurance liability.

15) The assumptions included in the actuarial valuation are those that management instructed J.S Cheng & Partners Inc. to use in computing amounts to be used by the Entity in determining self-insurance liability and in making required disclosures in the above-named financial statements, in accordance with the relevant financial reporting framework.

16) In arriving at these assumptions, management has obtained the advice of J.S Cheng & Partners Inc. but has retained the final responsibility for them.

17) The source data and plan provisions provided to the actuary for preparation of the actuarial valuation are accurate and complete.

18) All changes to plan provisions or events occurring subsequent to the date of the actuarial valuation and up to the date of this letter have been considered in the determination of self-insurance liability and as such have been communicated to you as well as to the actuary.

19) Each actuarial assumption used reflects management's best estimate solely with respect to that individual assumption, determined on a basis that the plan will continue to be in effect in the absence of evidence to the contrary.

20) Each of the best estimate assumptions used reflects management’s judgment of the most likely set of conditions affecting future events.

21) The discount rate used to determine the self-insurance liability was determined by reference to market interest rates at the measurement date on high-quality debt instruments with cash flows that match the timing and amount of expected claims payments; or inherent in the amount at which the claims could be settled.

Management’s Use of Specialists:

22) We agree with the findings of Nexus Actuarial Consultants Ltd. as management’s expert in evaluating WSIB and employee benefits liabilities. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work,

and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.

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

Adoption of new accounting standards:

24) The Entity has adopted new accounting standards that came into effect for the year beginning on January 1, 2023, and has recorded all required adjustments to recognize the impact of these new accounting standards. The presentation and disclosure in the financial statements has been updated accordingly to reflect these changes as well.

Comparative information:

25) In respect of the restatement related to the adoption of the asset retirement obligation (PS3280) in the comparative period (adjustment resulting in an increase of $12,560K in asset retirement obligation as at January 1, 2022 and accumulated surplus in the amount of $8,569K as at January 1, 2022 and annual surplus for the year then ended in the amount of $1,265K; another adjustment related to tangible capital assets in the amount of $3,991K as at January 1, 2022), and to restate the comparative information, we reaffirm that the written representations we previously provided to you, in respect of the prior period financial statements presented as comparative information, remain appropriate.

Approval of financial statements:

26) Marisa Chiu, Director of Finance and Treasurer, has the recognized authority to take, and has taken, responsibility for the financial statements.

Yours very truly,

THE CORPORATION OF THE CITY OF MISSISSAUAGA

Shari Lichterman, CPA, CMA, City Manager and Chief Administrative Officer

Marisa Chiu, CPA, CA, Director of Finance and Treasurer

Mark Beauparlant, CPA, CGA, Manager, Accounting and Financial Reporting

cc: Audit Committee

Attachment I – Definitions

Materiality

Certain representations in this letter are described as being limited to matters that are material.

Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Judgments about materiality are made in light of surrounding circumstances, and are affected by perception of the needs of, or the characteristics of, the users of the financial statements and, the size or nature of a misstatement, or a combination of both while also considering the entity's own circumstances.

Information is obscured if it is communicated in a way that would have a similar effect for users of financial statements to omitting or misstating that information. The following are examples of circumstances that may result in material information being obscured:

a) information regarding a material item, transaction or other event is disclosed in the financial statements but the language used is vague or unclear;

b) information regarding a material item, transaction or other event is scattered throughout the financial statements;

c) dissimilar items, transactions or other events are inappropriately aggregated;

d) similar items, transactions or other events are inappropriately disaggregated; and

e) the understandability of the financial statements is reduced as a result of material information being hidden by immaterial information to the extent that a primary user is unable to determine what information is material.

Fraud & error

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorization.

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.

Attachment II – Summary of Audit Misstatements Schedule(s)

The Corporation of the City of Mississauga
Summary of Uncorrected Audit Misstatements
December 31, 2023

Amounts in	*Thousands - Canadian dollars*
Method Used to Quantify Audit Misstatements	***Roll Over (Income Statement) Method***

			Correcting Entry Required at Current Period End			Income Statement - Debit (Credit)			Statement of Financial Position (Balance Sheet) Effect - Debit (Credit)				Cash Flow Effect - Increase (Decrease) according to Rollover (Income Statement) method			
ID	Description of misstatement	Type of misstatement	Accounts	Debit	(Credit)	Income effect of correcting the balance sheet in prior period (carryforward from PY - Column C)	Income effect of correcting current period balance sheet	Income effect according to Rollover (Income Statement) method	Accumulated Surplus at period end	Financial Assets	Non-Financial Assets	Financial Liabilities	Operating Activities	Capital Activities	Investing Activities	Financing Activities
				A		B (only Income Statement accounts)	C=A (Only Income Statement accounts)	D=C-B	E = (B + D = C) + OCI entries							
1	To present an uncorrected difference for understatement of revenue recognized in 2023.	Factual	Development and other contributions applied revenue			12,347		(12,347)	-	-	-	-	-	-		-
					Aggregate effect of uncorrected audit misstatements:	12,347	-	(12,347)	-	-	-	-	-	-		-
						Financial statement amounts (per final financial statements) - (surplus) / deficit:		(306,816)	(9,853,815)	2,595,909	8,908,984	(1,651,078)	401,586	(417,316)	27,404	(41,055)
						Uncorrected audit misstatements as a percentage of financial statement amounts:		4%	0%	0%	0%	0%	0%	0%	0%	0%

Attachment II – Summary of Audit Misstatements Schedule(s) – (continued)

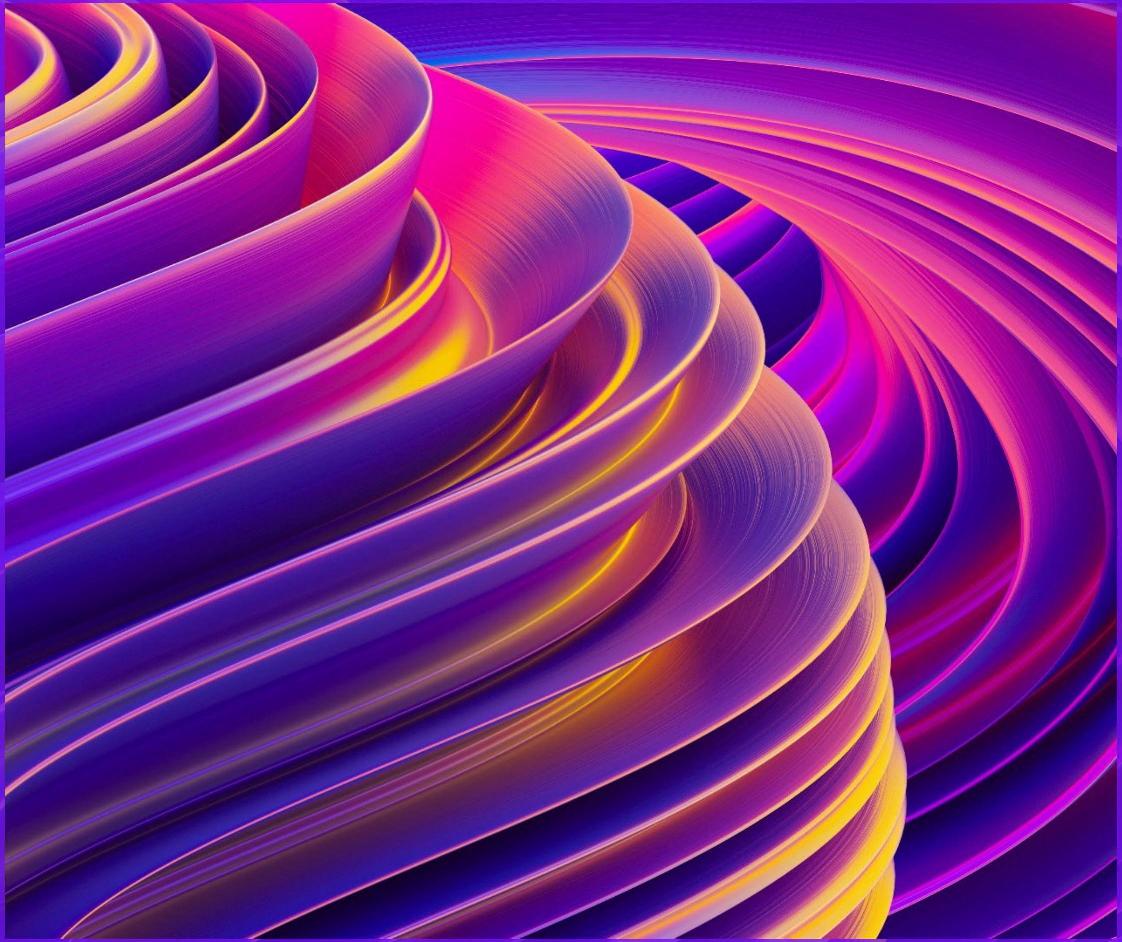
The Corporation of the City of Mississauga
Summary of Corrected Audit Misstatements
December 31, 2023
Amounts in: *Thousands - Canadian dollars*

						Income Statement Effect - Debit (Credit)	Statement of Financial Position (Balance Sheet) Effect - Debit (Credit)				Cash Flow Effect - Increase (Decrease)			
ID	**Description of misstatement**	**Type of misstatement**	**Accounts**	**Debit**	**(Credit)**	**Income Statement Debit (Credit)**	**Accumulated Surplus**	**Financial Assets**	**Non-Financial Assets**	**Financial Liabilities**	**Operating Activities**	**Capital Activities**	**Investing Activities**	**Financing Activities**
1	To present a corrected difference for overstatement of revenue recognized in 2023.	Factual	Development and other contributions applied revenue	10,303		10,303	10,303	-	-		10,303	-	-	-
			Deferred revenue - general		(10,303)		-	-	-	(10,303)	(10,303)	-	-	-
					Total effect of corrected audit misstatements	10,303	10,303	-	-	(10,303)	-	-		-

KPMG

Appendix 2

The Corporation of The City of Mississauga



Audit Findings Report for the year ended December 31, 2023

KPMG LLP

Licensed Public Accountants

Prepared as of March 30, 2024 for presentation on May 13, 2024

kpmg.ca/audit

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Key contacts in connection with this engagement

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Table of contents

The purpose of this report is to assist you, as a member of the Audit Committee, in your review of the results of our audit of the consolidated financial statements as at and for the year ended December 31, 2023. This report builds on the Audit Plan we presented to the Audit Committee. This report is intended solely for the information and use of Management, the Audit Committee, and City Council and should not be used for any other purpose or any other party. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this report has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.

