

2017 FINANCIAL REPORT

The City of Mississauga, Ontario, Canada for the Fiscal Year Ended December 31, 2017



CITY COUNCIL OF 2017



M **Bonnie Crombie**
Mayor

1 **Jim Tovey (late)**
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

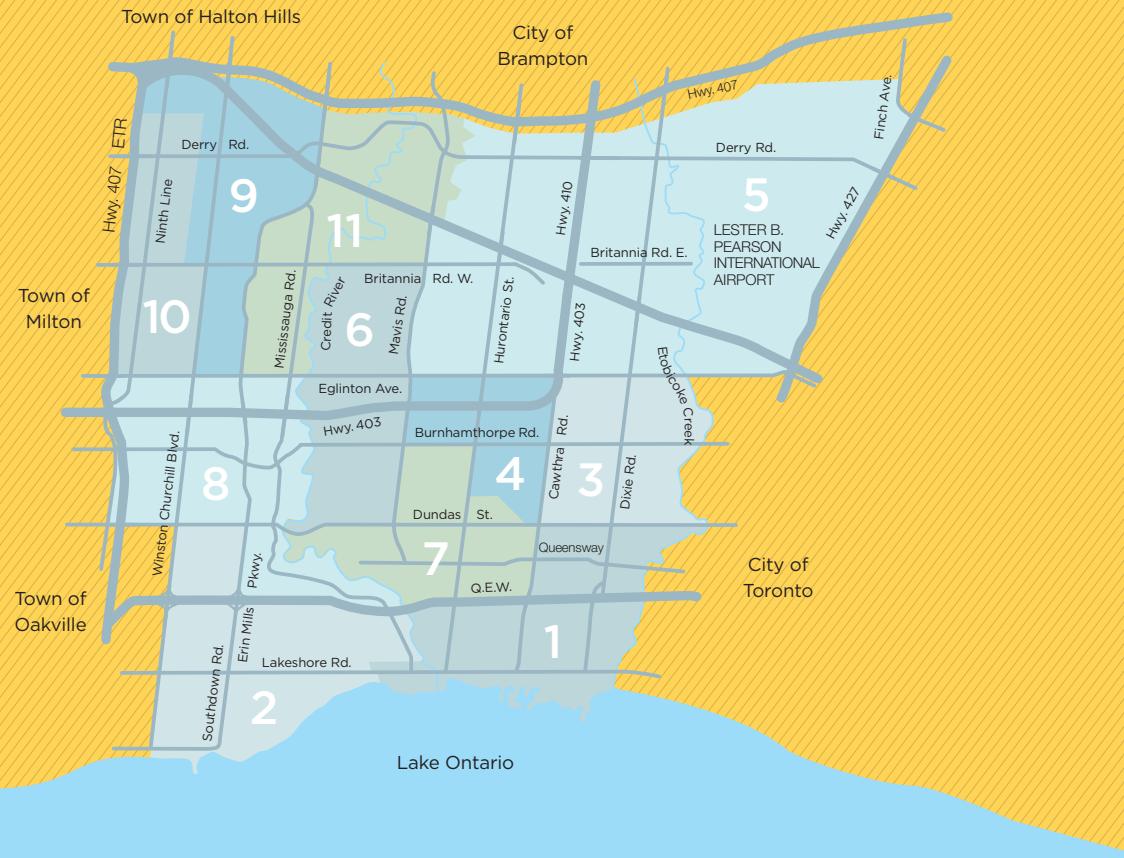
7 **Nando Iannicca**
Ward 7 Councillor

8 **Matt Mahoney**
Ward 8 Councillor

9 **Pat Saito**
Ward 9 Councillor

10 **Sue McFadden**
Ward 10 Councillor

11 **George Carlson**
Ward 11 Councillor



2017

FINANCIAL

REPORT

The 2017 Financial Report has been prepared in an electronic format and is available on the City's website at **mississauga.ca/finance**.

In keeping with the City's goals of fiscal restraint, environmental responsibility and increasing the availability of City information on the web, the City of Mississauga no longer publishes hardcopy annual financial reports. This initiative is one of many City initiatives that helps reduce the costs that affect property taxes in Mississauga for residents and businesses.

The City of Mississauga
Financial Report 2017

For the Fiscal Year Ended December 31, 2017
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.

mississauga.ca/finance

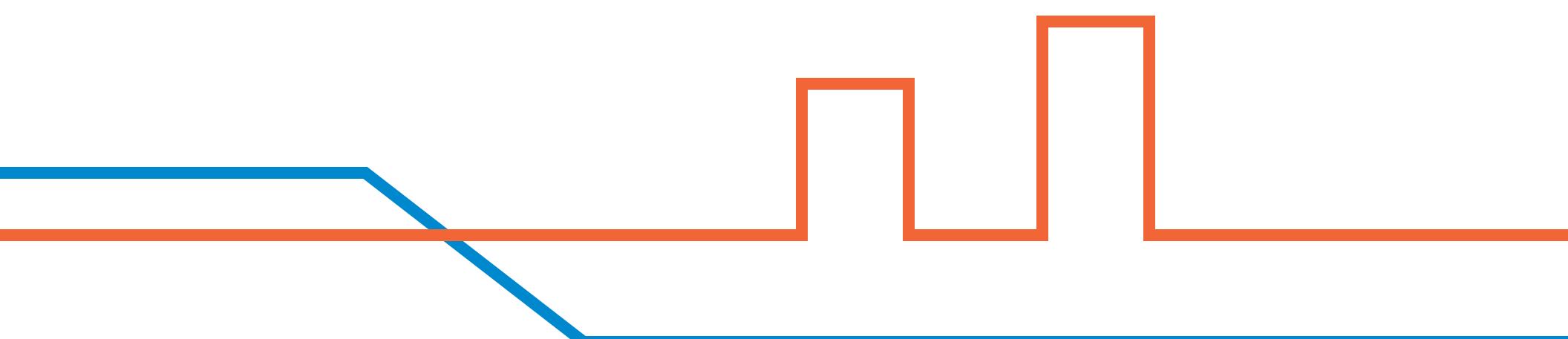
TABLE OF CONTENTS

INTRODUCTORY SECTION

Our Vision and Values	5
GFOA Award: Canadian Award for Financial Reporting	6
Message from the Mayor	7
Mississauga Quick Facts	8
Map: Mississauga and GTA Municipalities	9
Message from the City Manager and Chief Administrative Officer	10
Corporate Organizational Structure	11
2017 Accomplishments and Successes	12
Message from the Director of Finance and Treasurer	17
Financial Management Processes	19
The City's Budget Process	20
Preparing Mississauga's Business Plan and Budget	21
Reconciliation of City's Budget to Audited Financial Statements	22

FINANCIAL STATEMENT SECTION

2017 Financial Year in Review	25
CITY OF MISSISSAUGA FINANCIAL STATEMENTS	
Introduction to the Financial Statements	44
Independent Auditors' Report	45
Consolidated Statement of Financial Position	46
Consolidated Statement of Operations	47
Consolidated Statement of Change in Net Financial Assets	48
Consolidated Statement of Cash Flows	49
Notes to Consolidated Financial Statements	51
TRUST FUNDS FINANCIAL STATEMENTS	
Independent Auditors' Report	76
Statement of Financial Position	77
Statement of Operations	77
Notes to the Financial Statements	78
STATISTICAL SECTION	
Five-Year Financial Review	80
Ten Largest Corporate Property Taxpayers	86
CONTACT INFORMATION	87



OUR VISION AND VALUES

OUR VISION

“Mississauga will inspire the world as a dynamic and 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.”

OUR VALUES

TRUST

We commit to upholding public trust and to promoting a climate of trust between employees, management, Council and residents. We strive to be open and responsive in managing the City.

QUALITY

We deliver services and programs which enhance the quality of life of residents and employees.

EXCELLENCE

We serve as a model of excellent public administration and deliver the right services in a superior way, at a reasonable cost.

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, 2016

Christopher P. Morill

Executive Director/CEO

CANADIAN AWARD FOR FINANCIAL REPORTING

For the 20th 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 2016 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 2017 evaluation.

MESSAGE FROM THE MAYOR

On behalf of Members of Council, I am pleased to present the 2017 Financial Report. This is an opportunity to showcase and report on our strengths, accomplishments and progress in the City of Mississauga.

As the sixth-largest municipality in Canada, Mississauga continues to be a city in demand. Our residents enjoy a high quality of life with access to many of the City's outstanding programs and services. We are seeing constant growth and investment in our city with \$1.3 billion in construction permits issued for the third consecutive year. In addition, more than 88,000 businesses, including over 70 Fortune 500 companies call Mississauga home.

City-building initiatives are proceeding with revitalizations within our waterfront, Dundas Corridor and Ninth Line lands among many others. We've expanded transit in the city with the completion of the Mississauga Transitway. This 12-station, 18-kilometre dedicated bus corridor allows passengers to travel east to west across the city. Our upcoming Hurontario Light Rail Transit (LRT) initiative continues to move ahead and will see a dedicated right-of-way serving 22 stops. Mississauga and our communities are growing in such a way that we will see significant transformation through building and innovation, while providing a wonderful place for our residents and business community.

In 2017, we celebrated Canada's 150th anniversary with over 60 initiatives throughout the city. This milestone not only shows the strength of our nation's diversity, but that of Mississauga's. People play an important part of our city and help make Mississauga a hub for cultural diversity. We are proud that Mississauga continues to be a place where residents can proudly call home.

Healthy and liveable communities also contribute to Mississauga's high quality of life that our residents enjoy. Our beautiful landscape is the result of our urban forests and green spaces. Approximately



500 parks cover the city and through the One Million Trees program, over 62,000 trees and shrubs were planted in 2017. We're addressing climate change with the development of a Climate Change Action Plan to minimize and prepare for the impact of a changing global climate.

Action on affordable housing is underway with Making Room for the Middle: A Housing Strategy for Mississauga. The Strategy aims to foster a supportive environment for housing that is affordable. We continue to upgrade and improve our facilities and infrastructure to address the needs of residents and make Mississauga an accessible place for all.

As Mayor, I am proud of the work we've done and how far we've come in realizing our vision to be a world-class city. We'll continue to maintain what we've built by expanding our transit system, improving our infrastructure and delivering value and great service. Our priorities are established and our vision is clear. We are excited about the future of a city on the cusp of great things!

Bonnie Crombie

Bonnie Crombie
Mayor

MISSISSAUGA QUICK FACTS (2017)

LOCATION

- Located within the Greater Toronto Area (GTA)
- Adjacent (west) to City of Toronto on the north shores of Lake Ontario
- Area: 113 square miles (292 km²); 72,200 acres (29,000 ha)

POPULATION

- Canada's 6th largest city: 772,000 (2017)
- Projected Population: 878,000 (2041)

EMPLOYMENT

- Employees in Mississauga: 428,309 (2016)
- Employees in GTA: 4.7 million (2017 working age population 15–64)
- 73 Fortune 500 companies have their Canadian head offices or major divisional offices located in Mississauga
- 50 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, is located in Mississauga, among the top 30 in the world

HIGHWAYS

- The only city in the GTA serviced by seven major highways
- Excellent highway connections, less than two hours from the USA border

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 39.4 million rides annually
- 82 routes; 7 express routes, 57 regular routes, and 18 school routes. MiWay connects with the Toronto Transit Commission, Brampton Transit, Oakville Transit and 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
- Sheridan College Institute of Technology and Advanced Learning – Hazel McCallion Campus

WITHIN COMMUTING DISTANCE

- 15 major universities and 17 technical colleges

PROPERTY TAX RATES (2017 RATES)

- **Industrial:** 2.299686 per cent
- **Commercial:** 2.016146 per cent
- **Residential:** 0.849372 per cent
- **Multi-Residential:** 1.244106 per cent

MISSISSAUGA AND GTA MUNICIPALITIES

km
0 10 20 30 40



MESSAGE FROM THE CITY MANAGER AND CHIEF ADMINISTRATIVE OFFICER



The City of Mississauga continues its strong reputation for its ability to achieve excellence and deliver on its strategic goals. The 2017 Financial Report is a snapshot and a great opportunity to highlight the City's many successes and key initiatives.

In 2017, strong financial planning helped guide our decisions to be fiscally responsible and transparent. Mississauga was recognized once again as a municipal leader in government budgeting and financial reporting. We received an unprecedented 28th straight Distinguished Budget Presentation Award from the Government Finance Officers Association (GFOA), as well as excellence in financial reporting for the 20th year in a row. We were also awarded our 14th consecutive 'AAA - Stable' credit rating from Standard and Poor's Rating Services, earning top marks for financial management.

Each year, we are tasked with reducing costs where feasible. Staff are continually being challenged to look for innovative ways to maintain and enhance our service levels while finding efficiencies and delivering value for money. Our Lean Program is an effective way for the City to achieve continuous improvement to maximize value and minimize waste. Through Lean, we've seen improvements to customer service and quality, increased safety and environmental benefits. Thanks to Council and staff who were able to identify savings of \$4.1 million in 2017.

While 2017 has seen many successes, we also faced many challenges. The cost to maintain our infrastructure and provide our services is always increasing. Funding programs and new revenue sources, including a hotel tax to take effect in 2018, will help us fund important city-building initiatives, grow our economy and strengthen our tourism industry.

Mississauga has gained a reputation as a destination where people choose to be and where companies choose to invest. Once again, we were recognized as top mid-sized City of the Future in all of the Americas by Foreign Direct Investment (fDi) Magazine as a business-friendly city. As a city in demand, we also need to continue investing in our growing city to support our residents and our future.

A handwritten signature in cursive script that reads "Janice M. Baker".

Janice M. Baker, FCPA, FCA
City Manager and Chief Administrative Officer
City of Mississauga

CORPORATE ORGANIZATIONAL STRUCTURE

COMMISSIONERS REPORT
TO CITY MANAGER AND
CHIEF ADMINISTRATIVE OFFICER



JANICE M. BAKER, FCPA, FCA

City Manager and
Chief Administrative Officer

RESPONSIBILITIES:

- Economic Development
- Internal Audit
- Legal Services



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

RESPONSIBILITIES:

- Transportation & Infrastructure Planning
- Engineering & Construction
- MiWay
- Enforcement
- Works Operations & Maintenance



Paul A. Mitcham, P. Eng., MBA
Commissioner, Community Services

RESPONSIBILITIES:

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



Gary Kent, CPA, CGA
Commissioner, Corporate Services
and Chief Financial Officer

RESPONSIBILITIES:

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



Edward R. Sajecki, P. Eng., MCIP
Commissioner, Planning and Building

RESPONSIBILITIES:

- Strategic Community Initiatives
- Development & Design
- Policy Planning
- Building Services

2017
ACCOMPLISHMENTS
AND SUCCESSES



DELIVERING EXISTING SERVICES

- The 3-1-1 Citizen Contact Centre handled 250,286 calls; 44,875 online service requests; 4,699 Pingstreet service requests
- 7 new self-service options added for Mississauga on Pingstreet
- City launched new Simplified Tax Receipts online for property owners
- Approximately 34,000 subscribers received the City of Mississauga eNewsletter
- The City delivered the inaugural edition of an annual printed City newsletter to more than 200,000 homes
- Over 14,500,000 page views to the City of Mississauga website
- 2,945 marriage licenses were issued and 154 civil ceremonies performed
- Over 240,000 followers across all City social media accounts combined
- Over 4,000 construction permits were issued with a value of \$1.3 billion
- City completed approximately 79,000 building inspections
- Planning and Building website received over 34,000 page views
- Mississauga Fire & Emergency Services conducted 8,180 fire safety inspections
- Meadowvale Theatre hosted 179 performances and activity days
- Celebration Square hosted 55 events over 140 event days and attracted 717,414 visitors
- 62,175 trees and shrubs were planted as part of the One Million Trees program
- MiWay provided 1.54 million service hours
- City issued 38 new taxicab owner licenses
- MiWay Five Service Plan improvements included more frequent service, improved GO Transit connections and improved service on the Mississauga Transitway
- City launched a new online business directory offering free digital access to nearly 15,000 Mississauga businesses

