



# 2019 Financial Report

The City of Mississauga, Ontario, Canada for the fiscal year ended December 31, 2019.



# City Council



**M Bonnie Crombie**  
Mayor

**1 Stephen Dasko**  
Ward 1 Councillor

**2 Karen Ras**  
Ward 2 Councillor

**3 Chris Fonseca**  
Ward 3 Councillor

**4 John Kovac**  
Ward 4 Councillor

**5 Carolyn Parrish**  
Ward 5 Councillor

**6 Ron Starr**  
Ward 6 Councillor

**7 Dipika Damerla**  
Ward 7 Councillor

**8 Matt Mahoney**  
Ward 8 Councillor

**9 Pat Saito**  
Ward 9 Councillor

**10 Sue McFadden**  
Ward 10 Councillor

**11 George Carlson**  
Ward 11 Councillor

# 2019 Financial Report

The 2019 Financial Report has been prepared in an electronic format and is available on the City's website at **mississauga.ca/finance**.

The City of Mississauga  
Financial Report 2019

**For the fiscal year ended December 31, 2019**

Mississauga, Ontario, Canada

Produced by the Finance Division, Corporate Services Department of the City of Mississauga in co-operation with all civic departments, offices and agencies.

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## Our Vision and Values

### **VISION**

Mississauga will inspire the world as a dynamic, beautiful global city for creativity and innovation, with vibrant, safe and connected communities, where we celebrate the rich diversity of our cultures, our historic villages, Lake Ontario and the Credit River Valley. A place where people choose to be.

### **VALUES**

#### **TRUST**

Upholding the public's trust in the City and promoting a climate of trust within our teams, across the organization and with Council. With trust we can achieve anything.

#### **QUALITY**

Continuing to provide valuable services and programs that enhance the quality of life for residents and businesses; and building a balanced work/life quality for employees.

#### **EXCELLENCE**

Ensuring the citizens of Mississauga receive value for money; and delivering excellence internally through innovation and the services we provide.

# GFOA Award



Government Finance Officers Association

## Canadian Award for Financial Reporting

Presented to

**City of Mississauga  
Ontario**

For its Annual  
Financial Report  
for the Year Ended

**December 31, 2018**

*Christopher P. Morill*

Executive Director/CEO

### CANADIAN AWARD FOR FINANCIAL REPORTING

For the 22nd consecutive year, the Government Finance Officers Association (GFOA) of the United States and Canada presented the City of Mississauga with the Canadian Award for Financial Reporting for its 2018 Annual Financial Report in recognition of the City's ability to present financial information in a clear, concise and informative manner. This award program encourages innovative financial reporting and maintains a high-quality standard that is recognized amongst peers.

The City is committed to high-quality reporting and will submit this report to the GFOA for the 2019 evaluation.



## Message from the Mayor

On behalf of Members of Council, I am pleased to present the City of Mississauga's 2019 Financial Report. This annual report highlights Mississauga's financial health and accomplishments as well as our commitment to our taxpayers to provide value for money through our programs and services.

Mississauga continues to be a city where people choose to live, work, learn and play, and where businesses choose to invest, scale-up and thrive. Our 2019 Citizen Satisfaction Survey found that 89 per cent of respondents rated their quality of life as excellent or good and 81 per cent of respondents were satisfied with our programs and services. This is a sign that we are on the right track and are building a great city.

We're committed to our community's future and continue to make investments that prepare us for smart growth over the next decade. This year, we endorsed a number of long-range plans including the Climate Change Action Plan, Smart City Master Plan and Lakeview Village Development Master Plan. These plans focus on leveraging Mississauga's potential and preparing us as we transform into a world-class city.

One of these is the City's first Transportation Master Plan, a plan that looks at moving and connecting people in Mississauga. The plan guides our City's transit system from today through 2041. It looks at all the ways our transportation system can give us freedom to move and supports existing plans like Lakeshore Connecting Communities and Dundas Connects. It has 90 actionable items, including advancing Vision Zero, a strategy to eliminate all traffic fatalities and injuries.

MiWay, our local transit system, is Ontario's third-largest, providing approximately 41 million rides annually. As we continue to invest in our transit system, MiWay will add an additional 32,600 service hours, provide new services along select routes, improve integration with the Transitway and streamline routes along major corridors. In addition to this, we are

making progress with the Hurontario Light Rail Transit (HuLRT) project. The system will connect riders along 18 km of dedicated rapid transit from Port Credit GO Station to the Brampton Gateway Terminal. This provincial investment will benefit thousands of businesses and new housing units.

Mississauga is thriving. Our new five-year Economic Development Strategy focuses on attracting industries, creating jobs and building a resilient talent pool that can adapt to change. Through this strategy, Mississauga will support ongoing economic growth and prosperity in a highly innovative, interconnected and competitive global economy. To date, our economic plans have earned the City many accolades including being awarded the top mid-sized City of the Future in all of the Americas by Foreign Direct Investment (fDi) Magazine.

Our Official Plan is currently under review. It reflects the changing needs, opportunities and aspirations of our city, while guiding the city's physical change, such as where housing and roads should go or which services are needed. Along with West Village and 1 Port Street East, Inspiration Lakeview is one of Mississauga's three key redevelopment waterfront projects. Inspiration Lakeview - a 177-acre site will transform into a one-of-a kind, vibrant community with mixed-use development, open spaces and a solid transit and cycling infrastructure. Our downtown core is also a growing hub of commerce, arts, culture and entertainment. The Square One District will see up to 37 new buildings and three million square feet of office space and will be the largest mixed-use development in Canada. When this development is complete, it alone will house 35,000 people and create thousands of jobs.

We depend on other levels of government to provide support to meet the needs of our growing municipality. These challenges include maintaining and improving our aging infrastructure, fighting climate change, managing city building pressures and providing affordable housing options for everyone. Having support from higher levels of government helps us keep taxes in and around the rate of inflation and stimulate local growth, while offering top-of-the-line programs and services for residents of all ages and abilities.

We want our residents and business community to be proud to call Mississauga home. With your support, Mississauga will continue to be noticed by everyone as a dynamic global city, full of creativity and innovation.

A handwritten signature in black ink that reads "Bonnie Crombie".

Bonnie Crombie, MBA, ICD.D  
Mayor

# Mississauga Quick Facts (2019)

## Location

- Located within the Greater Toronto Area (GTA)
- Adjacent (west) to City of Toronto on the north shores of Lake Ontario
- Area: 113 sq mi (292 km<sup>2</sup>); 72,200 acres (29,000 hectares)

## Population

- Canada's sixth-largest city: 779,100 (2019)
- Projected population: 878,000 (2041)

## Employment

- Employees in Mississauga: 445,140 (2019)
- Employees in Toronto Census Metropolitan Area: 3.49 million (Labour Force Survey, 2019, Total Employment)
- Labour Pool in Toronto Census Metropolitan Area: 5.56 million (Labour Force Survey, 2019, persons 15 years and above)
- 76 Fortune 500 companies have their Canadian head offices or major divisional offices located in Mississauga
- 53 Financial Post Top 500 companies have their Canadian head offices or major divisional offices located in Mississauga

## Transportation

### Airport

- Toronto Pearson International Airport, Canada's busiest airport, located in Mississauga, is among the top 30 busiest airports in the world

## Railways

- Served by two national railways, Canadian National (CN) and Canadian Pacific (CP)
- Intercity and long-distance rail passenger service is provided by VIA Rail Canada and AMTRAK

## Public Transit

- MiWay is the third-largest municipal transit system in Ontario providing approximately 41.2 million rides annually
- 82 routes; seven express routes, 57 regular routes and 18 school routes. MiWay connects with the Toronto Transit Commission (TTC), Brampton Transit, Oakville Transit and all GO Transit stations
- GO Transit operates three train lines and several GO Bus routes through Mississauga providing frequent service throughout the day with connections to Toronto and surrounding areas

## Higher Education

### IN MISSISSAUGA

- University of Toronto Mississauga (UTM)
- Sheridan College Institute of Technology and Advanced Learning – Hazel McCallion Campus

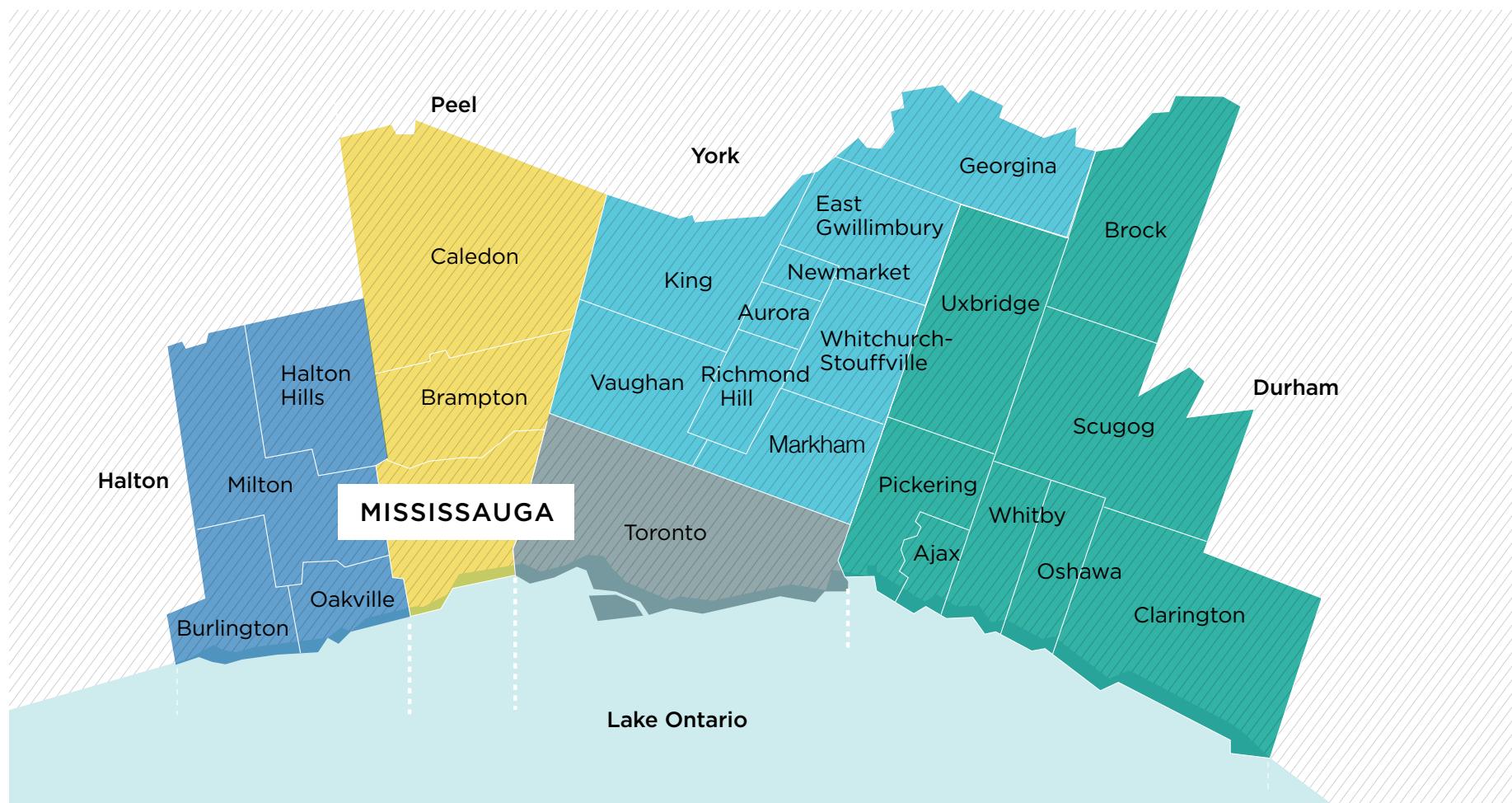
### WITHIN COMMUTING DISTANCE

- 15 major universities and 17 technical colleges

## Property Tax Rates (2019 Rates)

- Industrial: 2.159047 per cent
- Commercial: 1.942736 per cent
- Residential: 0.801443 per cent
- Multi-Residential: 1.023110 per cent

# Mississauga and GTA Municipalities





## Message from the City Manager and Chief Administrative Officer

The 2019 Financial Report is a snapshot of the City's many successes and key activities that demonstrate our fiscal responsibility and reflect our progress toward achieving our strategic goals.

We invest approximately 97 per cent of the operating budget in delivering the services our residents expect. In our 2019 Citizen Satisfaction Survey, residents told us that they are satisfied with the City and its services. Eighty-nine per cent of respondents rated their quality of life as excellent or good.

Our business planning and budgeting expertise was recognized with a Distinguished Budget Presentation Award from the Government Finance Officers Association (GFOA) for the 30th year in a row, and the award for Excellence in Financial Reporting for the 22nd straight year.

The City also earned a credit rating of 'AAA - Stable' for the 16th consecutive year from Standard and Poor's Global Ratings Services.

We drive innovation, manage risk and achieve the best value for goods and services through strong and sustainable procurement practices. In 2019, we received a second accreditation for Outstanding Agency Achievement from the National Institute of Government Purchasing.

Through our Corporate Lean program, dedication to innovation and continuous improvement and the work of Council and staff, we continue to identify efficiencies and streamline processes. This resulted in \$9.73 million in cost avoidance and a savings of \$2.42 million in 2019. Since 2009, we have saved taxpayers more than \$57 million.

We joined other Canadian municipalities in declaring a climate emergency in Mississauga and created the City's first comprehensive Climate Change Action Plan. The plan focuses on both mitigation and adaptation and sets out actions to be taken over the next 10 years.

Tourism Mississauga, a new Municipal Services Corporation, was created to promote Mississauga as a tourism destination.

The City's new five-year Economic Development Strategy details the next phase of growth that will strengthen Mississauga's role in the Greater Toronto economy, inspire businesses to innovate and build a resilient talent pool that can adapt to change. For the second straight year, Mississauga was recognized as the top mid-sized City of the Future in all of the Americas by Foreign Direct Investment (fDi) Magazine.

While 2019 saw many successes, we also faced many challenges. The cost to maintain our infrastructure and provide our services is always increasing. Funding programs, support from other levels of government and new revenue sources such as the Municipal Accommodation Tax will help us fund important city-building initiatives, grow our economy and strengthen our tourism industry.

Mississauga is a place where people want to be. Through strong financial planning, informed decision-making, smart investments and a commitment to excellence, we will continue to build our City to support our residents and our future.

A handwritten signature of the name "Paul Mitcham".

Paul Mitcham, P.Eng, MBA  
City Manager and Chief  
Administrative Officer

# Corporate Organizational Structure



**Paul Mitcham, P.Eng., MBA**  
City Manager and  
Chief Administrative Officer

RESPONSIBILITIES:

- Economic Development Office
- Internal Audit
- Legal Services



**Gary Kent, CPA, CGA, ICD.D**  
Commissioner, Corporate Services  
and Chief Financial Officer

RESPONSIBILITIES:

- Facilities & Property Management
- Finance
- Human Resources
- Information Technology
- Legislative Services & Office of the City Clerk
- Revenue & Materiel Management
- Strategic Communications



**Shari Lichterman, CPA**  
Commissioner, Community Services

RESPONSIBILITIES:

- Culture
- Fire & Emergency Services
- Library
- Parks, Forestry & Environment
- Recreation



**Andrew Whittemore, M.U.R.P**  
Commissioner, Planning and Building

RESPONSIBILITIES:

- City Planning Strategies
- Development & Design
- Building



**Geoff Wright, P. Eng., MBA**  
Commissioner, Transportation and Works

RESPONSIBILITIES:

- Enforcement
- Infrastructure Planning & Engineering
- LRT Project Office
- MiWay
- Traffic Management & Municipal Parking
- Works Operations & Maintenance



## **2019** Accomplishments and Successes

# Delivering Existing Services

## CORPORATE SERVICES

- Responded to 236,079 calls; 72,355 Pingstreet and online service requests through 311 Citizen Contact Centre
- Delivered City's annual print newsletter to 228,960 homes
- Reached approximately 32,928 subscribers with the City of Mississauga eNewsletter
- Supported more than 12 million page views on the City of Mississauga website
- Issued 33,354 marriage licences and completed 451 civil ceremonies in 2019
- Live streamed 77 Committee meetings
- Supported 25 Council meetings, 129 committee meetings and 36 Committee of Adjustment meetings
- Managed 24,839 trial proceedings and arbitrated the early resolution of 421 offences
- Conducted 550 procurements for goods and services

## PLANNING AND BUILDING

- Issued a total of 3,880 construction permits with a value of \$1.78 billion
- Completed approximately 77,350 building, plumbing, heating and sign inspections
- Processed 4,599 ePlans online building permit applications

## COMMUNITY SERVICES

- Performed 8,713 fire safety inspections to ensure buildings are safe and comply with the Ontario Fire Code
- Delivered fire safety public education sessions to 13,000 residents
- Responded to approximately 30,000 fire and emergency incidents
- Hosted 164 performances and activities at Meadowvale Theatre
- Hosted 45 events over 120 event days and attracted more than 782,503 visitors to Mississauga Celebration Square

- Delivered more than 914 cultural programs and classes to more than 5,755 participants
- Supported 41 buskers to perform at 12 locations throughout the city
- Engaged the community in environmental education and outreach at 60 community events
- Received 11.9 million visits to recreational facilities
- Received more than 50,000 visits to after-school drop-in sessions

## TRANSPORTATION AND WORKS

- Provided 1.58 million transit service hours through MiWay
- Provided more frequent service, streamlined routings and improved service reliability
- Introduced 24-Hour Service along four major corridor routes: Route 1 - Dundas, Route 3 - Bloor, Route 7 - Airport, and Route 19 - Hurontario
- Conducted a Public Utilities Co-ordinating Committee (PUCC) review as a Lean Black Belt project that will increase efficiency of processing 750 applications a year
- Processed more than 1,800 Road Occupancy Permits
- Responded to 8,854 Service Requests across all operational areas
- Winter Maintenance operations met increased service levels for priority sidewalks and bus stops
- Removed approximately 14,000 illegal signs
- Installed physical traffic calming on five streets
- Processed 300 Access Modification permits
- Expanded Closed Circuit Television (CCTV) coverage to 73 intersections
- Investigated approximately 2,000 tall grass and weeds concerns
- Responded to 50,000 by-law and animal care requests

