

The Corporation of the City of Mississauga

# Financial Report 2002

for the fiscal year ending December 31, 2002

Mississauga, Ontario, Canada

MISSISSAUGA CITY HALL

*Leading today for tomorrow*



## Mayor Hazel McCallion and Members of Council



Hazel McCallion  
Mayor



Carmen Corbasson  
Councillor – Ward 1



Pat Mullin  
Councillor – Ward 2



Maja L.A. Prentice  
Councillor – Ward 3



Frank Dale  
Councillor – Ward 4



Cliff Gyles  
Councillor – Ward 5



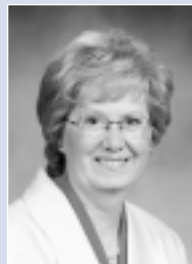
George Carlson  
Councillor – Ward 6



Nando Iannicca  
Councillor – Ward 7



Katie Mahoney  
Councillor – Ward 8



Pat Saito  
Councillor – Ward 9



# Financial Report 2002

The City of Mississauga, Ontario, Canada

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

905-896-5266  
telecommunications device for the deaf 905-896-5151  
[www.mississauga.ca/finance](http://www.mississauga.ca/finance)

## Table of Contents

### Introductory Section

Introduction	Page
Title Page	1
Table of Contents	2
Mayor's Message	4
City Manager's Message	5
<b>City Information</b>	
City's Strategic Direction	6
City's Operating Philosophy	7
City Profile and Statistics	8
City Council	9
City Committees	9
City of Mississauga Organizational Chart	10
Year 2002 Awards and Accomplishments	11

### Management Discussion and Analysis

Message from Commissioner of Corporate Services and Treasurer	13
Opening Comments	13
Economic Climate	13
Economic Indicators	13
Enterprise Risk Mitigation	14
Financial Highlights in 2002	14
Future Outlook	18
Closing Comments	18
Fiscal Policy	19
Financial Processes: The Budget, Financial Statements and Audit	20
The Ten Year Forecast	22

## Table of Contents

### Financial Section

Introduction to the Financial Statements	23
<b>City Financial Statements:</b>	
Auditors' Report	24
Consolidated Statement of Financial Position	25
Consolidated Statement of Financial Activities	26
Consolidated Statement of Changes in Financial Position	27
Notes to the Consolidated Financial Statements	28
Consolidated Schedule of Current Fund Operations	36
Consolidated Schedule of Capital Fund Operations	37
Consolidated Schedule of Reserves and Reserve Funds	38
<b>Trust Fund Financial Statements:</b>	
Auditors' Report	40
Statement of Financial Activities and Changes in Fund Balances	41
Statement of Financial Position	41
Notes to the Financial Statements	42

### Statistical Section

Five-Year Financial Review	43
2002 Public Sector Salary Disclosure	47

### Map of GTA and Central/Eastern North America

Inside back cover

## Mayor's Message

My colleagues and I are very proud of our corporate vision which is reflected in the growth of our City to its present population of 633,500. Mississauga is now the sixth largest city in Canada and the third largest in the Province of Ontario. Sometimes success appears easy but we recognize that the successful management and implementation of our



Hazel McCallion  
Mayor

corporate vision is mainly due to our corporate culture which fosters leadership, innovation and fiscal responsibility. The figures tell us the story! Our resident surveys reveal that our services are the most highly rated in the GTA, and despite an era of unprecedented growth, our fiscal track record is the envy of other municipalities as we have continued to remain debt-free.

At the same time, the City had an impressive record of no tax increases since 1992 and the

increase for 2002 of 1.7 per cent was considerably lower than other GTA municipalities. In 2002, our challenge was to provide services in new areas of the City while dealing with the issues of an aging infrastructure and provincial downloading of services without adequate funding.

Our success as a thriving city is due to our business approach and sound financial policies which form the basis for the overall fiscal management of the City: no debt financing, not raiding reserves, one-time revenues and surpluses transferred to reserves, funding of adequate maintenance



and replacement of infrastructure and the preparation of a capital project plan. It is a simple philosophy that has served the City well and has allowed it to grow rapidly. In the last decade, our population increased by 160,000 people and employment grew by 39 per cent.