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 (“financial statements”).

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 risks

Other risks of material misstatement

Going concern matters

Policies and practices & Specific topics

Significant unusual transactions

Accounting policies and practices

Other financial reporting matters

Uncorrected misstatements

Uncorrected misstatements

- Professional standards require that we request of management and the Audit Committee that all identified audit misstatements be corrected. We have already made this request of management.
- A summary of the impact of the uncorrected audit misstatements is on page 17 of this report.

Corrected misstatements

Corrected misstatements

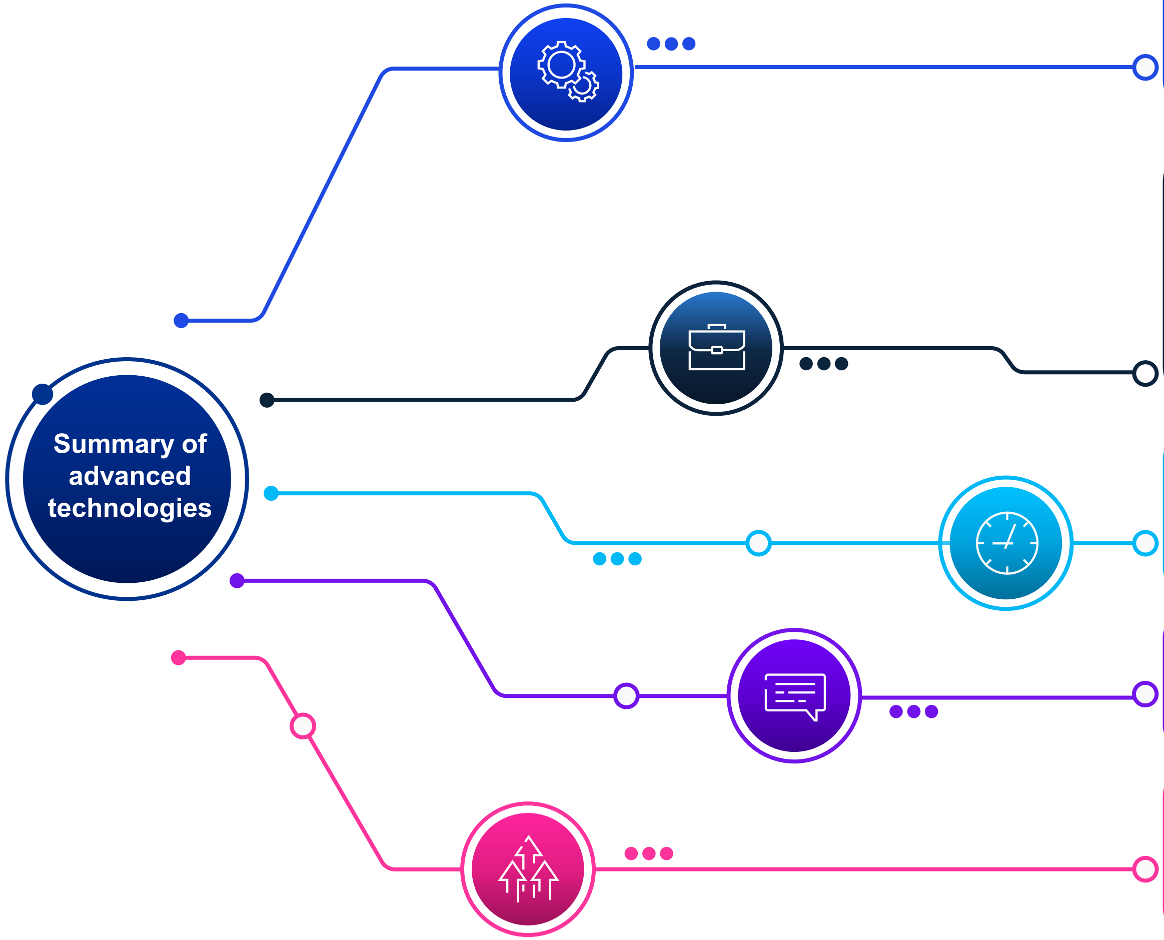
- A summary of the impact of the corrected audit misstatement is on slide 18 of this report.
- This adjustment was duly corrected by the management in the consolidated financial statements of the City for the year ended December 31, 2023

Control deficiencies

Significant deficiencies

Technology highlights

We have utilized technology to enhance the quality and effectiveness of the audit.



DataSnipper

DataSnipper uses optical character recognition and robotic process automation to automate vouching procedures.

We will import your documents into the tool, which automatically matches specified excel data to the corresponding documents, leaving an audit trail behind for review by our audit team members.

Monetary Unit Sampling (MUS)

We will use our Clara software to import GL transaction details for selected revenue and expense accounts. Based on performance materiality and the level of risk in each area, the MUS routine will select samples for testing to source documentation.

Sample selection is a systematic method and results in a lower sample size compared to a haphazard or random sample selection made manually. We will be able to achieve efficiencies in our audit by using this tool.

Computer Assisted Audit Techniques (CAATs)

We will utilize CAATs to verify completeness of GL data, analyze journal entries, and apply pre-determined criteria to identify potential high-risk journal entries for further testing. Refer to slide 10 for details.

Microsoft Teams

We use Microsoft Teams to perform certain testing and walkthroughs that require audit evidence gathered through screen-sharing capabilities, and to correspond with management.

KPMG Clara for clients (KCfc)

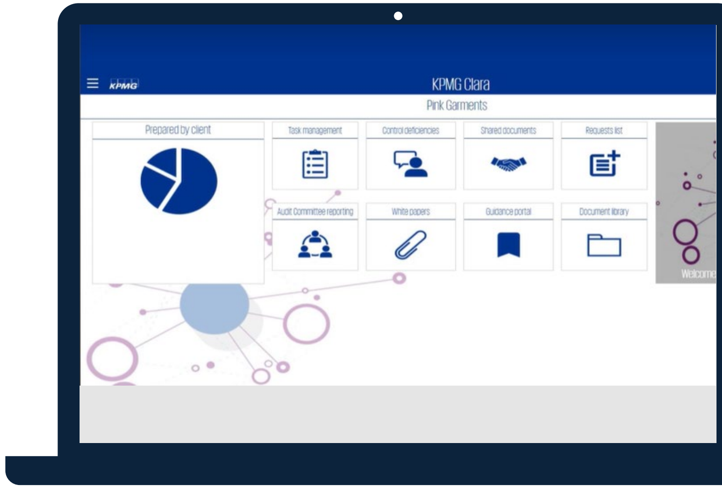
This web-based tool is a secure portal used to organize and receive all audit requests from management and allows the finance team to upload responses to our specific requests via secure link on the web portal.

Status

As of the date of preparation of this Audit Findings Report, we have completed the audit of the consolidated financial statements and received evidence of approval of the financial statements from the City’s Director of Finance and Treasurer (individual delegated with authority to approve the financial statements).

Our audit report is dated the date of approval of the consolidated financial statements by the City’s Director of Finance and Treasurer, April 19, 2024.

KPMG Clara for Clients (KCfc)



Real-time collaboration and transparency

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

On our audit we used KCfc to coordinate <X> requests from management.

Learn more

Significant risks and results

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

Presumed risk of fraudulent revenue recognition

RISK OF
FRAUD

Significant risk	Estimate?
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.	No

Our response and findings

- 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 did not identify any issues related to fraud risk associated with revenue recognition.

Significant risks and results

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

Risk of management override of controls

RISK OF FRAUD

Significant risk	Estimate?
Management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Although the level of risk of management override of controls will vary from entity to entity, the risk nevertheless is present in all entities	No

Our response and findings

- As this risk is not rebuttable, our audit methodology incorporated the required procedures in professional standards to address this risk.
- These procedures included the testing of journal entries and other adjustments, performing a retrospective review of estimates and evaluating the business rationale of significant unusual transaction.
- 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**.

PS 3280 - Asset Retirement Obligations (ARO)

Other risk of material misstatement	Estimate?
The new standard PS 3280 Asset retirement obligations ("ARO") came into effect for fiscal year beginning January 1, 2023. The new ARO standard requires the public sector entity to record a liability related to future costs of any legal obligations to be incurred upon retirement of any controlled tangible capital assets ("TCA"). The assessment of these future legal obligations requires management to perform a comprehensive analysis of controlled assets, along with the development of estimates to evaluate an estimated liability at the financial reporting dates of December 31, 2023 and December 31, 2022. The City has adopted the modified retroactive approach, which entails a recognition of the ARO liability as at January 1, 2022. Using the modified retroactive method, the City has recognized ARO as at January 1, 2022 with a restatement of the opening accumulated surplus as at January 1, 2022. See note 2 in the financial statements for the change in accounting policy note.	Yes

Our response and significant findings

- We obtained the City's ARO policy and the corresponding ARO implementation memo and performed a review to ascertain their alignment with the requirements of the PS 3280. We performed an assessment of the reasonableness of the City's scoping decisions and the rationale for excluding certain TCA items to determine whether they are in compliance with standard guidelines and general practice across industry.
- We obtained City's ARO model assessment and performed the following procedures:
  - We reviewed the City's ARO model and performed an assessment of the mathematical accuracy and related calculations of ARO liability at asset category level.
  - We obtained an understanding of significant assumptions made in the development of the ARO model and evaluated these assumptions for their reasonableness.
  - We reviewed the cost per square foot analysis for asbestos, as developed by management, and verified all inputs against supporting documentation to ensure reasonable and accurate cost was applied to all in-scope assets in the ARO model. For any inputs that incorporated significant assumptions, we evaluated the reasonableness of these assumptions and compared to the external sources or general industry practice.
  - We selected samples of in-scope assets where measurement of ARO has been calculated and agreed to relevant inputs to supporting documentation.
- We conducted meetings with significant internal subject matter expects involved in the ARO model development to evaluate their extent of involvement, area of expertise and relevant skills and capabilities. We assessed the qualifications, competence and objectivity of these internal experts as required by the Canadian auditing standards.
- We assessed the disclosures in the financial statements against the requirements of the PS 3280 to ensure disclosures are in accordance with PS 3280.
- We did not note any issues in the City's adoption process of new ARO accounting standard. The measurement and recognition of ARO obligation is reasonable.