## CITY MANAGER'S OFFICE

- Contributed to creating and retaining more than up to 4,390 jobs through the Economic Development Office
- Held 75 business and economic development events attracting more than 1,090 attendees

# Implement Cost Containment Strategies

## COMMUNITY SERVICES

- Reduced utility costs for Recreation facilities by \$0.56 million
- Improved travel time for Fire specialty rescue calls by 17 seconds per call
- Daily delivery routes for library couriers were reduced by 21 per cent, with on-time delivery increased by 35 per cent
- Improved library staff scheduling practices to reduce staff effort by 60 per cent

## CORPORATE SERVICES

- Received the Government Finance Officers Association Canadian Award for Financial Reporting for the 22nd consecutive year
- Awarded 16th straight 'AAA – Stable' credit rating from Standard & Poor's Global Ratings Services
- Received 30th consecutive Distinguished Budget Presentation Award from the Government Finance Officers Association
- Achieved \$7.6 million in cost savings and cost avoidance through the Corporate Lean Program
- Funded tourism-related activities in Mississauga through the four per cent Municipal Accommodation Tax

## PLANNING & BUILDING

- Technical Support for ePlans Green Belt Process resulted in a 50 per cent improvement in customer wait times for the 2,400+ inquiries per year as well as \$8,600 in cost avoidance and 184.5 hours in freed capacity
- Customer service center counter sign in process review resulted in eliminating the duplication of work and improved communications, statistical processing and data for customer continuity. This process resulted in cost avoidance of \$1,500 and 106 hours in freed capacity
- Semi-automating the bi-annual condo audit removals for bill processing resulted in a 90 per cent improvement in staff processing time and a standard protocol

## TRANSPORTATION AND WORKS

- Saved \$641,000 in Bus Maintenance, Equipment and Marketing Costs
- Saved \$12.5 million over five years for winter maintenance salt purchases through forecasting market trends and contract negotiation, including \$2.4 million in 2019
- Implemented Construction Commencement Notification that resulted in Cost Avoidance of \$59,685

# Maintain Our Infrastructure

## CORPORATE SERVICES

- Received Energy Star certification for the Civic Centre for the second year and Energy Efficiency Leadership Award for achieving and maintaining outstanding levels of energy and environmental performance
- Received Energy Star certification for Erin Mills Twin Arena, becoming the third ice arena in Canada to be recognized for its energy efficiency
- Installed LED lighting enhancements at the Paramount Fine Foods Centre, Port Credit Arena, Iceland Arena and South Common Pool as part of the Civic Lighting Project
- Launched Dive into Efficiency, an operation optimization program to reduce energy and water consumption used by pools

## COMMUNITY SERVICES

- Performed more than 390,000 hours of maintenance for the care of the City's parkland and open space, including approximately 505 parks, 373 sports fields and 11 publicly-owned cemeteries
- Maintained 393 km of bike lanes, multi-use trails and off-road trails
- Led demonstration project to capture, separate and divert dog waste to prevent recycling containers contamination in parks
- Maintained 52 pieces of City-owned public art

## TRANSPORTATION AND WORKS

- Maintained approximately 3,400 bus stops, more than 1,000 bus shelters and 500 buses
- Resurfaced 36 km of roads and replaced 1.2 km of noise walls
- Completed Mavis Road widening from Western Skies Way to Zinnia Place
- Inspected all 276 of the City's bridge/culvert structures
- Rehabilitated six bridge/culvert structures
- Constructed 1.8 km of new sidewalks
- Constructed seven km of multi-use trails
- Built or improved 1.4 km of bike lanes
- Installed 17 bicycle cross-rides, with associated signals to be activated in 2020
- Managed \$27 million in contracts to maintain City sidewalks and roads
- Rebuilt 2.2 km of street light infrastructure

# Advancing Our Strategic Vision

## CITY MANAGER'S OFFICE

- Supported a business community of more than 94,205 registered businesses

## CORPORATE SERVICES

- Received the Outstanding Agency Accreditation Achievement Award (OA4) from the National Institute of Governmental Purchasing (NIGP)
- Maintained the City's International Organization for Standardization 37120 (ISO 37120) platinum-level certification from the World Council on City Data (WCCD)

## COMMUNITY SERVICES

- Approved more than \$4.2 million in funding for 2020 Culture and Community Grant Programs
- Offered social services and supports at all 18 libraries to address homelessness in the community
- Co-ordinated the City's action on climate change

## PLANNING AND BUILDING

- Completed *My Malton* through new planning policies that will shape the look and feel of the Malton Community
- Completed Gateway Policy review to update the zoning and urban design guidelines for the Gateway Corporate Centre area
- Implemented the Housing First policy to prioritize City surplus lands for non-profit housing providers to develop affordable housing

## TRANSPORTATION AND WORKS

- Completed the City's first Parking Master Plan and Implementation Strategy
- Completed the City's first Transportation Master Plan
- Completed the Lakeshore Corridor Transportation Master Plan – *Lakeshore Connecting Communities* – winner of 2020 Ontario Consulting Engineers Association award
- Developed and implemented the Integrated Roadway Infrastructure Program
- Final approval of Sheridan Park Drive Extension Class Environmental Assessment
- Transportation Demand Management – results of various campaigns:
  - 27 per cent increase in registered Smart Commute users
  - 28 per cent increase in carpool trips logged by City employees
- Bike to Work Day Campaign results:
  - 10 per cent increase in registered Bike to Work participants – a third had never biked to work before
  - 11 per cent increase in enrolment in Employee Discount Transit Program
- Replaced fuel-powered Zambonis with battery-powered units, reducing greenhouse gas emissions and supporting the City's *Living Green* strategic vision



## Message from the Director of Finance and Treasurer

The City of Mississauga is pleased to present its Financial Report for the year ended December 31, 2019. This report has been prepared in accordance with the Municipal Act and based on the reporting standards set by the Chartered Professional Accountants (CPA) Canada Public Sector Accounting Board.

This Financial Report communicates to residents, businesses and all stakeholders the details of the City's 2019 financial performance, and related information about significant financial policies and processes. Subsequent to year-end, the City like all municipalities in Canada was confronted with the financial and economic impacts resulting from the COVID-19 emergency. The impact on the City at date of writing this is unknown, but the City entered the crisis in a strong financial position and this will assist in managing this crisis.

Mississauga taxpayers receive municipal services from both the City of Mississauga and the Region of Peel. The Region is exclusively responsible for garbage collection and disposal, water treatment and distribution, wastewater services, police services, public health and social services. The City of Mississauga's financial statements do not include Regional services.

Mississauga's long-standing tradition of strong financial leadership in business planning, financial management and service delivery continued in 2019. The City delivered services well and cost-effectively throughout the year, guided by the 2019 Business Plan & Budget. Finances were sound throughout the year and at year-end.

The safety of people and property in our city is of utmost importance. In keeping with this priority, it is not surprising that Mississauga Fire & Emergency Services accounted for the largest expense in the City's 2019 operating budget. To safeguard the strength and dependability of this service, in 2019 the City also introduced a Public Safety Fire Program Reserve Fund. The Fund will support priority short- and long-term

community fire and emergency safety initiatives such as public education programming, a proactive fire inspection program, and new fire station locations.

Along with fire and emergency services, transit is one of the most important services the City provides, making a daily difference to individuals, businesses, institutions and the local economy. Transit accounted for nearly one-fifth of Mississauga's 2019 operating expenses. MiWay buses provided 41.2 million revenue rides to residents, commuters and visitors during 2019 while helping to ease road congestion and minimize vehicle emissions throughout the city. With the addition of 31,000 new service hours, MiWay's total service hours for the year reached 1.6 million.

The Mississauga Transitway experienced annual ridership of 4.9 million in 2019. MiWay introduced service improvements on various routes in 2019, including some more frequent rush-hour service and weeknight 24-hour service on four routes.

Hurontario Light Rail Transit (HuLRT) project will contribute to transportation efficiency and ease in Mississauga when it is completed. Construction commenced in early 2020.

During 2019, many master plans reached the final approval milestone. Council approved master plans for Culture, Recreation, Parks & Forestry, Library, Fire & Emergency Services, Smart City, Parking and Transportation. Each of these plans has been informed by extensive community engagement. The approved master plans will guide business planning and budgeting for years to come, helping to turn Mississaugans' envisioned future into their reality.

Our City's envisioned future depends on a considered approach and resilient response to our environment. Mississauga has joined the growing number of Canadian municipalities that are taking action on climate change. The City declared a climate emergency in June 2019 and approved a Climate Change Action Plan in December.

Mississauga successfully completed its most recent five-year energy conservation plan in 2019 with impressive results and created a new five-year plan that aligns with the new Climate Change Action Plan.

As diligent stewards, our approach to conservation includes all resources, including energy, time, materials and money. Mississauga's ongoing, careful planning and cost management allowed Council to minimize the 2019 property tax increase while maintaining existing services and service levels. In all services the City provides, our attention to minimizing tax resulted in \$3.1 million in cost savings and new revenue in 2019. The 2019 increase to Mississauga property owners on their total tax bill was 2.74 per cent, with 1.58 per cent being the City's portion and 1.16 per cent going to the Region of Peel and education.

Support from other levels of government helps the City minimize property tax. In March 2019, the City received \$80.7 million from the Government of Canada through the Federal Gas Tax Fund to use for transit and transportation infrastructure. This is double the amount the City has received in past years; the additional \$40.6 million was a one-time funding commitment. This Federal Gas Tax revenue is critical for the City to be able to continue to fund the transit and transportation infrastructure needed to support current users and expected future growth.

Mississauga's infrastructure assets were valued at approximately \$8.25 billion (net book value) in 2019. We keep our City vital and resilient by maintaining these assets, managing debt responsibly and planning for the future. To do this, Mississauga again budgeted and collected a dedicated capital infrastructure and debt repayment levy in 2019 as part of the overall tax levy.

The capital infrastructure and debt repayment levy is an example of prudent financial management that contributes to the City's financial strength. A Financial Condition Assessment performed by BMA Management Consulting in 2018 showed improvement in the City's financial condition over the previous four years in virtually every performance metric.

Like most municipalities, Mississauga faces a major challenge managing our infrastructure gap: that is, the difference between the current replacement value of City infrastructure and the value of our capital reserves, including current contributions. While the infrastructure levy helps, we need additional revenue sources that are predictable and sustainable, now and in the longer term.

Long-range financial planning confirms this need. The first Long-Range Financial Plan (LRFP) was presented to Council in June 2016. Its annual update is now part of our ongoing planning and budgeting work. While it shows the City is in a strong financial position to maintain current service levels over the next 10 years, it also illustrates the need to secure additional sources of revenue to address the challenges and opportunities coming our way.

One such source of revenue came into being with the Municipal Accommodation Tax on April 1, 2018. The revenue from this tax is used to promote and support tourism, which in turn helps to bolster the local economy. In July 2019, Council approved plans to create a Tourism Municipal Services Corporation in accordance with Government of Ontario legislated requirements. The Municipal Accommodation Tax delivered \$12.1 million of revenue to Mississauga in 2019.

The City's Stormwater charge is a major contributor to Mississauga's longer-term financial security. It was administered for the fourth full year in 2019. The revenue from the charge (\$41.1 million in 2019) exclusively funds operating and capital expenses within the City's stormwater management

program. The program exists to protect property, infrastructure and the natural environment from erosion and flooding and to enhance water quality. It does this by supporting the City's extensive stormwater management system and keeping it in good working order, now and in the future. The charge to all property owners appears on the Region of Peel water bill.

Mississauga's historically conservative approach to using debt continued in 2019. The City issued \$48.15 million of debt to help fund capital investments that look after our infrastructure, bringing the total debt balance to \$205.2 million at year-end. This amount of debt is substantially below the debt capacity that provincial regulation allows for Ontario municipalities.

The City's excellent debt management led to its earning an 'AAA-Stable' credit rating from Standard & Poor's Global Ratings Services in 2019 for the 16th consecutive year. Mississauga is able to borrow at a lower cost and invest in financial instruments that will earn a higher rate of return because we achieve this highest-possible rating.

The City of Mississauga owns 90 per cent of Enersource Corporation. Enersource co-owns the electricity provider for Mississauga formerly known as Enersource Hydro Mississauga, now known as Alestra. In 2019, this ownership had a value of \$498.8 million (2018 \$502.4 million), a decrease of \$3.6 million below the 2018 value.

An unwavering commitment to deliver the right services safely, well and economically to the people and institutions we serve is at the heart of everything the City of Mississauga does. We work hard to ensure that property tax rates and services deliver real value for money. In 2020, we are confronting the COVID-19 pandemic emergency along with ongoing financial pressures from service delivery, inflation and infrastructure maintenance. As we face 2020's formidable challenges, the City's conservative debt position, solid strategic plan, disciplined Lean culture and well-grounded financial plans and budgets will serve us well. On this foundation, guided by Council and our shared commitment, we face these challenges prepared.



Jeffrey J. Jackson, CPA, CA, MBA  
Director of Finance and Treasurer

May 1, 2020

# Financial Management Processes

## Internal Control Management

Management maintains appropriate systems of internal and administrative controls designed to provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly accounted for and safeguarded and that financial information produced is relevant and reliable.

## Internal Audit

Internal Audit is an independent, objective assurance and consulting activity established at the City to improve operations. Internal Audit's mission is to assist the City in accomplishing its objectives by bringing a systematic, disciplined approach to evaluating City management processes. Internal Audit assesses the City's risk management, control and governance processes to determine whether these processes are adequate and functioning effectively.

## External Audit

The role of the external auditor, KPMG LLP, is to present an independent opinion on the fair presentation of the City's financial position and operating results as contained in the Financial Report, confirming that the statements are free from material misstatements. It is the responsibility of the auditor to advise management and the Audit Committee of any control or operational issues that may be identified during their audit procedures.

## City Business Planning

The City of Mississauga utilizes a corporation-wide business planning process to address the significant budget, economic and political pressures it faces. The result is integration of Mississauga's strategic priorities and programs, services, budgets and annual work plans.

## Financial Statement Preparation

City of Mississauga management is responsible for all information contained in the annual Financial Report. These financial statements and accompanying notes have been prepared using reasonable limits of materiality and within the framework of the accounting principles and disclosure requirements of the Chartered Professional Accountants of Canada (CPA Canada) Public Sector Accounting Standards Manual.

## Audit Committee

The Audit Committee comprises four members of Council, appointed annually by Council and includes the Mayor as an ex-officio member. The Audit Committee provides a focal point for communications between Council, the external auditor, the internal auditor and management, and facilitates an objective and independent review of management practices through the internal and external audit functions.

# The City's Budget Process

## The Planning Horizon

Mississauga plans activities and programs through three planning horizons: the current budget year; a four-year period; and a 10-year period (forecast). Effective planning through all horizons ensures that the City:

- delivers value for tax dollars, with a focus on continuous improvement
- is fiscally responsible; manages resources efficiently and effectively
- invests in the City's future to enhance the high quality of life that residents enjoy today

## The City's Approach to Planning and Budgeting

The City's Vision and Strategic Plan are the starting point for our annual business planning and budgeting cycle. The Strategic Plan has five pillars: **move, belong, connect, prosper and green**, which guide our activities and progress toward achieving the Vision.

The pillars are the basis of several plans such as the Cycling Master Plan; the Transportation Demand Management Master Plan; the Climate Change Action Plan; the Future Directions Master Plan for Community Services; and the City's Long-Range Financial Plan.

The City uses a combination of tax funds, user fees, investment income and other revenue to pay for its array of services.

Management of the City's services is organized into administrative "Service Areas." These Service Areas contribute the individual plans that make up the overall City Business Plan and Budget.