DELIVERING VALUE FOR MONEY

- City won the Government Finance Officers Association's Canadian Award for Financial Reporting for the 20th consecutive year
- City won the Government Finance Officers Association's Popular Financial Reporting Award for the first time
- Mississauga's brand won the International Marketing Award for Excellence from Place Marketing Forum
- City's Staff Accessibility Resource Team was recognized with the Municipal Accessibility Award from the Ontario Municipal Social Services Association (OMSSA)
- City of Mississauga was recognized with the Public Sector Digest 'Most Improved' Award for the 2016 Open Cities Index
- City of Mississauga was awarded its 14th consecutive 'AAA-Stable' credit rating from Standard and Poor's Rating Services
- City was awarded its 28th straight Distinguished Budget Presentation Award from the Government Finance Officers Association
- City of Mississauga's Employer Brand Story received a bronze award at the Transform Awards North America 2017 in New York City
- City of Mississauga received a 2017 Brownie Award for Inspiration Port Credit for Communication, Marketing and Public Engagement
- City of Mississauga's Planning Information Hub received Silver Award for the Best Web GIS from the Urban and Regional Informational Systems Association (URISA) Ontario
- Nine Mississauga Firefighters received Governor General's Medal of Bravery
- City received platinum status as a Youth Friendly Community from Play Works
- City of Mississauga won Municipality of the Year Award from Festivals and Events Ontario
- City of Mississauga received its HIGH FIVE Accreditation from Parks and Recreation Ontario
- City announced its second Poet Laureate, Wali Shah
- Last station of the Mississauga Transitway officially opened, completing the 12-station, 18-kilometre dedicated bus corridor
- City of Mississauga was named top mid-sized City of the Future in all of the Americas by Foreign Direct Investment (fDi) Magazine
- City's Economic Development Office was identified as one of Canada's top 10 economic development groups by Site Selection magazine

MAINTAINING OUR INFRASTRUCTURE

- Mississauga Fire Station 119 earned City's first LEED Gold status
- Mississauga Celebration Square was awarded the Rick Hansen Foundation Accessible Cities Award Circle of Excellence Venue
- City was awarded \$2.5 million from Canada 150 Community Infrastructure Fund
- City celebrated the 50th anniversaries of Lorne Park Library, Lakeview Library, Streetsville Library, Huron Park Recreation Centre and Bradley Museum
- City celebrated the 10th anniversaries of Churchill Meadows Library and Activity Centre and Mississauga SportZone
- 391,831 hours of maintenance were performed in 2017 for the care of the City's parkland and open space, including approximately 500 parks, two marinas and 11 publicly owned cemeteries

- MiWay received 94 new buses (27 MiExpress/67 MiLocal)
- MiWay added 10 new transit shelters
- City rehabilitated 80 streets (20 lane kilometres) and one bridge structure
- City installed Accessible Pedestrian Crossings at 118 intersections
- City received \$2.3 million from the Government of Ontario to improve cycling networks
- City secured \$58 million from the Government of Canada as part of the Public Transit Infrastructure Fund

ADVANCING ON OUR STRATEGIC VISION

- City added 93 unique data sets to its Open Data Catalogue
- Mississauga became the first municipality in Canada to launch “Virtual Campus”
- City created new Workforce Diversity and Inclusion Strategy
- City of Mississauga was recognized with the 2016 Council for Experiential Learning’s Ontario Employer Designation by the Government of Ontario
- City of Mississauga was named Most Supportive Employer in Ontario by the Canadian Forces Liaison
- City of Mississauga adopted its first affordable housing strategy, Making Room for the Middle: A Housing Strategy for Mississauga
- City launched Reimagining the Mall project that will guide the long-term evolution and redevelopment of five shopping mall areas
- Council approved more than \$3.5 million in funding for 2017 Culture and Community Grant Programs
- Conference at the Council House, a new addition to the City’s permanent public art collection, was unveiled at Mississauga Celebration Square
- Pine Sanctuary public art was installed at Riverwood as part of Canada’s 150th anniversary
- City of Mississauga launched new Tourism Master Plan
- City was awarded \$70,000 in funding from the Government of Ontario to help newcomers settle in the community
- Mississauga Library System was awarded \$122,524 in federal funding for Innovative Solutions to Homelessness
- City of Mississauga entered into a nine-year sponsorship agreement with The Daniels Corporation for an outdoor boxed soccer pitch in Mississauga’s downtown
- Springfield Park was renamed to Ron Lenyk Springfield Park in honour of Ron Lenyk
- City renamed Cenotaph Park to Vimy Park in honour of Vimy 100
- City dedicated Iceland Arena’s Rink 1 in honour of Fran Rider
- City of Mississauga hosted the Tour de Mississauga for the 10th year
- MiWay Discount Transit Ticket Program with Mississauga food banks became permanent
- City launched new five-year Life Sciences Cluster economic development strategy
- Mississauga City Manager, Janice Baker, was elected President of the Canadian Association of Municipal Administrators

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, 2017. 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 2017 financial performance, and related information about significant financial policies and processes. The 2017 results continue Mississauga's enduring tradition of strong financial leadership in business planning, financial management and service delivery.

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 and social services. The City of Mississauga's financial statements do not include Regional services.

Guided by the 2017 Business Plan and Budget, the City delivered services well and cost-effectively throughout the year. City services include transit, roads, fire & emergency services, libraries, recreation centres, parks and more, all detailed in this report. Throughout the year and at its end, the City's finances were sound.

Transit is the biggest service the City provides, with costs accounting for nearly one quarter of Mississauga's 2017 operating expenses. MiWay buses provided 39.4 million revenue rides to people during 2017 while also helping to ease road congestion and minimize vehicle emissions. MiWay added 45,000 new service hours in 2017, bringing its total hours of service for the year to 1.54 million.

Transit riders can now travel east-west across Mississauga in 30 minutes thanks to the 2017 completion of Mississauga's 12-station, 18-kilometre dedicated bus Transitway. MiWay, GO Transit and Toronto Transit Commission (TTC) buses are all available at Renforth station, the Transitway's eastern terminus. Planning also continued with Metrolinx during 2017 to bring Light Rail Transit (LRT) to Hurontario Street.

The City's ongoing, diligent cost management allowed Council to minimize the 2017 property tax increase while maintaining existing services and service levels. In all services the City provides, our persistent work to reduce costs returned \$4.1 million in cost savings in 2017. The 2017 increase to Mississauga property owners on their total tax bill was 2.9 per cent: 1.9 per cent was the City's portion, and 1.0 per cent went to the Region of Peel and education.

Through its Canada 150 initiative, the federal government awarded grants to municipalities across the country to support infrastructure rebuilding and sesquicentennial celebrations. Mississauga was the beneficiary of \$5.77 million in related one-time federal grants during 2017.

The City's infrastructure assets were valued at approximately \$8.1 billion (net book value) in 2017. We keep our City vital and resilient by maintaining these assets, managing associated debt responsibly and planning for the future. To do this, Mississauga again budgeted and collected a dedicated capital infrastructure and debt repayment levy in 2017 as part of the overall tax levy.

Like most municipalities, we face 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.

Our 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.

Mississauga's Stormwater charge is a major contributor to the City's longer-term financial well-being. It was administered for the second full year in 2017. The revenue from the charge (\$40.7 million in 2017) exclusively funds operating and capital expenses within the City's stormwater management program. The program exists to safeguard all private and public property in Mississauga by expanding 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.

Our City's cherished forests and trees are infrastructure assets that have aesthetic, environmental, and real value. In 2017 – the fifth year of our planned 10-year Emerald Ash Borer (EAB) management program – we spent \$6.1 million protecting the canopy from this devastating pest. The program's spending to date is \$23.6 million,

with a total spend of \$51 million expected over the program's planned 10-year life. A dedicated levy supports the EAB management program.

Mississauga's historically conservative use of debt continued in 2017. The City issued \$38.9 million of debt to help fund capital investments that look after our infrastructure, bringing the total debt balance to \$156 million at year end. This level of debt is substantially below the debt capacity limits 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 Ratings Services in 2017 for the 14th consecutive year. We are 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 Alectra after merging with other municipal electrical utilities on January 31, 2017). In 2017, this equity had a value of \$485 million (2016 \$281.0 million), an increase of \$204 million over 2016. This \$204 million increase is largely due to a gain on the disposition of Enersource Holdings Inc. into Alectra Inc., the merged entity.

The City of Mississauga has a steadfast commitment to deliver the right services well and economically to the people and institutions we serve. Although we face ongoing pressures from inflation, growing demand to expand transit and other services, emergencies, and the requirement to maintain our capital infrastructure investments, our property tax rates and services are delivering substantial value for money. Guided by Council's direction, an inspiring strategic plan, and a well-grounded financial plan and budget, we look forward to another year of operational and financial success in 2018.



Jeffrey J. Jackson, MBA, CPA, CA
Director of Finance and Treasurer
April 23, 2018

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

To address the significant budget, economic and political pressures it faces, the City of Mississauga utilizes a corporation-wide business planning process. The end 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 Future Directions Recreation Master Plan; the Transportation Demand Management Master Plan; the Climate Change Action Plan; the Future Directions Master Plan for Parks and Forestry; and the City's Long Range Financial Plan.

The City uses a combination of tax funds, user fees, investment charges/levies 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.

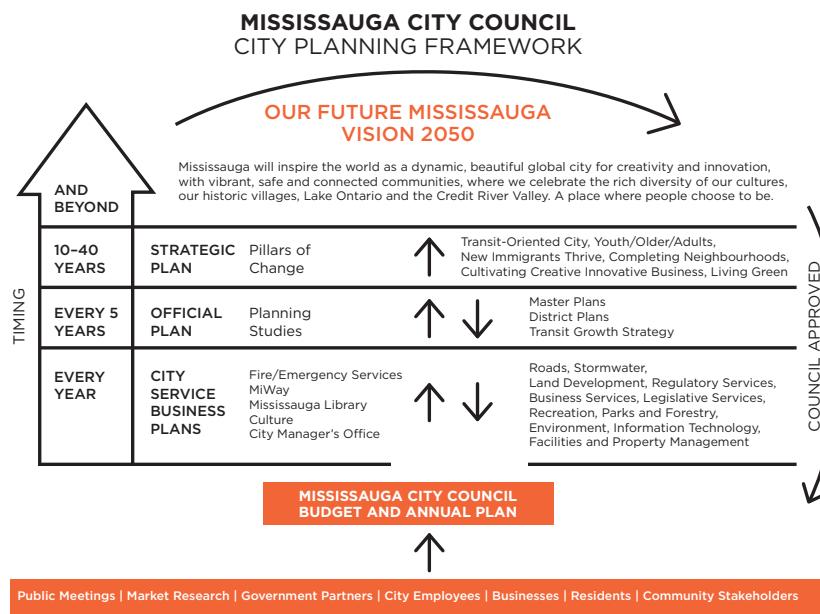
PRIORITIES FOR BUSINESS PLANNING

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

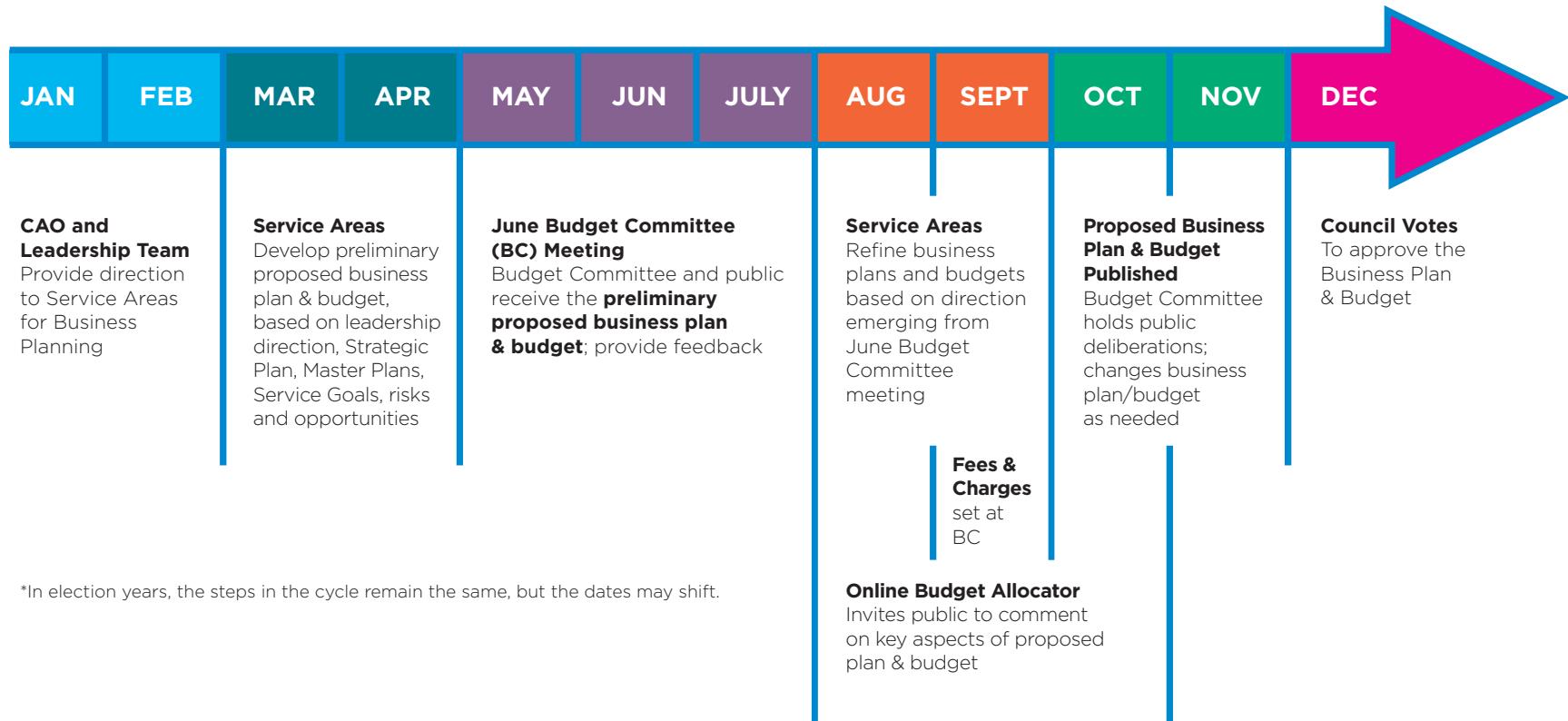
THE PLANNING PROCESS

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 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 (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 Note 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

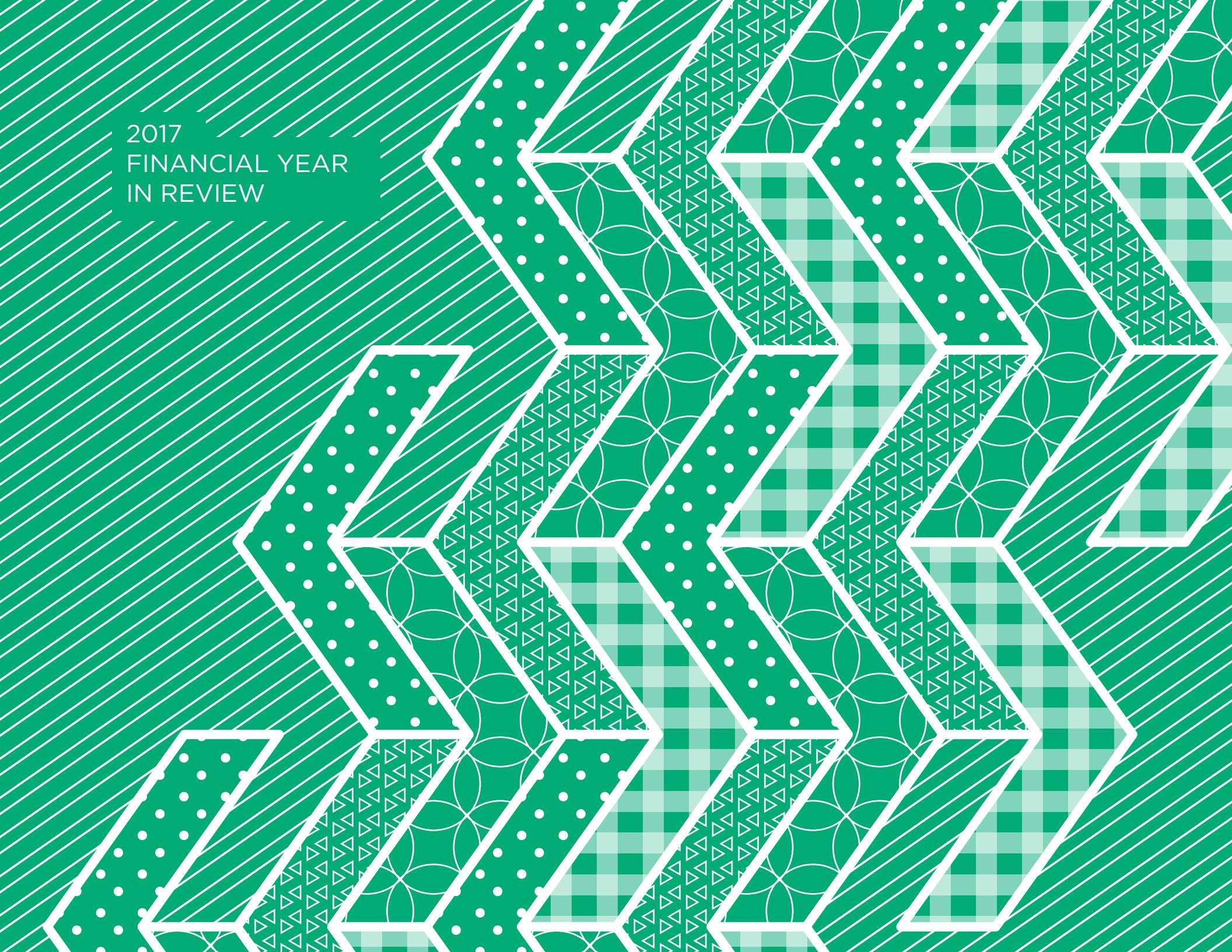
SERVICE AREA	2017 APPROVED OPERATING REVENUE BUDGET \$	2017 BUDGET ADJUSTMENTS \$	TAX LEVY AND RESERVE FUND INTEREST BUDGET \$	ELIMINATION OF OPERATING TRANSFERS & DIVIDENDS \$	ADJUSTED CAPITAL BUDGET \$	BIAs \$	2017 ADJUSTED FINANCIAL STATEMENT BUDGET \$	2017 ACTUAL PER FINANCIAL STATEMENTS \$
Business Services	2,788	(30)		(428)			2,330	2,426
City Manager's Office	806	85		(487)			404	603
Mayor & Members of Council	0	155		(155)			0	0
Culture	1,930	50		(50)			1,930	2,214
Environment	0						0	6
Facilities & Property Management	466						466	926
Financial Transactions	80,117		462,501	(21,969)			520,650	538,723
Fire & Emergency Services	1,799						1,799	2,076
Information Technology	607						607	737
Legislative Services	11,329	47		(413)			10,963	12,880
Mississauga Library	1,949						1,949	2,147
Land Development Services	13,458	(414)		(237)			12,807	16,944
MiWay	104,145			(16,884)			88,785	89,529
Parks & Forestry	4,099	152					4,251	5,159
Recreation	48,086						48,086	49,569
Regulatory Services	14,495						14,495	15,127
Roads	11,610	1,894		(150)	30,991		42,822	15,624
Stormwater	38,416						38,416	40,625
Non-budgeted			13,447			473	13,920	377,861
Total Revenues	336,100	1,940	475,948	(40,774)	30,991	473	804,680	1,173,176