Mississauga has a goal of encouraging living and working within our city in order to decrease gridlock and support "Smart Growth" initiatives. Some of the statistics that show we are achieving our goal include: 45 of the Top 500 Corporations in Canada are now headquartered in Mississauga; we are recognized as one of Canada's leading Biotech clusters; between 1990 and 2001 the Bio sector grew by 199 per cent and employment in the Bio sector grew 233 per cent. In addition, the University of Toronto at Mississauga will soon be home to 12,000 students making it one of the largest universities in Ontario.

My congratulations to my associates on Council and staff who have worked so diligently to ensure that our residents are well served through innovative and fiscally responsible programs. It is the contribution of Council and every single employee that gives the City of Mississauga its stellar reputation and enables us to continue as a leading edge municipality in delivering services to our residents. The challenges we face today, and the solutions we find, will define our city for generations to come.

Hazel McCallion  
Mayor



## City Manager's Message

Once again, our city has had another year of tremendous growth. 2002 represented the sixth consecutive billion dollar plus year in construction value. With this growth comes more demands on our systems and our services – our infrastructure, our transit service, our community services. Understandably, our residents and ratepayers have come to



David O'Brien  
City Manager

expect a certain level of service and in order to meet these expectations we need to re-invest in our operations on a regular basis.

Our 2002 Financial Report includes an overview of the City's strategic plan, operating philosophy and fiscal policy. These policies and our philosophy of running the City like a business are the foundation of our financial success.

Looking back at 2002, I am proud to say that even

in this tight fiscal environment, we have made significant progress in putting into practice the principles of our operating philosophy. Here are some of the highlights:

- **To earn the respect, appreciation and support of our customers** – The City has again received outstanding results in our 2002 Enhanced Environics Survey. The overall satisfaction rating for Mississauga is 87 per cent. Of these, 43 per cent of residents say they are very satisfied, by far the highest percentage as compared with other municipalities across the Greater Toronto Area (GTA).
- **To consistently set the standard for excellence in public service** – The City has partnered with Bell Canada to develop a full service interactive, leading edge Web Portal. This eCity initiative will see Mississauga become the first municipality in Ontario to offer its residents a full range of services via the Internet.



Among the many awards the City received in 2002, the Recreation and Parks on-line registration system was acknowledged with an Award of Excellence from Showcase Ontario 2002 in the category of Serving Ontario's Citizens Better. Mississauga also received a Federation of Canadian Municipalities Sustainable Community Award for the success of the Cooksville GO Shuttle service which has succeeded in encouraging more residents to take public transit.

- **To run the City like a business** – Through our Redevelopment Project, the City conducted a community needs assessment and developed a comprehensive approach to upgrade five of the City's major recreation facilities. Through careful budgeting, the City has set aside the necessary funds to pay for the renovation without impacting taxes. Funds from the Canada-Ontario Infrastructure Program are contributing to the financing of the project.
- **To be an employer of choice** – As we continue to run our city like a business, we realize that our employees are key in making us a successful organization. This is reflected in the fact that for the third year in a row the City of Mississauga has been listed as one of the nation's "Top 100 Employers" when compared to 47,000 companies and organizations across Canada.
- **To engage all employees in the achievement of our goals** – In the most recent City staff survey 93 per cent of employees indicated that they feel proud to work for the City. The majority of employees feel the principles of the City's Operating Philosophy are in practice throughout the Corporation.

These accomplishments are merely a few of the many things we are proud to have achieved as a city. The City of Mississauga is a leader in delivering excellent municipal service. The reason for our success is the strong commitment to excellence by our employees in all that they do. We look forward to 2003 and we will work hard to meet the expectations of our residents and our employees as we re-invest in our community.