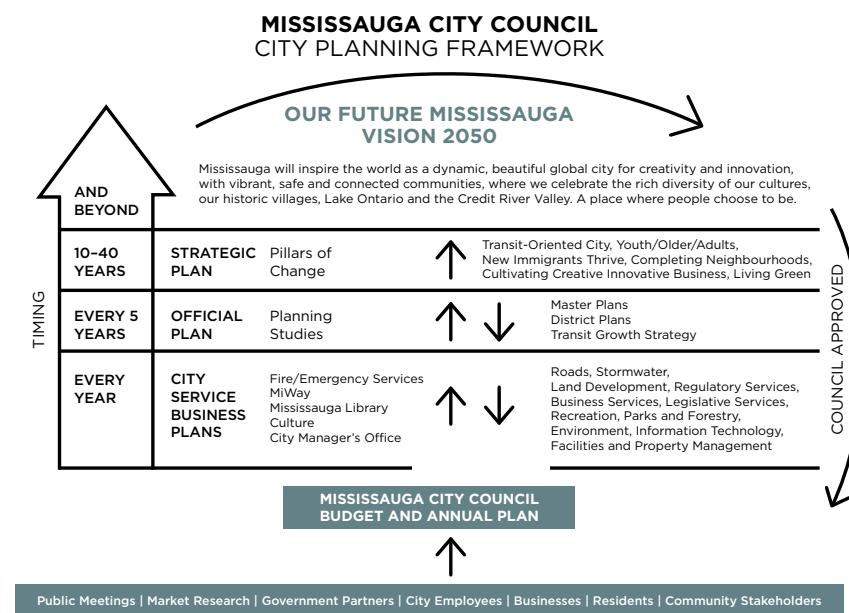
## Priorities for Business Planning

The City strives to deliver value for money and sound financial stewardship in the development of the annual Business Plan and Budget. All Service Areas prepare individual business plans in line with the following four corporate priorities:

1. Deliver the Right Services
2. Implement Cost Containment Strategies
3. Maintain our Infrastructure
4. Advance on our Strategic Vision

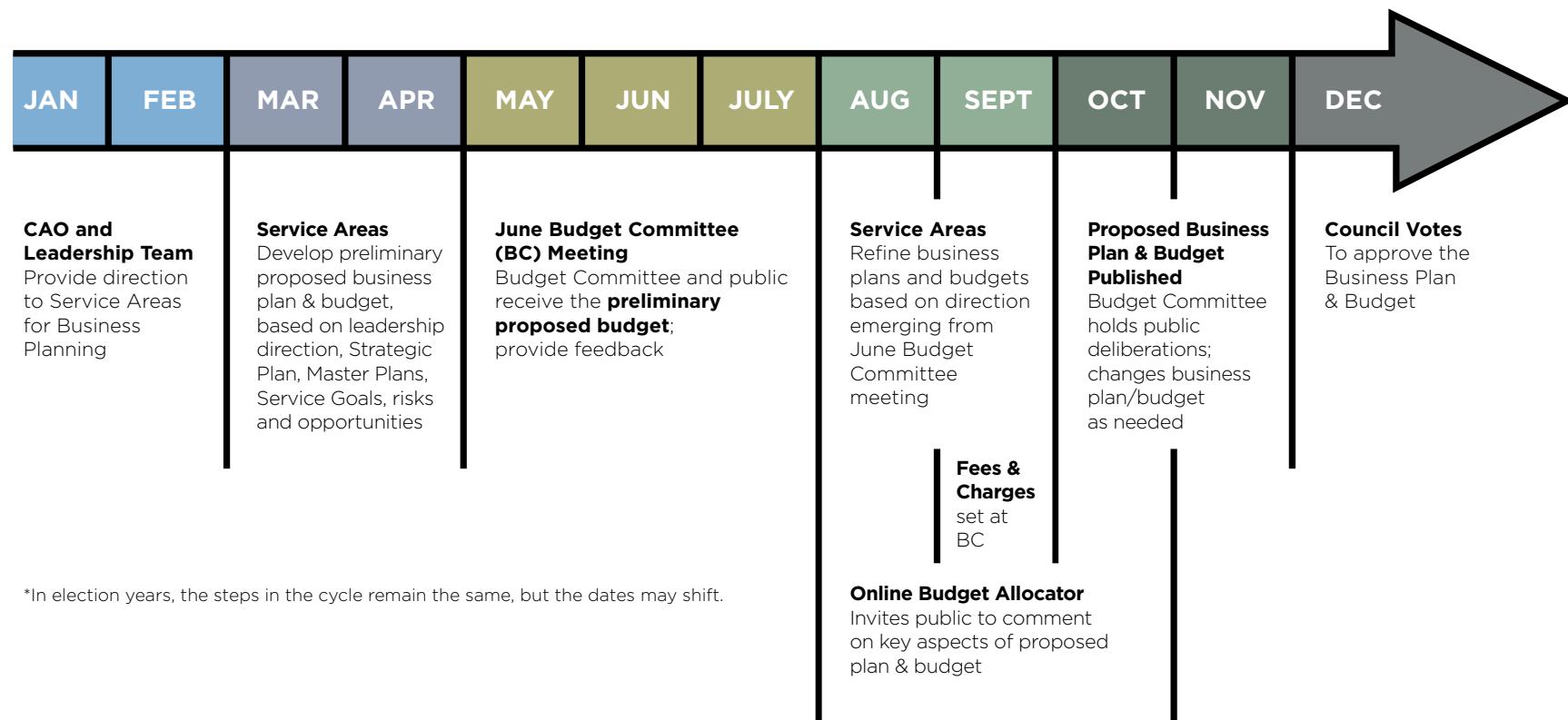
## The Planning Process

Mississauga's business planning process is guided by its vision, strategic plan, master plans and priorities. These directional documents are established through consultation with constituents and ultimately vetted by their elected Council.



# Preparing Mississauga's Business Plan And Budget

Timeline for non-election years\*



\*In election years, the steps in the cycle remain the same, but the dates may shift.

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

The City's annual budget is prepared on a cash basis for the purpose of calculating the property tax levy. The audited financial statements are prepared differently. The audited financial statements are prepared on an accrual accounting basis under the Public Sector Accounting and Reporting Guidelines. To achieve accordance with generally accepted accounting principles based on Generally Accepted Accounting Principles (GAAP), there are certain budgeted revenues and expenses within the financial statements that need to be eliminated for financial reporting purposes. To do this, a number of elimination entries such as transfers between funds, debt principal repayments, and dividend receipts are made. In addition to these eliminations, there are a few other non-budgeted adjustments included to help align with actual numbers. Some of these non-budgeted adjustments include BIA consolidations, amortization of capital assets and Reserve Fund interest. The chart below helps break down the reconciliation between the City's budget and the audited financial statements. Please refer to Notes 14 and 15 in the audited financial statements for budgets and actuals by Service Area.

## Reconciliation of City's budget to audited financial statements (\$000)

### Revenues by service area

Service Area	2019 APPROVED OPERATING REVENUE BUDGET	2019 BUDGET ADJUSTMENTS	TAX LEVY AND RESERVE FUND INTEREST	ELIMINATION OF OPERATING TRANSFERS & DIVIDENDS	ADJUSTED CAPITAL BUDGET	BIA\$	2019 ADJUSTED FINANCIAL STATEMENT BUDGET	2019 ACTUAL PER FINANCIAL STATEMENTS
Business Services	2,997	188		(696)			2,489	2,429
City Manager's Office	1,534	88		(366)			1,257	1,508
Culture	4,094			(1,914)			4,092	6,739
Facilities & Property Management	660						660	907
Financial Transactions	130,126		532,938	(57,787)		229	583,245	652,132
Fire & Emergency Services	3,275			(1,318)			1,957	2,556
Information Technology	955						955	1,073
Land Development Services	13,170	26		(26)			13,170	22,292
Legislative Services	10,654			(141)			10,513	9,642
Mississauga Library	1,969						1,969	2,037
MiWay	108,807	468		(18,000)			91,275	95,019
Parks, Forestry & Environment	4,836				473		4,836	5,355
Recreation	50,571	316		(500)			50,207	49,021
Regulatory Services	15,292	1,278					16,570	17,351
Roads	13,607	900		(1,050)			13,457	17,385
Stormwater	40,812						40,812	40,185
Non-budgeted							22,735	170,275
<b>Total Revenues</b>	<b>403,358</b>	<b>3,084</b>	<b>532,938</b>	<b>(81,796)</b>	<b>473</b>	<b>229</b>	<b>860,199</b>	<b>1,095,906</b>

## Reconciliation of City's budget to audited financial statements (\$'000)

### Expenses by service area

SERVICE AREA	2019 APPROVED OPERATING EXPENSE BUDGET & ALLOCATION	2019 BUDGET ADJUSTMENTS	AMORTIZATION	ELIMINATION OF OPERATING TRANSFERS	ELIMINATION OF OPERATING ALLOCATIONS	DEBT PRINCIPAL REPAYMENTS	BIA\$	LIVING ARTS CENTRE	2019 ADJUSTED FINANCIAL STATEMENT BUDGET	2019 ACTUAL PER FINANCIAL STATEMENTS
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Business Services	35,352	351		(73)	(60)				35,570	33,633
City Manager's Office	13,391	(20)		(40)					13,331	14,390
Culture	11,073	160	2,474	(243)	(33)		1,923	15,355	13,558	
Facilities & Property Management	23,840	478	18,610	(20)	1,615				44,523	25,030
Financial Transactions	167,257	(2,496)		(103,469)		25,425	271		36,137	168,579
Fire & Emergency Services	117,280	606	4,295	(4,902)	(1,052)				116,228	108,802
Information Technology	30,669	257			1,783				32,710	32,589
Land Development Services	22,868	(13)		(600)					22,255	20,879
Legislative Services	8,369	25							8,394	7,683
Mayor & Members of Council	4,952	(1)							4,954	4,892
Mississauga Library	30,150	(31)	6,109	(63)	(473)				35,691	29,239
MiWay	196,203	173		(125)	(1,506)				194,744	189,065
Parks, Forestry and Environment	41,046	356	10,354	(686)	153				51,222	40,640
Recreation	77,108	1,285	14,286	(353)	(35)				92,291	75,147
Regulatory Services	15,973	1,271		(150)	(184)				16,910	16,564
Roads	77,630	974	78,546	(800)	(209)				156,141	78,325
Stormwater	40,812		11,516	(30,210)		(879)			21,239	9,274
Non-budgeted									0	91,126
<b>Total Expenses</b>	<b>913,972</b>	<b>3,376</b>	<b>146,189</b>	<b>(141,734)</b>	<b>0</b>	<b>(26,304)</b>	<b>271</b>	<b>1,923</b>	<b>897,694</b>	<b>959,415</b>
<b>Annual Surplus/(Deficit) per Consolidated Statement of Operations</b>									<b>(37,495)</b>	<b>136,491</b>

Refer to Notes 14 and 15 in the Audited Financial Statements for more detail.



# **2019** Financial Year in Review

# 2019 Financial Year in Review

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

There are four required consolidated financial statements: the consolidated statement of financial position, the consolidated statement of operations, the consolidated statement of change in net financial assets, and the consolidated statement of cash flows. These consolidated financial statements provide information on the cost of all the City activities, how they were financed, investing activities and the assets and liabilities of the City. The information also reflects the full nature and extent of the City's financial affairs similar to a private sector financial statement presentation.

The following is a high-level overview of the 2019 financial results of the City.

## Consolidated Statement of Financial Position

The consolidated statement of financial position highlights four key figures that together describe the financial position of a government:

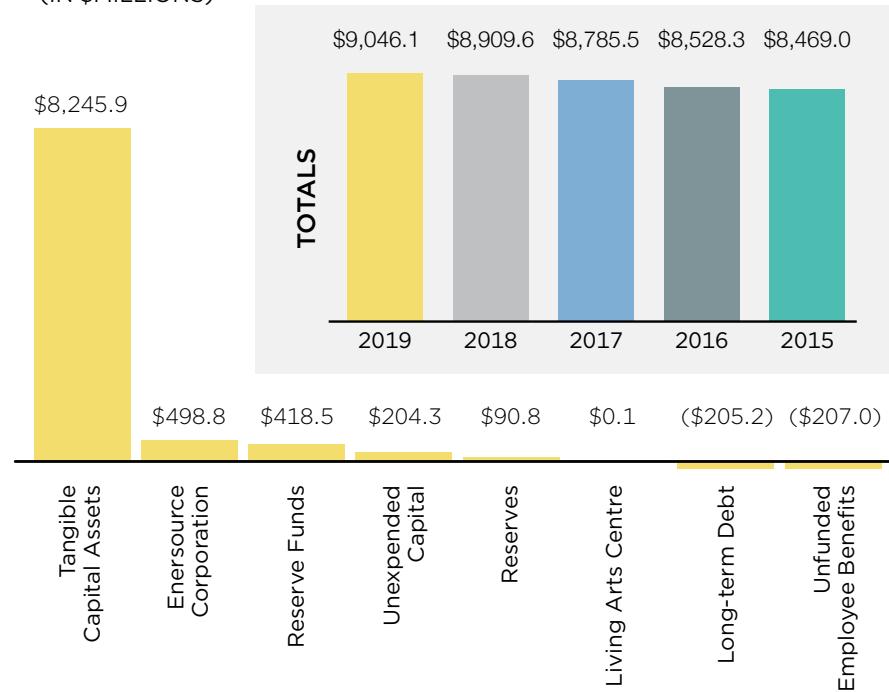
- the cash resources of the government;
- the net financial asset position, calculated as the difference between financial assets and financial liabilities
- the non-financial assets that are normally held for service provision such as tangible capital assets and
- the accumulated surplus/(deficit) (or in private sector terms, retained earnings: not termed so by governments as there are no shareholder contributions or distributions)

Although the City continues to manage its financial operations through various funds such as the Operating Fund, the Capital Fund, the Reserves and the Reserve Funds, in accordance with Public Sector Accounting Board (PSAB), these funds are no longer individually reported in the consolidated financial statements and have been replaced by Accumulated Surplus. The Accumulated Surplus summarizes the Corporation's consolidated equity, which identifies the financial position, including all tangible capital assets and financial resources of the City.

## Accumulated Surplus

The City's accumulated surplus for fiscal year 2019 is \$9.05 billion (2018 \$8.91 billion). The City's 2019 accumulated surplus (Note 10) is comprised of the following balances:

**ACCUMULATED SURPLUS**  
(IN \$MILLIONS)



ITEM	( <i>\$000s</i> )	2019 ACTUAL	2018 ACTUAL
Tangible Capital Assets		8,245,855	8,180,906
Unexpended Capital		204,257	145,032
Long-term Debt		(205,193)	(181,491)
Enersource Corporation		498,783	502,361
Living Arts Centre		120	—
Unfunded Employee Benefits		(207,034)	(209,650)
Reserves		90,750	80,870
Reserve Funds		418,527	391,546
<b>Total Accumulated Surplus</b>		<b>9,046,065</b>	<b>8,909,574</b>

## Financial Assets

Financial assets in 2019 were \$1.97 billion (2018 \$1.78 billion), an increase of \$0.2 billion.

### FINANCIAL ASSETS (IN \$MILLIONS)



ITEM	REF. #	(\$000s)		\$ CHANGE VS. PRIOR YEAR	% CHANGE
		2019 ACTUAL	2018 ACTUAL		
Cash	1	139,017	110,925	28,092	25%
Taxes receivable	2	47,597	45,567	2,030	4%
Accounts receivable	3	108,819	96,795	12,024	12%
Loans and other receivables	4	450	500	(50)	(10%)
Inventories for resale	5	107	173	(66)	(38%)
Investments	6	1,179,887	1,020,141	159,746	16%
Investment in Enersource Corporation	7	498,783	502,361	(3,578)	(1%)
<b>Total Financial Assets</b>		<b>1,974,660</b>	<b>1,776,462</b>	<b>198,198</b>	<b>11%</b>

### REFERENCES:

#### 1. Cash

- 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 operating and capital purchases. The City manages to keep just enough cash on hand for daily needs. The rest goes into investments to earn a higher return.
- Difference between 2019 and 2018 (\$28.1 million increase):**  
As it does for individuals, the exact amount of cash on hand on a given day fluctuates based on the timing of bill payments and investment needs. The amount of cash kept on hand is linked with the level of accounts payable liabilities and the City's cash flow needs are monitored daily.

#### 2. Taxes Receivable

- What it is:** Taxes receivable are any uncollected property taxes as of 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 municipality. When collected, City property tax becomes the cash to fund daily disbursements. The City has diligent collection practices and has historically achieved a high rate of collection success (97-98 per cent).
- Difference between 2019 and 2018 (\$2.0 million increase):**  
This number varies year to year based on when people pay their residential and commercial property taxes. Penalty and interest charges are applied on all overdue accounts.

### **3. Accounts Receivable**

- **What it is:** This category represents various types of receivables from across all City operations, excluding the City portion of property taxes.
- **Why it is important:** In addition to property taxes, the City recovers funds from operations fees and charges such as recreation and facility bookings and from third parties to recover items like damage expenses and HST rebates.
- **Difference between 2019 and 2018 (\$12.0 million increase):** This number varies year to year based on the timing of collections from departmental receivables. Penalty and interest charges are applied on all overdue accounts.

### **4. Loans and Other Receivables**

- **What it is:** From time to time, the City enters into special contractual arrangements approved by Council that may include loans. The City currently has one special purpose loan (20 year), made for the Vic Johnston Community Centre development project. This 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 special arrangement.
- **Difference between 2019 and 2018 (\$50 thousand decrease):** Each December, a payment of \$50,000 is applied against the Vic Johnston Community Centre loan.

### **5. Inventories for Resale**

- **What it is:** The value of owned items on hand intended for resale by various City service areas (e.g., snack bar items, beer and liquor, pro shop items) as at December 31.
- **Why it is important:** These items have value: their eventual sale yields cash for City operations.
- **Difference between 2019 and 2018 (\$66 thousand decrease):** This net decrease is due to general increases and decreases in inventory across all categories.

### **6. Investments**

- **What it is:** Cash that is not being used immediately for disbursements is invested to earn a higher rate of return. Investments can be short term or long term.
- **Why It Is Important:** Investment yields a higher rate of interest than bank deposits. Investment income is the City's fourth-highest source of revenue and a critical component of the City's revenue base.

### **• Difference between 2019 and 2018 (\$159.7 million increase):**

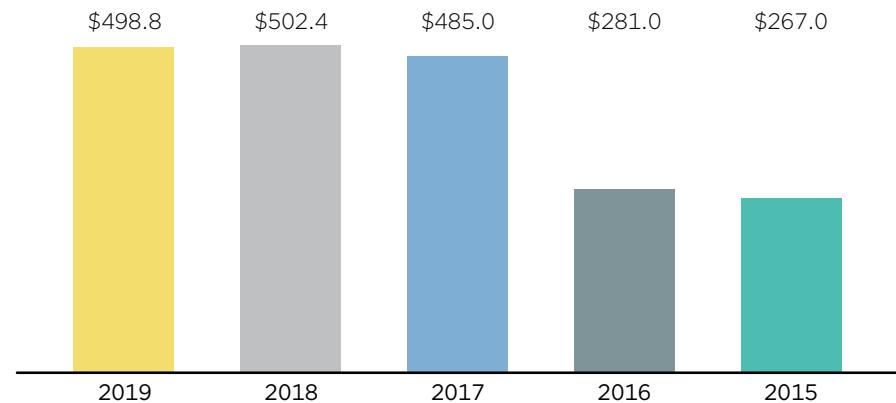
Investment balances fluctuate with cash flow requirements and the timing of receipts and disbursements.

### **7. Investment in Enersource Corporation**

- **What it is:** The City is a 90 per cent shareholder in Enersource Corporation. Accordingly, this number represents 90 per cent of Enersource's bottom line at December 31 (this calculation is called a modified equity consolidation). Enersource in turn is a 29.6 per cent owner of Alectra and Enersource Corporation carries on no other business.
- **Why it is important:** This investment elevates the City's financial position. It also generates dividend income, which helps support City operations and in that way helps moderate the property tax rate.
- **Difference between 2019 and 2018 (\$3.6 million decrease):** The \$3.6 million decrease relates to a \$10.8 million share of net income in Enersource Corporation, plus a \$1.3 million dilution gain recognized on Alectra's amalgamation with Guelph Hydro Electric Systems Inc., less the dividend paid to the City of \$15.7 million.