Expenses by service area

Service Area	2017 APPROVED OPERATING EXPENSE BUDGET & ALLOCATIONS	2017 BUDGET ADJUSTMENTS	AMORTIZATION	ELIMINATION OF OPERATING TRANSFERS	ELIMINATION OF OPERATING ALLOCATIONS	BIAs	2017 ADJUSTED FINANCIAL STATEMENT BUDGET	2017 ACTUAL PER FINANCIAL STATEMENTS
	\$	\$	\$	\$	\$	\$	\$	\$
Business Services	32,453	(236)		(123)			32,066	31,467
City Manager's Office	13,457	103		(103)			13,457	14,244
Mayor & Members of Council	4,798	155		(205)			4,747	4,700
Culture	9,804	52		(163)	(31)		9,661	9,616
Environment	1,438			(200)	(7)		1,232	1,175
Facilities & Property Management	21,487	225		(20)	1,454		23,145	22,119
Financial Transactions	105,362	1,270		(78,263)		473	28,842	34,636
Fire & Emergency Services	106,927	34		(30)	(985)		105,946	100,546
Information Technology	23,486	429			1,287		25,202	25,820
Legislative Services	8,413	53					8,466	7,714
Mississauga Library	28,786	7		(63)	(429)		28,301	27,262
Land Development Services	21,772	(5)		(300)			21,467	20,410
MiWay	177,445	(1,415)			(1,240)		176,142	171,388
Parks & Forestry	36,340	530		(486)	236		36,619	36,078
Recreation	73,275	21		(60)	(2)		73,233	72,914
Regulatory Services	15,592	(66)			(125)		15,400	14,134
Roads	78,549	1,615		(495)	(157)		78,161	77,283
Stormwater	38,416			(29,433)			8,984	8,707
Non-budgeted			135,137				135,137	165,660
Total Expenses	797,799	2,743	135,137	(109,944)	(0)	473	826,208	845,873
Annual Surplus/(Deficit) per Consolidated Statement of Operations							(21,528)	327,303

Refer to Note 15 in the Audited Financial Statements for more detail.

2017
FINANCIAL YEAR
IN REVIEW



2017 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 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 2017 financial results of the City.

Consolidated Statement of Financial Position

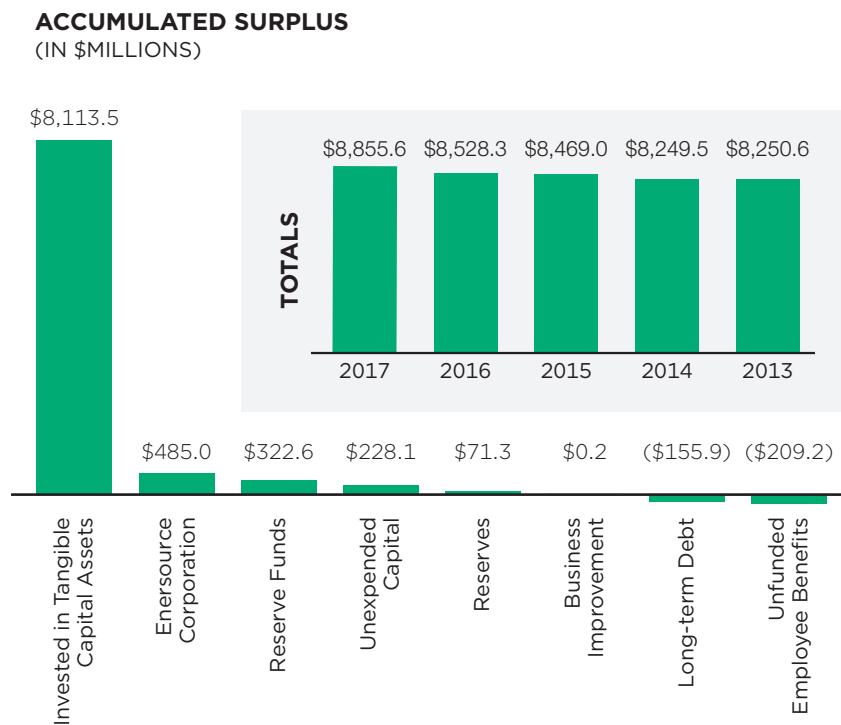
The consolidated statement of financial position highlights four key figures that together describe the financial position of a government:

(a) the cash resources of the government; (b) the net financial asset position, calculated as the difference between financial assets and financial liabilities; (c) the non-financial assets that are normally held for service provision such as tangible capital assets; and, (d) 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.

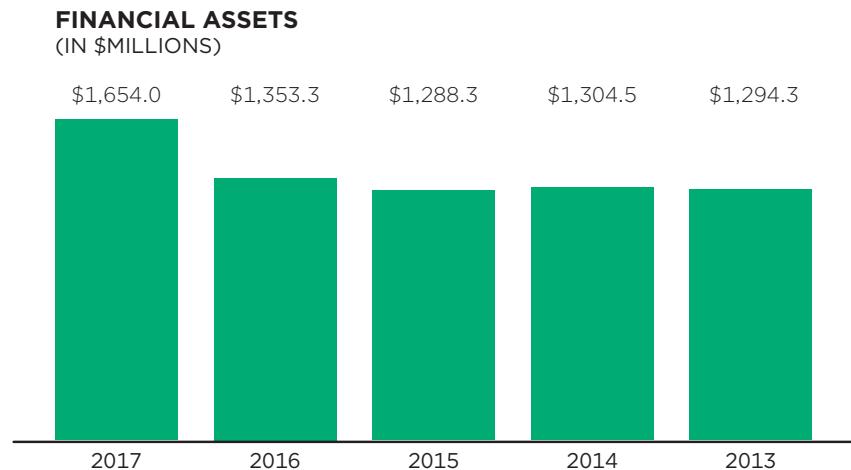
Accumulated Surplus

The City's accumulated surplus for fiscal year 2017 is \$8.9 billion (2016 \$8.5 billion). The City's 2017 accumulated surplus (Note 9) is comprised of the following balances:



Financial Assets

Financial assets in 2017 were \$1.65 billion (2016 \$1.35 billion), an increase of \$300 million from the prior year.



ITEM	REF. #	(\$000s)		\$ CHANGE VS PRIOR YEAR	
		2017 ACTUAL	2016 ACTUAL	% CHANGE	
Cash	1	131,819	103,804	28,015	27%
Taxes receivable	2	33,978	36,611	(2,633)	(7%)
Accounts receivable	3	130,051	74,129	55,922	75%
Loans and other receivables	4	550	600	(50)	(8%)
Inventories for resale	5	225	284	(59)	(21%)
Investments	6	872,367	856,942	15,425	2%
Investment in Enersource	7	485,034	281,012	204,022	73%
Total Financial Assets		1,654,024	1,353,382	300,642	

REFERENCES:

1. Cash

- **What it is:** Cash is the money available on demand to pay for operational and capital expenses.
- **Why it's important:** Cash is used to fund the disbursements needed for daily operations such as payments for operating and capital purchases. The City manages cash to keep just enough at hand for daily needs. The rest goes into investments to earn a higher return.
- **Difference between 2017 and 2016 (\$28.0 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 directly linked with the level of accounts payable liabilities.

2. Taxes Receivable

- **What it is:** Taxes receivable are any uncollected property taxes as at December 31. The tax levy is applied in June with due dates in July, August, and September.
- **Why it's 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 2017 and 2016 (\$2.6 million decrease):** 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's 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 2017 and 2016 (\$55.9 million increase):** The current year accounts receivable balance is significantly higher than last year's due to the timing of collection and receipts. The major contributors to the increase were amounts due from school boards for property tax adjustments (approximately \$13.5 million) and recoverable amounts (approximately \$46.3 million) from the Government of Ontario for various capital funding programs.

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's important:** These receivables are categorized separately from other receivables because they have been created by special arrangement.
- **Difference between 2017 and 2016 (\$50,000 decrease):** Each December, a payment of \$50,000 is applied against the original Vic Johnston Community Centre \$600,000 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's important:** These items have value; their eventual sale yields cash for City operations.
- **Difference between 2017 and 2016 (\$59,000 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's 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 2017 and 2016 (\$15.4 million increase):** Investment balances fluctuate with cash flow requirements, and the timing of receipts and disbursements.

7. Investment in Enersource

- **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 31 per cent owner of Alectra and Enersource Corporation and carries on no other business.
- **Why it's 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 2017 and 2016 (\$204 million increase):** The \$204 million increase is comprised of three components. The first component is the City's share of equity in the gain on exchange of investments in Enersource Holdings Inc. of \$202.7 million into Alectra Inc., the new merged entity. The second component is the City's share of net income from Enersource Corporation of \$14.2 million. The \$14.2 net income was made up of \$18.3 million net income less a \$4.1 million Other Comprehensive Income (OCI) loss. The third component is the reduction in the investment due to the dividend of \$12.9 million paid to City by Enersource.

**INVESTMENT IN ENERSOURCE CORPORATION
(IN \$MILLIONS)**



Financial Liabilities

Financial liabilities in 2017 were \$922.4 million (2016 \$854.9 million), an increase of \$67.5 million from the prior year.

FINANCIAL LIABILITIES (IN \$MILLIONS)



ITEM	REF. #	(\$000s)		\$ CHANGE VS PRIOR YEAR	
		2017 ACTUAL	2016 ACTUAL	% CHANGE	
Accounts Payable and Accrued Liabilities	1	213,260	175,912	37,348	21%
Deferred revenue - general	2	9,742	9,013	729	8%
Deferred revenue - obligatory reserve funds	3	334,252	325,295	8,957	3%
Employee benefits and other liabilities	4	209,231	210,256	(1,025)	(1%)
Long-term debt	5	155,895	134,447	21,448	16%
Total Financial Liabilities		922,380	854,923	67,457	

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's 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 2017 and 2016 (\$0.7 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's important:** Deferred revenues allow for payments to be received today for future operations.
- **Difference between 2017 and 2016 (\$0.7 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's 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 2017 and 2016 (\$9.0 million increase):** The growth in liability was due to growth in the balances of various obligatory Reserve Funds. This growth was partially offset by a decrease in unspent development charge 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's 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 2017 and 2016 (\$1.0 million decrease):** Increases in the actuarial assessments for WSIB, vacation, sick leave, and early retirement were offset by decreases in post-employment 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's 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 2017 and 2016 (\$21.4 million net increase):** In 2017, \$38.9 million of new debt was added. This new debt was partially offset by a pay down of \$17.5 million in prior year debt.

Non-Financial Assets

Non-financial assets in 2017 were \$8.124 billion (2016 \$8.030 billion), an increase of \$94.1 million. Non-financial assets are comprised primarily of tangible capital assets, as well as inventories of supplies, and prepaid expenses.

ITEM	REF. #	(\$000s)		\$ CHANGE VS PRIOR YEAR		% CHANGE
		2017 ACTUAL	2016 ACTUAL			
Tangible Capital Assets	1	8,113,738	8,020,550	93,188		1%
Inventories of supplies	2	6,670	6,901	(231)		(3%)
Prepaid Expenses	3	3,552	2,391	1,161		49%
Total Non-Financial Assets		8,123,960	8,029,842	94,118		

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's 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 2017 and 2016 (\$93.2 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's important:** These inventories are required for various types of City operations.
- Difference between 2017 and 2016 (\$0.2 million decrease):** There was a decrease in the overall inventory balance due to a restructuring of the central store operations. There were general increases and decreases across all other inventory categories.

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's 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 2017 and 2016 (\$1.2 million increase):** The net increase 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 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 (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 2017 were \$1,173.2 million (2016 \$885.9 million), an increase of \$287.3 million.

ITEM (\$000s)	REF.#	2017 ACTUAL	2017 ADJUSTED BUDGET	2016 ACTUAL	\$ CHANGE VS ADJUSTED BUDGET	% CHANGE	\$ CHANGE VS PRIOR YEAR ACTUAL	% CHANGE
Taxation	1	500,149	497,723	470,641	2,426	0.4%	29,508	6%
User charges	2	249,043	229,787	239,900	19,256	8%	9,143	4%
Recoveries from third parties	3	48,874	38,145	11,157	10,729	28%	37,717	338%
Funding transfers from other governments	4	3,043	1,621	3,887	1,422	88%	(844)	(22%)
Development and other contributions applied	5	90,547	—	69,217	90,547		21,330	31%
Investment income	6	37,628	27,963	34,903	9,665	35%	2,725	8%
Penalties and interest on taxes	7	9,133	8,120	8,444	1,013	12%	689	8%
Contributed assets	8	11,732	—	18,595	11,732		(6,863)	(37%)
Other Revenues	9	6,099	1,321	2,292	4,778	361%	3,807	166%
City Share of net income in Enersource Corporation	10	14,194	—	26,855	14,194		(12,661)	
City share of equity in gain on exchange of Investment in Enersource Holdings Inc.	11	202,734	—	—	202,734		202,734	
Total Revenues		1,173,176	804,680	885,891	368,496		287,285	

REFERENCES:

Note re: Difference between Actual and Budget: where actual revenue exceeds budgeted revenue, the variance is described as a surplus against budget; where revenue is under budget, the variance is described as a deficit against budget.

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's important:** Property tax is the City's single largest source of revenue.
- **Difference between 2017 and 2016 (\$29.5 million increase):** Two things influence this number: assessment growth, and the annual Business Plan & Budget. In 2017, assessment growth was 0.4 per cent (0.339 per cent in 2016). For the 2017 Business Plan & Budget, Council approved a 5.7 per cent increase over 2016's total taxation revenue, which translated to an overall 1.9 per cent increase on the total residential tax bill. An increase (\$1.3 million) in payments in lieu of taxes (PILT) accounts for the rest of the change.
- **Difference between Actual and Budget (\$2.4 million surplus):** The budget anticipated all but 0.4 per cent of the year-over-year change.

2. 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's important:** User fees contribute significantly to covering service costs. User fees are the second-largest source of City revenue in 2017.
- **Difference between 2017 and 2016 (\$9.1 million increase):** There were four key contributors to this increase: general fees increased by \$1.2 million; transit fares by \$4.3 million; building permits by \$2.2 million; and Provincial Offence fines by \$1.2 million. Increases and decreases in other user fee categories accounted for the balance of the net increase.
- **Difference between Actual and Budget (\$19.3 million surplus):** \$17.1 million of this surplus relates to various City-wide general fees (\$9.1 million); transit revenue (\$2.5 million); licenses and permits (\$2.1 million); by-law fines (\$1.2 million); Provincial Offences Act fines (\$1.7 million), and City-wide rents and concessions (\$0.5 million). The remaining \$2.2 million relates to non-budgeted transactions such as capital projects user fees.

3. 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 handled payments on the project, the Region would repay the City for the Region's share of the project's capital costs.
- **Why it's 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 2017 and 2016 (\$37.7 million increase):** This amount varies from year to year based on the timing of capital work performed on behalf of third parties.
- **Difference between Actual and Budget (\$10.7 million surplus):** Higher-than-expected capital recoveries account for this surplus against budget.