David O'Brien  
City Manager

## City's Strategic Direction

The City of Mississauga is moving forward in the new millennium with a new strategic direction. To respond to the challenges and growth that lies ahead, the City updated the Strategic Plan for the New Millennium. It will serve as the framework that sets the direction for long-term growth and development, and provides the link for all City plans and strategies.

This process has been in effect for the past 10 years in Mississauga and has provided the organization with a focus and direction. Most importantly, the Strategic Plan is the document that has provided citizens with an understanding of the City's direction and vision for the future.

Each of the vision statements has specific objectives and strategic actions that outline some of the steps needed to reach the vision. With the Strategic Plan for the New Millennium in place, we will be able to ensure that Mississauga will continue to be the community that people want to call home in the 21st century.

The Strategic Plan for the New Millennium is our commitment to all those who live and work in Mississauga to create a vibrant and prosperous city.

Strategic management is an ongoing process. It involves the coordination and integration of existing procedures and practices such as the budget process and demographic and development forecasts into a common, corporate strategy.

To achieve these strategic goals, the City must continue to develop partnerships with various sections of the community and service providers. The City must monitor the public's expectations for municipal services and obtain feedback. The City must continue to monitor and evaluate all corporate plans to ensure their continued relevance in anticipating, initiating and managing change effectively.

We will continue to incorporate the 10 vision statements of the Strategic Plan into the design and delivery of City programs and services.

To keep everyone informed, we will monitor and communicate the progress of our strategic plan to City Council, stakeholders, staff and residents of Mississauga. By working together to bring creative and innovative solutions to the challenges that lie ahead, Mississauga will continue to be one of the leading-edge cities in Canada.

### 10 Vision Statements of the Strategic Plan:

- Mississauga will be a distinct major Canadian city.
- The City Centre will be downtown Mississauga.
- Mississauga will have distinct and recognizable communities.
- Mississauga will have a dynamic and diverse economic base.
- Mississauga will have a transportation system which allows for safe and efficient movement within and beyond the City.
- Mississauga will provide the right services, delivered in a superior way, at a reasonable cost.
- Mississauga will be an environmentally responsible community.
- Mississauga will be governed in an open and responsive manner.
- Mississauga will achieve excellence in public administration.
- Mississauga will offer a diversity of cultural opportunities.



# City's Operating Philosophy

## To earn the respect, appreciation and support of our customers:

- We must build effective relationships with our customers, based on trust, respect, honesty and integrity.
- Our customers know what to expect from our services based on established and clearly communicated service delivery standards.
- By listening to our customers, and understanding their needs, we are able to respond with the best service possible.

## To consistently set the standard for excellence in public service:

- We are accessible to our customers.
- We are open to new ideas and we listen and learn from each other.
- We set progressive goals for ourselves.
- We are champions of the public interest.
- Innovation is essential to deliver the best services at the lowest cost to the taxpayer.

## To run the City like a business:

- Our business includes the sound management of public resources and the protection of the public interest.
- The application of private sector business principles and practices, where appropriate, is the key to our success.
- The City is committed to measuring and managing performance as well as continuously improving our processes and services.
- We must be purposely aware of the efficiency of our services to ensure they are cost effective and provide value.
- We maintain a strong long-term financial plan and make decisions based on sound business plans.
- We anticipate, initiate and manage change effectively.

## To be an employer of choice:

- We work in a safe and healthy work environment.
- We respect diversity in the work place.
- All employees are highly valued members of the Corporation.
- We are committed to fair and equitable compensation practices.
- We recognize employees' needs and respond in a flexible and appropriate manner.
- Employee growth and development is valued.

## To engage all employees in the achievement of our goals:

- We want to wake up every day with a passion for our work.
- We will speak out, try new things and challenge conventional wisdom.
- We feel free to use our best judgement and make decisions.
- Free and open sharing of information and ideas is critical for effective two-way communication.
- Recommendations and solutions will emerge from collaboration and team work.
- We will take ownership and responsibility to resolve problems and remove barriers that impede our performance.
- We will take the time to express genuine appreciation for a job well done and openly recognize successes with enthusiasm.