Other risks of material misstatement and results

PS 3450 - Financial Instruments and other new standards

Other risk of material misstatement	Estimate?
The new standard PS 3450 *Financial instruments* came into effect for the fiscal year ended on December 31, 2023, and is to be prospectively applied from January 1, 2023. This standard sets forth the guidelines for accounting for financial assets and liabilities, including derivative financial instruments. Under PS 3450, all financial instruments are included on the Statement of Financial Position and are measured either at fair value or amortized cost based on the characteristics of the instrument and the organization's accounting policy choices. PS 3450 requires mandatory fair value reporting for equities and derivatives whereas for all other investments, an election is available for entities to choose between amortized cost and fair value. For items that are reported at fair value, the unrealized gains and losses are required to be reported on a new statement called Statement of Remeasurement Gains and Losses. Other new standards coming into effect starting fiscal 2023 include PS2601 *Foreign Currency Translation*, PS *1201 Financial Statement* Presentation, PS 3041 *Portfolio Investments*. These other standards are required to be adopted concurrently with PS 3450 *Financial Instruments*.	No

Our response and significant findings

- We obtained the City's financial instruments policy along with the implementation memo for the adoption of these new accounting standards. We conducted a review to ascertain the alignment of City's policy and implementation with the requirements of the PS 3450 standard.
- We noted that all financial instruments for the City are recorded at amortized cost in 2023. We did not identify any financial instruments that require mandatory fair value reporting as per PS 3450 Financial Instruments. The City has not elected to report any financial instruments at fair value.
- A statement of remeasurement gains and losses has not been added to the financial statements due to no material balances flowing through this statement.
- We did not identify any significant issues or misstatements in the City's adoption process of new financial instruments accounting standard.
- The City has added additional disclosures related to the financial risks associated with their financial instruments as required by PS 3450 Financial Instruments.
- Management has assessed the impact of the other standards noted above to be insignificant and immaterial. We agree with management's assessment.
- The measurement, recognition and presentation of balances impacted by this new standard are in accordance with the requirement of PS 3450 Financial Instruments.

Other risks of material misstatement and results

Developer and other contributions applied revenue and Deferred Revenue – obligatory reserve funds

Other risk of material misstatement	Estimate?
The City recognizes revenue from different streams including taxation, user charges, funding transfers and government grants, development and other contributions, investment income, developer contributed and assumed assets, and other. Management follows the revenue recognition policies reported in note 1 to the financial statements to recognize revenue in accordance with PSAS, which includes deferring receipts and contributions if performance obligations are not met.	No

Our response

- We substantively tested revenues recognized and amounts held as deferred at year end using sampling techniques and direct confirmation of certain revenues with third parties, including other governments and agencies.
- We reviewed the calculation of deferred revenue continuity prepared by management and ensured the cash receipts and revenue recognized ties to our audited work.
- We tested a sample of cash receipts to supporting agreements and bank records and found no issues in the deferral of these receipts.
- We tested a sample of expended funds to supporting records of the underlying expenditures, noting that the expenditures were related to the purpose for which the contributions were recorded, and found no issues in the recognition of funds as revenue.

Our findings

- We note that management identified $12M of obligatory reserve funds adjustments and revenue that should not have been recognized in prior periods. Management has corrected this error by recording $12M as a decrease to development and other contributions applied revenue and a corresponding increase to deferred revenue –obligatory reserve funds.
- Accordingly, we have reported an uncorrected misstatement to note that 2023 revenues are understated by $12M, with the effect of an overstatement in opening accumulated surplus of $12M. The ending balance of accumulated surplus reported on the statement of financial position is correct as at December 31, 2023. Given that the uncorrected audit misstatement is not material to the City's consolidated financial statements, it does not affect our audit opinion.
- During the course of our audit procedures, we identified that management has recognized the surplus arising from long-term disability benefits insurance premiums collected and actual claims paid out as Development and other contributions applied (revenue). These funds are to be used towards actual claims in the future, the remaining surplus does not represent revenues but instead represent a liability (deferred revenue).
- Management has made a correction to comply with accounting standards by recording $10M as a reduction in development and other contributions applied (revenue) and a corresponding recognition of deferred revenue – general (liability).
- Other than the uncorrected misstatements noted above, the amounts reported for revenue and deferred revenue for obligatory reserve as at year-end are reasonable.
- The note disclosures related to revenue and deferred revenue for obligatory reserves are in accordance with PSAS.

Other risks of material misstatement and results

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

Our 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% (2022 – 3.25% - 3.50%) 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, 2023.
- The employee benefit liability as at December 31, 2023 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.

Our 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 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.
- The impact on TCA from adoption of the new ARO standard has been disclosed in note 2 of the consolidated financial statements. There were no other significant findings as a result of our audit procedures for tangible capital assets.
- 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

Enersource Corporation (“Enersource”)

Other risk of material misstatement	Estimate?
The City recognizes its investment in Enersource using the modified equity method. We reviewed the criteria per PS 3070 – Investment in Government Business Enterprises and noted the City’s investment in Enersource continues to meet the criteria of the section and therefore it is appropriate to continue to record the investment in Enersource using the modified equity method of accounting. The City recognizes its 90% investment in Enersource using the modified equity method. This Equity investment is not considered a significant component due to year over year change being not significant or material.	No

Our response and findings

- We obtained Enersource’s financial statements for the year ended December 31, 2023 and agreed the City’s share of income (increase in investment value) and dividends received (decrease in investment value) for the calculation of City’s investment in Enersource. We vouched dividends received from Enersource to supporting documentation and cash receipts.
- These transactions are disclosed in note 6 to the financial statements.
- No exceptions were noted during testing.

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: • 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.	No

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.

Uncorrected misstatements

Uncorrected misstatements include financial presentation and disclosure omissions.

Impact of uncorrected misstatements – Not material to the financial statements

- The management representation letter includes the Summary of Uncorrected Audit Misstatements, which discloses the impact of all uncorrected misstatements considered to be other than clearly trivial.
- There was one uncorrected misstatement presenting an increase to revenue and a reduction to opening accumulated surplus for $12M, related to an out of period error. Management has corrected this error in the current year whereby the ending accumulated surplus is correct. See page 11 for more detail.
- Based on both qualitative and quantitative considerations, management has decided not to correct the misstatement and represented to us that the misstatement —individually and in the aggregate —is, in their judgment, not material to the financial statements. This management representation is included in the management representation letter.
- We concur with management’s representation that the uncorrected misstatement is not material to the financial statements. Accordingly, the uncorrected misstatement has no effect on our auditor’s report.

Corrected misstatements

Corrected misstatements include financial presentation and disclosure misstatements.

Impact of corrected misstatements

- During the course of our audit procedures, we identified that management has recognized the surplus arising from long-term disability benefits insurance premiums collected and actual claims paid out as Development and other contributions applied (revenue). These funds are to be used towards actual claims in the future, the remaining surplus does not represent revenues but instead represent a liability (deferred revenue).
- Management has corrected this error by recording $10M as a reduction in development and other contributions applied (revenue) and a corresponding recognition of deferred revenue – general (liability).
- There were no other corrected misstatement identified during the course of the audit work performed.

Accounting policies and practices

Initial selection

The following new accounting standards came into effect for the year ended December 31, 2023 and were implemented by the City:

- PS 3450 *Financial Instruments,* PS 2601 *Foreign Currency Translation*, PS *1201 Financial Statement Presentation*, PS 3041 *Portfolio Investments*
- PS 3280 *Asset Retirement Obligations*

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

Revised

None in 2023

Significant qualitative aspects

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

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

Appendices

A Other required communications

B Audit quality

C New accounting standards

D New auditing standards

E Insights

F Environmental, social and governance (ESG)

G Technology

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: 2021 Annual Inspections Results
- CPAB Audit Quality Insights Report: 2022 Interim Inspections Results
- CPAB Audit Quality Insights Report: 2022 Annual Inspections Results
- CPAB Audit Quality Insights Report: 2023 Interim Inspections Results

Appendix B: Audit quality - How do we deliver audit quality?

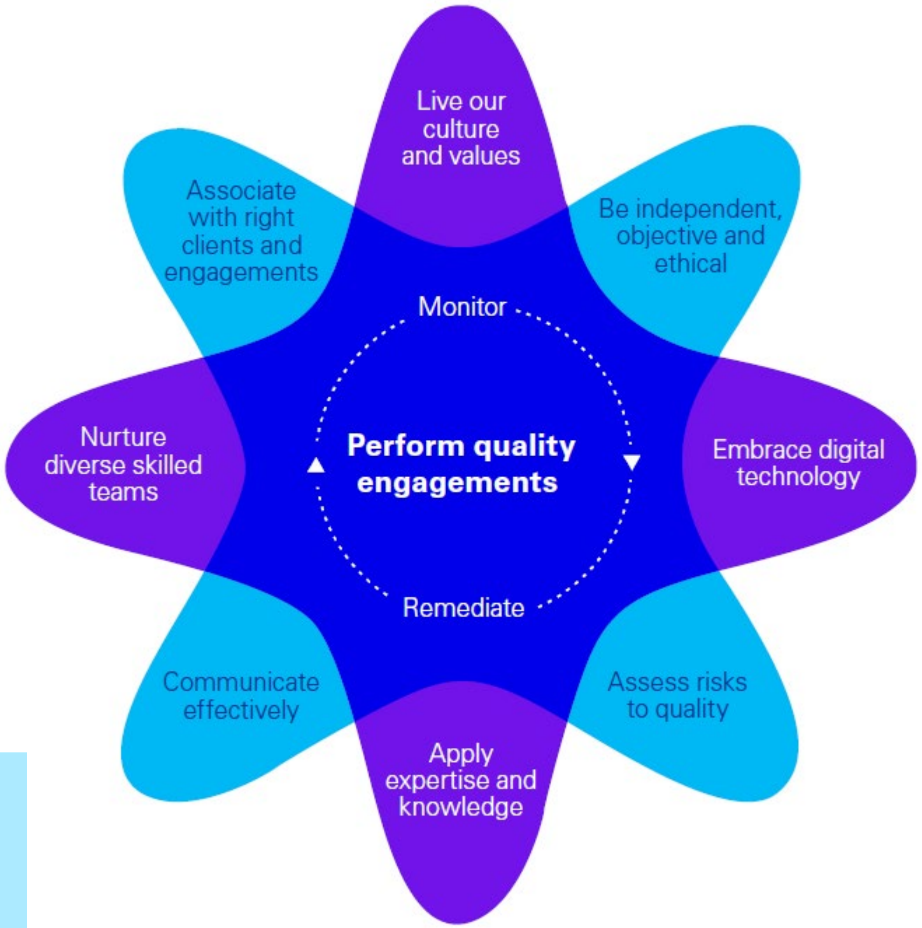
Quality essentially means doing the right thing and remains our highest priority. Our Global Quality Framework outlines how we deliver quality and how every partner and staff member contributes to its delivery.