4. 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's 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 2017 and 2016 (\$0.8 million decrease):** There was a modest decrease in some provincial-related grants in 2017.
- **Difference between Actual and Budget (\$1.4 million surplus):** Surpluses against budget of \$0.7 million occurred for grants for libraries, seniors, tourism, heritage and environment. The balance of the surplus (\$0.7 million) relates to non-budgeted capital government funding.

5. 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's important:** Development and other contributions help fund capital projects.
- **Difference between 2017 and 2016 (\$21.3 million increase):** Development contributions increased in 2017 to pay for more capital project expenses. These monies were drawn from the deferred revenue-obligatory reserve funds.

- **Difference between Actual and Budget (\$90.5 million surplus):** The entire amount in this category shows as surplus because this category is not included in the budget.

6. Investment Income:

- **What it is:** This is interest income for both the Operating and Reserve Funds.
- **Why it's important:** Investment income helps to grow City funds.
- **Difference between 2017 and 2016 (\$2.7 million increase):** Two factors impact investment income growth: the market interest rate and the City's balances in the investment portfolio. As the City draws down on its Reserves and Reserve Funds, it will have a corresponding effect on interest earnings. In 2017, the City earned an average interest rate of 3.51 per cent (2016 3.38 per cent) on the investment portfolio, contributing to the year-over-year growth that occurred.
- **Difference between Actual and Budget (\$9.7 million surplus):** There was a \$9.7 million surplus in investment income from the Reserve Fund. The surplus relates to a higher rate of interest and higher Reserve Fund balances than projected.

7. Penalties and Interest on Taxes

- **What it is:** This revenue results from penalties and interest charged on overdue property tax accounts.
- **Why it's important:** Penalties and interest on taxes help to offset any costs associated with untimely property tax payment.
- **Difference between 2017 and 2016 (\$0.7 million increase):** There was a modest increase in 2017 in penalty and interest revenues over those of 2016. Revenues are dependent on the timing of payment of property taxes.
- **Difference between Actual and Budget (\$1.0 million surplus):** In 2017 there was a surplus of \$1.0 million, a positive variance to the budget of 12.3 per cent.

8. 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's 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 2017 and 2016 (\$6.9 million decrease):** 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 (\$11.7 million surplus):** The entire amount in this category shows as surplus because this category is not included in the budget.

9. Other Revenues

- **What it is:** These are miscellaneous and one-time revenues received by the City.
- **Why it's important:** Other revenues help support and fund City programs and services.
- **Difference between 2017 and 2016 (\$3.8 million increase):** This number routinely fluctuates due to its miscellaneous nature. Generally these revenues are one-time revenues and not sustainable.
- **Difference between Actual and Budget (\$4.8 million surplus):** The sale of City capital assets accounted for \$3.1 million of this variance. The balance relates to various City-wide increases and decreases.

10. City Share of Net Income in Enersource Corporation

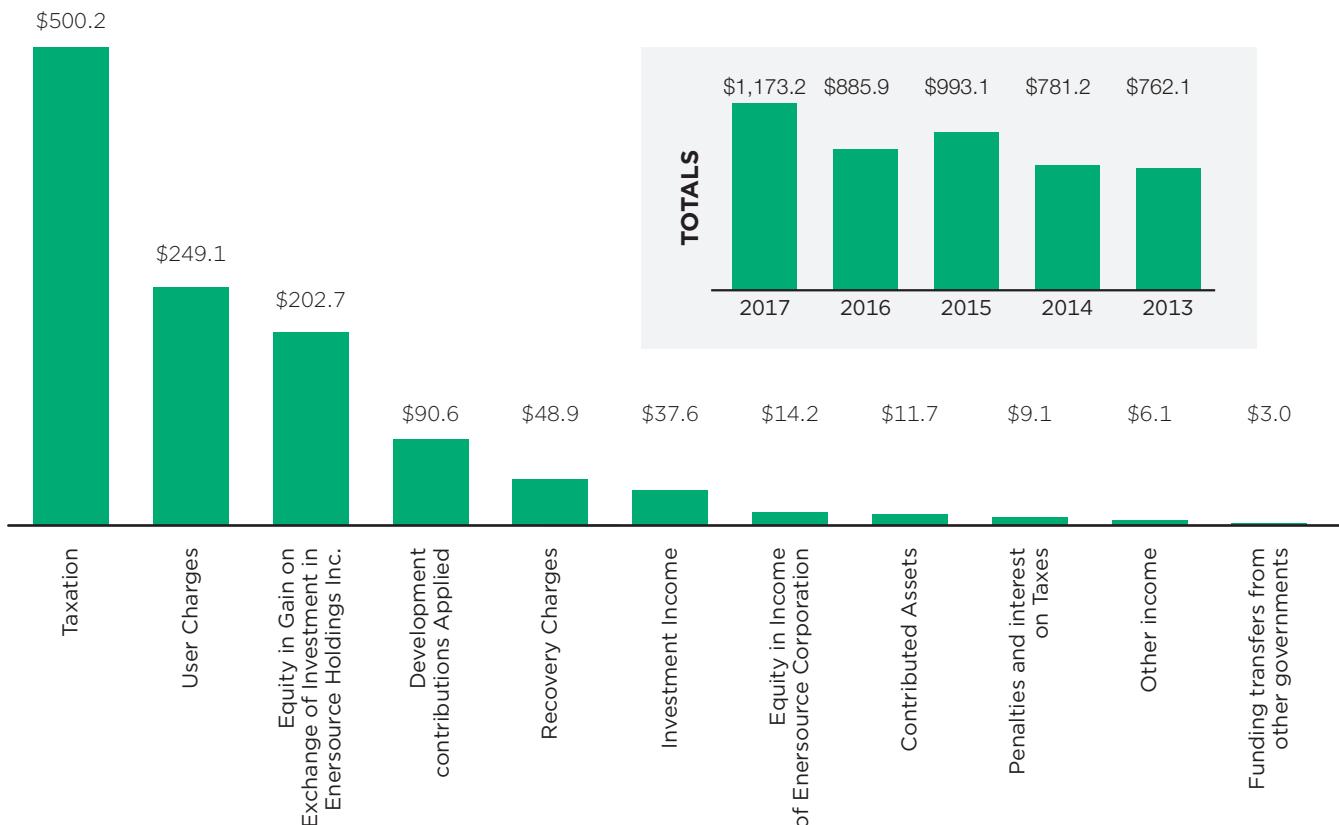
- **What it is:** The City is a 90 per cent shareholder in Enersource Corporation. This number represents 90 per cent of Enersource's bottom line at December 31 (this calculation is called a modified equity consolidation). Enersource in turn is a 31 per cent owner of Alelectra and Enersource Corporation carries on no other business.
- **Why it's important:** Enersource income elevates the City's financial position and thereby moderates the property tax rate.
- **Difference between 2017 and 2016: (\$12.7 million decrease):** Due to the merger of Enersource Hydro Mississauga Inc. into Alelectra Inc. on January 31, 2017, there were additional merger-related costs that impacted net income levels from Alelectra Inc. which flowed into Enersource Corporation for the year.
- **Difference between Actual and Budget (\$14.2 million increase):** The entire amount shows as a variance because City share of net income in Enersource Corporation is not a budgeted item.

11. City Share of Equity in Gain on Exchange of Investment in Enersource Holdings Inc.

- What it is:** On January 31, 2017, through a series of transactions Enersource Corporation became owner of 31 per cent of Alectra Inc., an entity created through the merger of certain hydro holding companies. The transactions included Enersource Corporation exchanging all its ownership in its operating companies for the ownership in the newly created merged entity of Alectra.

- Why it's important:** This transaction created a gain on the investments which is reflected in the financial statements.
- Difference between 2017 and 2016 (\$202.7 million increase):** Due to the merger of Enersource Holdings Inc. into Alectra Inc. on January 31, 2017, there were additional gains on investment in the new corporation.
- Difference between Actual and Budget (\$202.7 million surplus):** Since this was a new transaction in 2017, there was no 2016 budget data.

CONSOLIDATED REVENUES BY TYPE
(IN \$MILLIONS)



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 2017 were \$845.9 million (2016 \$826.6 million), an increase of \$19.3 million.

ITEM (\$000s)	REF.#	2017 ACTUAL	2017 ADJUSTED BUDGET	2016 ACTUAL	\$ CHANGE VS ADJUSTED BUDGET	% CHANGE	\$ CHANGE VS PRIOR YEAR	% CHANGE
Salaries, wages, and employee benefits	1	491,101	498,708	485,697	(7,607)	(2%)	5,404	1%
Long-term debt interest and fees	2	3,015	3,369	2,751	(354)	(11%)	264	10%
Materials and supplies	3	60,231	55,343	55,230	4,888	8%	5,001	9%
Contracted services	4	78,141	57,018	76,384	21,123	37%	1,757	2%
Rents and financial expenses	5	70,085	69,644	68,728	441	1%	1,357	2%
External transfers to others	6	6,814	6,990	6,621	(176)	(18%)	193	3%
Loss on disposal of tangible capital assets	7	2,544	—	1,074	2,544		1,470	137%
Amortization	8	133,942	135,136	130,113	(1,194)	(1%)	3,829	3%
Total Expenses		845,873	826,208	826,598	19,665		19,275	

REFERENCES:

Note re: Difference between Actual and Budget: where actual expenses exceed budgeted expenses, the variance is described as a deficit against budget (shown as a positive number); where actual expenses are under budget, the variance is described as a surplus against budget (shown as a negative number).

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's important:** People are the number one resource required to deliver City services, so this category has a corresponding size.
- Difference between 2017 and 2016 (\$5.4 million increase):** This anticipated increase was largely due to labour contract settlements, pay adjustments and increased benefit and WSIB costs.

• Difference between Actual and Budget (\$7.6 million surplus):

An operating surplus of \$13.6 million occurred due to position vacancies and delays in new hires. This surplus was partially offset by non-budgeted adjustments such as Public Sector Accounting Board (PSAB) benefit adjustments (\$4.3 million) and non-capitalized labour expenses (\$1.7 million).

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's 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: Mississauga is substantially below this ceiling, at just three per cent in 2017.

- Difference between 2017 and 2016 (\$0.3 million increase):**
Some debt principal was paid down in 2017 (\$17.5 million) and some new debt was added (\$38.9 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 (\$0.4 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's important:** These materials are necessary to keep day-to-day operations running without interruption.
- Difference between 2017 and 2016 (\$5.0 million increase):**
Higher per-litre diesel fuel costs were the main contributor to the increase (\$3.3 million). Net increases and decreases in other City-wide material categories and non-capitalized expenses accounted for the balance of the change.
- Difference between Actual and Budget (\$4.9 million deficit):**
The deficit in this category is largely the result of two opposing changes: increases in transportation-related costs, including higher-than-budgeted diesel fuel costs (\$0.6 million) and non-budgeted non-capitalized material expenses (\$5.9 million); and decreases in expenses for general materials and supplies including those related to winter maintenance (\$1.6 million). Other City-wide decreases accounted for the balance of the variance.

4. Contracted Services

- What it is:** The City contracts with third parties for some professional and capital project management services.
- Why it's 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 2017 and 2016 (\$1.8 million increase):**
General increases in City-wide contracted services accounted for the growth. Winter maintenance and capital construction contractors represent the two largest contributors.

- Difference between Actual and Budget (\$21.1 million deficit):**
The principal reason actual differs from budget in this category is that the actual expenditure includes non-capitalized capital contract expenses (\$20.5 million) that are not included in the operating budget. 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's important:** These expenses represent the overhead-type costs that help support City services and programs.
- Difference between 2017 and 2016 (\$1.4 million increase):**
A net increase resulted from a combination of increases and decreases in this expense category. Significant increases included property tax adjustments (\$8.7 million); and equipment and maintenance costs (\$1.6 million). These increases were mostly offset by significant decreases in actuarial liability estimates for legal and insurance-related costs (\$8.6 million) and insurance operating costs (\$1.1 million). Various increases and decreases in other City-wide categories accounted for the balance of the change.
- Difference between Actual and Budget (\$0.4 million deficit):**
A deficit against budget occurred due to the timing of tax appeals decisions rendered by the Assessment Review Board (\$6.9 million); higher-than-planned equipment and maintenance costs (\$0.9 million); and non-budgeted non-capitalized expenses (\$2.2 million). This was mostly offset by a surplus from lower-than-planned claim settlements and insurance premiums (\$2.8 million); lower-than-planned costs associated with the Affordable Transportation pilot program (\$1 million); and reductions in non-budgeted insurance liabilities (\$5.5 million). Various City-wide increases and decreases account for the rest of the variance.

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's important:** These dollars support many organizations that contribute to the well-being and success of our thriving city.
- **Difference between 2017 and 2016 (\$0.2 million increase):** The increase reflects a planned increase in spending.
- **Difference between Actual and Budget (\$0.2 million surplus):** The surplus showing in this category is attributable to arts and festival spending being slightly lower than planned.

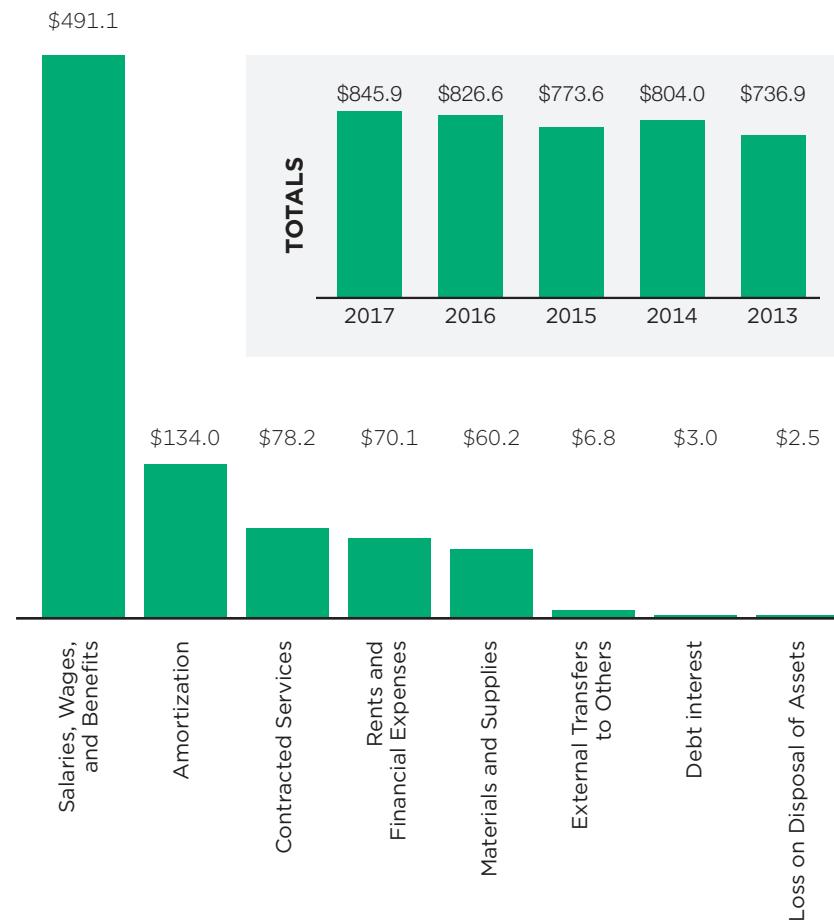
7. Loss on Disposal of Tangible Capital Assets

- **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's important:** If a loss results from the disposal of an asset, the City records it.
- **Difference between 2017 and 2016 (\$1.5 million increase):** 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 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's important:** Amortization allows the net value of assets (vs their cost value) to be represented on the financial statements.
- **Difference between 2017 and 2016 (\$3.8 million increase):** The total amortization amount increases as the City's capital assets grow.
- **Difference between Actual and Budget (\$1.2 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 slightly lower than the estimate due to the timing of capitalization of expenses and unplanned disposals.