#### **INVESTMENT IN ENERSOURCE CORPORATION**

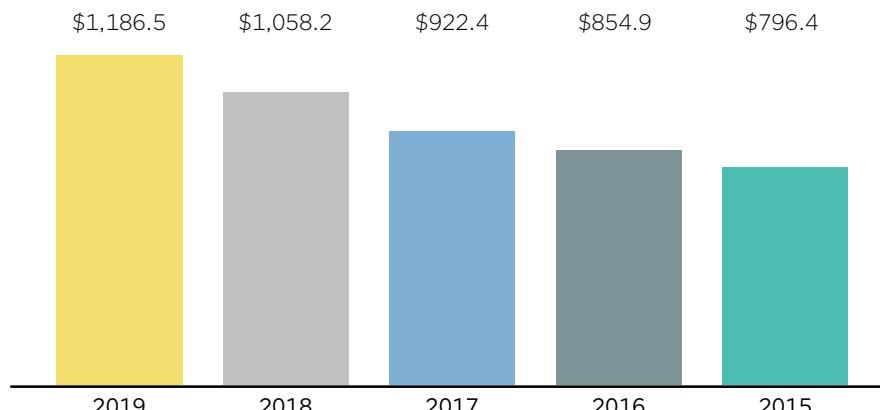
(IN \$MILLIONS)



## Financial Liabilities

Financial liabilities in 2019 were \$1.19 billion (2018 \$1.06 billion), an increase of \$0.13 billion.

### FINANCIAL LIABILITIES (IN \$MILLIONS)



ITEM	REF. #	(\$000s)		\$ CHANGE VS. PRIOR YEAR	% CHANGE
		2019 ACTUAL	2018 ACTUAL		
Accounts Payable and Accrued Liabilities	1	204,908	183,942	20,966	11%
Deferred Revenue -General	2	12,277	10,021	2,256	23%
Deferred Revenue - Obligatory Reserve Funds	3	557,057	473,066	83,991	18%
Employee Benefits and Other Liabilities	4	207,034	209,650	(2,616)	(1%)
Long-Term Debt	5	205,193	181,491	23,702	13%
<b>Total Financial Liabilities</b>		<b>1,186,469</b>	<b>1,058,170</b>	<b>128,299</b>	<b>12%</b>

### REFERENCES:

#### 1. Accounts Payable and Accrued Liabilities

- What it is:** These are monies the City owes for goods, services, payroll and/or third-party transfers as at December 31.
- Why it is important:** These payables represent outstanding obligations as at December 31. As payables are drawn down, the City's cash position is also drawn down.
- Difference between 2019 and 2018 (\$21.0 million increase):** The timing of payments and year-end accruals affect these liabilities and the City's cash position.

#### 2. Deferred Revenue-General

- What it is:** Deferred revenues are payments received today that are to be recognized as revenue when the related activity takes place in the future. Examples include recreation registrations, facility bookings and transit advertising.

- Why it is important:** Deferred revenues allow for payments to be received today for future operations.

- Difference between 2019 and 2018 (\$2.3 million increase):** Normal, ongoing fluctuations – primarily in transit and recreation (memberships, recreation programs, facility bookings) – are responsible for the increase. There were no extraordinary contributors to this balance.

#### 3. Deferred Revenue-Obligatory Reserve Funds

- What it is:** This liability is deferred revenue initially collected through special restrictive agreements to be used for a purpose specified through agreement or legislation. Examples of these types of funds include Development Charge funds, Parkland funds, Cash in Lieu of Parking, Bonus Zoning, provincial and federal public transit funds and provincial and federal gas tax funds.

- **Why it is important:** Generally these types of revenues are initially collected in dedicated Reserve Funds and reclassified to deferred revenue-obligatory reserve funds at year-end for financial statement reporting requirements. These deferred revenues are converted into revenues when related capital expenses have been incurred.
- **Difference between 2019 and 2018 (\$84.0 million increase):**  
The growth in liability was due to growth in the balances of various obligatory Reserve Funds and unspent funds in capital projects. As the deferred revenue account reduces, corresponding revenue will show on the Statement of Operations (development contributions applied).

#### 4. Employee Benefits and Other Liabilities

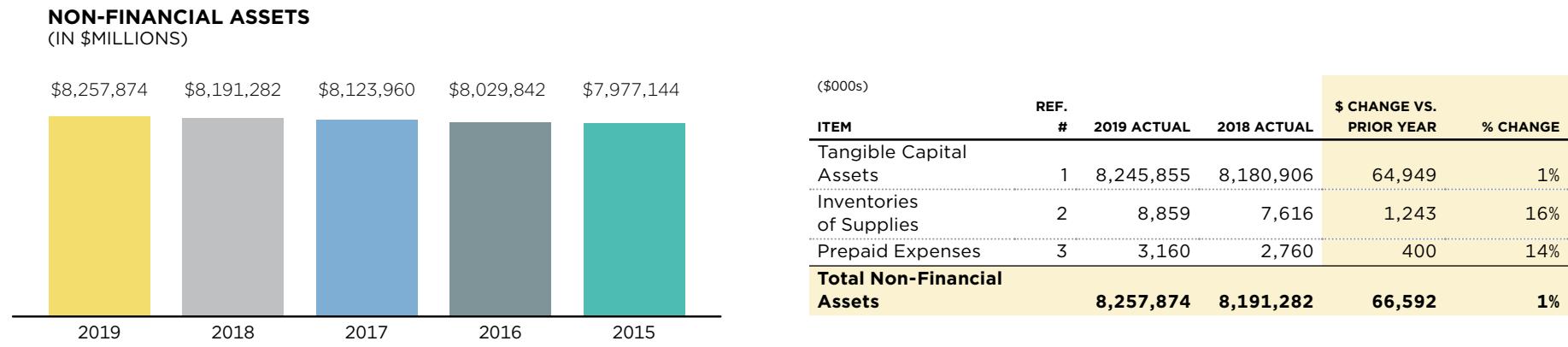
- **What it is:** These are actuarial liability assessments for workers compensation, sick leave benefits, disability benefits, vacation pay, and legal and insurance-related items. They represent future obligations but are reported in present value terms.
- **Why it is important:** This category represents future liabilities. Expenses for these liabilities will incur in the future; however, they must be reported in the financial statement to provide an accurate financial position for the City at a point in time. The City engages in an external actuarial evaluation every three years to review these liabilities. The amount may be refreshed annually if there are any significant changes to the membership program or legislation.
- **Difference between 2019 and 2018 (\$2.6 million decrease):** Increases in the actuarial assessments for WSIB, vacation, sick leave, and other liabilities were offset by decreases in post-employment and developer contribution credit liabilities occurring because of changes in trends and claims. Together, all resulted in a net decrease in this category.

#### 5. Long-Term Debt

- **What it is:** This is the amount of long-term debt being used to help fund investment in capital infrastructure.
- **Why it is important:** Debt is one key way the City funds capital infrastructure requirements. The City uses debt conservatively. The property tax base alone is not enough to support future capital infrastructure demands.
- **Difference between 2019 and 2018 (\$23.7 million increase):** In 2019, \$48.15 million of new debt was added. This new debt was offset by a pay down of \$24.45 million in prior year debt.

## Non-Financial Assets

Non-financial assets in 2019 were \$8.26 billion (2018 \$8.19 billion), an increase of \$66.6 million. Non-financial assets are comprised primarily of tangible capital assets, as well as inventories of supplies and prepaid expenses.



### REFERENCES:

#### 1. Tangible Capital Assets

- What it is:** This is the City's investment in capital infrastructure such as buildings, roads, stormwater infrastructure, vehicles and equipment. Every year, the City prepares a capital budget to address new capital projects and renovations to existing capital assets. These capital projects become assets when the project goes into service or is completed. The City also has an operating budget to address ongoing maintenance requirements for capital assets.
- Why it is important:** The City's tangible capital assets are the result of its investment in capital infrastructure and support all the services and programs the City provides.
- Difference between 2019 and 2018 (\$64.9 million increase):** The increase in tangible capital assets is attributable to new capital projects being completed and going into service. Once the asset is in service, amortization begins.

#### 2. Inventories of Supplies

- What it is:** These are the various City-wide inventories to supply on-demand operating needs. Examples of these inventories include salt and sand inventories, fire equipment inventories, traffic signal inventories and central store inventories.

- Why it is important:** These inventories are required for various types of City operations.

- Difference between 2019 and 2018 (\$1.2 million increase):**

The increase is primarily attributed to a growth in traffic signal supplies inventory (\$1.1 million). Other increases and decreases in other inventory categories accounted for the balance of change.

#### 3. Prepaid Expenses

- What it is:** Prepaid expenses are payments made in the current year that pertain to future-year expenses. Some of the major prepaid accounts include memberships, facility bookings, prepaid investment interest, prepaid debt fees and prepaid postage.

- Why it is important:** Prepaid expenses allow for the matching of expenses with revenues when the event takes place. Prepaid expense balances are drawn down as related revenues are received or the expense year has been met.

- Difference between 2019 and 2018 (\$400 thousand increase):**

The net decrease resulted from routine increases/decreases in prepaid expenses across all categories.

## Consolidated Statement of Operations

The consolidated statement of operations reports the annual surplus/(deficit) from operations during the accounting period. The statement shows the cost of providing the City's services, the revenues recognized in the period and the difference between them. The City's annual budget is prepared on a cash basis to calculate the property tax levy. The audited financial statements are prepared differently, and are prepared on an accrual accounting basis under the Public Sector Accounting and Reporting Guidelines.

To achieve accordance with generally accepted accounting principles (GAAP), there are certain budgeted revenues and expenses within the financial statements that need to be eliminated for financial reporting purposes. To do this, a number of elimination entries such as transfers between funds, debt principal repayments and dividend receipts are made. In addition to these eliminations, there are a few other non-budgeted adjustments included to help align with actual numbers. Some of these non-budgeted adjustments include BIA consolidations, amortization of capital assets and Reserve Fund interest. Please refer to the Budget Overview section within this Report for a reconciliation between the annual budget and audited financial statements.

### Revenues

Total revenues in 2019 were \$1.10 billion (2018 \$1.06 billion), an increase of \$33.3 million.

ITEM (\$000S)	REF.#	2019 ACTUAL	2019 BUDGET	2018 ACTUAL	\$ CHANGE VS. BUDGET		PRIOR YEAR	% CHANGE VS. PRIORITY PERFORMANCE INDICATOR
					% CHANGE	PRIOR YEAR % CHANGE		
Taxation	1	550,983	550,495	525,782	488	0%	25,201	5%
Municipal Accommodation Tax	2	12,152	9,800	8,990	2,352	24%	3,162	35%
User charges	3	263,215	246,332	258,215	16,883	7%	5,000	2%
Recoveries from third parties	4	29,117	5,300	12,991	23,817	449%	16,126	124%
Funding transfers from other governments	5	14,086	1,935	34,964	12,151	628%	(20,878)	(60%)
Development and other contributions applied	6	90,407	—	76,548	90,407	—	13,859	18%
Investment income	7	43,607	36,511	35,305	7,096	19%	8,302	24%
Penalties and interest on taxes	8	10,806	8,120	9,805	2,686	33%	1,001	10%
Contributed assets	9	62,392	—	49,581	62,392	—	12,811	26%
Other Revenues	10	5,604	1,706	20,158	3,898	228%	(14,554)	(72%)
Gain on Acquisition of Living Arts Centre	11	1,455	—	—	1,455	—	1,455	—
City Share of net income in Enersource Corporation	12	10,758	—	30,268	10,758	—	(19,510)	(64%)
City Share of Dilution Gain Recognized on Alectra's Amalgamation with Guelph Hydro Electric Systems Inc. (GHESI)	13	1,324	—	—	1,324	—	1,324	—
<b>Total Revenues</b>		<b>1,095,906</b>	<b>860,199</b>	<b>1,062,607</b>	<b>235,707</b>	<b>27%</b>	<b>33,299</b>	<b>3%</b>

## REFERENCES:

### 1. Taxation

- **What it is:** Taxation refers to the City's property taxation revenues. It includes property taxes and payments in lieu of taxes.
- **Why it is important:** Property tax is the City's single largest source of revenue.
- **Difference between 2019 and 2018 (\$25.2 million increase):** Two things influence this number: assessment growth and the annual Business Plan & Budget. In 2019, assessment growth was 0.811 per cent (0.457 per cent in 2018). For the 2019 Business Plan & Budget, Council approved a 4.5 per cent increase over 2018 in total taxation revenue, which translated to an overall 1.6 per cent increase on the total residential tax bill.
- **Difference between Actual and Budget (\$488 thousand surplus):** The variance is due to additional payments in lieu of taxes of \$1 million, partially offset by lower than budgeted supplementary taxes of \$0.5 million.

### 2. Municipal Accommodation Tax

- **What it is:** A mandatory 4 per cent Municipal Accommodation Tax (MAT) 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. Online private short-term rentals through Airbnb are also subject to the Municipal Accommodation Tax.
- **Why it is important:** It is a revenue tool that provides the City with an opportunity to generate funds that will be used for future tourism-related initiatives.
- **Difference between 2019 and 2018 (\$3.2 million increase):** 2018 was the first year of this fee. The increase is due to higher occupancies in 2019.
- **Difference between Actual and Budget (\$2.4 million surplus):** Higher than expected occupancy levels account for this surplus against budget.

### 3. User Charges

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

- **Why it is important:** User fees contribute significantly to covering service costs. User fees are the second-largest source of City revenue in 2019.

- **Difference between 2019 and 2018 (\$5.0 million increase):** transit fares increased by \$2.1 million; building permits by \$1.5 million; site and development application fees by \$1.3 million and parking/licensing fines by \$0.7 million. Provincial Offence fines decreased by \$0.6 million. Increases and decreases in other user fee categories accounted for the balance of the net increase.

- **Difference between Actual and Budget (\$16.9 million surplus):**

\$18.0 million of this surplus relates to licenses and permits of \$6.0 million; various City-wide general fees of \$5.8 million; transit fare revenue of \$4.9 million; and by-law fines of \$1.3 million. The surplus is offset by a deficit in Provincial Offence fines of \$1.1 million.

### 4. Recoveries from Third Parties

- **What it is:** Occasionally there is City work a third party will ultimately pay for. For example, if the City and Region were involved together in a capital project (i.e., road construction) and the City were handling payments on the project, the Region would repay the City for the Region's share of the project's capital costs.
- **Why it is important:** From time to time, the City performs additional work on behalf of third parties such as the Region of Peel, Metrolinx, or an insurance company. Any work performed on behalf of third parties is recoverable by the City.
- **Difference between 2019 and 2018 (\$16.1 million increase):** \$15.5 million of the increase is attributed to capital recoveries for work performed on behalf of third parties. The remaining increase can be attributed to various other recoverable works performed.

- **Difference between Actual and Budget (\$23.8 million surplus):** This charge resulted from higher than budgeted recoveries for capital works performed on behalf of third parties, along with operating budget recoveries of \$2.2 million from the Region of Peel and other external parties.

### 5. Funding transfers from other governments

- **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.

- **Difference between 2019 and 2018 (\$20.9 million decrease):** The decrease in some provincial-related grants in 2019 is in relation to funding of capital projects in 2019 compared to 2018 from programs such as Public Transit Investment Fund (PTIF) and Clean Water and Wastewater Fund (CWWF).
- **Difference between Actual and Budget (\$12.2 million surplus):** Surpluses against budget of \$1.9 million occurred for grants for libraries, seniors, tourism, heritage and environment. The balance of the surplus (\$10.3 million) mainly relates to non-budgeted capital government funding (such as PTIF and CWWF).

## 6. Development and Other Contributions

- **What it is:** In the year, if capital-related expenses are incurred that correspond to deferred revenue-obligatory reserve funds that the City holds, dollars are brought into the revenue stream from those funds to offset those capital expenses.
- **Why it is important:** Development and other contributions help fund capital projects.
- **Difference between 2019 and 2018 (\$13.9 million increase):** The increase is primarily attributed to increased spending from Development Charges and Cash in Lieu of Parkland funding.
- **Difference between Actual and Budget (\$90.4 million surplus):** The entire amount in this category shows as surplus because this category is not included in the budget.

## 7. Investment Income:

- **What it is:** This is the interest income for both the Operating and Reserve Funds.
- **Why it is important:** Investment income helps to grow City funds.
- **Difference between 2019 and 2018 (\$8.3 million increase):** The increase in investment income reflects higher interest rates on available investment products.
- **Difference between Actual and Budget (\$7.1 million surplus):** The \$7.1 million surplus relates to a higher rate of interest and higher Reserve Fund balances than projected.

## 8. Penalties and Interest on Taxes

- **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 payment.
- **Difference between 2019 and 2018 (\$1.0 million increase):** There was a modest increase in 2019 in penalty and interest revenues over those of 2018. Revenues are dependent on the timing of payment of property taxes.

## • **Difference between Actual and Budget (\$2.7 million surplus):**

There was a surplus of \$2.7 million, a positive variance to the budget of 33 per cent.

## 9. Contributed Assets

- **What it is:** This revenue category includes assets assumed by the City (such as land under roads, land under infrastructure and general infrastructure) through development agreements.
- **Why it is important:** Contributed assets are important because they form part of the City's capital infrastructure but the City does not pay for them. Developers have paid for these assets through their development agreements.
- **Difference between 2019 and 2018 (\$12.8 million increase):** Contributed assets vary from year to year depending on the agreements reached and when the developer transfers the asset to the City through development agreements.
- **Difference between Actual and Budget (\$62.4 million surplus):** The entire amount in this category shows as surplus because this category is not included in the budget.

## 10. Other Revenues

- **What it is:** These are miscellaneous and one-time revenues received by the City.
- **Why it is important:** Other revenues help support and fund City programs and services.
- **Difference between 2019 and 2018 (\$14.6 million decrease):** This number routinely fluctuates due to its miscellaneous nature. Generally these revenues are one-time revenues and not sustainable.
- **Difference between Actual and Budget (\$3.9 million surplus):** This number routinely fluctuates due to its miscellaneous nature. Generally these revenues are one-time revenues and not sustainable.