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. Our Transparency Report includes our firm's Statement on the Effectiveness of our SoQM.

KPMG 2023 Audit Quality and 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.

Appendix C: Upcoming changes in accounting standards

Standard	Summary and implications
Revenue	• The new standard PS 3400 *Revenue* is effective for fiscal years beginning on or after April 1, 2023. • The new standard establishes a single framework to categorize revenue to enhance the consistency of revenue recognition and its measurement. • The standard notes that in the case of revenue arising from an exchange transaction, a public sector entity must ensure the recognition of revenue aligns with the satisfaction of related performance obligations. • The standard notes that unilateral revenue arises when no performance obligations are present, and recognition occurs when there is authority to record the revenue and an event has happened that gives the public sector entity the right to the revenue.
Purchased Intangibles	• The new Public Sector Guideline 8 *Purchased intangibles* is effective for fiscal years beginning on or after April 1, 2023 with earlier adoption permitted. • The guideline allows public sector entities to recognize intangibles purchased through an exchange transaction. The definition of an asset, the general recognition criteria and GAAP hierarchy are used to account for purchased intangibles. • Narrow scope amendments were made to PS 1000 *Financial statement concepts* to remove the prohibition to recognize purchased intangibles and to PS 1201 *Financial statement presentation* to remove the requirement to disclose purchased intangibles not recognized. • The guideline can be applied retroactively or prospectively.

Appendix C: Upcoming changes in accounting standards (continued)

Standard	Summary and implications
Public Private Partnerships	• The new standard PS 3160 *Public private partnerships* is effective for fiscal years beginning on or after April 1, 2023. • The standard includes new requirements for the recognition, measurement and classification of infrastructure procured through a public private partnership. • The standard notes that recognition of infrastructure by the public sector entity would occur when it controls the purpose and use of the infrastructure, when it controls access and the price, if any, charged for use, and it controls any significant interest accumulated in the infrastructure when the public private partnership ends. • The public sector entity recognizes a liability when it needs to pay cash or non-cash consideration to the private sector partner for the infrastructure. • The infrastructure would be valued at cost, which represents fair value at the date of recognition with a liability of the same amount if one exists. Cost would be measured in reference to the public private partnership process and agreement, or by discounting the expected cash flows by a discount rate that reflects the time value of money and risks specific to the project. • The standard can be applied retroactively or prospectively.
Concepts Underlying Financial Performance	• 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.

Appendix C: Upcoming changes in accounting standards (continued)

Standard	Summary and implications

Financial Statement Presentation	• The proposed section PS 1202 *Financial statement presentation* will replace the current section PS 1201 *Financial statement presentation*. PS 1202 *Financial statement presentation* 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:
	  • 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 (continued)

Standard	Summary and implications
Employee benefits	• The Public Sector Accounting Board has initiated a review of sections PS 3250 *Retirement benefits* and PS 3255 *Post-employment benefits, compensated absences and termination benefits*. • The intention is to use principles from International Public Sector Accounting Standard 39 *Employee benefits* 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 *Employee benefits* will replace the current sections PS 3250 *Retirement benefits* and PS 3255 *Post-employment benefits, compensated absences and termination benefits*. 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: 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, 2022

ISA/CAS 220

(Revised) Quality management for an audit of financial statements

ISQM1/CSQM1

Quality management for firms that perform audits or reviews of financial statements or other assurance or related services engagements

ISQM2/CSQM2

Engagement quality reviews

Effective for periods beginning on or after December 15, 2023

ISA 600/CAS 600

Revised special considerations – Audits of group financial statements

Appendix E: 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 Securities & Auditing Matters and US Outlook reports.

Audit Committee Guide – Canadian Edition
A practical guide providing insight into current challenges and leading practices shaping audit committee effectiveness in Canada.

Accelerate 2023
The key issues driving the audit committee agenda in 2023.

Momentum
A quarterly newsletter with the latest thought-leadership from KPMG's subject matter leaders across Canada and valuable audit resources for clients.

KPMG Climate Change Financial Reporting Resource Centre
Our climate change resource center provides insights to help you identify the potential financial statement impacts to your business.

IFRS Breaking News
A monthly Canadian newsletter that provides the latest insights on international financial reporting standards and IASB activities.

Appendix F: ESG - Global regulatory reporting standards

Recent Activity

ISSB[1] and CSSB

- On March 13, 2024 the Canadian Sustainability Standards Board (CSSB) released proposals on its first two Canadian Sustainability Disclosure Standards (CSDS): Exposure Draft CSDS 1 (proposed general requirements standard) and Exposure Draft CSDS 2 (proposed climate standard).
- The proposed standards are aligned with the global baseline disclosure standards IFRS S1 and IFRS S2 with the exception of a Canadian-specific effective date for annual reporting periods beginning on or after January 1, 2025 and incremental transition relief.
- In June 2023, the International Sustainability Standards Board (ISSB) issued its first two IFRS Sustainability Disclosure Standards – IFRS S1 (general requirements standard) and IFRS S2 (climate standard).
- The ISSB standards are effective for annual periods beginning on or after January 1, 2024 – subject to local jurisdiction adoption.

Canadian regulators (CSA)

- In parallel with the CSSB's release of its proposals on March 13, 2024, the Canadian Securities Administrators (CSA) issued a statement noting that they will seek consultation on a revised climate-related disclosure rule following the finalization of CSDS 1 and 2.
- In October 2021, the CSA issued their original proposed rule, proposed National Instrument 51-107 *Disclosure of Climate-related Matters*.
- Bill S-211, Canada's new Act on fighting against forced labor and child labour will take effect on January 1, 2024. Canadian and foreign businesses impacted by the Act will be required to file a report on their efforts to prevent and reduce the risk of forced labour and child labour in their supply chain, by May 31st of each year.

US (SEC[2,3] and California[4])

- The SEC's final climate rule was issued on March 6, 2024.
- The final rule will generally apply to all SEC registrants; *including* foreign private issuers (Form 20-F filers); *excluding* Canadian issuers reporting under the Multijurisdictional Disclosure System (Form 40-F filers) and asset-backed issuers.
- The earliest compliance date is the fiscal year beginning in Calendar year 2025 for large accelerated filers.
- The SEC also issued its final rules on cybersecurity in July 2023 and expects to release proposed disclosure rules on human capital management in spring 2024 and corporate board diversity in fall 2024.
- On October 7, 2023, the California Governor signed two climate disclosure laws that will shape climate disclosure practices beyond the state's borders. The laws will apply to US businesses (including US subsidiaries of non-US companies) that meet specified revenue thresholds and do business in California. The Governor also signed the California voluntary carbon market disclosures bill.

EU[5,6]

- The European Financial Reporting Advisory Group (EFRAG) was mandated to develop European Sustainability Reporting Standards (ESRSs) setting out the detailed disclosure requirements under the Corporate Sustainability Reporting Directive (CSRD).
- On July 31, 2023, the European Commission published the final text of its first set of twelve ESRSs as delegated acts
- The ESRSs will become effective as early as 2024 reporting periods for some companies.
- There are potentially considerable ESG reporting implications for Canadian entities – as most EU-listed companies and large subsidiaries of Canadian companies with significant operations in the EU are in scope. Non-EU parent entities with substantial activity in the EU may also be in scope, with separate standards to be developed for these entities, with an effective date of 2028 reporting periods

1. Refer to our ISSB Resource Centre for resources on implementing the IFRS Sustainability Disclosure Standards
2. Refer to our Defining Issues publication for more information on the SEC's final climate rule
3. Refer to our Defining Issues publication for more information on the SEC's cybersecurity rules
4. Refer to our publication on California's introduction of climate disclosures and assurance requirements
5. Refer to our ESRS Resource Centre for resources on implementing the ESRSs
6. Refer to our publication on the impact of EU ESG reporting on non-EU companies

Appendix G: Continuous evolution

Our investment: $5B

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.

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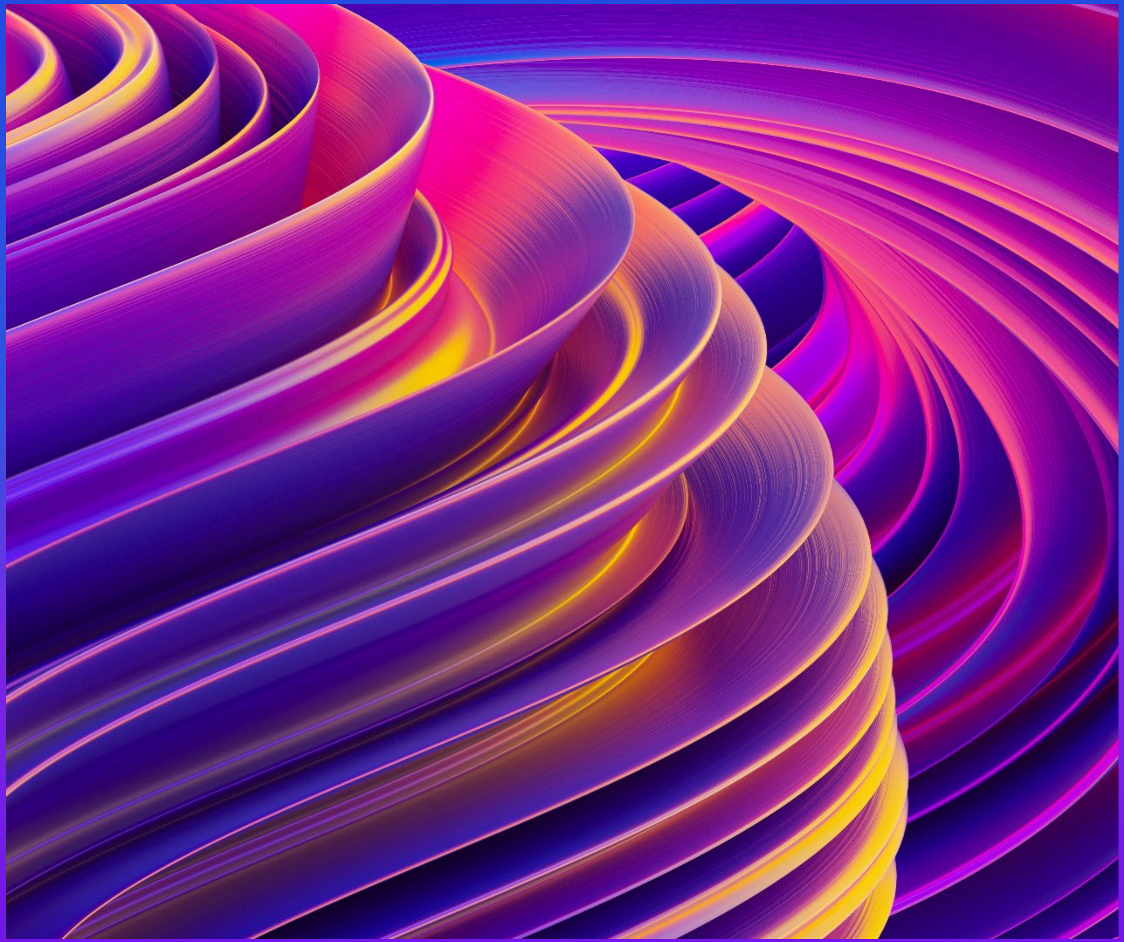