CONSOLIDATED EXPENSES BY TYPE
(IN \$MILLIONS)



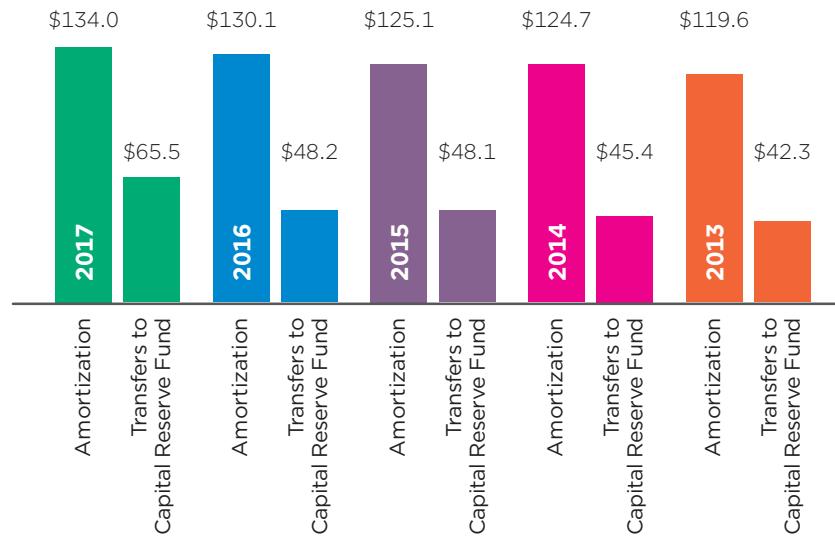
Consolidated Statement of Change in Net Financial Assets

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)



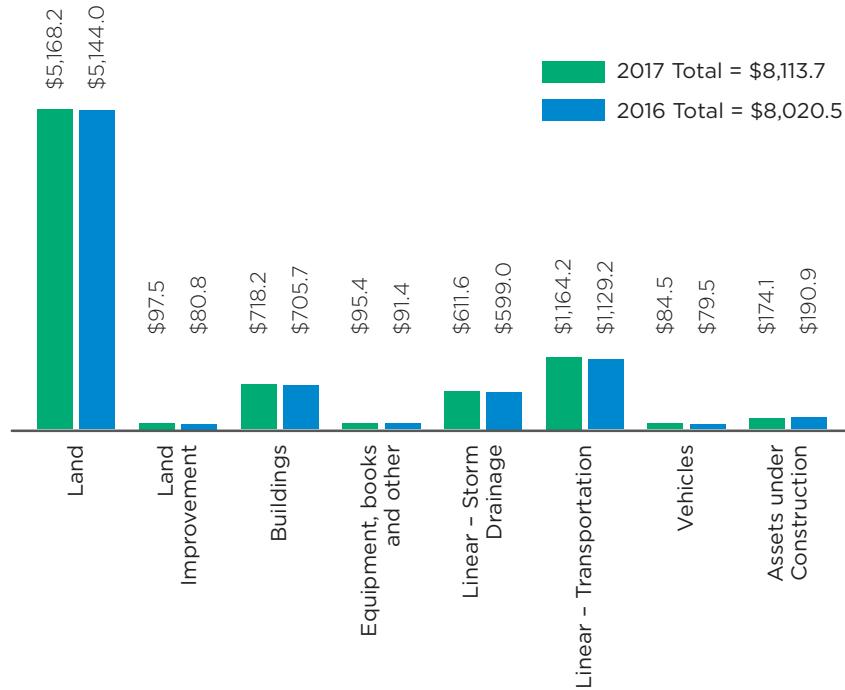
Tangible Capital Assets Overview

All City assets as at the end of 2017 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 2017 was \$8.113 billion (2016 \$8.020 billion). Refer to Note 9 in the financial statements for a detailed breakdown of tangible capital asset activity.

The annual amortization expense in 2017 was \$134.0 million (2016 \$130.1 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 Reserves and Reserve Fund information.

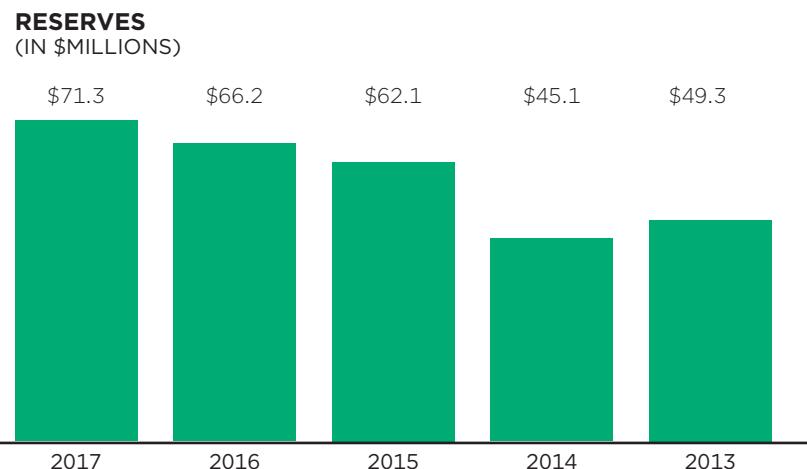
Reserves and Reserve Funds are established by Council. These funds are set aside to help offset future capital needs, obligations, pressures and costs. They are drawn upon to finance specific-purpose capital and operating expenditures as designated by Council to minimize tax rate fluctuations due to 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 2017 totalled \$393.9 million (2016 \$393.5 million), an increase of \$0.4 million from the prior year. The Reserves and Reserve Fund totals do not include development charges and senior government grants 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 2017 were \$71.3 million (2016 \$66.2 million), an increase of \$5.1 million.



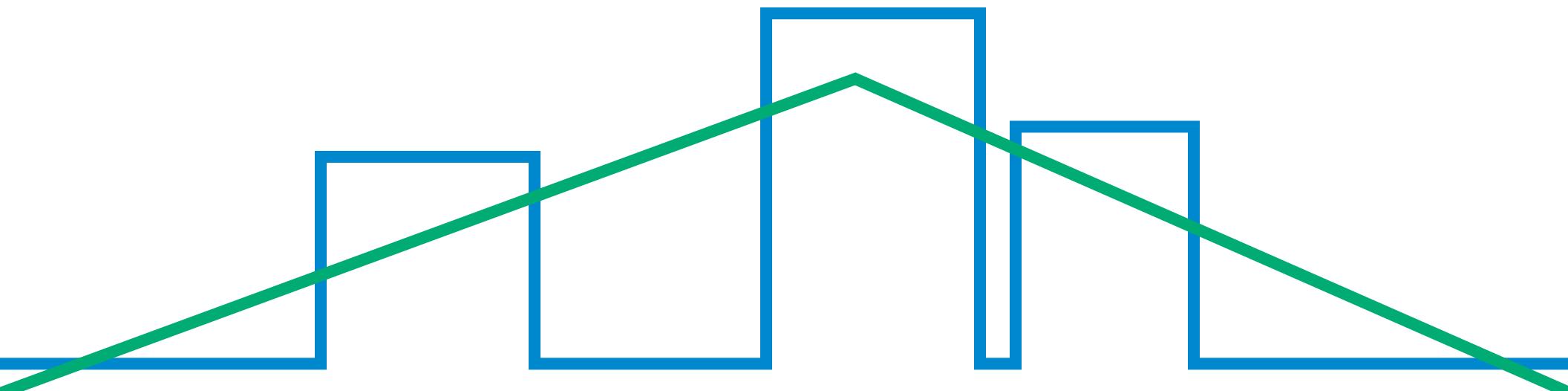
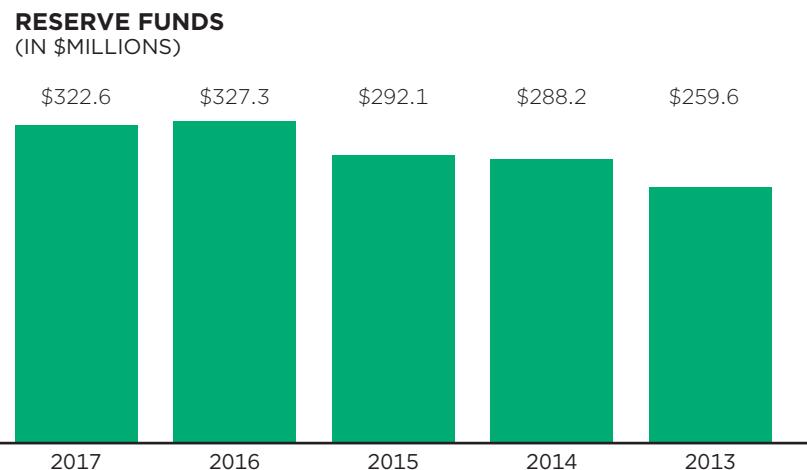
Reserve Funds

Reserve Funds are non-discretionary, segregated and restricted to meet specific identified purposes for the municipality.

Total Reserve Funds in 2017 were \$322.6 million (2016 \$327.3 million), a decrease of \$4.7 million from the prior year.

The Reserves 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.

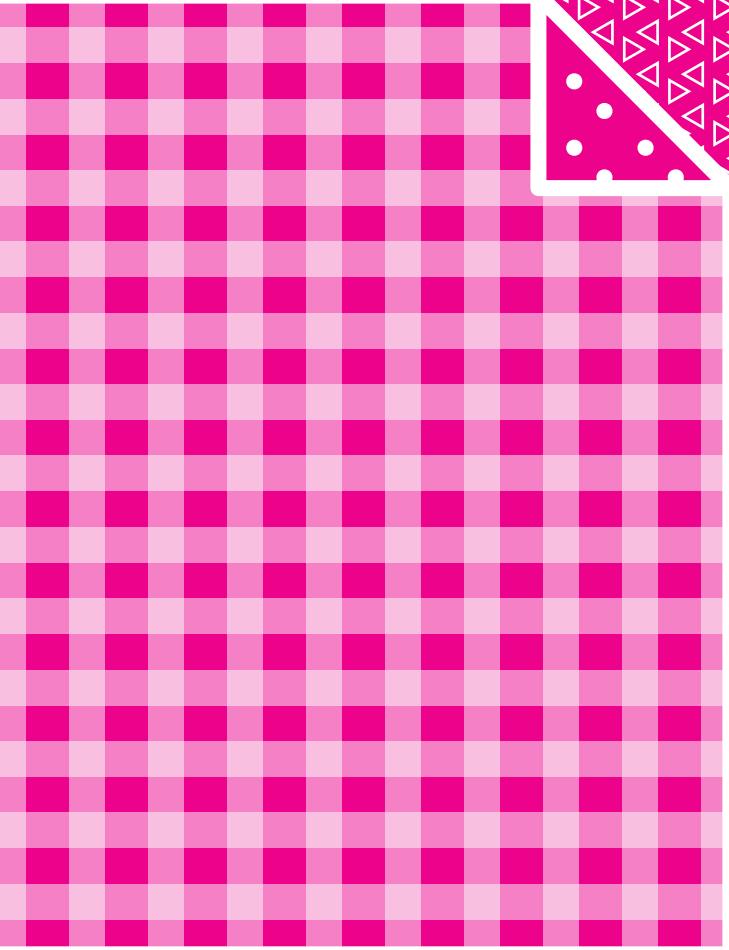


FINANCIAL STATEMENTS
OF **CITY OF MISSISSAUGA**

(CONSOLIDATED)

YEAR ENDED

December, 31, 2017



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, 2017.

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

We have audited the accompanying consolidated financial statements of **The Corporation of the City of Mississauga**, which comprise the consolidated statement of financial position as at December 31, 2017, the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

OPINION

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of The Corporation of the City of Mississauga as at December 31, 2017, and its consolidated results of operations and accumulated surplus, its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

A handwritten signature of "KPMG LLP" with a horizontal line underneath it.

Chartered Professional
Accountants, Licensed
Public Accountants
April 23, 2018
Vaughan, Canada

CITY OF MISSISSAUGA

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at December 31, 2017 with comparatives for 2016. (All dollar amounts are in \$000)

FINANCIAL ASSETS	2017 \$	2016 \$
Cash	131,819	103,804
Taxes receivable (Note 2)	33,978	36,611
Accounts receivable (Note 2)	130,051	74,129
Loans and other receivables	550	600
Inventories for resale	225	284
Investments (Note 3)	872,367	856,942
Investment in Enersource Corporation (Note 4)	485,034	281,012
Total Financial Assets	1,654,024	1,353,382
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities	213,260	175,912
Deferred revenue - general	9,742	9,013
Deferred revenue - obligatory reserve funds (Note 5)	334,252	325,295
Employee benefits and other liabilities (Note 6)	209,231	210,256
Long-term debt (Note 7)	155,895	134,447
Total Financial Liabilities	922,380	854,923
Net Financial Assets	731,644	498,459
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 8)	8,113,738	8,020,550
Inventories of supplies	6,670	6,901
Prepaid expenses	3,552	2,391
Total Non-Financial Assets	8,123,960	8,029,842
Accumulated Surplus (Note 9)	8,855,604	8,528,301
Subsequent Event (Note 22)		

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, 2017 with comparatives for 2016. (All dollar amounts are in \$000)

	BUDGET 2017 \$ (NOTE 16)	ACTUAL 2017 \$	ACTUAL 2016 \$
REVENUES			
Taxation (Note 10)	497,723	500,149	470,641
User charges	229,787	249,043	239,900
Recoveries from third parties	38,145	48,874	11,157
Funding transfers from other governments (Note 19)	1,621	3,043	3,887
Development and other contributions applied	—	90,547	69,217
Investment income	27,963	37,628	34,903
Penalties and interest on taxes	8,120	9,133	8,444
Contributed assets	—	11,732	18,595
Other	1,321	6,099	2,292
City's Share of Net Income in Enersource Corporation (Note 4)	—	14,194	26,855
City's Share of Equity in Gain on Exchange of Investment in Enersource Holdings (Note 4)	—	202,734	—
Total Revenues	804,680	1,173,176	885,891
EXPENSES			
General government services	156,518	189,336	184,821
Protection services	132,746	125,689	128,120
Transportation services	327,927	322,439	310,975
Environmental services	20,063	19,647	18,523
Health services	588	616	587
Social and family services	543	484	479
Recreation and cultural services	164,281	162,217	160,458
Planning and development services	23,542	22,901	21,561
Loss on disposal of tangible capital assets	—	2,544	1,074
Total Expenses	826,208	845,873	826,598
Annual Surplus/(Deficit)	(21,528)	327,303	59,293
Accumulated surplus, beginning of year	8,528,301	8,528,301	8,469,008
Accumulated Surplus, end of year (Note 9)	8,506,773	8,855,604	8,528,301

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, 2017 with comparatives for 2016. (All dollar amounts are in \$000)

	BUDGET 2017 \$	ACTUAL 2017 \$	ACTUAL 2016 \$
Annual Surplus/(Deficit)	(21,528)	327,303	59,293
Acquisition of tangible capital assets	—	(337,256)	(292,528)
Amortization	135,136	133,942	130,113
Loss on disposal of tangible capital assets (Note 8)	—	2,544	1,074
Transfer of assets under construction	—	107,582	106,980
	113,608	234,115	4,932
Acquisition of inventory of supplies	—	(6,670)	(6,901)
Acquisition of prepaid expenses	—	(3,552)	(2,391)
Consumption of inventory of supplies	—	6,901	7,958
Use of prepaid expenses	—	2,391	2,997
Change in Net Financial Assets	113,608	233,185	6,595
Net Financial Assets, beginning of year	498,459	498,459	491,864
Net Financial Assets, end of year	612,067	731,644	498,459

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, 2017 with comparatives for 2016. (All dollar amounts are in \$000)

	2017 \$	2016 \$
Cash Provided By (Used In): Operating Activities		
Annual surplus/(deficit)	327,303	59,293
Items Not Involving Cash		
Amortization of tangible capital assets	133,942	130,113
Loss on disposal of tangible capital assets	2,544	1,074
Contributed assets	(11,732)	(18,595)
Change in employee benefits and other liabilities	(1,025)	12,274
Equity in income of Enersource Corporation	(216,928)	(26,855)
Change in Non-Cash Assets and Liabilities		
Accounts receivable	(55,922)	(18,934)
Taxes receivable	2,633	4,921
Accounts payable and accrued liabilities	37,348	2,422
Deferred revenue - general	729	1,350
Deferred revenue - obligatory reserve funds	8,957	18,788
Inventories for resale	59	31
Inventories of supplies	231	1,057
Prepaid expenses	(1,161)	606
Net Change in Cash from Operating Activities	226,978	167,545

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

CITY OF MISSISSAUGA

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

for the year ended December 31, 2017 with comparatives for 2016. (All dollar amounts are in \$000)

	2017 \$	2016 \$
CAPITAL ACTIVITIES		
Tangible capital asset additions	(325,524)	(273,933)
Transfer of assets under construction	107,582	106,980
Net Change in Cash from Capital Activities	(217,942)	(166,953)
INVESTING ACTIVITIES		
(Increase) decrease in investments	(15,425)	26,926
Decrease in loans and other receivables	50	1,839
Dividends from Enersource Corporation	12,906	12,802
Net Change in Cash from Investing Activities	(2,469)	41,567
FINANCING ACTIVITIES		
Issuance of long-term debt	38,853	37,584
Repayment of long-term debt	(17,405)	(13,922)
Net Change in Cash from Financing Activities	21,448	23,662
Net Change in Cash	28,015	65,821
Cash, beginning of year	103,804	37,983
Cash, end of year	131,819	103,804

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

CITY OF MISSISSAUGA NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(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 is comprised of 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 include:

- City of Mississauga Public Library Board
- Clarkson Business Improvement District Association
- Malton Business Improvement Area
- Port Credit Business Improvement Area
- Streetsville Business Improvement District Association

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 are recorded at the time tax billings are issued. 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) 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.

f) 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.

g) Cash and cash equivalents

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

h) 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.

i) 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.

j) 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 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.

k) 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:

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

I) 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 also are 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) INTEREST CAPITALIZATION

The City may capitalize interest costs associated with the acquisition or construction of tangible capital assets.