## 11. Gain on Acquisition of Living Arts Centre

- What it is:** On September 30th, 2019, the City assumed effective control of the Living Arts Centre, Live Cuisine Inc. and the Living Arts Centre Foundation. As part of the acquisition of control, the City acquired the entities' assets, assumed liabilities and the responsibility to provide ongoing operations of the entities. This revenue records the accumulated surplus of the Living Arts Centre into the City's financial statements as of the acquisition date.
- Why it is important:** The Living Arts Centre, Live Cuisine Inc. and the Living Arts Centre Foundation now form a part of the City's consolidated financial statements.
- Difference between 2019 and 2018 (\$1.5 million increase):** The gain on acquisition of the Living Arts Centre is a one-time transaction.
- Difference between Actual and Budget (\$1.5 million surplus):** The entire amount in this category shows as surplus because this category is not included in the budget.

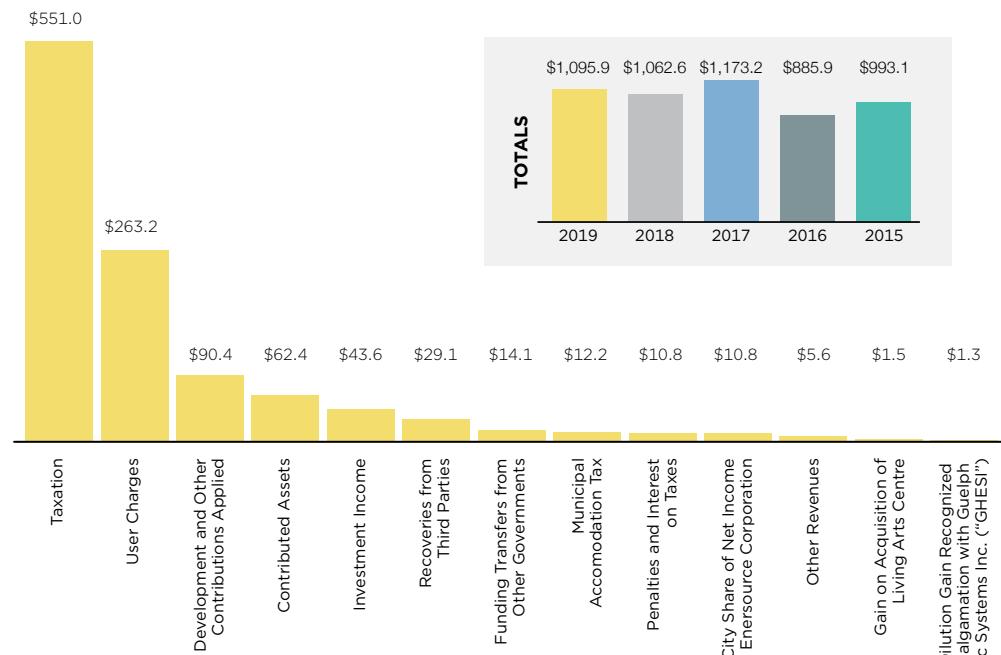
## 12. City Share of Net Income in Enersource Corporation

- What it is:** The City is a 90 per cent shareholder in Enersource Corporation. This number represents 90 per cent of Enersource's bottom line at December 31 (this calculation is called a modified equity consolidation). Enersource in turn is a 29.57 per cent owner of Alectra and Enersource Corporation carries on no other business.
- Why it is important:** Enersource income elevates the City's financial position and thereby moderates the property tax rate.
- Difference between 2019 and 2018 (\$19.5 million decrease):** The City has 90 per cent ownership in Enersource Corporation and therefore applies 90 per cent to Enersource's Shareholders' Equity. The change in year-over-year shareholders' equity is in the Investment in Enersource balance.
- Difference between Actual and Budget (\$10.8 million surplus):** The entire amount shows as a variance because the City share of net income in Enersource Corporation is not a budgeted item.

## 13. City Share of Dilution Gain Recognized on Alectra's Amalgamation with Guelph Hydro Electric Systems Inc. ("GHESI")

- What it is:** On January 1, 2019, Alectra amalgamated with Guelph Hydro Electric Systems Inc. ("GHESI"). As a result of this amalgamation, Enersource's interest in Alectra was reduced to 29.57 per cent from 31 per cent.
- Why it is important:** This transaction created a gain on the investments which is reflected in the financial statements.
- Difference between 2019 and 2018 (\$1.3 million increase):** Alectra merged with Guelph Hydro Electric Systems Inc. on January 1, 2019. There were no additional gains or losses on investment recognized in 2019.
- Difference between Actual and Budget (\$1.3 million surplus):** The entire amount in this category shows as surplus because this category is not included in the budget.

**CONSOLIDATED REVENUES BY TYPE  
(IN \$MILLIONS)**



City Share of Dilution Gain Recognized on Alectra's Amalgamation with Guelph Hydro Electric Systems Inc. ("GHESI")

## Expenses

Expenses are broken down into major expense categories: labour and benefits, materials and supplies, contracted services, rents and financial expenses, transfer payments, and amortization.

Total expenses in 2019 were \$959.4 million (2018 \$938.5 million), an increase of \$20.9 million.

(\$000S)					CHANGE VS. ADJUSTED BUDGET \$	CHANGE %	CHANGE VS. PRIOR YEAR \$	CHANGE %
ITEM	REF.#	2019 ACTUAL	2019 BUDGET	2018 ACTUAL				
Salaries, wages, and employee benefits	1	533,044	539,734	513,720	(6,690)	(1%)	19,324	4%
Long-term debt interest and fees	2	4,507	5,078	4,467	(571)	(11%)	40	1%
Materials and supplies	3	65,049	61,888	64,613	3,161	5%	436	1%
Contracted services	4	138,702	54,938	85,157	83,764	152%	53,545	63%
Rents and financial expenses	5	68,770	78,623	72,899	(9,853)	(13%)	(4,129)	(6%)
External transfers to others	6	6,741	11,245	7,194	(4,504)	(40%)	(453)	(6%)
Loss on disposal of tangible capital assets	7	2,504	—	49,994	2,504	—	(47,490)	(95%)
Amortization	8	140,098	146,188	140,468	(6,090)	(4%)	(370)	0%
<b>Total Expenses</b>		<b>959,415</b>	<b>897,694</b>	<b>938,512</b>	<b>61,721</b>	<b>7%</b>	<b>20,903</b>	<b>2%</b>

## REFERENCES:

### 1. Salaries, Wages, and Employee Benefits

- **What it is:** This figure represents salary, wage and benefit costs for all full-time, part-time and contract employees, plus the current year impacts for actuarial benefit assessment of WSIB, sick leave, disability benefits and post-retirement benefits.
- **Why it is important:** People are the number one resource required to deliver City services, so this category has a corresponding size.
- **Difference between 2019 and 2018 (\$19.3 million increase):** This anticipated increase was largely due to service level increases, such as increased Transit routes, pay adjustments and increased benefit and WSIB costs.

- **Difference between Actual and Budget (\$6.7 million surplus):** An operating surplus of \$13.7 million occurred due to position vacancies and delays in new hires. This surplus was offset by non-budgeted costs such as Public Sector Accounting Board (PSAB) benefit adjustments (\$3.2 million) and ineligible salaries for TCA (\$2.3 million). The balance relates to various City-wide labour-related expense increases and decreases versus budget.

### 2. Long-Term Debt Interest and Fees

- **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 source of funding for capital projects. Provincial legislation allows municipalities to carry debt equivalent to 25 per cent of own-source revenue. The City's debt policy limits debt repayment to 15 per cent of own-source revenues. The City is currently well within that range at 4 per cent of own-source revenues.

- **Long-term debt interest and fees:** \$4,507 (2018 \$4,467) and is based on the debt of \$48.1 million added in 2019 (2018 \$46.3).
- **Difference between 2019 and 2018 (\$40 thousand increase):** Some debt principal was paid down in 2019 (\$24.4 million) and some new debt was added (\$48.1 million). The net increase in debt is what drove the year-over-year increase in the long-term debt interest and fees category.
- **Difference between Actual and Budget (\$0.6 million surplus):** A surplus was generated in this category because of the timing within the year between the budgeted and the actual issuance of debt.

### **3. Materials and Supplies**

- **What it is:** Materials and supplies include vehicle fuel and all other general operation materials and supplies needed for service and program delivery.
- **Why it is important:** These materials are necessary to keep day-to-day operations running without interruption.
- **Difference between 2019 and 2018 (\$0.4 million increase):** The increase in 2019 is primarily in operational material and supplies.
- **Difference between Actual and Budget (\$3.2 million deficit):** The deficit in this category is largely the result of: non-budgeted ineligible materials, supplies and transportation for TCA of \$3.5 million and higher than budgeted costs for operational materials of \$0.6 million; offset by surpluses in transportation-related costs of \$0.9 million. The balance relates to various City-wide material-related expense increases and decreases versus budget.

### **4. Contracted Services**

- **What it is:** The City contracts with third parties for some professional and capital project management services.
- **Why it is important:** Contracted services can bring a level of expertise to the City that the City may not have, or augment resources to support a specific initiative. The City can also sometimes achieve economies of scale (i.e., lower prices) through contracts and professional agreements.
- **Difference between 2019 and 2018 (\$53.5 million increase):** The increase is mainly due to the non-budgeted ineligible contracted services for TCA in 2019 (\$85 million) compared to non-budgeted ineligible contracted services for TCA in 2018 (\$24 million). The balance relates to other City-wide increases and decreases.

- **Difference between Actual and Budget (\$83.8 million deficit):** The deficit against budget is mainly due to the non-budgeted ineligible contracted services for TCA (\$85 million). The balance relates to other City-wide increases and decreases.

### **5. Rents and Financial Expenses**

- **What it is:** This category includes many different types of financially related expenses, including staff development, communication costs, occupancy-related costs, property tax adjustments, 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.
- **Difference between 2019 and 2018 (\$4.1 million decrease):** A net decrease resulted from a combination of increases and decreases in this expense category. The main contributors to the decrease were financial adjustments of \$1.6 million, property tax adjustments decrease of \$1.0 million, and PSAB liability expenses -\$6.0 million. These decreases were also offset by increases in insurance-related costs of \$2.3 million, equipment costs of \$2.7 million and hydro costs of \$1.2 million. Various increases and decreases in other City-wide categories accounted for the balance of the change.
- **Difference between Actual and Budget (\$9.9 million surplus):** A surplus against budget occurred due to lower-than-planned claim settlements and insurance premiums (\$1.7 million) and lower-than-planned advertising costs of \$0.9 million, along with ineligible tangible capital asset expenses. Various increases and decreases in other City-wide expenses accounted for the balance of the change.

## 6. External Transfers to Others

- **What it is:** Mississauga provides defined grants and funding to third parties who contribute to the accomplishment of the City's vision and objectives.
- **Why it is important:** These dollars support many organizations that contribute to the well-being and success of our thriving city.
- **Difference between 2019 and 2018 (\$0.5 million decrease):** The decrease reflects a lower-than-planned spending in 2019.
- **Difference between Actual and Budget (\$4.5 million surplus):** The surplus showing in this category is attributable to arts and festival spending being lower than planned.

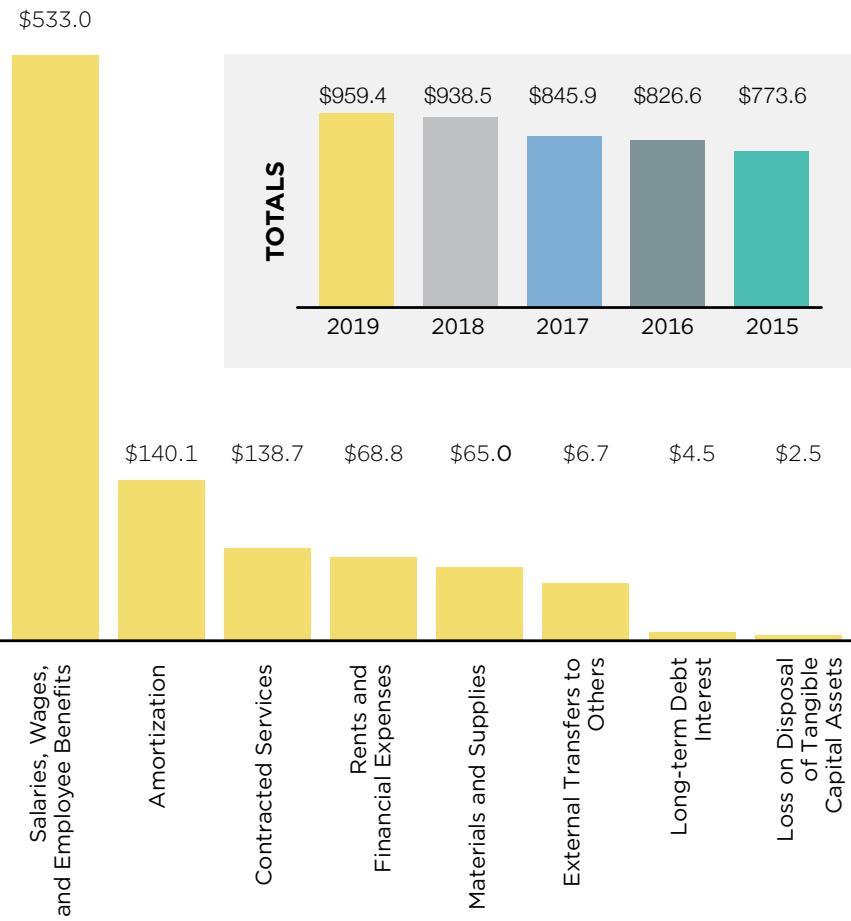
## 7. Loss on Disposal of Tangible Capital Assets

- **What it is:** From time to time, the City sells assets or disposes of assets no longer in use. When the asset net book value exceeds the sale price, a loss occurs.
- **Why it is important:** If a loss results from the disposal of an asset, the City records it.
- **Difference between 2019 and 2018 (\$47.5 million decrease):** Loss on disposal of assets varies from year to year depending on the identification and disposal of assets.
- **Difference between Actual and Budget (\$2.5 million deficit):** The full amount shows as a deficit against the budget because loss on disposal of assets is not a budgeted item.

## 8. Amortization

- **What it is:** Capital assets lose value over time. The expense of this loss is amortized over the life of the asset. Different amortization percentages apply to different asset categories, as their useful lives differ in length.
- **Why it is important:** Amortization allows the net value of assets (vs. their cost value) to be represented on the financial statements.
- **Difference between 2019 and 2018 (\$0.4 million decrease):** The decrease in Amortization expense is due to changes in the useful life of Stormwater assets, offset by increases in annual amortization expense as the City's capital asset inventory grows.
- **Difference between Actual and Budget (\$6.1 million surplus):** Amortization is not included in the annual operating budget; however, for the purpose of the financial statements an estimate is included to match up against the expense. In this instance, the expenditure was lower than the estimate due to the timing of capitalization of expenses and unplanned disposals.

**CONSOLIDATED EXPENSES BY TYPE**  
(IN \$MILLIONS)



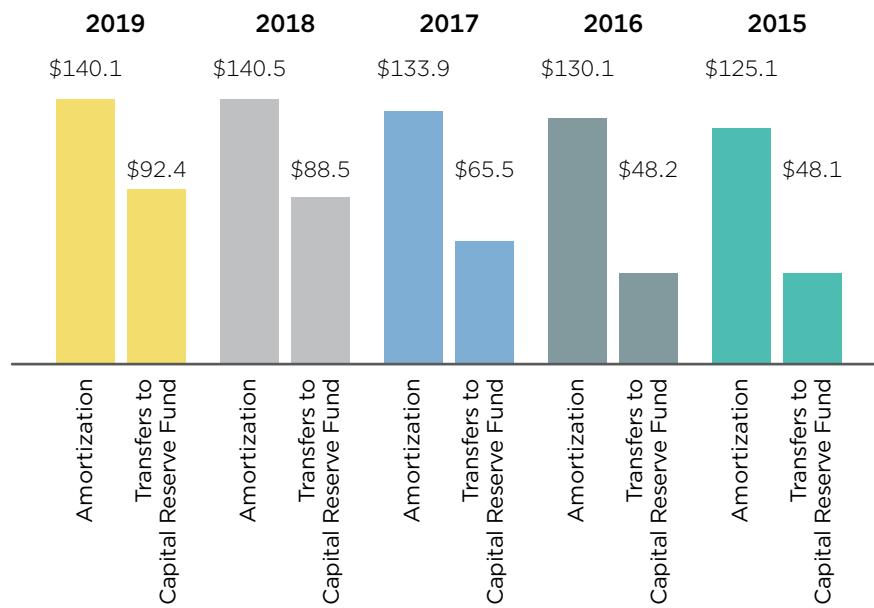
## Consolidated Statement of Change in Net Financial Assets

The consolidated statement of change in net financial assets/(net debt) starts with the annual surplus/(deficit) and identifies changes in non-financial assets (i.e., tangible capital asset acquisition, amortization) that will utilize or add to the surplus amount to derive a net change in financial assets.

## Consolidated Statement of Cash Flows

The consolidated statement of cash flows reports changes in cash and short-term investments resulting from operations and shows how the City financed its activities during the year and met its cash requirements.