City of Mississauga
Corporate Report

Date: April 25, 2024 To: Chair and Members of Audit Committee From: Amy Truong, CPA, CMA, CIA Director, Internal Audit	Originator's files: Meeting date: May 13, 2024

Subject
Final Audit Reports:
1. **City Manager's Department, Legal Services Division, Risk Management Section – Insurance Claims Audit**
2. **Transportation & Works Department, Infrastructure Planning & Engineering Services Division, Capital Works Delivery Section – Third-Party Contract Administration Audit**

Recommendation
That the report dated April 25, 2024 from the Director, Internal Audit with respect to final audit reports:
1. City Manager's Department, Legal Services Division, Risk Management Section – Insurance Claims Audit; and,
2. Transportation & Works Department, Infrastructure Planning & Engineering Services Division, Capital Works Delivery Section – Third-Party Contract Administration Audit

be received for information.

Background
In accordance with the Terms of Reference for the Audit Committee (By-law 0049–2024), the Committee is responsible for, "reviewing reports from the Director of Internal Audit identifying audit issues and the steps taken to resolve them [and] reviewing the adequacy of the management responses to audit concerns, having regard to the risks and the costs involved."

Comments
Internal Audit has completed finalization of the following two audits:

1. City Manager's Department, Legal Services Division, Risk Management Section – Insurance Claims Audit; and,
2. Transportation & Works Department, Infrastructure Planning & Engineering Services Division, Capital Works Delivery Section – Third-Party Contract Administration Audit

The respective audit reports are hereby submitted to the Audit Committee for consideration.

Financial Impact

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

Conclusion

The final reports for City Manager’s Department, Legal Services Division, Risk Management Section – Insurance Claims Audit; and Transportation & Works Department, Infrastructure Planning & Engineering Services Division, Capital Works Delivery Section – Third-Party Contract Administration Audit are now complete and are submitted for consideration by the Audit Committee.

Attachments

Appendix 1. City Manager‘s Department, Legal Services Division, Risk Management Section - Insurance Claims Audit

Appendix 2. Transportation & Works Department, Infrastructure Planning & Engineering Services Division, Capital Works Delivery Section – Third-Party Contract Administration Audit

Amy Truong, CPA, CMA, CIA
Director, Internal Audit

Prepared by: Karen Hobbs, Administrative Coordinator

APPENDIX 1

City of Mississauga

Internal Audit Report

CITY MANAGER'S DEPARTMENT
LEGAL SERVICES DIVISION
RISK MANAGEMENT SECTION
INSURANCE CLAIMS AUDIT

April 15, 2024

City Manager's Department
Internal Audit Division

TABLE OF CONTENTS

CITY MANAGER'S DEPARTMENT
LEGAL SERVICES DIVISION
RISK MANAGEMENT SECTION
INSURANCE CLAIMS AUDIT

Distribution Lists

Standard Recipients:

Members of Audit Committee

Members of Council

City Manager

Members of LT

City Solicitor

Director, Finance & Treasurer

KPMG LLP, Chartered Accountants (External Auditor)

Additional Recipients:

City Manager's Department
- Manager, Insurance & Risk Management

City Manager's Department
Legal Services Division
Risk Management Section
Insurance Claims Audit

BACKGROUND

The Risk Management Section of the Legal Services Division is responsible for identifying and evaluating risks, as well as assessing the most efficient way to safeguard the City against financial losses resulting from damage or destruction to City assets, and claims filed against the City for damage or injury to third parties. Its main responsibilities include administering and managing the City's insurance and insurance claims programs, conducting risk assessments, and providing consultation and recommendations to all City departments.

In 2009, Risk Management acquired a claims management system which is the central repository for insurance claims and events records and documentation. The system facilitates the recording, tracking, and processing of insurance claims, and manages claim cases and reserves. The Finance Division supports the claims process through issuance of claims payments, accounting, and reporting on the financial position of the insurance reserve fund, and ensures it is adequately funded to cover estimated current claims liability within the City's self-insured retention limit. Claims outside the self-insured retention limit are covered by the City's insurance providers.

From January 1, 2022, to October 31, 2023, the number of insurance claims opened and closed was 382 and 1,021, respectively. Claims categories include Auto - Corporate Fleet, Auto - Heavy Fleet, Auto - Transit, CGL – Municipal, Environmental Liability, Errors & Omissions, Property and Other.

SCOPE

The scope of this audit included an assessment of the key processes, risks, and controls supporting the insurance claims process, which included:

- Insurance Claims Management Framework, as it relates to governance, roles and responsibilities, policies and procedures and management oversight, and;
- Internal controls and processes for administration, management, and settlement of the City's claims, such as claim intake, claim processing and documentation, and claim payment.

The audit period focused on insurance claim cases that were closed from January 1, 2022, to October 31, 2023.

Out of scope

This audit did not review the following:

- The insurance provided through employee benefits, which is managed by the Human Resources Division and outsourced to third parties.
- Insurance related to Workplace Safety and Insurance Board (WSIB), which the Ontario Government administers.
- Negotiation and litigation processes, including evaluating the appropriateness of legal advice and decision-making content.
- Assessment of staff competency and performance.

OBJECTIVES

The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing. The purpose of the audit was to ensure that:

A) Relevant policies and procedures are established, communicated to affected user groups, and followed consistently.

B) Roles and responsibilities are clearly defined, communicated, and understood, including the management of insurance claim reserves.

C) Insurance claim cases are tracked, monitored, and retained effectively and in accordance with industry standards and the City’s Records Retention Schedule, By-law 0097-2017.

D) Payments are properly processed, approved, and adequately insured in the event of a claim.

E) Insurance claim documents are securely stored, and access is granted only to appropriate individuals.

SUMMARY OF OBSERVATIONS

Based on the audit work performed, the insurance claim process demonstrates management oversight in certain areas, including obtaining adequate documentation and evidence to support the claim, and adhering to industry standards for responding to claimants.

Our main observation relates to the enhancement of the existing claims management system, specifically as it relates to claim intakes, payment processing, record storage and destruction. The audit identified other areas for improvement, including updating policies and procedures, including alignment with the amended Records Retention By-law, and strengthening controls around the reconciliation of the payment process.

A detailed list of observations and recommendations was provided to management. Appendix A outlines the detailed recommendations and the action plans proposed by management. The main observations and recommendations are summarized below.

Claims Management System Enhancement

Although the existing claims management system has the capacity to manage insurance claim processes, some limitations affect the efficiency and effectiveness of performing tasks, such as:

- the manual intake of claim information can be prone to transcription errors and affect the completeness of data;
- the lack of interface between the claims management system and enterprise financial system requires the record of payment to be entered twice;
- the inability to delete records that surpass their retention period results in non-compliance with the Records Retention By-Law;
- the file size storage capacity limit resulted in the need for a second storage medium to be used to store larger files outside the system.

The existing features and technology of the system are not sufficient to handle the increasing workload and requirements of the insurance claims team. Any improvement could be at an additional cost. Moreover, as of December 2022, the system has discontinued support for BOE software packages, which enables reports to be generated from the data. The Risk Management team is currently procuring a new application to replace the existing system, whose contract will expire in 2027.

Insurance Claims Processing

The insurance claims process is generally working effectively. We noted that there was adequate follow-up on open claims, many relevant notes were made in the system to demonstrate the adjuster's communication with the broker or claimant, service level response timelines were adhered to, and appropriate documentation and evidence was obtained to support claim cases. However, we noted the following areas of improvement to strengthen the controls over processing claims:

- There are three key processes that have been identified whereby standard operating procedures have been drafted, but not updated or finalized. To ensure that the insurance claims team has a better understanding of their roles and responsibilities, documented guidance and directions on insurance claim practices is needed. Without clear and documented guidance, there is a risk of inconsistency in the application among the insurance claims team.
- Performing periodic reconciliations between payments recorded in the claims management system with the general ledger account to ensure accuracy and completeness. The lack of reconciliation increases the risk that errors, or unauthorized activity, may go undetected
- Updating the Records Retention Schedule By-law 0097-2017 to align with current industry practices to ensure that insurance claims documentation is not being maintained longer than required. This will reduce privacy risks and storage costs related to the retention of personal identifiable information records.
- Reviewing the access logs for the system and SharePoint folders and the level of access regularly to properly track activities and persons who have access to the information. The lack of regular reviews can lead to unauthorized access to insurance-related information.

Additionally, the insurance claim form, which is available on the City's external platform, does not meet the Accessibility for Ontarians with Disability (AODA) standards, which limits its accessibility to all claimants due to its current format. Control over claims management may be compromised by the absence of process documentation, reconciliation of accounts, and the maintenance and security of records.

Actuarial Assessment Timely Completion

An actuarial assessment is expected to be performed every three years to assess the adequacy of the City’s insurance reserve needs and funding. The last actuarial assessment was conducted in 2019. The next one is currently underway and expected to be completed by the end of April 2024; however, this is one year later than expected. The delay in conducting the actuarial assessment could have a negative impact on the City as it becomes challenging to accurately assess the City's insurance reserve needs and funding when using outdated information in a constantly changing environment.

CONCLUSION

The control environment for the insurance claims process is generally working well and adheres to industry standards in terms of documentation and response time. However, the Insurance Claims Management Framework can be further strengthened with enhancement to the claims management system, additional controls as they relate to governance and management oversight, and the timely completion of the actuarial assessment.

This audit resulted in a total of nine (9) recommendations. Management has agreed and committed to completing seven (7) recommendations by December 2024, another one in February 2025, and the remaining one by August 2026.