(v) 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.

(vi) INVENTORIES OF SUPPLIES

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

m) 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 future benefits. Actual results could differ from these estimates.

n) Adoption of budgets

The 2017 operating and capital budgets, as approved by Council, were adopted by the City at the December 14, 2016 meeting.

o) Future accounting pronouncements

These standards and amendments were not effective for the year ended December 31, 2017, 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 3210, Assets, provides a definition of assets and further expands that definition as it relates to control. The standard also includes some disclosure requirements related to economic resources that are not recorded as assets to provide the user with better information about the types of resources available to the public sector entity. This standard is effective for fiscal periods beginning on or after April 1, 2017 (the City's December 31, 2018 year-end).

(ii) PS 3320, Contingent Assets, defines contingent assets and outlines two basic characteristics of contingent assets: (a) an existing condition or situation that is unresolved at the financial statement date, (b) an expected future event that will resolve the uncertainty as to whether an asset exists. The standard also has specific disclosure requirements for contingent assets when the occurrence of the confirming event is likely. This standard is effective for fiscal periods beginning on or after April 1, 2017 (the City's December 31, 2018 year-end).

(iii) PS 3380, Contractual Rights, defines contractual rights to future assets and revenue. The standard requires that a public sector entity's contractual rights to certain types of revenue for a considerable period into the future or revenues that are abnormal in relation to the financial position or usual business operations should be disclosed in notes or schedules to the financial statements and should include descriptions about their nature and extent and timing. This standard is effective

for fiscal periods beginning on or after April 1, 2017 (the City's December 31, 2018 year-end).

(iv) PS 2200, Related Party Disclosures, establishes related party disclosure requirements and defines related parties. This standard also specifies the information required to be disclosed including the type of transactions, amounts classified by financial statement category, the basis of measurement, and the amounts of any outstanding items, any contractual obligations and any contingent liabilities. The standard also requires disclosure of related party transactions that have occurred where no amounts have been recognized. This standard is effective for fiscal periods beginning on or after April 1, 2017 (the City's December 31, 2018 year-end).

(v) PS 3430, Restructuring Transactions, requires that assets and liabilities in restructuring transactions to be measured at their carrying amount. It also prescribes financial statement presentation and disclosure requirements. This standard is effective for fiscal periods beginning on or after April 1, 2018 (the City's December 31, 2019 year-end).

(vi) PS 3420, Inter-Entity Transactions, relates to the measurement of related party transactions and includes a decision tree to support the standard. Transactions are recorded at carrying amounts other than certain exceptions. This standard is effective for fiscal periods beginning on or after April 1, 2017 (the City's December 31, 2018 year-end).

(vii) PS 1201, Financial Statement Presentation, was issued in June, 2011. This standard requires entities to present a new statement of remeasurement of gains and losses separate from the consolidated statement of operations and accumulated surplus. This new statement includes unrealized gains and losses arising from remeasurement of financial instruments and items denominated in foreign currencies and any other comprehensive income that arises when a government includes the results of government business enterprises and partnerships. This section is effective for fiscal years beginning on or after April 1, 2019 and applies when PS 3450, Financial Instruments, and PS 2601, Foreign Currency Translation, are adopted.

(viii) PS 3450, Financial Instruments, establishes the standards on accounting for and reporting all types of financial instruments including derivatives. The effective date of this standard has recently been deferred and is now effective for fiscal periods beginning on or after April 1, 2019 (the City's December 31, 2020 year-end).

(ix) 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, 2019 (the City's December 31, 2020 year-end). Earlier adoption is permitted. A public sector entity adopting this standard must also adopt the new financial instruments standard.

2. TAXES RECEIVABLE AND ACCOUNTS RECEIVABLE

Taxes receivable are reported net of valuation allowances of \$796 (2016 \$143). Accounts receivable are reported net of a valuation allowance of \$425 (2016 \$358).

3. INVESTMENTS

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

2017	COST \$	MARKET VALUE \$
Bank deposit notes and finance paper	64,886	64,179
Government and government-guaranteed bonds	673,729	694,634
Municipal bonds	133,752	139,847
Total	872,367	898,660

2016	COST \$	MARKET VALUE \$
Bank deposit notes and finance paper	142,940	143,764
Government and government-guaranteed bonds	623,525	643,203
Municipal bonds	90,477	95,379
Total	856,942	882,346

4. INVESTMENT IN ENERSOURCE CORPORATION

The City has a 90 per cent interest in Enersource Corporation which is accounted for on the modified equity basis in these consolidated financial statements. Through its wholly owned subsidiary, Enersource Holdings Inc. (“Enersource Holdings”), Enersource Corporation was the electrical distribution utility for the City’s residents and businesses until January 31, 2017. Other activities of Enersource Corporation’s subsidiaries included to provide energy services, billing services, street lighting services, retrofit multi-residential buildings to metered units and utility related construction.

On January 31, 2017 as part of a series of unrelated transactions, Enersource Corporation (the “Corporation” or “Enersource”) disposed of its wholly-owned subsidiary, Enersource Holdings. On the same date, Enersource Holdings amalgamated with PowerStream Holdings Inc. (“PowerStream”) and Horizon Holdings Inc. (“Horizon”) to form Alectra Inc. (“Alectra”). Alectra’s primary business is to distribute electricity to customers in municipalities in the greater golden horseshoe area as well as provide non-regulated energy services. In consideration for its disposition of Enersource Holdings, the Corporation received a 31 per cent ownership interest in Alectra’s issued and outstanding common shares.

As a result of the Alectra formation on January 31, 2017, the Corporation derecognized its investment in Enersource Holdings at cost and recognized its initial 31 per cent equity interest in Alectra at fair value resulting in a gain on disposition

of \$225,260 recorded in the Enersource Statement of Comprehensive Income.

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

The following table provides condensed financial information for Enersource Corporation for its 2017 fiscal year, together with comparative figures for 2016:

FINANCIAL POSITION	2017 \$	2016 \$
Assets: Current	3,634	221,590
Capital	—	645,575
Investment in Alectra Inc.	593,079	—
Other	422	54,456
Total Assets	597,135	921,621
Liabilities: Current	83	259,214
Non-current liabilities	58,125	350,171
Total Liabilities	58,208	609,385
Shareholders' Equity: Share capital	175,691	175,691
Accumulated other comprehensive income/(loss)	(3,532)	1,118
Retained earnings	366,768	135,427
Total Shareholders' Equity	538,927	312,236
Total Liabilities and Shareholders' Equity	597,135	921,621
Results of Operations and Non-Operations:		
Revenues	108,513	1,118,078
Expenses (including income tax provision)	92,742	1,088,239
Net Income	15,771	29,839
City's Share of Net Income in Enersource Corporation	14,194	26,855
Equity in Gain on Exchange of Investment in Enersource Holdings	225,260	—
City's Share of Equity in Gain on Exchange of Investment in Enersource Holdings	202,734	—

During the year, the City received a dividend of \$12,906 (2016 \$12,802) declared by Enersource Corporation.

The City's investment in Enersource Corporation is reflected in the following table for its 2017 fiscal year together with comparative figures for 2016.

INVESTMENT IN ENERSOURCE CORPORATION	2017 \$	2016 \$
Opening Balance, Beginning of Year	281,012	266,959
City's Share of Net Income in Enersource Corporation	14,194	26,855
City's Share of Equity in Gain on Exchange of Investment in Enersource Holdings	202,734	—
City's share of dividend	(12,906)	(12,802)
Closing Balance, End of Year	485,034	281,012

5. 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:

	2017 \$	2016 \$
Development charges (plus unspent capital)	138,424	147,764
CIL Parkland	70,982	65,842
CIL Parking	5,945	6,143
Bonus zoning	1,540	1,175
Provincial public transit funds	12,269	11,703
Federal public transit funds	1,985	1,426
Provincial gasoline tax	14,378	18,730
Federal gasoline tax	88,729	72,512
Total Deferred Revenue - Obligatory Reserve Funds	334,252	325,295

Deferred Revenue – Obligatory Reserve Funds Continuity Schedule

SOURCE	OPENING BALANCE \$	RECEIVED \$	RECOGNIZED AS REVENUE \$	TRANSFERS \$	CLOSING BALANCE \$
Development charges (plus unspent capital)	147,764	29,965	150	39,155	138,424
CIL Parkland	65,842	10,804	170	5,494	70,982
CIL Parking	6,143	1,508	—	1,706	5,945
Bonus zoning	1,175	365	—	—	1,540
Provincial public transit funds	11,703	566	—	—	12,269
Federal public transit funds	1,426	72	—	(487)	1,985
Provincial gasoline tax	18,730	18,541	16,760	6,133	14,378
Federal gasoline tax	72,512	42,737	—	26,520	88,729
Total	325,295	104,558	17,080	78,521	334,252

6. EMPLOYEE BENEFITS AND OTHER LIABILITIES

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

	2017 \$	2016 \$
WSIB	26,406	23,465
Sick leave benefits	13,614	12,384
Early retirement benefits	38,640	37,971
Post-employment benefits	10,313	11,284
Vacation pay	24,667	24,106
Developer charges credits	60,383	59,982
Contaminated site liability	600	275
Other liabilities	34,608	40,789
Total	209,231	210,256

The City has established reserve funds of \$126,584 (2016 \$126,733) 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 2016, 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 2016, 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 2016, 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 2016, 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 \$	2017 TOTAL \$	2016 TOTAL \$
Accrued Benefit Liability, Beginning of Year	23,465	12,384	37,971	11,284	85,104	77,458
Service cost	4,287	1,407	1,539	249	7,482	10,934
Interest cost	1,293	829	1,371	225	3,718	3,698
Amortization of actuarial (gain)/loss	845	1,115	(470)	(528)	962	81
Benefit payments	(3,484)	(2,121)	(1,771)	(917)	(8,293)	(7,271)
Increase due to plan amendment	—	—	—	—	—	204
Accrued Benefit Liability, End of Year	26,406	13,614	38,640	10,313	88,973	85,104
Unamortized actuarial (gain)/loss	9,780	7,583	(3,128)	(4,005)	10,230	2,679
Actuarial valuation update, end of year	36,186	21,197	35,512	6,308	99,203	87,783
Expected average remaining service life	10 yrs	12 yrs	12 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	POST EMPLOYMENT - HEALTH AND DENTAL	POST EMPLOYMENT - LIFE INSURANCE	EARLY RETIREMENT
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	4.00%	4.00%	3.50%	3.50%	4.00%
Expected health care increases	4.75%	n/a	5.00%	n/a	4.75%

e) Developer charge credits are liabilities and obligations that arise through the Development Charges Act. For the year ended December 31, 2017, the developer charge credit liability is \$60,383 (2016 \$59,982).

f) Other pension plans: The City makes contributions to OMERS, a multi-employer plan, on behalf of 4,827 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 \$55,300 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 \$55,300 at a rate of 15.8 per cent for earnings greater than the annual maximum pensionable earnings.

The amount contributed to OMERS for 2017 was \$37,770 (2016 \$36,944) for current service and is included as an expense on the consolidated statement of operations. Employees' contributions to OMERS in 2017 totalled \$37,894 (2016 \$37,063).

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 2017 dropped to \$5.4 billion (2016 \$5.7 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 at the 2016 rates for 2017 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.

7. LONG-TERM DEBT

The long-term debt reported on the consolidated statement of financial position of \$155,895 was issued by the Region. Of the debt issued in 2013, \$27,400 is outstanding; of the debt issued in 2014, \$24,142 is outstanding; of the debt issued in 2015, \$32,000 is outstanding; of the debt issued in 2016, \$33,500 is outstanding; all of the debt issued in 2017, \$38,853 is outstanding as at December 31, 2017.

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; and principal payments on the 2017 debt are payable on September 28th.

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 0.95 to 3.30 per cent.

Principal payments are repayable annually as follows:

	TOTAL \$
2018	20,674
2019	19,621
2020	19,200
2021	19,600
2022	20,300
Thereafter	56,500
Total	155,895

Interest expense and fees of \$3,015 (2016 \$2,751) are reported in the consolidated statement of operations.

8. TANGIBLE CAPITAL ASSETS

a) Assets under construction:

Assets under construction having a value of \$174,075 (2016 \$190,940) 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 \$11,732 (2016 \$18,595) comprised of infrastructure in the amount of \$167 (2016 \$10,075) and land in the amount of \$11,565 (2016 \$8,520).

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 (2016 \$0).

e) Disposal of tangible capital assets:

The costs of assets under construction are excluded in calculating the loss on disposal of tangible capital assets. The purchase cost of \$7,372 (2016 \$52,211) (land \$1,552; buildings \$136; land improvements \$2,545; linear transportation \$1,199; linear storm drainage \$1,243 and vehicles \$697) less the accumulated amortization of \$4,828 (2015 \$10,856) results in a loss on disposal of \$2,544 (2016 \$1,074).

2017 TANGIBLE CAPITAL ASSETS

For the year ended December 31, 2017. (All dollar amounts are in \$000)

COST	DECEMBER 31, 2016 \$	ADDITIONS \$	DISPOSALS \$	DECEMBER 31, 2017 \$
Land	5,144,051	25,693	1,552	5,168,192
Land improvements	176,518	24,459	2,545	198,432
Buildings	1,057,037	40,367	136	1,097,268
Equipment, books and other	246,313	24,540	—	270,853
Linear – storm drainage	826,245	23,673	1,243	848,675
Linear – transportation	2,017,913	83,894	1,199	2,100,608
Vehicles	267,871	23,913	697	291,087
Assets under construction	190,940	90,717	107,582	174,075
Total	9,926,888	337,256	114,954	10,149,190
ACCUMULATED AMORTIZATION	DECEMBER 31, 2016 \$	AMORTIZATION EXPENSE \$	DISPOSALS \$	DECEMBER 31, 2017 \$
Land	—	—	—	—
Land improvements	95,763	7,545	2,421	100,887
Buildings	351,296	27,905	136	379,065
Equipment, books and other	154,958	20,463	—	175,421
Linear – storm drainage	227,196	10,834	982	237,048
Linear – transportation	888,734	48,286	594	936,426
Vehicles	188,391	18,909	695	206,605
Assets under construction	—	—	—	—
Total	1,906,338	133,942	4,828	2,035,452
NET BOOK VALUE	DECEMBER 31, 2016 \$			DECEMBER 31, 2017 \$
Land	5,144,051			5,168,192
Land improvements	80,755			97,545
Buildings	705,741			718,203
Equipment, books and other	91,355			95,432
Linear – storm drainage	599,049			611,627
Linear – transportation	1,129,179			1,164,182
Vehicles	79,480			84,482
Assets under construction	190,940			174,075
Total	8,020,550			8,113,738

9. ACCUMULATED SURPLUS

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

SURPLUS	2017 \$	2016 \$
Invested in tangible capital assets	8,113,545	8,020,334
Business Improvement Area tangible capital assets	193	216
Total Invested in Tangible Capital Assets	8,113,738	8,020,550

Unexpended capital	228,092	177,975
Long-term debt	(155,895)	(134,447)
Enerresource Corporation	485,034	281,012
Unfunded employee benefits	(209,231)	(210,256)
Total Surplus	8,461,738	8,134,834

RESERVES SET ASIDE BY COUNCIL	2017 \$	2016 \$
Contingencies	41,542	38,692
Building permit revenue stabilization	6,253	3,730
Winter maintenance	11,613	11,613
Elections	3,993	3,720
Arts	1,343	1,752
Stormwater	6,306	6,345
BIA Reserves	267	305
Total Reserves	71,317	66,157

RESERVE FUNDS SET ASIDE FOR SPECIFIC PURPOSES BY COUNCIL	2017 \$	2016 \$
Lot levies	42,895	43,099
Contributions from specific developers for specific works	20,260	19,766
Program Specific	1,610	1,486
Capital construction	133,470	154,289
Self-insurance	36,430	33,134
Group benefits	35,386	34,597
Stormwater	52,498	40,939
Total Reserve Funds	322,549	327,310
Total Accumulated Surplus	8,855,604	8,528,301

10. 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:

	2017 \$	2016 \$
Municipal, region and school property taxes	1,624,089	1,565,567
Payments in lieu of property taxes	31,627	29,921
Net Property Taxes	1,655,716	1,595,488
Payments to Region and school boards	(1,155,567)	(1,124,847)
Net Property Taxes and Payments in Lieu Available for Municipal Purposes	500,149	470,641

11. STORMWATER CHARGE

Established in 2016, the stormwater charge is a dedicated source of funding for the City's stormwater infrastructure renewal, and operating programs. The stormwater rate is established on an annual basis during the budget approval process, through a fees and charges by-law subject to Council approval. The charge appears on the Region of Peel water bill for Mississauga properties. To determine the stormwater rate, service levels and operating/capital needs are set to reflect infrastructure priorities, inflationary pressure and reserve fund contributions needed to plan for funding challenges foreseen with replacing costly assets (e.g., pipes) in the future.