### AMORTIZATION VERSUS TRANSFERS TO CAPITAL RESERVE FUND (IN \$MILLIONS)



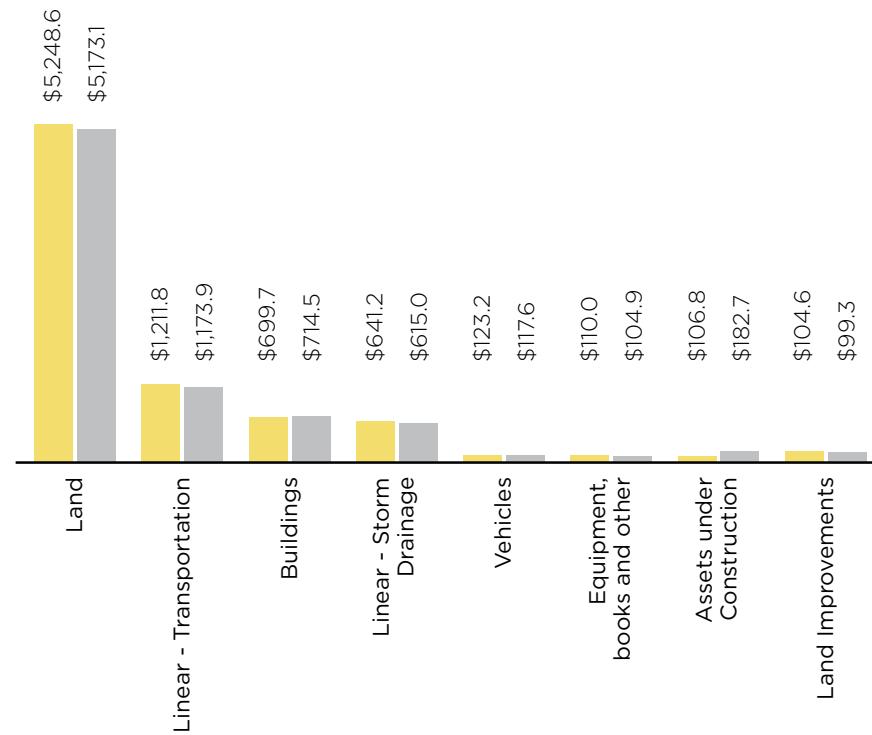
## Tangible Capital Assets Overview

All City assets as at the end of 2019 have been inventoried, valued and recorded in an Asset Registry for accounting and reporting purposes.

The City's net book value of tangible capital assets at the end of 2019 was \$8.246 billion (2018 \$8.181 billion). Refer to Note #9 in the financial statements for a detailed breakdown of tangible capital asset activity.

The annual amortization expense in 2019 was \$140.1 million (2018 \$140.5 million).

### TANGIBLE CAPITAL ASSETS NET BOOK VALUE BY CATEGORY (IN \$MILLIONS)



## RESERVES AND RESERVE FUNDS OVERVIEW

Although Reserves and Reserve Funds are not formally reported directly in the financial statements, they are key in the financial management and operations of the City. Reserves and Reserve Fund balances are consolidated within the Accumulated Surplus position on the Consolidated Statement of Operations. Refer to Note #10 in the financial statements for more Reserve and Reserve Fund information.

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

Reserves and Reserve Fund balances at the end of 2019 totalled \$509.3 million (2018 \$472.4 million), an increase of \$36.9 million from the prior year. The Reserves and Reserve Fund totals do not include development charges, senior government grants and other reserve funds that are reported as deferred revenue-obligatory reserve funds on the Statement of Financial Position.

### Reserves

Reserves, which are discretionary in nature, are generally used to offset major fluctuations in operating costs/revenues or to fund future contingent liabilities. Total Reserves in 2019 were \$90.8 million (2018 \$80.9 million), an increase of \$9.9 million.



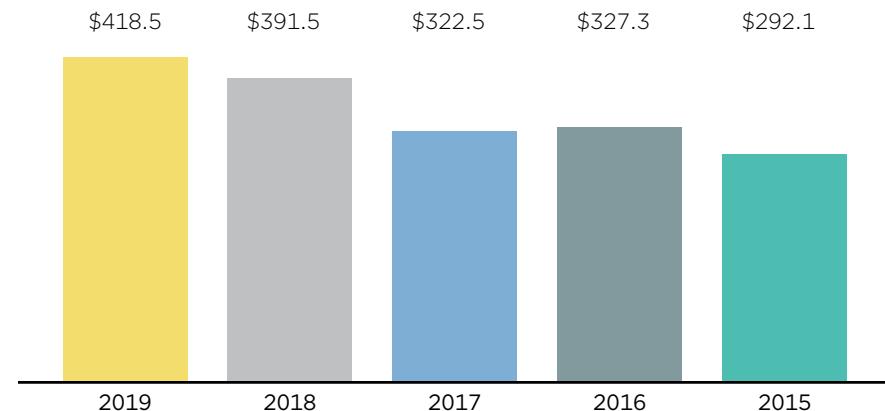
## Reserve Funds

Reserve Funds are non-discretionary, segregated and restricted to meet specific identified purposes for the municipality. Total Reserve Funds in 2019 were \$418.5 million (2018 \$391.5), an increase of \$27.0 million from the prior year.

The Reserve and Reserve Funds will help the City meet projected expenditure needs in the upcoming years. However, draws on Reserve and Reserve Funds in future years to support our growing capital infrastructure and maintenance needs will reduce these balances and therefore reduce the total accumulated surplus.

This future surplus reduction has been anticipated for many years, recognizing that as the City matured, infrastructure renewal would require increased funding. Additional funding support is needed from senior levels of government, as well as ongoing increased annual contributions from the operating funds, in order to help sustain and invest in new and replacement infrastructure.

**RESERVE FUNDS**  
(IN \$MILLIONS)





# The Corporation of the City of Mississauga

## Consolidated Financial Statements

December 31, 2019

# Introduction to the Financial Statements

The accompanying Financial Statements have been prepared in accordance with the Municipal Act and based on the reporting standards set by the CPA Canada Public Sector Accounting Board.

The Consolidated Financial Statements and all other financial information included within this Financial Report are the responsibility of the management of the City of Mississauga. The City's Financial Statements have been prepared in accordance with the accounting principles and disclosure requirements of the CPA Canada Public Sector Accounting Standards Manual.

The Director of Finance and Treasurer is responsible for submitting audited financial statements annually to the Audit Committee and Council. These financial statements include the consolidated results of the City of Mississauga for the fiscal year ended December 31, 2019.

Finance staff are responsible for the coordination and completion of the annual financial statements in a timely, accurate and efficient manner, as well as providing support and related financial information to external auditors during the year-end audit.

The Consolidated Financial Statements of the City of Mississauga provide important information about the overall financial condition of the City. The purpose of the Consolidated Financial Statements is to present the effects of transactions of the City taking into consideration the accounting for all City Funds and associated City business enterprises. The financial statements should reflect the full nature and extent of the government's financial affairs.

The following audited financial statements have been included in this annual Financial Report:

- **City of Mississauga (Consolidated)**
- **Trust Funds of the City of Mississauga**

# Independent Auditors' Report



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

### Opinion

We have audited the consolidated financial statements of the Corporation of the City of Mississauga (the Entity), which comprise:

- the consolidated statement of financial position as at December 31, 2019
- the consolidated statement of operations for the year then ended
- the consolidated statement of changes in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2019, and its consolidated results of operations, its consolidated change in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditors'

*Responsibilities for the Audit of the Financial Statements"* section of our auditors' report.

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

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

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

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

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

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

## **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

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

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

### **We also:**

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- 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.

The logo consists of the letters "KPMG" in a bold, italicized, black font, followed by "LLP" in a smaller, regular black font, all contained within a horizontal swoosh line.

Chartered Professional  
Accountants, Licensed  
Public Accountants  
May 1, 2020  
Vaughan, Canada

**CITY OF MISSISSAUGA**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

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

	RECAST NOTE 2	
	2019 \$	2018 \$
<b>FINANCIAL ASSETS</b>		
Cash	139,017	110,925
Taxes receivable (Note 3)	47,597	45,567
Accounts receivable (Note 3)	108,819	96,795
Loans and other receivables	450	500
Inventories for resale	107	173
Investments (Note 4)	1,179,887	1,020,141
Investment in Enersource Corporation (Note 5)	498,783	502,361
<b>Total Financial Assets</b>	<b>1,974,660</b>	<b>1,776,462</b>
<b>FINANCIAL LIABILITIES</b>		
Accounts payable and accrued liabilities	204,908	183,942
Deferred revenue - general	12,277	10,021
Deferred revenue - obligatory reserve funds (Note 6)	557,057	473,066
Employee benefits and other liabilities (Note 7)	207,034	209,650
Long-term debt (Note 8)	205,193	181,491
<b>Total Financial Liabilities</b>	<b>1,186,469</b>	<b>1,058,170</b>
<b>Net Financial Assets</b>	<b>788,191</b>	<b>718,292</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 9)	8,245,855	8,180,906
Inventories of supplies	8,859	7,616
Prepaid expenses	3,160	2,760
<b>Total Non-Financial Assets</b>	<b>8,257,874</b>	<b>8,191,282</b>
<b>Accumulated Surplus (Note 10)</b>	<b>9,046,065</b>	<b>8,909,574</b>
Contractual Rights (Note 20)		
Commitments (Note 21)		
Subsequent Event and Contingencies (Note 23)		

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

# CITY OF MISSISSAUGA CONSOLIDATED STATEMENT OF OPERATIONS

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

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

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

**CITY OF MISSISSAUGA**  
**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**

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

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

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

**CITY OF MISSISSAUGA**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**

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

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

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

# CITY OF MISSISSAUGA NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

The City of Mississauga is a municipality in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act 2001, Planning Act, Building Code Act, Provincial Offences Act and other related legislation.

## 1. SIGNIFICANT ACCOUNTING POLICIES

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

### a) Basis of Consolidation

#### (i) Consolidated Entities

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

These entities and organizations included in the reporting entity are:

1. City of Mississauga Public Library Board
2. Clarkson Village Business Improvement Association

3. Malton Business Improvement Area
4. Port Credit Business Improvement Area
5. Streetsville Business Improvement District Association
6. Tourism Mississauga
7. The Living Arts Centre in Mississauga (The Living Arts Centre)
8. Live Cuisine Inc.
9. The Living Arts Centre Foundation

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

#### (ii) Investment in a Government Business Enterprise

The City’s investment in Enersource Corporation is accounted for on a modified equity basis, consistent with GAAP as recommended by PSAB for investments in Government Business Enterprises. Under the modified equity basis, the Government Business Enterprise’s accounting policies are not adjusted to conform with those of the City, and inter-organizational transactions and balances are not eliminated. The City recognizes its equity interest in the annual income of Enersource Corporation in its consolidated statement of operations with a corresponding increase or decrease in its investment asset account. Any dividends that the City may receive from Enersource Corporation will be reflected as reductions in the investment asset account.

#### (iii) Accounting for Region and School Board Transactions

The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the Regional Municipality of Peel (“the Region”) and the school boards are not reflected in these consolidated financial statements.

#### (iv) Trust Funds

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

## **b) Basis of Accounting**

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

## **c) Government Transfers**

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

## **d) Taxation Revenue**

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

## **e) Municipal Accommodation Tax Revenue**

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

## **f) Deferred Revenue**

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

## **g) Development Charges**

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

## **h) Investment Income**

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

## **i) Cash and Cash Equivalents**

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

## **j) Loans and Other Receivables**

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

## **k) Inventories for Resale**

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

## **l) Land Held for Resale**

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

## **m) Investments**

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

## **n) Employee Future Benefits**

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

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

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

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

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

## **o) Loan Guarantees**

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

## **p) Contaminated Sites**

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

- (i) an environmental standard exists
- (ii) contamination exceeds the environmental standard
- (iii) the organization is directly responsible or accepts responsibility for the liability
- (iv) future economic benefits will be given up, and
- (v) a reasonable estimate of the liability can be made.

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

## **q) Non-Financial Assets**

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

### **(i) Tangible Capital Assets**

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

ASSET	USEFUL LIFE - YEARS
Land	Unlimited
Land improvements	15-20
Buildings	40-50
Equipment, books and other	5-40
Linear - storm drainage	25-100
Linear - transportation	15-100
Vehicles	10-20

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

### **(ii) Contributions of Tangible Capital Assets**

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

### **(iii) Works of Art and Cultural and Historic Assets**

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

### **(iv) Leased Tangible Capital Assets**

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

## **(v) Inventories of Supplies**

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

## **r) Contingent Assets**

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

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

## **s) Contractual Rights**

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

## **t) Related Party Disclosures**

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

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

## **u) Inter-Entity Transactions**

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

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

## **v) Use of Estimates**

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

## **w) Adoption of Budgets**

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

## **x) Adoption of New Accounting Policy**

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

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

## **y) Future Accounting Pronouncements**

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

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

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

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

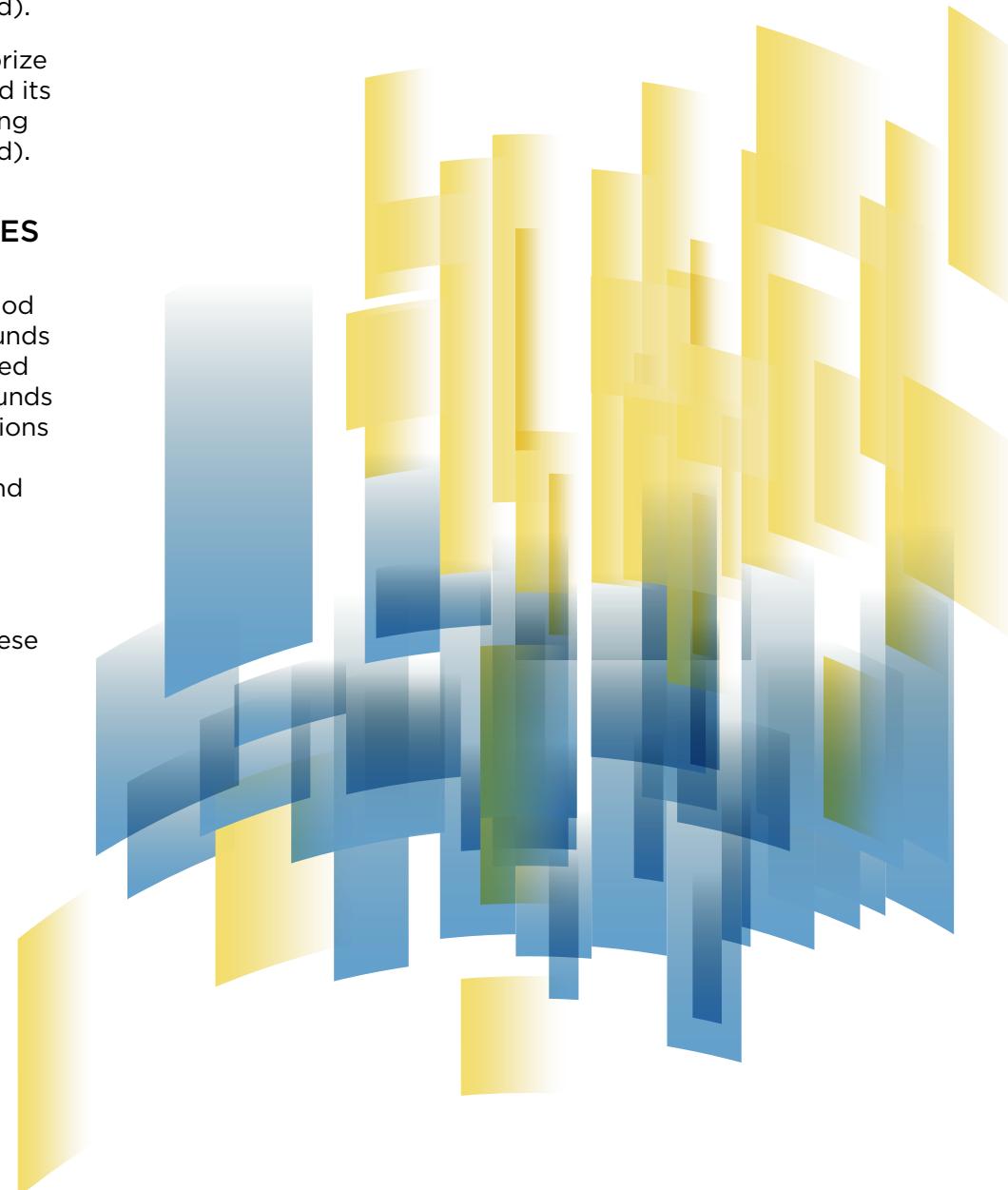
(iv) PS 3280, Asset Retirement Obligations, addresses the recognition, measurement, presentation and disclosure of legal obligations associated with retirement of tangible capital assets in

productive use. This standard is effective for fiscal years beginning on or after April 1, 2021 (the City's December 31, 2022 year-end).

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

## 2. RECAST OF PRIOR YEAR COMPARATIVE FIGURES

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



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

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

### 3. TAXES RECEIVABLE AND ACCOUNTS RECEIVABLE

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

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

## 4. INVESTMENTS

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

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

## 5. INVESTMENT IN ENERSOURCE CORPORATION

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

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

On January 1, 2019, Alectra amalgamated with Guelph Hydro Electric Systems Inc. (“GHESI”). As a result of this amalgamation, Enersource’s interest in Alectra was reduced to 29.57 per cent.

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

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

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

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

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

INVESTMENT IN ENERSOURCE CORPORATION	2019 \$	2018 \$
Opening Balance, Beginning of Year	502,361	485,034
City's Share of Net Income in Enersource Corporation	10,758	30,268
City's Share of dilution gain recognized on Alectra's amalgamation with GHESI	1,324	—
City's Share of Dividend	(15,660)	(12,941)
<b>Closing Balance, End of Year</b>	<b>498,783</b>	<b>502,361</b>

## 6. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS

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

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

### Deferred Revenue - Obligatory Reserve Funds Continuity Schedule

SOURCE	OPENING BALANCE \$ AS RECAST	RECEIPTS AND INTEREST APPLIED \$	REFUNDS \$	RECOGNIZED AS REVENUE \$	CLOSING BALANCE \$
Development charges	167,117	74,146	27,481	31,047	182,735
CIL Parkland	115,450	34,040	9	16,525	132,956
CIL Parking	9,035	1,565	—	531	10,069
Bonus Zoning	2,650	80	50	334	2,346
Provincial Public Transit Funds and Gas Tax	36,384	20,264	—	12,032	44,616
Federal Public Transit Funds and Gas Tax	142,430	83,656	—	41,751	184,335
<b>Total</b>	<b>473,066</b>	<b>213,751</b>	<b>27,540</b>	<b>102,220</b>	<b>557,057</b>

## 7. EMPLOYEE BENEFITS AND OTHER LIABILITIES

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

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

The City has established reserve funds of \$144,353 (\$136,210 in 2018) to mitigate the future impact of these obligations.