Amy Truong, CPA, CMA, CIA
Director, Internal Audit

Auditor: Arlene Foster, CPA, CGA, CIA
Senior Internal Auditor

Appendix A

City Manager’s Department
Legal Services Division
Risk Management Section
Insurance Claims Audit
Summary of Audit Recommendations

Rec	Recommendation	Priority (H/M/L)	Comments/Status
1	That Insurance Claims management conduct an assessment of the essential system requirements, specifically as they relate to claims intake, payment processing, record storage and destruction, and file security based on access and segregation of duties. Additionally, ensuring that the required features are included in the requirements for the newly acquired system.	M	Risk Management is in the process of procuring a new Risk Management Information System (RMIS) that allows for claims management as well as other overall risk management modules. This upgrade is scheduled to start in July/August 2024 with expected implementation in 2026. To be completed by August 30, 2026.
2	That quarterly reconciliations be performed to ensure the accuracy and completeness of the insurance claim expenses recorded in the general ledger, and any difference be explained.	M	Risk Management to collaborate with Finance to create a reconciliation process using SAP reporting on Risk Management’s claims expenses and the existing claims management system’s financial reporting created by Risk Management. The process will be performed on a quarterly basis. Risk Management and Finance will test the process in Q1 of 2024 and finalize the reconciliation process for Q2 2024. To be completed by July 15, 2024
3	That Insurance Claims management, in collaboration with the Standards Training & Compliance section in FPM, assess the best option to ensure the claim form is accessible to all claimants.	M	Risk Management is currently in the process of working with IT to bring the Insurance Claims Report form into City Forms compliance. In addition, Risk Management will be working with the Leader Projects DSX to bring this public-facing Insurance Claims Report form into compliance with the Accessibility for Ontarians with Disabilities Act (AODA) requirements. To be completed by August 30, 2024.
4	That the next actuarial assessment be conducted at the earliest opportunity to ensure Risk Management has current and updated information to assist in the decision-making process about insurance reserve needs and funding, and	M	Risk Management is currently in the process of having our actuarial review performed, and this should be completed no later than April 30, 2024.

City's Manager Department
Legal Services Division
Risk Management Section
Insurance Claims Audit
Summary of Audit Recommendations

	future assessment needs be included in the section's work plan.		We have our next actuarial review planned to be conducted in 2027 for the year ending 2026. To be completed by April 30, 2024.
5	That Insurance Claims management, in collaboration with the Records Management team, assess the adequacy of the retention period of the insurance claim records and update the Records Retention Schedule By-law, as needed.	M	Risk Management is currently working with our Records Clerk to review and assess our retention needs. Risk Management will be completing the Request to Amend Retention form, to start the process of amending the Records Retention By-law, by May 31, 2024. To be completed by May 31, 2024.
6	That the existing SOPs be updated to reflect the current procedures, and finalized, approved, and communicated to the insurance claims team.	M	We are currently in the process of creating the Payment Process SOP, which should be completed by December 2024. Similarly, the other two existing SOPs (Claim Reserving and Settlement Process, and Property Damage Claim Process) will be updated, and the "Risk Management Draft Manual" folder will be renamed. Risk Management will not be able to standardize everything about the handling of insurance claims, as it is a skill that requires negotiation and knowledge of the audience, but we will look to improve on the undocumented and data entry-related procedures noted above through more standardized methods of inputting data into the existing claims management system, or the future RMIS, as well as through the coaching of staff. To be completed by December 31, 2024.
7	That Insurance Claims management review the insurance claims policies in accordance with the Corporate Policies and Procedures Program, Policy Number 03-02-04.	L	Risk Management is currently in the process of reviewing the three Corporate Policies and, with the help of the Corporate Policy Consultant, will update these policies before the end of the year. To be completed by December 31, 2024.

City's Manager Department
Legal Services Division
Risk Management Section
Insurance Claims Audit
Summary of Audit Recommendations

8	That periodic user access review, including roles and permissions, be performed for the existing claims management system and SharePoint folders to prevent unauthorized access.	L	Risk Management will undertake a review of the access to the RMIS (claims management system) and SharePoint in times of business unit change (e.g. departure, arrival or change in staffing). System access is generally controlled by IT Security, but Risk Management will review access and let IT Security know of any changes necessary in Q1 of every year, if any discrepancies are found. To be completed by February 1, 2025, or the next staffing change, whichever is earlier.
9	That an assessment be conducted to determine the need for the existing generic accounts.	L	Risk Management is currently investigating with IT if there would be any adverse effects of removing inactive accounts from the existing claims management system. If there is no adverse effect, then we will remove the accounts not directly attached to a staff member or an administrative process. To be completed by April 30, 2024.

APPENDIX 2

City of Mississauga

Internal Audit Report

TRANSPORTATION & WORKS DEPARTMENT
INFRASTRUCTURE PLANNING & ENGINEERING SERVICES DIVISION
CAPITAL WORKS DELIVERY SECTION
THIRD-PARTY CONTRACT ADMINISTRATION AUDIT

April 16, 2024

City Manager's Department
Internal Audit Division

TABLE OF CONTENTS

TRANSPORTATION & WORKS DEPARTMENT
INFRASTRUCTURE PLANNING & ENGINEERING SERVICES DIVISION
CAPITAL WORKS DELIVERY SECTION
THIRD-PARTY CONTRACT ADMINISTRATION AUDIT

Distribution Lists

Standard Recipients:

Members of Audit Committee

Members of Council

City Manager

Members of LT

City Solicitor

Director, Finance & Treasurer

KPMG LLP, Chartered Accountants (External Auditor)

Additional Recipients:

Transportation & Works Department

- Director, Infrastructure Planning & Engineering Services
- Manager, Capital Works Delivery
- Business Advisor

Transportation & Works Department
Infrastructure Planning & Engineering Services Division
Capital Works Delivery Section
Third-Party Contract Administration Audit

BACKGROUND

Capital Works Delivery is a section under the Infrastructure Planning & Engineering Services Division of the Transportation & Works Department. It is responsible for the design, construction and rehabilitation of Mississauga roadways and bridges, watercourses, storm detention ponds and other storm water drainage infrastructure.

Some of the annual projects of the Capital Works Delivery section include:

- Road rehabilitation
- Sidewalk, walkway, and multi-use trail construction/repair
- Intersection improvement
- Creek/river/pond rehabilitation and erosion protection works
- Bridge and grade separation construction and rehabilitation works
- Noise wall construction and rehabilitation

In 2023, the Capital Works Delivery team resurfaced 15 residential streets and 7 major/industrial streets for a total of 14.5 km; the team also constructed 3.7 km of new multi-use trails/cycle tracks and 5.05 km of new sidewalks. Furthermore, during the same year, three Creek Erosion Control projects, one Flood Storage Facility project, one new Pumping Station project, and three Bridge Rehabilitation projects were completed.

For large scale projects, or those requiring specific expertise (e.g. storm water), the City hires an external consultant to perform planning studies and design development, and in most cases the same consultant is retained to perform the contract administration work. In 2022/23 approximately 13 projects were outsourced, amounting to over $ 47 million.

The last Capital Works Delivery audit was conducted in 2022, and it focused on project management of construction projects. All management action plans from this audit have been remediated.

SCOPE

This audit focused on the contract administration of large-scale construction projects performed by third-party consultants during the construction phase of capital projects. The audit examined compliance with terms and conditions of the contract in alignment with the Ontario Provincial Standards (OPSS). These included, but were not limited to, managing scope (e.g. additional work, change orders, change in material quantity or quality, etc.), schedule (e.g. time extensions), cost, claims, and record-keeping. The scope included projects that were substantially completed in 2022 and 2023.

Out of Scope

This audit excluded the following:

- Pre-construction activities (i.e. budget requests, selection of consultants, scope of work, design)
- Post-construction activities (warranty period and close-out)
- Payment of vendor invoices

OBJECTIVES

The audit was performed in accordance with the International Standards for the Professional Practice of Internal Auditing. The purpose of the audit was to ensure that:

A. Third-party contract administration work provides value for money,
B. Controls are in place and effective in mitigating misconduct (i.e. fraud and theft),
C. Third-party contract administration practices are aligned with those of the internal contract administration and with industry best practices, and
D. Third-party contract administrators are adhering to the terms of their contractual agreements (e.g. rates).

SUMMARY OF OBSERVATIONS

The third-party contract administration (TPCA) services provided by external consultants are performed based on contractual agreements that include reasonable details about the obligations of the consultants for monitoring the contractors and protecting City interests. Furthermore, consultants are required to acknowledge and understand related City by-laws and policies, and are required to declare any conflict of interest.

Results of tested project files showed that consultants were generally assuming the TPCA roles and responsibilities as expected, such as performing inspections, tests, weight and quantity measurements, developing progress payments and change orders, attending progress meetings, etc.

The project files we tested also demonstrated that Capital Works Project Managers who were responsible for overseeing the consultants' contract administration work during construction (CA PMs) maintained effective communication and coordination with consultants and contractors throughout the project.

The primary observations from this audit relate to improving the transition of capital projects from the detailed design phase to the construction phase, to strengthen the controls of the change order process and to validate the TPCA work of the consultant.

The audit observations and recommendations were provided to management. Appendix A provides the detailed recommendations and corresponding management comments that include the proposed action plans to address these recommendations.

The main audit observations and recommendations are outlined below.

Improve the transition of capital projects from the detailed design phase to the construction phase

During this audit, the construction phases of sample projects were tested. It was noted that CA PMs had different levels of awareness about certain specifics that were determined in the previous detailed design phase, and that the handover process between the detailed design phase and the construction phase needed improvement.

In one tested case, the CA PM was involved at 60% and 90% progress of the detailed design phase which allowed an opportunity to provide advice, discuss risks, and recommend suggestions for improvement. This was not the case for another project where the CA PM did not have critical information about an operational activity that would occur during construction, resulting in several project changes and additional cost of $89K to enable this activity.

Additionally, the CA PM did not have the original contractual agreement to effectively facilitate overseeing the consultant's services. Furthermore, in one of the projects, the responsibility of change order approvals was distributed among two project managers from different teams.

By adopting a holistic approach that promotes more effective communication and information sharing, adequate engagement, formal handover, and clarified responsibilities and accountabilities among project managers, the business may be able to decrease the implementation roadblocks and enhance the overall delivery of capital projects.

Management indicated that they are in the process of reviewing and formalizing the project transition process and that the relevant audit recommendations will be incorporated in this activity.