## City Profile and Statistics

Mississauga, Canada's sixth largest city, is considered a municipal leader in fiscal responsibility, technology and urban development. Mississauga provides its citizens with state-of-the-art facilities, programs and services, and is recognized as the safest city in Canada to live, work and play.

Since its incorporation in 1974, Mississauga has become a distinct major Canadian city with a population of 633,500. The demographics of the City include an average household income of \$65,000, which is well above the national average. More than 79 percent of the City's population is under the age of 50 and 35.4 percent of the population is between 24-44 years of age.

Mississauga is strategically located in the centre of Canada's major consumer and industrial market, in the Province of Ontario. It sits on the western edge of the Greater Toronto Area (GTA), only 90 minutes from the U.S. border which puts local companies in touch with a vast market of 164 million Americans, and has direct access to North America's biggest and richest market of more than 360 million people.

Mississauga as a business location is very cost competitive. Property taxes are among the lowest in Ontario and the very active development industry has kept lease rates and land prices competitive. The City's utility rates are among the lowest in the Greater Toronto Area.

In addition, Mississauga has one of the most sophisticated telecommunications infrastructures. The City has exceeded \$1 billion in the value of building permits for the last six years, demonstrating both public and industry confidence in our economy and in our city.

The City offers the business community a rich pool of talent – access to 2.2 million people in the GTA. With an employment force of more than 387,000, Mississauga is an importer of labour from the surrounding region, which is the largest labour force market in Canada. And, 70 per cent of our work force has post-secondary education. There are nine universities and 10 colleges within commuting distance including the University of Toronto at Mississauga, located in the City.



One of Mississauga's greatest strengths is its dynamic and diverse economic base with more than 40,000 businesses, widely diversified in the information technology, telecommunications, pharmaceutical/biomedical, aerospace, automotive, financial/business services and consumer products sectors. It is ranked as the third largest Biomedical (Bio) centre in Canada with over 420 Bio companies employing more than 20,000 people.

In addition, 45 Fortune 500 corporations have their Canadian head offices here.

Located in Mississauga, L.B. Pearson International Airport (LBPIA) is a major hub, and the busiest airport in the country. Responsible for handling one-third of all scheduled flights within Canada, it is accountable for over half of Canada's international and US traffic and more than 40 per cent of Canada's air cargo. By 2005, 33.2 million people are expected to travel through LBPIA. Currently it provides non-stop service to 110 destinations in 44 countries around the world. Mississauga is also served by two national railways and the greatest concentration of major highways in Canada.

Mississauga is the location of choice for families as well as growing businesses. It is a vibrant multicultural city. Mississauga is a great place to live with strong communities, a wide selection of quality housing, shopping and great schools. There is an active cultural life with galleries, theatres, art centres, concert halls and museums. There are outstanding sports facilities, golf courses and numerous community centres situated strategically throughout the city. Mississauga boasts 3 beautiful marinas along the shores of Lake Ontario, over 400 parks and more than 18 major trails.