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

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

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

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

Information about liabilities for defined benefit plans is as follows:

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

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

	WSIB	SICK LEAVE	EARLY RETIREMENT	POST EMPLOYMENT - HEALTH AND DENTAL	POST EMPLOYMENT - LIFE INSURANCE
Expected inflation rate	1.75%	1.75%	1.75%	1.75%	1.75%
Expected level of salary increases	n/a	2.75%	2.75%	2.75%	2.75%
Interest discount rate	3.50%	3.50%	3.50%	3.25%	3.25%
Expected health care increases	3.75%	n/a	6.75%	6.75%	n/a

e) Other Pension Plans: The City makes contributions to OMERS, a multi-employer plan, on behalf of 5,087 employees. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

Contributions for employees with a normal retirement age of 65 are being made at a rate of 9.0 per cent for earnings up to the annual maximum pensionable earnings of \$57,400 and at a rate of 14.6 per cent for earnings greater than the annual maximum pensionable earnings. Contributions for employees with a normal retirement age of 60 (firefighters) are being made at a rate of 9.2 per cent up to the annual maximum pensionable earnings of \$57,400 at a rate of 15.8 per cent for earnings greater than the annual maximum pensionable earnings.

The amount contributed to OMERS for 2019 was \$41,035 (2018 \$41,328) for current service and is included as an expense on the consolidated statement of operations. Employees' contributions to OMERS in 2019 totalled \$41,039 (2018 \$41,331). The City is current with all payments to OMERS; therefore, there is neither a surplus nor deficit with the pension plan contributions.

However, at OMERS, the pension plan's funding deficit in 2019 dropped to \$3.4 billion (2018 \$4.2 billion). OMERS expects that investment returns as well as benefit reductions should return the plan to surplus by 2025.

OMERS has held contributions for both employees and employers in 2019 at the 2016 rates for employees with a normal retirement age of 65 and for employees and employers with a normal retirement age of 60 (firefighters). If actuarial surpluses are not available to offset the existing deficit and subsidize future contributions, additional increases in the contributions may be required.

f) Developer charge credits are liabilities and obligations that arise through the Development Charges Act. For the year ended December 31, 2019, the developer charge credit liability is \$44,984 (\$57,682 in 2018).

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

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

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

## 8. LONG-TERM DEBT

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

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

Serial debenture debt has been approved by Council by-law. The annual principal and interest payments required to service this liability are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing. Coupon rates range from 1.45 to 3.30 per cent.

Principal payments are repayable annually as follows:

	TOTAL \$
2020	28,759
2021	29,112
2022	29,927
2023	27,755
2024	22,995
Thereafter	66,645
<b>Total</b>	<b>205,193</b>

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

## 9. TANGIBLE CAPITAL ASSETS

a) Assets Under Construction:

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

b) Contributed Tangible Capital Assets:

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

c) Works of Art and Historical Treasures:

The City owns both works of art and historical treasures at various City-owned facilities such as Benares and Bradley Museums and the Mississauga Art Gallery. These assets are deemed worthy of preservation because of the social rather than financial benefits they provide to the community. These assets are not recorded as tangible capital assets and are not amortized.

d) Write-Down of Tangible Capital Assets:

The write-down of tangible capital assets during the year was \$0 (\$0 in 2018).

e) Disposal of Tangible Capital Assets:

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

f) Interest Capitalization:

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

## 2019 TANGIBLE CAPITAL ASSETS

For the year ended December 31, 2019. (All dollar amounts are in \$000)

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

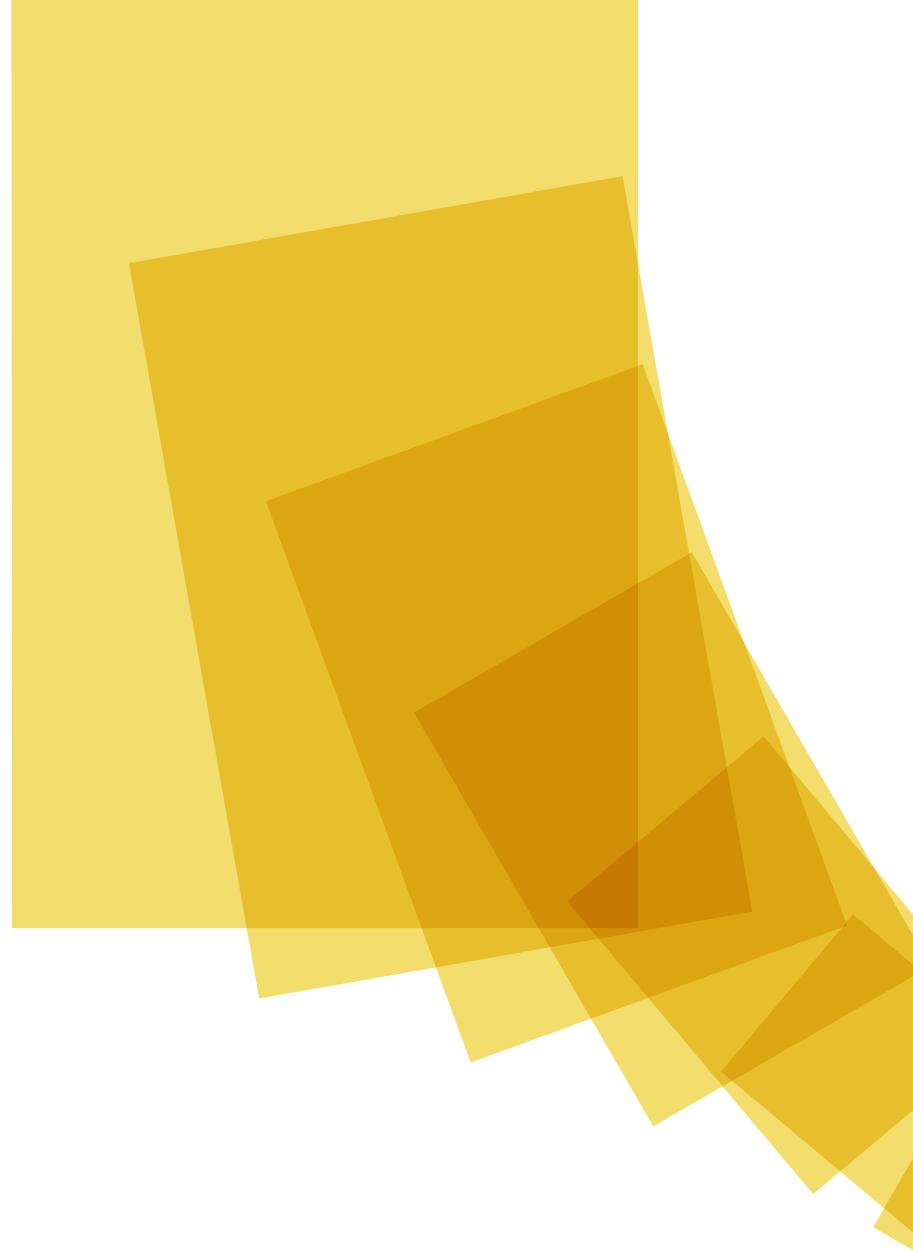
ACCUMULATED AMORTIZATION	DECEMBER 31, 2018 \$	AMORTIZATION EXPENSE \$	DISPOSALS \$	DECEMBER 31, 2019 \$
Land	—	—	—	—
Land improvements	108,266	8,293	1,935	114,624
Buildings	408,156	29,705	—	437,861
Equipment, books and other	197,501	23,383	32,748	188,136
Linear - storm drainage	248,272	8,590	—	256,862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

NET BOOK VALUE	DECEMBER 31, 2018 \$	DECEMBER 31, 2019 \$
Land	5,173,079	5,248,591
Land improvements	99,263	104,629
Buildings	714,505	699,682
Equipment, books and other	104,904	109,969
Linear - storm drainage	614,996	641,175
Linear - transportation	1,173,916	1,211,760
Vehicles	117,569	123,208
Assets under construction	182,674	106,841
<b>Total</b>	<b>8,180,906</b>	<b>8,245,855</b>

## 10. ACCUMULATED SURPLUS

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

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



## 11. TAXATION

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

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

## 12. TRUST FUNDS

Trust funds administered by the City amounting to \$1,140 (2018 \$900) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations. Trust funds comprises cemetery perpetual care of \$919 (2018 \$900) and election trust funds of \$221 (2018 \$0).

## 13. CONTINGENT LIABILITIES & GUARANTEE

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

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

## 14. SEGMENTED INFORMATION

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

### a) General Government Services

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

**b) Protection Services**

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

**c) Transportation Services**

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

**d) Environmental Services**

The Environmental Services segment comprises primarily Storm Sewer Services. The City's 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 comprises primarily the maintenance and operation of City-owned and managed cemeteries.

**f) Social and Family Services**

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

**g) Recreation and Cultural Services**

The recreation and cultural services segment comprises the following services: parks, forestry, environment, recreation programs, recreation facilities, marinas, golf courses, libraries, museums, the Living Arts Centre, and other cultural services and activities.

**h) Planning and Development Services**

The planning and development services segment comprises the following service areas: planning and zoning; commercial and industrial developments, and policy planning. Planning and development services manages urban development for business interests, environmental concerns, heritage matters, local neighbourhoods and the downtown area through city planning and community development.

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

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

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1.

## 14. SEGMENTED INFORMATION

Notes to Consolidated Financial Statements.

For the year ended December 31, 2019. (All dollar amounts are in \$000)

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

## **15. SEGMENTED BY SERVICE AREA**

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

a) Business Services

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

b) Culture Services

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

c) City Manager's Office

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

d) Environmental Services

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

e) Facilities & Property Management

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

f) Financial Transactions

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

g) Fire & Emergency Services

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

h) Information Technology Services

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

i) Land Development Services

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

j) Legislative Services

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

k) Library Services

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

l) Mayor and Members of Council

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

m) Parks, Forestry & Environment

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

n) Recreation Services

The Recreation Division connects citizens, staff and Mississauga communities to one another through programming, infrastructure and recreational opportunities. The Recreation Division provides service to residents and customers through the following:

- Registration and drop-in recreational programs
- Community partnerships and affiliations
- Recreational facilities operations and facility rentals
- Sponsorship and grants
- Sport and tourism initiatives
- Banquet and food services
- Community events support

o) Regulatory Services

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

p) Road Services

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

**q) Stormwater Service**

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

**r) Transit Services**

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

**s) Other**

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



## t) Revenues by Service Area

Notes to Consolidated Financial Statements.

For the year ended December 31, 2019. (All dollar amounts are in \$000)

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

\*Municipal Accommodation Tax (MAT).

\*\*The Service Area budget excludes the budgets for transfers between funds because they are eliminated in the financial statement consolidation.

## u) Expenses by Service Area

Notes to Consolidated Financial Statements.

For the year ended December 31, 2019. (All dollar amounts are in \$000)

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

\* 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.

## 16. BUDGET DATA

Budget data presented in these consolidated financial statements are based upon the 2019 operating and capital budgets as approved by Council and adopted by the City on February 6, 2019. Adjustments to budgeted values were required to provide comparative budget values based on the full accrual basis of accounting. The chart below reconciles the approved budget with the budget figures as presented in these consolidated financial statements.

REVENUE	BUDGET AMOUNT \$	BUDGET AMOUNT \$
<b>Approved Operating Budget</b>	<b>913,973</b>	<b>913,973</b>
Adjustments:		
Assessment increase	292	3,377
Budget adjustments	3,084	(8)
Contributions from reserve funds	(66,244)	(141,734)
BIAs	1,729	1,729
BIAs contributions from reserve funds	(50)	(1,450)
City budgeted levy for BIAs	(1,450)	1,923
Living Arts Centre	1,913	146,098
Enersource dividend	(15,552)	90
Adjusted Operating Budget	837,695	897,694
Approved Capital Budget	254,451	254,451
Adjustments for transfers from reserve funds	(205,828)	
Adjustments for debt proceeds	(48,150)	
Adjusted Capital Budget	473	—
Reserve funds interest and other revenue	22,031	
<b>Total Revenue</b>	<b>860,199</b>	<b>(37,495)</b>
EXPENSES		
<b>Approved Operating Budget</b>		
Adjustments:		
Budget adjustments	3,377	
BIA transfers to own	(8)	
Transfers to own	(141,734)	
BIA budgeted expenses	1,729	
BIA budget on City's books	(1,450)	
Living Arts Centre	1,923	
Amortization - City	146,098	
Amortization - Living Arts Centre	90	
Debt principal repayments, net of debt issuance	(26,304)	
Adjusted Operating Budget	897,694	
Approved Capital Budget	254,451	
Adjustments:		
Eliminate capital expense budget	(254,451)	
Adjusted Capital Budget	—	
Total Expenses	897,694	
<b>Annual Deficit</b>		

## 17. EXPENSES BY OBJECT

The consolidated statement of operations represents the expenses by function; the following classifies those same expenses by object:

	BUDGET 2019 \$	ACTUAL 2019 \$	ACTUAL 2018 \$
Salaries, wages and employee benefits	539,734	533,044	513,720
Long-term debt interest and fees	5,078	4,507	4,467
Materials and supplies	61,888	65,049	64,613
Contracted services	54,938	138,702	85,157
Rents and financial expenses	78,623	68,770	72,899
External transfers to others	11,245	6,741	7,194
Loss on disposal of tangible capital assets	—	2,504	49,994
Amortization	146,188	140,098	140,468
<b>Total</b>	<b>897,694</b>	<b>959,415</b>	<b>938,512</b>

## 18. PROVINCIAL OFFENCES ADMINISTRATION

The Ministry of the Attorney General in the Province of Ontario requires all municipal partners administering Provincial Offences Administration to disclose in the year-end audited financial statements the gross and net provincial offence revenues earned.

The following table provides condensed financial information required by the terms in the Memorandum of Understanding for the City's 2019 fiscal year with comparative figures for 2018:

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

## 19. FUNDING TRANSFERS FROM OTHER GOVERNMENTS

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

## 20. CONTRACTUAL RIGHTS

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

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

## 21. COMMITMENTS

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

	\$
2020	3,416
2021	3,016
2022	2,647
2023	1,140
2024	476
<b>Total</b>	<b>10,695</b>

## 22. LIVING ARTS CENTRE

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

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

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

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

	SEPTEMBER 30, 2019 \$
Financial Assets	2,775
Financial Liabilities	2,832
<b>Net Financial Liabilities</b>	<b>57</b>
Non-Financial Assets	1,512
<b>Accumulated Surplus</b>	<b>1,455</b>

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

	DECEMBER 31, 2019 \$
<b>Living Arts Centre Financial Statement balances</b>	
Financial Assets	2,583
Financial Liabilities	2,721
<b>Net Financial Liabilities</b>	<b>138</b>
Non-Financial Assets	1,713
<b>Accumulated Surplus</b>	<b>1,575</b>

	SEPTEMBER 30, 2019 TO DECEMBER 31, 2019
<b>Total Revenues</b>	
Total Revenues	2,049
Total Expenses	1,929
<b>Surplus</b>	<b>120</b>
Accumulated surplus, on acquisition	1,455
<b>Accumulated Surplus, end of year</b>	<b>1,575</b>

## 23. SUBSEQUENT EVENT AND CONTINGENCIES

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

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

## 24. COMPARATIVE FIGURES

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

# Financial Statements of City of Mississauga (Trust Funds)

Year ended  
December 31, 2019

# Independent Auditors' Report



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

### Opinion

We have audited the financial statements of the trust funds of the Corporation of the City of Mississauga (the Entity), which comprise:

- the statement of financial position as at December 31, 2019
- the statement of operations for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the trust funds of the Entity as at December 31, 2019, and its results of operations for the year then ended in accordance with Canadian public sector accounting standards.

### Basis for Opinion

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

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

responsibilities in accordance with these requirements.

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

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

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

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

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

## Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature of "KPMG LLP" in black ink, with a horizontal line extending from the end of the "P" in "KPMG".

Chartered Professional  
Accountants, Licensed  
Public Accountants  
May 1, 2020  
Vaughan, Canada

## CITY OF MISSISSAUGA TRUST FUNDS STATEMENT OF FINANCIAL POSITION

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

FINANCIAL ASSETS	2019			2018
	Perpetual Care \$	Election Surplus \$	Total \$	Total \$
Cash	35	221	256	34
Accounts Receivable	4	—	4	4
Due (to)/from City of Mississauga (Note 2)	(13)	—	(13)	55
Investments (Note 3)	893	—	893	807
<b>Net financial Assets and Accumulated Surplus</b>	<b>919</b>	<b>221</b>	<b>1,140</b>	<b>900</b>

Subsequent Event and Contingencies (Note 6)

## CITY OF MISSISSAUGA TRUST FUNDS STATEMENT OF OPERATIONS

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

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

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

# City of Mississauga – Trust Funds Notes to the Financial Statements

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

## 1. SIGNIFICANT ACCOUNTING POLICIES

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

### a) Basis of Accounting

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

## 2. DUE (TO)/ FROM THE CITY OF MISSISSAUGA

This represents the net effect of the perpetual care receipts collected during the year offset by the interest earned resulting in an amount due to the City of Mississauga as at December 31, 2019 and transferred from the Trust Funds on January 27, 2020. The balance due (to)/from the City of Mississauga is non-interest bearing and due on demand.

## 3. INVESTMENTS

The total investments by the Trust Funds of \$893 (\$807 in 2018) reported on the statement of financial position at cost, have a market value of \$936 (\$825 in 2018) at the end of the year.

## 4. PERPETUAL CARE FUND

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

## 5. ELECTION TRUST FUND

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

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

1. The election campaign period has ended under paragraph 2, 3 or 4 of subsection 88.24 (1).
2. It is no longer possible to recommence the campaign period under paragraph 5 of subsection 88.24 (1).
3. No recount, proceeding under section 83 (contested elections) or compliance audit has been commenced.
4. The period for commencing a recount, a proceeding under section 83 or a compliance audit has expired.