Strengthen the controls of the Change Order process

Overall, the tested cases reflected that the same processes were applied for reviewing and validating change orders (COs). All COs included reasonable justifications, and were approved by the Manager, Capital Works Delivery. The approval process introduced segregation of duties since COs were issued by the consultant, verified by the CA PM and approved by the Manager, Capital Works Delivery.

The Contract Compliance Coordinator was copied on all COs to check them and identify concerns for discussion with the consultant and the CA PM, as needed.

A number of COs were reviewed during this audit, which resulted in some areas of concern and needed improvement, including the following:

- *Total value of a CO did not include the cost of all the work associated with the CO*

  In a tested CO, it was noted that the total value of the work associated with the CO was more than the documented value on the CO that was authorized by the Approving Manager. Portions of the CO were charged to line items in the original Schedule of Prices, and the remainder was charged to the contingency budget. However, upon discussing with the Approving Manager, it was evident that he was fully aware of the circumstances surrounding the change order and would have approved the full amount. For transparency, it is recommended that the full cost of the CO be documented and approved.

- *COs for additional work were being charged under line items of a different nature in the original Schedule of Prices*

  In one of the tested cases, it was noted that five COs for additional work were charged to line items of the original Schedule of Prices of the project instead of the contingency budget. Most of the COs were charged to line items that were of a different nature. This approach does not align with The Ontario Provincial Standard (OPSS.MUNI 100), Supplemental General Conditions or the Contract Cost Management Procedure, which indicate that these types of COs should not be processed as variations to tender quantities, and that they should be charged as contingency items. The actual expenditures of work and material should be charged only under their respective line items in the Schedule of Prices.

By improving the controls of the change order process, the business can decrease risks and avoid challenges with monitoring and controlling of the Schedules of Prices and the contingency budgets of projects.

Verification of Third-Party Contract Administration work

During the construction phase of the project, the inspectors of the third-party contract administrator (consultant) would be onsite to check the contractor's work using different types of inspection sheets, and collecting material and weight tickets. These inspection records are used to validate the consultant's work and to support the development of progress payments.

CA PMs indicated that they sometimes informally check inspection records during the project. Documentation is not retained, and enforcement of this practice is not mandated. Random formal "spot checks" would be beneficial while construction is underway as they provide reasonable assurance of the quality of the consultant's work and support in verifying line items that have high overruns/underruns. Currently, a Compliance Officer conducts an audit on capital projects that are substantially completed.

Based on the contractual agreements, the inspection records remain with the consultant throughout the project and are also retained by the consultant for at least seven years after project completion. For projects that are managed in-house, inspection records are stored by the City and are retained for 15 years, according to the Records Retention Schedule By-law 0097-2017.

It may be prudent to request that the TPCA records be handed over to the City upon project completion. This provides more consistency among construction projects, compliance with the Records Retention Schedule By-law, and eliminates the risk of relying on third-party organizations to retain City documents.

CONCLUSION

In general, the authority, role and responsibilities of the external consultant that manages the contract administration work is well-established within the contractual agreement, and the defined processes and practices ensure appropriate segregation of duties. However, this audit highlighted some aspects for improving the oversight of the TPCA projects by City CA PMs. This included enhancing the transition of capital projects from the detailed design phase to the construction phase, strengthening the controls of the change order process, and verifying and retaining the TPCA work of the consultant.

Management has agreed and committed to completing three (3) recommendations by the end of this year, two (2) recommendations by March of 2025, and six (6) by June of 2026.

Amy Truong, CPA, CMA, CIA
Director, Internal Audit

Auditor: Samer el Barakeh, B.Eng., MPM, PMP, RMP
Senior Internal Auditor

Transportation & Works Department
Infrastructure Planning & Engineering Services Division
Capital Works Delivery Section
Third-Party Contract Administration Audit
Summary of Audit Recommendations

Rec	Recommendation	Priority (H/M/L)	Comments/Status
1	That the CA PMs be involved in the design stages of capital projects which may generate the following benefits: • Better consideration of the impact of design decisions on construction processes, • CA PMs becoming more aware about the specific design aspects of the projects, and • projects having less coordination issues and design deficiencies during construction.	M	Agree, we are having discussions to include this step in the upcoming SOP update. There is an ongoing review of the handover/transition of projects to CW which covers/will cover the recommendations through SOP's including roles and responsibilities, process flowcharts, scoping documents and a project document repository. To be completed by March 20, 2025.
2	That a handover process between the Detailed Design PM and the CA PM be clearly defined to improve efficiency and effectiveness of this handover, and to establish clear roles, responsibilities, and accountabilities (e.g. who is approving Change Orders during construction).	M	Agree, we learned about the partial opening a few months down the road, it was not in the contract documents. There is an ongoing review of the handover/transition of projects to CW which covers/will cover the recommendations through SOP's including roles & responsibilities, process flowcharts, scoping documents and a project document repository. To be completed by March 20, 2025.
3	That the City's requirements for third-party progress payments be established, specifying the reporting format that facilitates tracking progress made during the reporting period, documents that need to be included, etc. Alternatively, update the existing Contract Cost Management Procedure to incorporate the Third-Party Contract Administration.	M	Agree. We are currently in the process of procuring the services of a consultant to prepare the Field Services Manual (FSM) for PM's and Field Inspectors. These recommendations will be looked at by the consultant and we will develop the necessary processes, policies, and templates to put them into effect.

Transportation & Works
Infrastructure Planning and Engineering Services
Capital Works Delivery
Third-Party Contract Administration (TPCA) Audit
Summary of Audit Recommendations

			The consultant is expected to be on board by May 2024 and the project is targeted to conclude by December 2025. Training will proceed thereafter and will be completed by June 2026. To be completed by June 25, 2026.
4	That a threshold be established for line items in the Schedule of Prices that are under/overrun (i.e. percentage and/or dollar value), whereby a justification is required to be documented and reviewed by the CA PM. Additionally, formalize the reporting process for these variations, and determine when additional approvals may be required.	H	Agree. We are currently in the process of procuring the services of a consultant to prepare the Field Services Manual (FSM) for PM's and Field Inspectors. These recommendations will be looked at by the consultant and we will develop the necessary processes, policies and templates to put them into effect. The consultant is expected to be on board by May 2024 and the project is targeted to conclude by December 2025. Training will proceed thereafter and will be completed by June 2026. The consultant will review and update existing business practices and processes and may also recommend new ones as needed. To be completed by June 25, 2026.
5	That information about overruns and underruns of line-items be captured and analysed to identify trends across other capital projects, improve the estimation process, and as a control to detect other underlying issues.	L	Agree. We are currently in the process of procuring the services of a consultant to prepare the Field Services Manual (FSM) for PM's and Field Inspectors. These recommendations will be looked at by the consultant and we will develop the necessary processes, policies and templates to put them into effect.

Transportation & Works
Infrastructure Planning and Engineering Services
Capital Works Delivery
Third-Party Contract Administration (TPCA) Audit
Summary of Audit Recommendations

			The consultant is expected to be on board by May 2024 and the project is targeted to conclude by December 2025. Training will proceed thereafter and will be completed by June 2026. To be completed by June 25, 2026.
6	That a guideline be developed to formalize the steps utilized for the management of third-party COs. For example: • Specify the information that should be included in the CO; • Determine approval levels of COs that are within the contingency budget (e.g. threshold for PM, Manager, Capital Works, Director, etc.); • Include directions that facilitate the application of recommendations 7 and 8, below. Alternatively, update the existing Contract Cost Management Procedure to incorporate the Third-Party Contract Administration.	M	Agree. We are currently in the process of procuring the services of a consultant to prepare the Field Services Manual (FSM) for PM's and Field Inspectors. These recommendations will be looked at by the consultant and we will develop the necessary processes, policies and templates to put them into effect. The consultant is expected to be on board by May 2024 and the project is targeted to conclude by December 2025. Training will proceed thereafter and will be completed by June 2026. In the interim, the recommendations will be included in the change order checklist/process. Final guidelines will be included in the Field Services Manual. To be completed by June 25, 2026.
7	That change orders follow prescribed requirements, including, but not limited to: • The total value of the CO includes the cost of all the work associated with the CO. This value is approved by the Manager, Capital Works Delivery. • COs that are not solely related to quantities should be fully charged to the contingency budget of the project, and not under the line items of the original Schedule of Prices.	H	Agree. We are currently in the process of procuring the services of a consultant to prepare the Field Services Manual (FSM) for PM's and Field Inspectors. These recommendations will be looked at by the consultant and we will develop the necessary processes, policies and templates to put them into effect. The consultant is expected to be on board by May 2024 and the project is targeted to conclude by December 2025.

Transportation & Works
Infrastructure Planning and Engineering Services
Capital Works Delivery
Third-Party Contract Administration (TPCA) Audit
Summary of Audit Recommendations

			Training will proceed thereafter and will be completed by June 2026. In the interim, the recommendations will be included in the change order checklist/process. Final guidelines will be included in the Field Services Manual. To be completed by December 20, 2024.
8	That actual expenditures of work and material be charged only under their respective line items in the Schedule of Prices (e.g. actual amount of stone delivered should be charged under the respective stone line item in the Schedule of Prices).	H	Agree. We are currently in the process of procuring the services of a consultant to prepare the Field Services Manual (FSM) for PM's and Field Inspectors. These recommendations will be looked at by the consultant and we will develop the necessary processes, policies and templates to put them into effect. The consultant is expected to be on board by May 2024 and the project is targeted to conclude by December 2025. Training will proceed thereafter and will be completed by June 2026. In the interim, the recommendations will be included in the change order checklist/process. Final guidelines will be included in the Field Services Manual. To be completed by December 20, 2024.
9	That the field service manual that will be developed includes guidelines, tools/job aids to support CA PMs, including but not limited to: • Highlighting the difference in responsibilities of CA PMs between third-party contract administration and in-house contract administration.	M	Agree, we can determine a “cooling off” period. We are currently in the process of procuring the services of a consultant to prepare the Field Services Manual (FSM) for PM's and Field Inspectors. These recommendations will be looked at by the consultant and we will develop the

Transportation & Works
Infrastructure Planning and Engineering Services
Capital Works Delivery
Third-Party Contract Administration (TPCA) Audit
Summary of Audit Recommendations

	• Frequency of site visits, notes/observations of findings. • Level of verification required for progress payments (e.g. a minimum requirement for requesting supporting documents, inspection sheets, weight tickets, etc.). • How to handle variations between actual and estimated values for line items in the Schedule of Prices. • How to satisfy the requirement that "the Capital Project Manager will maintain checklists and schedules for vendor performance and contract compliance," as per Contract Cost Management Procedure. • Utilizing an "Issues Log" for tracking and communicating project issues. • Determine a "cooling off" period for staff members that have previously been employed by a consultant/contractor that is currently being hired by the City, before the said staff members can be involved in this work.		necessary processes, policies and templates to put them into effect. The consultant is expected to be on board by May 2024 and the project is targeted to conclude by December 2025. Training will proceed thereafter and will be completed by June 2026. To be completed by June 25, 2026.
10	That City staff perform random spot checks and request supporting documents to validate the work of the third-party contract administrators. The business can determine the scope and frequency of these spot checks based on priority and capacity to avoid project disruption.	M	Agree. We are currently in the process of procuring the services of a consultant to prepare the Field Services Manual (FSM) for PM's and Field Inspectors. These recommendations will be looked at by the consultant and we will develop the necessary processes, policies and templates to put them into effect. The consultant is expected to be on board by May 2024 and the project is targeted to conclude by December 2025. Training will proceed thereafter and will be completed by June 2026. To be completed by June 25, 2026.