12. TRUST FUNDS

Trust funds administered by the City amounting to \$820 (2016 \$731) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations.

13. CONTINGENT LIABILITIES & GUARANTEE

a) As at December 31, 2017, 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 more likely than not and is able to reasonably assess the exposure, an amount is provided for in these consolidated financial statements.

b) On February 1, 2017, through a series of transactions, Enersource Corporation became owner of 31 per cent of Alectra Inc. ("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.

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 body of the consolidated financial statements. 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 comprised the following service areas: Mayor and Council, City Manager's Office, Internal Audit, Economic Development, Strategic Initiatives, Office of the City Clerk, Finance, Information Technology, Facilities and Property Management, Revenue, Materiel Management, Legal, Customer Service, and Communications. These divisions are responsible for by-laws and administrative policies, levying taxes, acquiring, 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 is comprised of 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, and Provincial Offences.

c) Transportation Services:

The Transportation Services segment is comprised of the following service areas: Roadway Services including road maintenance, public works, street cleaning, traffic operations, planning, engineering and development, Winter Control, Transit, and Street lighting.

d) Environmental Services:

The Environmental Services segment is comprised primarily of Storm Sewer Services. The City provides stormwater management to ensure the overall health and maintenance of creeks, rivers, and water channels in Mississauga. Water and Sanitary Sewer services are provided by the Region.

e) Health Services:

The Health Services segment is comprised primarily of cemetery maintenance and management.

f) Social and Family Services:

The Social and Family Services segment is comprised primarily of 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 is comprised of the following service areas: Parks and Forestry, Recreation Programs, Recreation Facilities, Marinas and Golf Courses, Libraries, Museums and Other Cultural Services and Activities.

h) Planning and Development Services:

The Planning and Development Services segment is comprised of 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 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 Consolidated Schedule of Segment Disclosure.

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 CONTINUED

Notes to Consolidated Financial Statements.

For the year ended December 31, 2017. (All dollar amounts are in \$000)

	2017									2016 Total \$
REVENUES	General Government Service \$	Protection Service \$	Transportation Services \$	Environmental Services \$	Health Services \$	Social and Family Services \$	Recreation and Cultural Services \$	Planning and Development Services \$	Other \$	2017 Total \$
Taxation	498,908	—	—	—	—	—	—	1,241	—	500,149
User charges	5,700	30,874	111,005	40,739	287	171	54,067	6,200	—	249,043
Recoveries from third parties	890	130	40,460	699	—	—	6,652	43	—	48,874
Funding transfers from other governments	491	—	325	—	5	59	1,851	312	—	3,043
Development and other contributions applied	—	—	—	—	—	—	—	—	90,547	90,547
Investment income	14,474	—	—	—	22	—	19	—	23,113	37,628
Penalties and interest on taxes	9,133	—	—	—	—	—	—	—	—	9,133
Contributed assets	200	—	—	—	—	—	—	—	11,532	11,732
Other	1,481	98	795	139	—	50	1,060	2	2,474	6,099
Equity in Enersource Corporation	—	—	—	—	—	—	—	—	216,928	216,928
Total Revenues	531,277	31,102	152,585	41,577	314	280	63,649	7,798	344,594	1,173,176
EXPENSES										885,891
Salaries, wages and employee benefits	102,003	113,583	166,545	5,386	458	330	87,110	15,686	—	491,101
Long-term debt interest	2,883	—	—	132	—	—	—	—	—	3,015
Materials and supplies	8,383	3,258	34,829	556	79	42	12,397	687	—	60,231
Contracted services	27,155	1,523	33,371	2,590	69	1	10,502	2,930	—	78,141
Rents and financial expenses	31,862	3,091	15,842	155	10	9	18,519	597	—	70,085
External transfers to others	730	—	—	—	—	20	3,275	2,789	—	6,814
Loss on disposal of tangible capital assets	—	—	—	—	—	—	—	—	2,544	2,544
Amortization	16,320	4,234	71,852	10,828	—	82	30,414	212	—	133,942
Total Expenses	189,336	125,689	322,439	19,647	616	484	162,217	22,901	2,544	845,873
Annual Surplus (Deficit)	341,941	(94,587)	(169,854)	21,930	(302)	(204)	(98,568)	(15,103)	342,050	327,303
										59,293

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 in the body. These services are not presented in the body of the consolidated financial statements; 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. These teams all collaborate with and support every City service area. The group consists of Human Resources (HR), Finance, Communications, Corporate Performance and Innovation (CPI), and Revenue and Materiel Management.

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 operation of the Meadowvale Theatre, Museums, and Mississauga 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 of Mississauga facilities; and, providing awareness and education for residents and City staff to take environmental action.

e) Facilities and Property Management:

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

f) Financial Transactions:

The Financial Transactions area includes such items such as bank and external audit charges; 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 and Emergency Services:

Fire and Emergency Services' mission is to protect life, property and the environment in Mississauga from all perils guided by the three lines of defense: public education, prevention and emergency response.

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 within a legislated planning policy framework. This involves creating of policies, plans, processing development applications and building permits and undertaking building inspections to ensure the health, safety and well-being of the public while ensuring high quality customer service.

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 System exists to provide library services to meet the life-long informational, educational, cultural and recreational needs of all citizens. The system'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 2018.

m) Parks and Forestry:

The Parks & Forestry Service Area 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 multidisciplinary team working co-operatively to meet the open space, outdoor recreational, urban forest and environmental needs of the community.

n) Recreation Services:

Recreation's primary service is the delivery of various recreation programs. Recreation has 11 major community centres and 12 minor centres; 13 arenas representing 25 ice pads; 11 indoor pools (two shared with local school board); seven outdoor pools; 229 soccer fields and 125 ball diamonds. In addition, Recreation provides oversight to the Hershey Centre facilities.

o) Regulatory Services:

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

p) Road Services:

The Roads Service Area is delivered by the following three divisions: Transportation and Infrastructure Planning, Engineering and Construction, and Works Operations and Maintenance. These areas are responsible for the planning, design, construction, operation, maintenance and overall management of Mississauga's roadways, bridges, sidewalks and related infrastructure. Additional infrastructure that is managed as part of this service area includes traffic signals, street lighting, municipal parking, noise barriers, cycling network and the City's fleet of vehicles (with the exception of transit and fire vehicles).

q) Stormwater Service:

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

r) Transit Services:

Mississauga's transit service, MiWay, provides a customer-focused transit service offering safe, accessible, and efficient transportation options for all citizens.

s) Other:

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

t) Revenues by Service Area

Notes to Consolidated Financial Statements.

For the year ended December 31, 2017. (All dollar amounts are in \$000)

SERVICE AREA	Taxation \$	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 \$	Equity in Enersource Corporation \$	2017 Total \$	2017 Budget * \$	2016 Total \$
Business Services	—	2,338	—	—	—	—	87	—	1	—	2,426	2,330	2,029
City Manager's Office	—	291	—	312	—	—	—	—	—	—	603	404	783
Culture	—	1,788	—	169	—	—	—	—	257	—	2,214	1,930	2,214
Environment	—	6	—	—	—	—	—	—	—	—	6	—	8
Facilities & Property Management	—	409	—	—	—	—	—	—	517	—	926	466	717
Financial Transactions	500,149	9	—	—	—	14,467	9,046	11,732	3,320	—	538,723	520,650	515,575
Fire & Emergency Services	—	1,884	130	—	—	—	—	—	62	—	2,076	1,799	1,531
Information Technology	—	737	—	—	—	—	—	—	—	—	737	607	714
Legislative Services	—	12,878	—	—	—	—	—	—	2	—	12,880	10,963	11,653
Mississauga Library	—	1,202	—	943	—	—	—	—	2	—	2,147	1,949	1,911
Land Development Services	—	16,944	—	—	—	—	—	—	—	—	16,944	12,807	13,828
MiWay	—	87,565	1,836	—	—	—	—	—	128	—	89,529	88,785	84,539
Parks & Forestry	—	4,969	126	5	—	22	—	—	37	—	5,159	4,251	4,562
Recreation	—	47,849	—	933	—	26	—	—	761	—	49,569	48,086	48,822
Regulatory Services	—	15,091	—	—	—	—	—	—	36	—	15,127	14,495	14,862
Roads	—	11,915	3,836	—	—	—	—	—	(127)	—	15,624	42,822	13,862
Stormwater	—	40,460	26	—	—	—	—	—	139	—	40,625	38,416	39,713
Other	—	2,708	42,920	681	90,547	23,113	—	—	964	216,928	377,861	13,920	128,568
Total Revenues	500,149	249,043	48,874	3,043	90,547	37,628	9,133	11,732	6,099	216,928	1,173,176	804,680	885,891

* 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, 2017. (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 \$	2017 Total \$	2017 Budget * \$	2016 Total \$
Business Services	28,243	—	554	989	1,681	—	—	—	31,467	32,066	30,484
City Manager's Office	9,736	—	129	2,901	379	1,099	—	—	14,244	13,457	12,297
Mayor & Members Of Council	4,097	—	348	1	254	—	—	—	4,700	4,747	4,633
Culture	5,126	—	689	366	992	2,443	—	—	9,616	9,661	9,493
Environment	948	—	17	40	95	75	—	—	1,175	1,232	1,116
Facilities & Property Management	13,715	—	393	1,698	6,313	—	—	—	22,119	23,145	21,624
Financial Transactions	7,815	2,883	234	832	20,511	2,361	—	—	34,636	28,842	26,023
Fire & Emergency Services	96,023	—	2,526	153	1,844	—	—	—	100,546	105,946	102,574
Information Technology	18,807	—	101	117	6,795	—	—	—	25,820	25,202	23,801
Legislative Services	6,421	—	624	1,389	(720)	—	—	—	7,714	8,466	7,772
Mississauga Library	21,168	—	4,050	33	2,011	—	—	—	27,262	28,301	26,382
Land Development Services	19,384	—	326	224	476	—	—	—	20,410	21,467	20,337
MiWay	132,871	—	29,639	967	7,911	—	—	—	171,388	176,142	163,776
Parks & Forestry	24,241	—	4,462	4,365	3,010	—	—	—	36,078	36,619	35,855
Recreation	46,912	—	4,057	8,357	12,756	832	—	—	72,914	73,233	72,312
Regulatory Services	12,192	—	729	884	329	—	—	—	14,134	15,400	14,609
Roads	32,578	—	4,872	31,274	8,559	—	—	—	77,283	78,161	75,494
Stormwater	4,703	132	657	3,062	153	—	—	—	8,707	8,984	8,587
Other	6,121	—	5,824	20,489	(3,264)	4	2,544	133,942	165,660	135,137	169,429
Total Expenses	491,101	3,015	60,231	78,141	70,085	6,814	2,544	133,942	845,873	826,208	826,598

* 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 2017 operating and capital budgets as approved by Council and adopted by the City on December 14, 2016. Adjustments to budgeted values were required to provide comparative budget values based on the full accrual basis of accounting. The chart below reconciles the approved budget with the budget figures as presented in these consolidated financial statements.

REVENUE	BUDGET AMOUNT
Approved Operating Budget	798,060
Adjustments:	
Assessment increase	803
Budget adjustments	1,679
Contributions from reserve funds	(30,674)
BIAs	1,820
BIAs contributions from reserve funds	(54)
City budgeted levy for BIAs	(1,322)
Enersource dividend	(10,100)
Adjusted Operating Budget	760,212
Approved Capital Budget	234,564
Adjustments for transfers from reserve funds	(164,375)
Adjustments for debt proceeds	(39,198)
Adjusted Capital Budget	30,991
Reserve funds interest and other revenue	13,477
Total Revenue	804,680

EXPENSES	BUDGET AMOUNT
Approved Operating Budget	801,190
Adjustments:	
Assessment increase	803
Budget adjustments	(1,451)
BIA transfers to own	(26)
Transfers to Own	(91,498)
BIA budgeted expenses	1,820
BIA budget on City's books	(1,322)
Amortization	135,136
Debt principal repayments	(18,444)
Adjusted Operating Budget	826,208
Approved Capital Budget	234,564
Adjustments:	
Eliminate capital expense budget	(234,564)
Adjusted Capital Budget	—
Total Expenses	826,208
Annual Deficit	(21,528)

17. EXPENSES BY OBJECT

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

	BUDGET 2017 \$	ACTUAL 2017 \$	ACTUAL 2016 \$
Salaries, wages and employee benefits	498,708	491,101	485,697
Long-term debt interest and fees	3,369	3,015	2,751
Materials and supplies	55,343	60,231	55,230
Contracted services	57,018	78,141	76,384
Rents and financial expenses	69,644	70,085	68,728
External transfers to others	6,990	6,814	6,621
Loss on disposal of tangible capital assets	—	2,544	1,074
Amortization	135,136	133,942	130,113
Total	826,208	845,873	826,598

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 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 2017 fiscal year with comparative figures for 2016:

REVENUES	2017 \$	2016 \$
Gross revenues	11,730	10,486
Less refunds	140	109
Net Revenues	11,590	10,377
EXPENSES		
Provincial charges	933	967
City's operating expenses	3,560	3,720
Total Expenses	4,493	4,687
Net Revenue	7,097	5,690
Net Contribution	7,097	5,690

19. FUNDING TRANSFERS FROM OTHER GOVERNMENTS

	2017 \$	2016 \$
General government services	491	413
Protection services	—	—
Transportation services	325	80
Environmental services	—	—
Health services	5	—
Social and family services	59	53
Recreation and cultural services	1,851	3,216
Planning and development services	312	125
Total Funding	3,043	3,887

20. 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:

	\$
2018	2,819
2019	3,023
2020	2,590
2021	2,661
2022	2,291
Total	13,384

21. COMPARATIVE FIGURES

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

22. SUBSEQUENT EVENT

On February 28, 2018, Alectra Corporation entered into a Merger Participation Agreement (“MPA”) with: Alectra Utilities; Guelph Municipal Holdings Inc. (“GMHI”); and Guelph Hydro Electric Systems Inc. (“GHESI”). GMHI is the parent of GHESI. GHESI is principally a Local Distribution Company (“LDC”) regulated by the Ontario Energy Board (“OEB”). The MPA provides terms and conditions under which Alectra Utilities will amalgamate with GHESI.

The merger is subject to the approval of the OEB based on a Mergers, Acquisitions, Amalgamations and Divestitures (“MAADs”) application expected to be issued thereto by the parties in early March 2018. Subject to a satisfactory OEB decision approving the merger, the Corporation anticipates a closing date on or before January 1, 2019. The Corporation expects that the merger contemplated under the MPA will result in more efficient and enhanced service delivery through lower operating costs while providing significant benefits for communities and shareholders.

FINANCIAL STATEMENTS
OF **CITY OF MISSISSAUGA**
TRUST FUNDS
YEAR ENDED
December 31, 2017



INDEPENDENT AUDITORS' REPORT



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

We have audited the accompanying financial statements of the trust funds of The Corporation of the City of Mississauga, which comprise the statement of financial position as at December 31, 2017, the statement of operations for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these 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.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial

statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

OPINION

In our opinion, the financial statements present fairly, in all material respects, the financial position of the trust funds of The Corporation of the City of Mississauga as at December 31, 2017, and its results of operations for the year then ended in accordance with Canadian public sector accounting standards.

A handwritten signature in black ink that reads "KPMG LLP". A thin horizontal line extends from the bottom right of the "P" towards the right edge of the page.

Chartered Professional
Accountants, Licensed
Public Accountants
April 23, 2018
Vaughan, Canada

CITY OF MISSISSAUGA TRUST FUNDS STATEMENT OF FINANCIAL POSITION

as at December 31, 2017 with comparatives for 2016. (All dollar amounts are in \$000)

FINANCIAL ASSETS	2017			2016
	Perpetual Care \$	Election Surplus \$	Total \$	Total \$
Cash	16	—	16	57
Accounts Receivable	3	—	3	3
Due from City of Mississauga (Note 2)	67	—	67	—
Investments (Note 3)	734	—	734	671
Net financial Assets and Accumulated Surplus	820	—	820	731

CITY OF MISSISSAUGA TRUST FUNDS STATEMENT OF OPERATIONS

for the year ended December 31, 2017 with comparatives for 2016. (All dollar amounts are in \$000)

REVENUES	2017			2016
	Perpetual Care \$	Election Surplus \$	Total \$	Total \$
Interest	21	—	21	20
Receipts	89	—	89	67
Total Revenues	110	—	110	87
EXPENSES				
Cemetery maintenance	21	—	21	20
Total Expenses	21	—	21	20
Annual surplus	89	—	89	67
Accumulated surplus, beginning of year	731	—	731	664
Accumulated surplus, end of year	820	—	820	731

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, 2017 with comparatives for 2016. (All dollar amounts are in \$000)

1. SIGNIFICANT ACCOUNTING POLICIES

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

a) Basis of Accounting

Perpetual Care revenue is reported on receipt and interest income is reported on the accrual basis of accounting.