Per S.88.31(9), for a registered third party, the amount held in trust becomes the property of the municipality when all of the following conditions are satisfied:

1. The campaign period has ended under paragraph 2 or 3 of section 88.28.
2. It is no longer possible to recommence the campaign period under paragraph 4 of section 88.28.
3. No compliance audit has been commenced.
4. The period for commencing a compliance audit has expired. 2016, c. 15, s. 62.

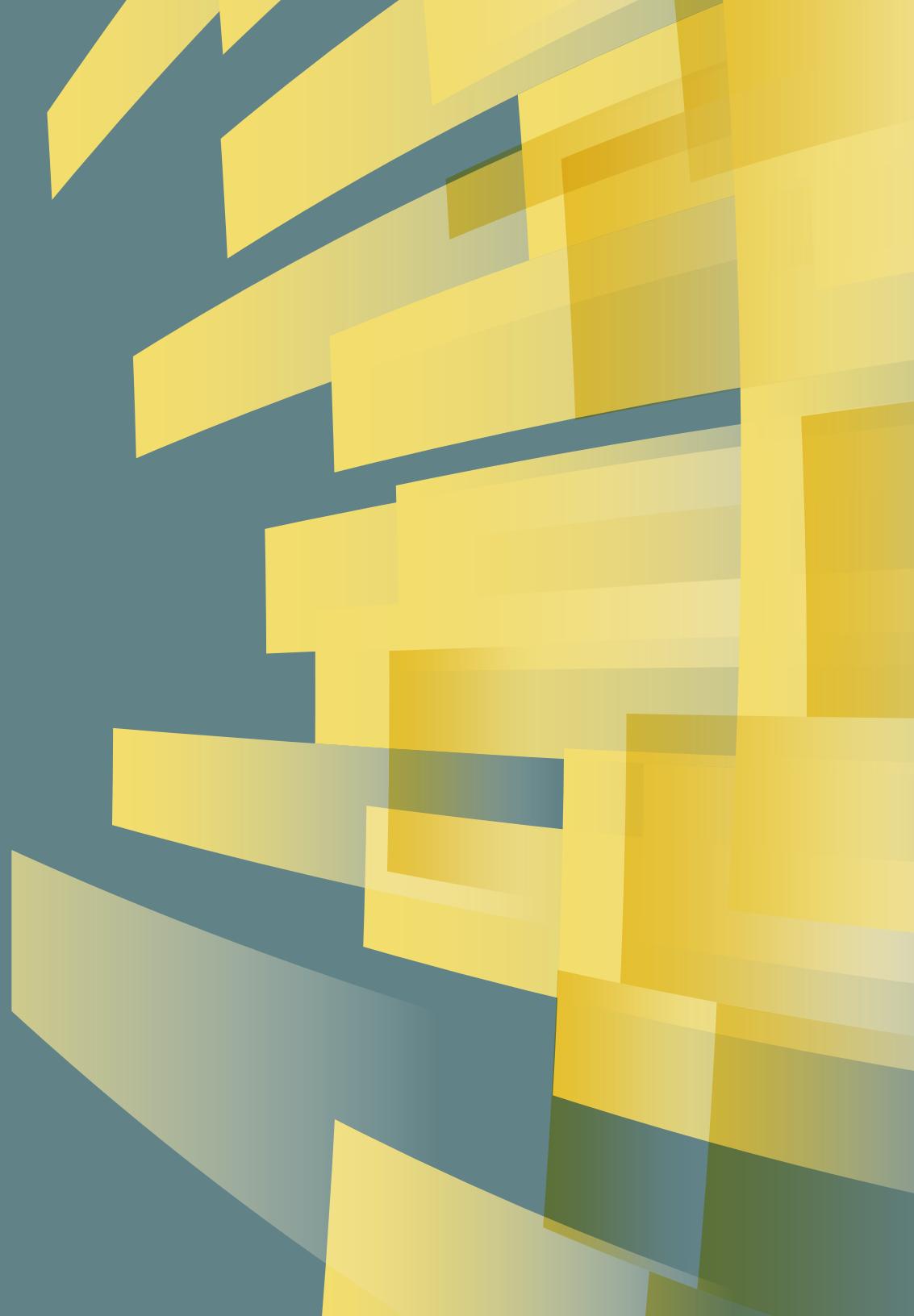
Per S.88.32(2), if the candidate or registered third party notifies the clerk in writing that he, she or it is incurring subsequent expenses relating to a compliance audit, the clerk shall return the amount of the surplus, with interest, to the candidate or registered third party.

## **6. SUBSEQUENT EVENT AND CONTINGENCIES**

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

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

## **2019 Statistics**



# FIVE-YEAR FINANCIAL REVIEW

(All dollar amounts are in \$000 except per capita figures, population, area in acres, households.)  
UNAUDITED

FISCAL YEAR		2019	2018	2017	2016	2015
<b>Municipality Statistics</b>						
Population (Note 1)		779,100	775,000	772,000	768,000	764,000
Area in acres		72,200	72,200	72,200	72,200	72,200
Households (Note 1)		251,900	250,000	248,000	246,000	244,000
Employees (Note 2)	Full time	5,008	4,299	4,206	4,165	4,154
	Per 1000 people	6.4	5.5	5.4	5.4	5.4
	Part time and seasonal	2,574	2,725	2,611	2,828	2,935
Construction Activity (Note 3)		1,792,546	1,850,388	1,262,657	1,316,524	1,285,935
<b>ASSESSMENT VALUATION YEAR</b>						
<b>Tax Assessment Information</b>						
Taxable Assessment upon which the year's rates of taxation were set:						
Residential, farm, multi-residential		123,260,608	115,124,305	107,373,242	99,923,106	94,770,331
Commercial, industrial and other		36,690,271	34,989,192	33,381,211	32,162,701	30,926,239
<b>Total Taxable Assessment</b>		<b>159,950,879</b>	<b>150,113,497</b>	<b>140,754,453</b>	<b>132,085,807</b>	<b>125,696,570</b>
<i>Commercial, industrial, and business as a percentage of taxable assessment</i>						
		22.9%	23.3%	23.3%	23.3%	23.3%

Notes:

1. Population and households figures are as per the 2013 City's growth forecast.
2. Positions are stated in either full time or part time equivalents, as budgeted and exclude Enersource Corporation.
3. Construction Activity for all years are as per the City's Planning and Building internal Building and Construction reports.

**Tax Rate Information: (per \$ of assessed value)**

RESIDENTIAL AND FARM	2019	2018	2017	2016	2015
For City purposes	0.283393%	0.286885%	0.291654%	0.293370%	0.291960%
For Region purposes	0.357050%	0.366591%	0.378718%	0.392978%	0.401675%
For School purposes	0.161000%	0.170000%	0.179000%	0.188000%	0.195000%
<b>Total Tax Rate - Residential and farm</b>	<b>0.801443%</b>	<b>0.823476%</b>	<b>0.849372%</b>	<b>0.874348%</b>	<b>0.888635%</b>
<b>COMMERCIAL</b>					
For City purposes	0.425301%	0.423786%	0.423403%	0.413597%	0.411610%
For Region purposes	0.535841%	0.541529%	0.549796%	0.554027%	0.566288%
For School purposes	0.981594%	1.018727%	1.042947%	1.057399%	1.069252%
<b>Total Tax Rate - Commercial</b>	<b>1.942736%</b>	<b>1.984042%</b>	<b>2.016146%</b>	<b>2.025023%</b>	<b>2.047150%</b>
<b>INDUSTRIAL</b>					
For City purposes	0.460970%	0.462102%	0.464730%	0.460814%	0.458600%
For Region purposes	0.580781%	0.590490%	0.603461%	0.617276%	0.630936%
For School purposes	1.117296%	1.171562%	1.231495%	1.292875%	1.325843%
<b>Total Tax Rate - Industrial</b>	<b>2.159047%</b>	<b>2.224154%</b>	<b>2.299686%</b>	<b>2.370965%</b>	<b>2.415379%</b>

(All dollar amounts are in \$000 except per capita figures, population, area in acres, households.)  
UNAUDITED

<b>FISCAL YEAR</b> <b>PROPERTY TAX INFORMATION</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Tax Levies: City portion	512,768	486,875	464,168	435,331	412,894
Region portion	643,697	619,985	600,566	583,140	568,055
School Board portion	560,207	552,368	542,496	533,942	522,754
<b>Total Tax Levies</b>	<b>1,716,672</b>	<b>1,659,228</b>	<b>1,607,230</b>	<b>1,552,413</b>	<b>1,503,703</b>
Taxes collected: City collection	517,730	475,286	466,801	440,252	411,681
Taxes Transferred to the Region	643,697	619,985	600,566	583,140	568,055
Taxes Transferred to the School Boards	560,207	552,368	542,496	532,344	522,754
<b>Total Taxes collected</b>	<b>1,721,634</b>	<b>1,647,639</b>	<b>1,609,863</b>	<b>1,555,736</b>	<b>1,502,490</b>
Tax arrears: Taxes Receivable	47,597	45,567	33,978	36,611	41,532
Taxes Receivable per capita	61	59	44	48	54
Percentage of current levy	2.8%	2.7%	2.1%	2.4%	2.8%
<b>CONSOLIDATED REVENUES</b>					
Property Taxation	520,504	494,118	470,189	440,719	419,469
Municipal Accommodation Tax	12,152	8,990	—	—	—
Taxation from other governments	30,479	31,664	29,960	29,922	27,156
User charges	263,215	258,215	249,043	239,900	191,970
Recovery charges	29,117	12,991	48,874	11,157	21,098
Government grants	14,086	34,964	3,043	3,887	2,458
Development contributions applied	90,407	76,548	90,547	69,217	228,687
Investment income	43,607	35,305	37,628	34,903	33,082
Penalties and interest on taxes	10,806	9,805	9,133	8,444	8,848
Contributed assets	62,392	49,581	11,732	18,595	34,266
Other	5,604	20,158	6,099	2,292	7,852
Share of net income in Enersource Corporation	10,758	30,268	14,194	26,855	18,226
Gain on acquisition of Living Arts Centre	1,455	—	—	—	—
Share of equity in gain on exchange of Investment in Enersource Holdings	—	—	202,734	—	—
Share of dilution gain recognized on Alectra's amalgamation with Guelph Hydro Electric Systems Inc. (GHESI)	1,324	—	—	—	—
<b>Total Revenues</b>	<b>1,095,906</b>	<b>1,062,607</b>	<b>1,173,176</b>	<b>885,891</b>	<b>993,112</b>
<b>Revenue per capita</b>	<b>1,407</b>	<b>1,371</b>	<b>1,520</b>	<b>1,154</b>	<b>1,300</b>

(All dollar amounts are in \$000 except per capita figures, population, area in acres, households.)  
UNAUDITED

<b>FISCAL YEAR</b>		<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
<b>CONSOLIDATED EXPENSES BY FUNCTION</b>						
General government services		258,714	196,251	189,336	184,821	164,177
Protection services		135,446	133,209	125,689	128,120	122,648
Transportation services		345,613	341,197	322,439	310,975	297,646
Environmental services		18,121	22,998	19,647	18,523	14,601
Health services		560	557	616	587	549
Social and family services		638	648	484	479	478
Recreation and cultural services		174,978	170,252	162,217	160,458	151,861
Planning and development services		22,841	23,406	22,901	21,561	21,095
Loss on disposal of tangible capital assets		2,504	49,994	2,544	1,074	505
<b>Total Consolidated Expenses by Function</b>		<b>959,415</b>	<b>938,512</b>	<b>845,873</b>	<b>826,598</b>	<b>773,560</b>
<b>Annual Surplus/(Deficit)</b>		<b>136,491</b>	<b>124,095</b>	<b>327,303</b>	<b>59,293</b>	<b>219,552</b>
<b>Net Financial Assets</b>		<b>788,191</b>	<b>718,292</b>	<b>731,644</b>	<b>498,459</b>	<b>491,864</b>
<b>CAPITAL FUND INFORMATION</b>						
Capital Financing: Development contributions applied		90,407	76,548	90,547	69,138	228,687
Government grants		14,086	34,964	42,793	484	465
Other		28,010	3,742	4,035	14,454	18,324
<b>Total Capital Financing</b>		<b>132,503</b>	<b>115,254</b>	<b>137,375</b>	<b>84,076</b>	<b>247,476</b>
<b>Current Year Unexpended Capital Financing</b>		<b>204,257</b>	<b>145,032</b>	<b>228,092</b>	<b>177,975</b>	<b>190,431</b>

(All dollar amounts are in \$000 except per capita figures, population, area in acres, households.)  
UNAUDITED

<b>FISCAL YEAR</b>		<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
<b>CONSOLIDATED EXPENSES BY OBJECT</b>						
Salary, wages and fringe benefits		533,044	513,720	491,101	485,697	459,483
Debt interest and fees		4,507	4,467	3,015	2,751	2,077
Materials and supplies		65,049	64,613	60,231	55,230	51,528
Contracted services		138,702	85,157	78,141	76,384	67,200
Rents and financial expenses		68,770	72,899	70,085	68,728	61,860
External transfers to others		6,741	7,194	6,814	6,621	5,763
Amortization		140,098	140,468	133,942	130,113	125,144
Loss on disposal of assets		2,504	49,994	2,544	1,074	505
<b>Total Consolidated Expenses</b>		<b>959,415</b>	<b>938,512</b>	<b>845,873</b>	<b>826,598</b>	<b>773,560</b>
<b>MUNICIPAL DEBT INFORMATION</b>						
Long-Term Liabilities: General municipal activities		205,193	181,491	155,895	134,447	110,785
Per capita		263	234	202	175	145
Charges for Long-Term Liabilities: General municipal activities		4,507	4,467	3,015	2,751	2,042
Per capita		5.78	5.76	3.91	3.58	2.67
Debt Repayment Limit (as determined by the Province of Ontario)		176,282	172,748	161,612	160,623	159,687
<b>TANGIBLE CAPITAL ASSETS</b>						
Net Book Value		8,245,855	8,180,906	8,113,738	8,020,550	7,966,189
Amortization		140,098	140,468	133,942	130,113	125,144
Operating Fund Transfers to Capital Reserve Fund		92,405	88,545	65,508	48,247	48,069

(All dollar amounts are in \$000 except per capita figures, population, area in acres, households.)  
UNAUDITED

FISCAL YEAR ACCUMULATED SURPLUS	2019	2018	2017	2016	2015
Invested in tangible capital assets	8,245,855	8,180,906	8,113,738	8,020,550	7,966,189
Unexpended capital	204,257	145,032	228,092	177,975	190,431
Enersource Corporation	498,783	502,361	485,034	281,012	266,959
Long-term debt	(205,193)	(181,491)	(155,895)	(134,447)	(110,785)
Living Arts Centre	120	—	—	—	—
Unfunded Employee benefits	(207,034)	(209,650)	(209,231)	(210,256)	(197,982)
Reserves	90,750	80,870	71,317	66,157	62,077
Reserve Funds	418,527	391,546	322,549	327,310	292,119
<b>Total Accumulated Surplus</b>	<b>9,046,065</b>	<b>8,909,574</b>	<b>8,855,604</b>	<b>8,528,301</b>	<b>8,469,008</b>
<b>Trust Funds</b>	<b>919</b>	<b>900</b>	<b>820</b>	<b>731</b>	<b>664</b>

UNEMPLOYMENT RATE	2019	2018	2017	2016	2015
Percentage of unemployment (Note 4)	6.0%	6.0%	6.4%	7.0%	7.0%

4. Percentages of unemployment taken from Statistics Canada Labour Force Survey.  
 Statistics from 2019 are presented in accordance with the adoption of Public Sector Accounting Board (PSAB) section 3430 Restructuring Transactions.  
 Statistics from 2018 onward are presented in accordance with the adoption of Public Sector Accounting Board (PSAB) sections 3210 Assets; 3320 Contingent Assets; 3380 Contractual Rights; 2200 Related Party Disclosures and 3420 Inter-Entity Transactions.

## TOP EMPLOYERS 1,000+ Employees

Accenture Inc.	Dufferin-Peel Catholic District School Board	Region of Peel
Air Canada	Federal Express Canada Ltd.	Royal Bank of Canada
Alectra Utilities	Finistra/D+H	SNC Lavalin Nuclear Inc.
Bank of Montreal	GlaxoSmithKline Inc.	Sobeys Inc.
Bell Canada	Goldenlife Financial Solutions Inc.	TD Canada Trust
BlackBerry Limited	Greater Toronto Airport Authority (GTAA)	Tim Hortons
Canada Post	Hewlett-Packard (Canada) Co.	Trillium Health Partners
Canada Revenue Agency	Maple Leaf Consumer Foods	Tyco Integrated Fire And Security
Canadian Imperial Bank of Commerce	McDonald's Corp.	University of Toronto Mississauga (UTM)
Citi Canada	Microsoft Canada Co.	Walmart Canada
City of Mississauga	Peel District School Board	

## 10 LARGEST CORPORATE PROPERTY TAXPAYERS

OWNER	ASSESSMENT VALUE \$
1 Orlando Corporation	\$2,688,686,431
2 OMERS Realty Management	\$1,367,739,600
3 The Great-West Life Assurance	\$539,046,503
4 2725312 CANADA Inc.	\$493,685,004
5 The Erin Mills Town Centre	\$446,364,984
6 Chiefton Investments Ltd.	\$341,434,536
7 HOOPP Realty Inc.	\$290,849,748
8 BCIMC Realty Corp.	\$271,663,353
9 Canadian Property Holdings	\$246,857,000
10 Lord Realty Holdings Ltd.	\$208,997,500
<b>Top Ten - Assessment Total</b>	<b>\$6,895,324,659</b>
% of Total Industrial and Commercial Assessment	18.8%
% of Total Taxable Assessment	4.3%
Total Residential Assessment	\$123,260,608,427
Total Industrial and Commercial Assessment	\$36,690,270,972
<b>Total Taxable Assessment</b>	<b>\$159,950,879,399</b>

# City of Mississauga Members of Council

## CONTACT INFORMATION

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If you need this information  
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The background features a large, abstract graphic composed of several overlapping, tilted rectangular layers. The colors transition from dark teal on the left to bright yellow and orange on the right, with intermediate shades of blue, green, and light grey. The rectangles overlap at various angles, creating a sense of depth and movement.

# 2019 Financial Report