Transportation & Works
Infrastructure Planning and Engineering Services
Capital Works Delivery
Third-Party Contract Administration (TPCA) Audit
Summary of Audit Recommendations

11	That the business requests that the contract administration records (inspection sheets/material tickets etc.) be handed over to the City at the end of the project.	L	Agree. We can ask the consultant to provide all documents at the end of the project. CW to update the contract documents to reflect this requirement. To be completed by December 20, 2024.

City of Mississauga
Corporate Report

MISSISSAUGA

Date: April 18, 2024 To: Chair and Members of Audit Committee From: Shari Lichterman, CPA, CMA City Manager & Chief Administrative Officer	Originator's files: Meeting date: May 13, 2024

Subject
Status of Outstanding Audit Recommendations as of March 31, 2024

Recommendation
That the Corporate Report dated April 18, 2024 entitled, "Status of Outstanding Audit Recommendations as of March 31, 2024," from the City Manager & Chief Administrative Officer be received for information.

Executive Summary

- This quarterly report provides the Audit Committee with an overview of the progress of management action plans created to address issues raised in previous Internal Audit reports, and the reasons when significant delays occur.
- This report shows the progress achieved as of March 31, 2024, and includes relevant insights.
- Of the 33 recommendations scheduled for implementation by March 31, 2024, 11 were completed and 22 remain outstanding. Two were implemented ahead of schedule.
- The last outstanding recommendations for two audits were completed during this period.
- Since the previous report, three recommendations with revised target dates greater than 1 year were implemented and closed. A total of 9 recommendations remain on this list.

Background
The terms of reference for the Audit Committee (By-law 0049-2024) requires the submission of report(s) from the City Manager and Chief Administrative Officer summarizing progress made in resolving issues previously raised by Internal Audit and by the City's External Auditor. At the December 2022 Audit Committee meeting, members requested that progress updates be submitted quarterly. These status reports will be provided for the periods ending March 31, June 30, September 30 and December 31 each year.

This report provides an overview of the progress made in addressing Internal Audit recommendations and the reasons when significant delays occur.

Comments

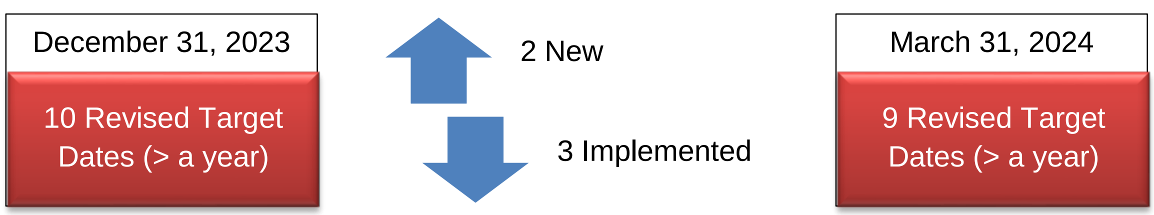
The current status of the recommendations is provided by action owners. Internal Audit provides support and advice as required and validates that “completed” solutions mitigate the risks identified. During the first quarter of 2024, 33 recommendations were due for completion, 11 recommendations were implemented, and 22 recommendations are in progress. All implemented actions have been validated by Internal Audit.

Furthermore, two audits (IT Capital Projects and Stormwater Revenue) finalized the last of their outstanding audit recommendations, and the Property Taxes Billing audit completed two recommendations in advance of the expected target dates.

Details on the breakdown of outstanding recommendations changes that occurred during this reporting period are provided in Appendix 1.

Revised Target Dates (greater than a year)

For recommendations that have been extended for more than a year from their original target dates, management has provided their status updates and rationale for these delays, and where applicable, Internal Audit requested effective compensating controls. The progress of these solutions in the first quarter of 2024 is presented below. Further details are provided in Appendix 2.



Revised Target Dates (> a year): not completed, more than a year from original target date

Financial Impact

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

Conclusion

In summary, 33 recommendations were scheduled for implementation prior to March 31, 2024 (effective date of this report) and 11 were completed. Work continues on the implementation of the remaining 22 recommendations, and they will be closely monitored to ensure timely implementation. The last outstanding recommendations of two audits were completed during this reporting period. The number of recommendations with target dates that have been moved out a year or more decreased from ten to nine, and these are being prioritized by management.

Attachments

Appendix 1: Status of Audit Recommendations Outstanding as at March 31, 2024

Appendix 2: Status of Audit Recommendations Outstanding and Extended for More Than a Year as of March 31, 2024

Shari Lichterman, CPA, CMA
City Manager & Chief Administrative Officer

Prepared by: Vandana Waghela, CISA, PMP, Information Technology (IT) Auditor

Status of Audit Recommendations Outstanding as of March 31, 2024

Name of Audit	Date Issued (MM/YY)	No. of Recs Due (as of March 31, 2024)	Implemented	Outstanding (as of March 31, 2024)	Implemented Early
Non-Union Payroll	04/19	1	0	1	0
Stormwater Revenue	11/19	1	1	0	0
Presto Card Revenue	09/20	1	0	1	0
Paid Parking	11/20	4	1	3	0
IT Capital Projects	02/21	5	5	0	0
High Value Acquisitions	04/22	2	0	2	0
Fleet Management	11/22	6	0	6	0
Small Business Grants Management	04/23	2	0	2	0
Property Taxes Billing	11/23	2	2	0	2
Realty Services	11/23	4	0	4	0
Celebration Square	02/24	5	2	3	0
Total		**33**	**11**	**22**	**2**

Status of Audit Recommendations **Appendix 2**
Outstanding and Extended for More Than a Year as of March 31, 2024

Report Title	Rec #	Comment/Status	Original Target Date	Revised Target Date	Compensating Controls in Place	Priority	Dependency
Non-Union Payroll	4	To limit the frequency of Payroll approving time on management's behalf (for both union and non-union), the unit is working to address the issue with the following: 1. New Policy concepts and principles were approved by LT, which includes the requirement for Leaders to approve worked hours for staff 2. Policy will be drafted after the cleanup of Finance/IT for Recreation & Culture Division cost centres. (Revised Target Date: September 1, 2024) 3. IT is tasked with finding suitable technology solutions to address the issue. Solution will potentially include: a. An automatic backup approver b. Email escalations for hours not approved in a timely manner, enabling hierarchical leaders to intervene as needed. (Revised Target Date: January 1, 2025)	December 31, 2019	January 01, 2025	Yes	High	IT (need IT solution or infrastructure) Internal (need internal support or approval - not IT)
Presto Card Revenue	3	<u>ATP agreement with Region of Peel:</u> First draft from Peel circulated and reviewed by City's Legal and Risk Management. Peel would like to expand the scope of the MOU to incorporate the possibility of a 50% discount on single fares as well as period pass. Product feasibility	December 31, 2021	December 31, 2024	None	Medium	External (partners, other levels of government, vendors)

Status of Audit Recommendations **Appendix 2**
Outstanding and Extended for More Than a Year as of March 31, 2024

Report Title	Rec #	Comment/Status	Original Target Date	Revised Target Date	Compensating Controls in Place	Priority	Dependency
		currently under review. TTC Route 52 agreement with TTC: New One Fare Program and agreement that provides free transfers between MiWay and TTC went live February 2024. MiWay is reviewing the current state of the TTC Route 52 service and the outcome is pending discussions between MiWay and TTC.					
Paid Parking	1	Requires a study to determine City parking infrastructure needs and funding requirements. This study has been delayed due to other priority project (now complete). The parking demand and infrastructure plan study has been initiated and it is expected that it will take 1 year to complete.	June 30, 2023	October 31, 2024	Yes	Medium	Capacity (work progressing as capacity permits)
Paid Parking	11	Municipal Parking has provided input and review of the Employee Parking Policy; however, completion of the Policy is pending review by other stakeholders (i.e. transit discount for employees [MiWay Transit Division], carpooling TDM measures, access to the Executive Parking [Security]). Two policy updates related to this recommendation are pending. A bigger change to the policy is being introduced and this will cause further delays.	June 30, 2021	July 15, 2024	Yes	Medium	Internal (need internal support or approval - not IT)

Status of Audit Recommendations **Appendix 2**
Outstanding and Extended for More Than a Year as of March 31, 2024

Report Title	Rec #	Comment/Status	Original Target Date	Revised Target Date	Compensating Controls in Place	Priority	Dependency
High Value Acquisitions	8	The Supplier Performance Policy is on the LT Agenda for May 2, 2024.	December 31, 2022	December 31, 2024	Yes	High	Internal (need internal support or approval - not IT)
High Value Acquisitions	14	The Sustainable Procurement Policy is in the policy development stage with the Business Improvement Services Team, ahead of circulation to ExLT and then LT approval. This is still on schedule for completion by end of 2024.	March 31, 2023	December 31, 2024	None	Medium	Internal (need internal support or approval - not IT)
Fleet Management	6	Rollout of Telematics Policy has been paused until the permanent Manager, Fleet Services is in the role and has had the chance to become familiar with the policy as well as the required engagement and support of the user groups.	April 01, 2023	June 28, 2024	None	Medium	Staff Changes (Lead change, new staff will resume)
Fleet Management	14	BR8521 submitted in 2020, was pushed to 2025.	July 01, 2023	July 01, 2025	None	High	Internal (need internal support or approval - not IT)
Fleet Management	15	BR8521 submitted in 2020, was pushed to 2025. The Telematics policy and guideline was approved by LT in January 2024.	January 01, 2024	July 01, 2025	None	High	Internal (need internal support or approval - not IT)
Total	**9**						