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

2. DUE FROM THE CITY OF MISSISSAUGA

This represents money collected by the City during the fiscal year 2017 and transferred to the Trust Fund on January 19, 2018. The balance due from the City of Mississauga is non-interest bearing and due on demand.

3. INVESTMENTS

The total investments by the Trust Funds of \$734 (2016 \$671) reported on the statement of financial position at cost, have a market value of \$765 (2016 \$705) at the end of the year.

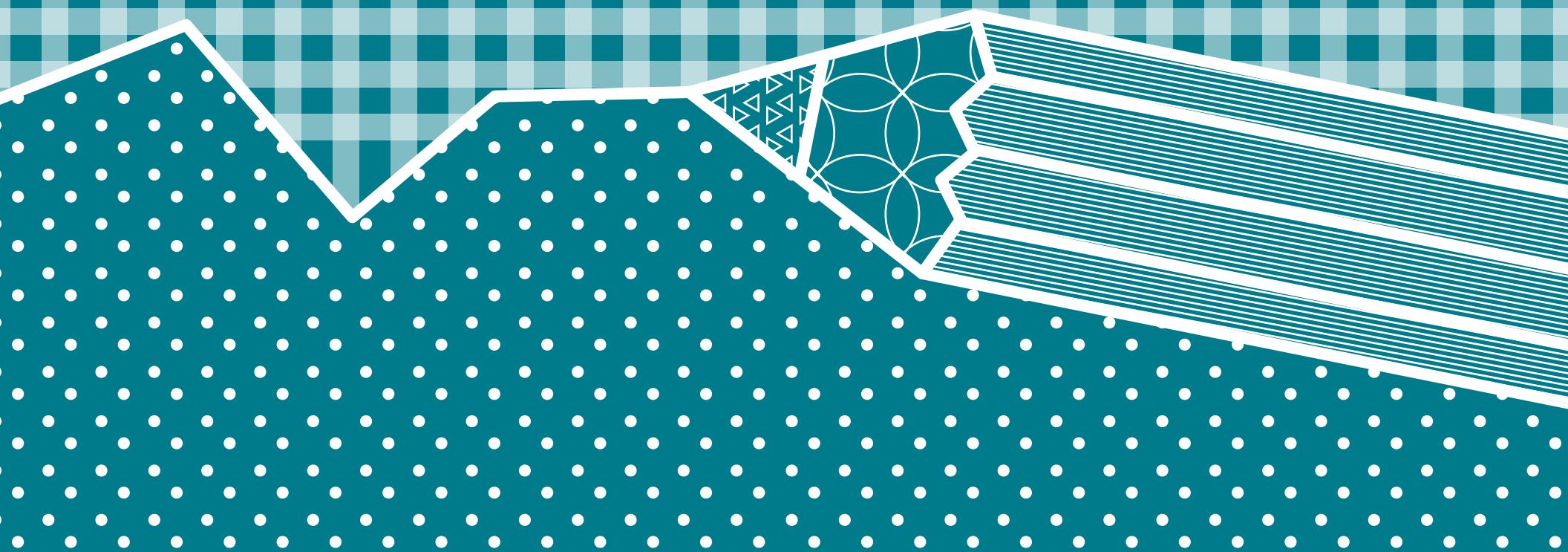
4. PERPETUAL CARE FUND

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 Surplus Fund, as per S.79(7) of the 1996 Municipal Elections Act states that if in the next regular election or in an earlier by-election, the candidate is nominated for an office on the same council, the Clerk shall pay the amount in trust to the candidate, with interest. As per S79(8), if subsection (7) does not apply, the amount becomes the property of the municipality.

2017
STATISTICS



FIVE-YEAR FINANCIAL REVIEW

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

FISCAL YEAR	2017	2016	2015	2014	2013
Municipality Statistics					
Population (Note 1)	772,000	768,000	764,000	759,000	754,000
Area in acres	72,200	72,200	72,200	72,200	72,200
Households	248,000	246,000	244,000	243,000	243,000
Employees (Note 2): full time	4,437	4,376	4,323	4,239	4,185
per 1000 people	5.7	5.7	5.6	5.6	5.5
part time and seasonal	2,843	3,099	3,290	3,211	3,446
Construction Activity	\$1,262,657	\$1,316,524	\$1,285,935	\$1,170,860	\$942,335
 ASSESSMENT VALUATION YEAR					
Tax Assessment Information					
Taxable Assessment upon which the year's rates of taxation were set:		2016	2012	2012	2012
Residential, farm, multi-residential	\$107,373,242	\$99,923,106	\$94,770,331	\$89,352,164	\$84,095,484
Commercial, industrial and other	33,381,211	32,162,701	30,926,239	29,801,625	28,629,494
Total Taxable Assessment	\$140,754,453	\$132,085,807	\$125,696,570	\$119,153,789	\$112,724,978
Commercial, industrial, and business as a percentage of taxable assessment	23.7%	24.3%	24.6%	25.0%	25.4%

Notes:

1. The population figures are as per the 2014 City's growth forecast, 2013 City's growth forecast, 2012 City's growth forecast and the 2011 Canada census.
2. Positions are stated in either full time or part time equivalents, as budgeted and exclude Enersource Corporation.

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

RESIDENTIAL AND FARM	2017	2016	2015	2014	2013
for City purposes	0.291654%	0.293370%	0.291960%	0.293805%	0.290425%
for Region purposes	0.378718%	0.392978%	0.401675%	0.411565%	0.424223%
for School purposes	0.179000%	0.188000%	0.195000%	0.203000%	0.212000%
Total Tax Rate - Residential and farm	0.849372%	0.874348%	0.888635%	0.908370%	0.926648%
COMMERCIAL					
for City purposes	0.423403%	0.413597%	0.411610%	0.414211%	0.409446%
for Region purposes	0.549796%	0.554027%	0.566288%	0.580231%	0.598076%
for School purposes	1.042947%	1.057399%	1.069252%	1.107083%	1.147477%
Total Tax Rate - Commercial	2.016146%	2.025023%	2.047150%	2.101525%	2.154999%
INDUSTRIAL					
for City purposes	0.464730%	0.460814%	0.458600%	0.461498%	0.456189%
for Region purposes	0.603461%	0.617276%	0.630936%	0.646470%	0.666353%
for School purposes	1.231495%	1.292875%	1.325843%	1.361148%	1.399256%
Total Tax Rate - Industrial	2.299686%	2.370965%	2.415379%	2.469116%	2.521798%

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

FISCAL YEAR PROPERTY TAX INFORMATION	2017	2016	2015	2014	2013
Tax Levies: City portion	\$464,168	\$435,331	\$412,894	\$394,457	\$378,605
Region portion	600,566	583,140	568,055	552,559	547,640
School Board portion	542,496	533,942	522,754	518,018	519,845
Total Tax Levies	\$1,607,230	\$1,552,413	\$1,503,703	\$1,465,034	\$1,446,090
Taxes collected: City collection	\$466,801	\$440,252	\$411,681	\$391,947	\$386,947
Taxes Transferred to the Region	600,566	583,140	568,055	552,559	547,640
Taxes Transferred to the School Boards	542,496	532,344	522,754	518,018	519,845
Total Taxes collected	\$1,609,863	\$1,555,736	\$1,502,490	\$1,462,524	\$1,454,432
Tax arrears: Taxes Receivable	\$33,978	\$36,611	\$41,532	\$40,319	\$37,694
Taxes Receivable per capita	\$44	\$48	\$54	\$53	\$50
Percentage of current levy	2.1%	2.4%	2.8%	2.8%	2.6%
CONSOLIDATED REVENUES					
Property Taxation	\$470,189	\$440,719	\$419,469	\$402,074	\$378,605
Taxation from other governments	29,960	29,922	27,156	26,177	24,766
User charges	249,043	239,900	191,970	179,195	175,859
Recovery charges	48,874	11,157	21,098	26,895	26,556
Government grants	3,043	3,887	2,458	3,048	2,382
Development contributions applied	90,547	69,217	228,687	58,047	59,816
Investment income	37,628	34,903	33,082	35,778	35,322
Penalties and interest on taxes	9,133	8,444	8,848	8,064	8,025
Contributed assets	11,732	18,595	34,266	26,746	24,038
Other	6,099	2,292	7,852	12,485	7,215
Share of net income in Enersource Corporation	14,194	26,855	18,226	2,650	19,522
Share of equity in gain on exchange of Investment in Enersource Holdings	202,734	—	—	—	—
Total Revenues	\$1,173,176	\$885,891	\$993,112	\$781,159	\$762,106
Revenue per capita	\$1,520	\$1,154	\$1,299	\$1,029	\$1,011

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

FISCAL YEAR CONSOLIDATED EXPENSES BY FUNCTION	2017	2016	2015	2014	2013
General government services	\$189,336	\$184,821	\$164,177	\$184,928	\$152,342
Protection services	125,689	128,120	122,648	120,476	114,335
Transportation services	322,439	310,975	297,646	304,361	288,397
Environmental services	19,647	18,523	14,601	12,064	13,883
Health services	616	587	549	555	416
Social and family services	484	479	478	486	465
Recreation and cultural services	162,217	160,458	151,861	159,539	146,718
Planning and development services	22,901	21,561	21,095	19,268	17,669
Loss on disposal of tangible capital assets	2,544	1,074	505	2,307	2,689
Total Consolidated Expenses by Function	\$845,873	\$826,598	\$773,560	\$803,984	\$736,914
Annual Surplus/(Deficit)	\$327,303	\$59,293	\$219,552	(\$22,825)	\$25,192
Net Financial Assets	\$731,644	\$498,459	\$491,864	\$375,509	\$452,796
CAPITAL FUND INFORMATION					
Capital Financing: Development contributions applied	\$90,547	\$69,138	\$228,687	\$58,047	\$59,816
Government grants	42,793	484	465	996	707
Other	4,035	14,454	18,324	23,226	25,596
Total Capital Financing	\$137,375	\$84,076	\$247,476	\$82,269	\$86,119

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

FISCAL YEAR	2017	2016	2015	2014	2013
Current Year Unexpended Capital Financing	\$228,092	\$177,975	\$190,431	\$68,299	\$116,709
EXPENSES BY OBJECT					
<i>Consolidated Statement of Operations:</i>					
Salary, wages and fringe benefits	\$491,101	\$485,697	\$459,483	\$451,839	\$425,825
Debt interest and fees	3,015	2,751	2,077	1,588	624
Materials and supplies	60,231	55,230	51,528	56,138	53,080
Contracted services	78,141	76,384	67,200	94,295	65,376
Rents and financial expenses	70,085	68,728	61,860	67,601	65,430
External transfers to others	6,814	6,621	5,763	5,480	4,254
Amortization	133,942	130,113	125,144	124,736	119,636
Loss on disposal of assets	2,544	1,074	505	2,307	2,689
Total Consolidated Expenses	\$845,873	\$826,598	\$773,560	\$803,984	\$736,914
MUNICIPAL DEBT INFORMATION					
Long-Term Liabilities: General municipal activities	\$155,895	\$134,447	\$110,785	\$80,807	\$50,000
Per capita	\$202	\$175	\$145	\$106	\$66
Charges for Long-Term Liabilities: General municipal activities	\$3,015	\$2,751	\$2,042	\$1,588	\$624
Per capita	\$3.90	\$3.58	\$2.67	\$2	\$1
Debt Repayment Limit (as determined by the Province of Ontario)	\$161,612	\$160,623	\$159,687	\$158,083	\$147,700
TANGIBLE CAPITAL ASSETS					
Net Book Value	\$8,113,738	\$8,020,550	\$7,966,189	\$7,864,199	\$7,788,423
Amortization	133,942	130,113	125,144	124,736	119,636
Operating Fund Transfers to Capital Reserve Fund	\$65,508	\$48,247	\$48,069	\$45,459	\$42,340

The statistics from 2009 onward are presented in accordance with the adoption of Public Sector Accounting Board (PSAB) sections 1200 Financial Statement Presentation and 3150 Tangible Capital Assets.

The 2014 Tangible Capital Asset inventories, presented in the 2015 Consolidated Financial Statements have been adjusted to reflect an immaterial correction of an understatement of land in prior years. The amount previously reported as tangible capital assets as at December 31, 2014 has been increased by \$21,678.

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

FISCAL YEAR ACCUMULATED SURPLUS	2017	2016	2015	2014	2013
Invested in tangible capital assets	\$8,113,738	\$8,020,550	\$7,966,189	\$7,864,199	\$7,788,423
Operating surplus	—	—	—	—	2,900
Unexpended capital	228,092	177,975	190,431	68,299	116,709
Enersource Corporation	485,034	281,012	266,959	263,158	273,622
Long-term debt	(155,895)	(134,447)	(110,785)	(80,807)	(50,000)
Unfunded Employee benefits	(209,231)	(210,256)	(197,982)	(198,691)	(189,891)
Reserves	71,317	66,157	62,077	45,120	49,263
Reserve Funds	322,549	327,310	292,119	288,178	259,577
Total Accumulated Surplus	\$8,855,604	\$8,528,301	\$8,469,008	\$8,249,456	\$8,250,603
Trust Funds	\$820	\$731	\$664	\$585	\$534

UNEMPLOYMENT RATE	2017	2016	2015	2014	2013
Percentage of unemployment	6.4%	7.0%	7.1%	8.1%	8.2%

TOP EMPLOYERS 1,000+ EMPLOYEES

Accenture Inc.	Davis & Henderson Ltd.	MiWay Transit Operations	Sobey's Inc.
Atomic Energy of Canada	Federal Express Canada Ltd.	Peel District School Board	Suncor Energy
Air Canada	GlaxoSmithKline Inc.	Peel Regional Police	TD Bank Financial Group
BMO Bank of Montreal	Greater Toronto Airport Authority (GTAA)	PointClickCare	Tim Hortons
Bell Canada	Hewlett-Packard (Canada) Co.	Region of Peel	Trillium Health Partners
Canada Post	Kingsway Real Estate Brokerage	Research in Motion (RIM)	Tyco Integrated Fire and Security
Canada Revenue Agency	Maple Leaf Consumer Foods	Right at Home Realty Inc.	University of Toronto Mississauga
City of Mississauga	Microsoft Canada Co.	Royal Bank of Canada Financial Group	Walmart Canada Inc.

10 LARGEST CORPORATE PROPERTY TAXPAYERS

OWNER	ASSESSMENT VALUE \$
1 OMERS Realty Management	1,162,492,501
2 The Erin Mills Town Centre	357,973,501
3 Meadowvale Holdings Limited	205,110,001
4 Mississauga Complex Portfolio	146,147,250
5 Cominar Real Estate Holdings	145,524,251
6 HOOPP Realty Inc.	138,849,500
7 The Nuance Group Canada	133,921,751
8 Metrus Central Properties	122,774,250
9 Select Properties	122,774,250
10 First Capital Meadowvale Corp.	119,183,251
Total - Assessment Total	2,654,750,506
% of Total Industrial and Commercial Assessment	8.0%
% of Total Taxable Assessment	1.9%
Total Residential Assessment	107,373,242,442
Total Industrial and Commercial Assessment	33,381,211,397
Total Taxable Assessment	140,754,453,839

CITY OF MISSISSAUGA

MEMBERS OF COUNCIL

CONTACT INFORMATION

City of Mississauga
300 City Centre Drive
Mississauga, ON L5B 3C1

Website: mississauga.ca

Public Inquiries telephone:
3-1-1 (or 905-615-4311 outside
City limits) TTY: 905-896-5151

e-mail: public.info@mississauga.ca

If you need this information
in an alternate format call 311
(or 905-615-4311 outside city limits).

Bonnie Crombie Mayor

905-896-5555
bonnie.crombie@mississauga.ca

David Cook Ward 1

905-896-5100
dave.cook@mississauga.ca

Karen Ras Ward 2

905-896-5200
karen.ras@mississauga.ca

Chris Fonseca Ward 3

905-896-5300
chris.fonseca@mississauga.ca

John Kovac Ward 4

905-896-5400
john.kovac@mississauga.ca

Carolyn Parrish Ward 5

905-896-5500
carolyn.parrish@mississauga.ca

Ron Starr Ward 6

905-896-5600
ron.starr@mississauga.ca

Nando Iannicca Ward 7

905-896-5700
nando.iannicca@mississauga.ca

Matt Mahoney Ward 8

905-896-5800
matt.mahoney@mississauga.ca

Pat Saito Ward 9

905-896-5900
pat.saito@mississauga.ca

Sue McFadden Ward 10

905-896-5010
sue.mcfadden@mississauga.ca

George Carlson Ward 11

905-896-5011
george.carlson@mississauga.ca

2017 FINANCIAL REPORT