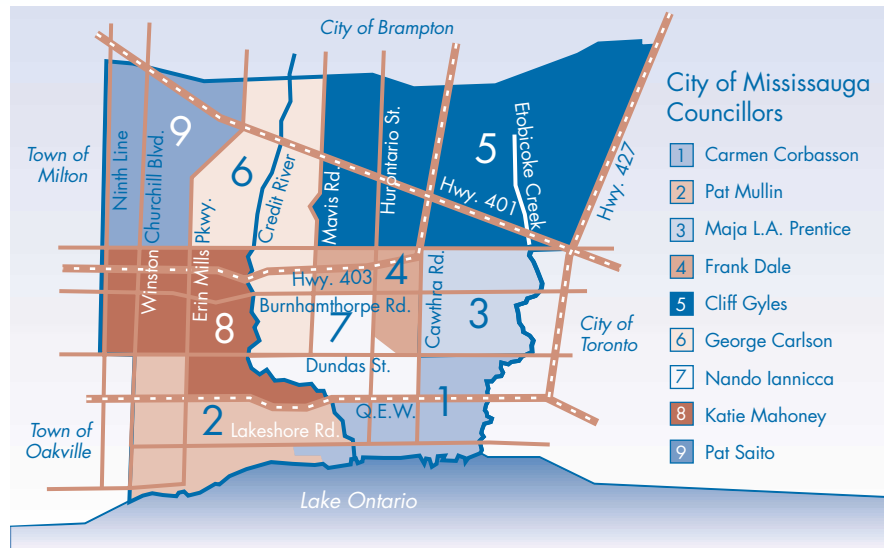
Mississauga continues to provide residents and businesses with the right services, delivered in a superior way, at a reasonable cost. Services provided by the City include transit, provincial offence administration, recreation facilities and programs, parks maintenance, fire and emergency services, library services, local and arterial roads, storm sewers, tax collection, winter maintenance, building controls and inspections, bridges and watercourses and, municipal planning and zoning services.

## City Council

City Council is the legislative body of The Corporation of the City of Mississauga. Council consists of the Mayor, elected at large by voters of the City, and nine Councillors, each elected by voters in their own ward. Council's term of office is three years. The current Council began its term on December 1, 2000 and will sit until November 30, 2003.

For budget purposes, Mayor and Council are organized in two separate programs. The Mayor's salary, vehicle, office expenses and support staff are included in one program. The nine Councillors' salaries, car allowances, operating expenses and support staff are included in the other program.

Councillors' expenses are governed by by-laws passed and recommendations approved by Council. This ten-member council also resides on the Regional Municipality of Peel Council (Upper Tier level of government) along with representatives from the City of Brampton and the Town of Caledon. All members of Council, including the Mayor, may exercise their authority through the passage of by-laws and/or Council resolutions.



The City Manager supports City Council by directing the daily operations of the City through appointed department heads and administration of City policies. The City Manager also acts as an advisor to the Mayor and Council on all matters on government administration.

## City Committees

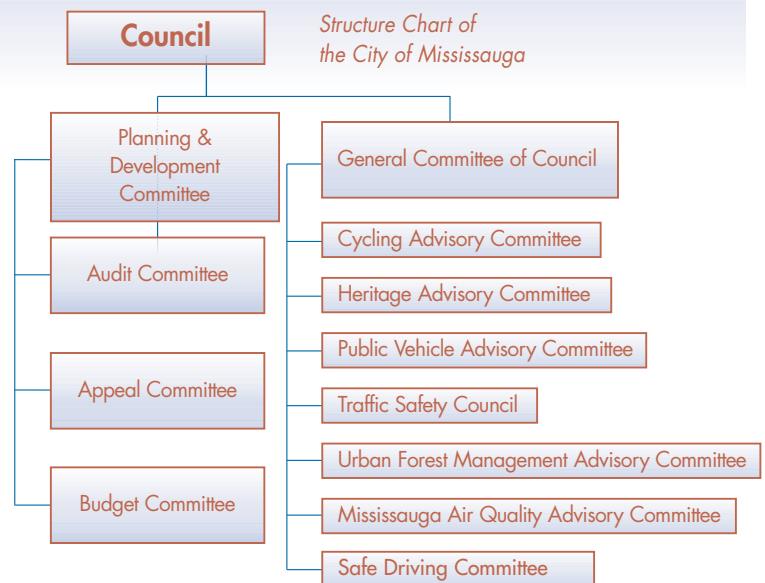
Council is assisted in the discharge of its responsibilities through a committee structure. These committees are delegated certain powers and duties to facilitate the administration of their assigned areas.

General Committee, Planning and Development Committee, Audit Committee, Appeal Committee and Budget Committee are designated as Standing Committees and report directly to Council.

Other committees designed as ad hoc or sub committees report to Council through one of the standing committees.

Ad hoc or other Committees of Council and task forces may be struck by Council from time to time.

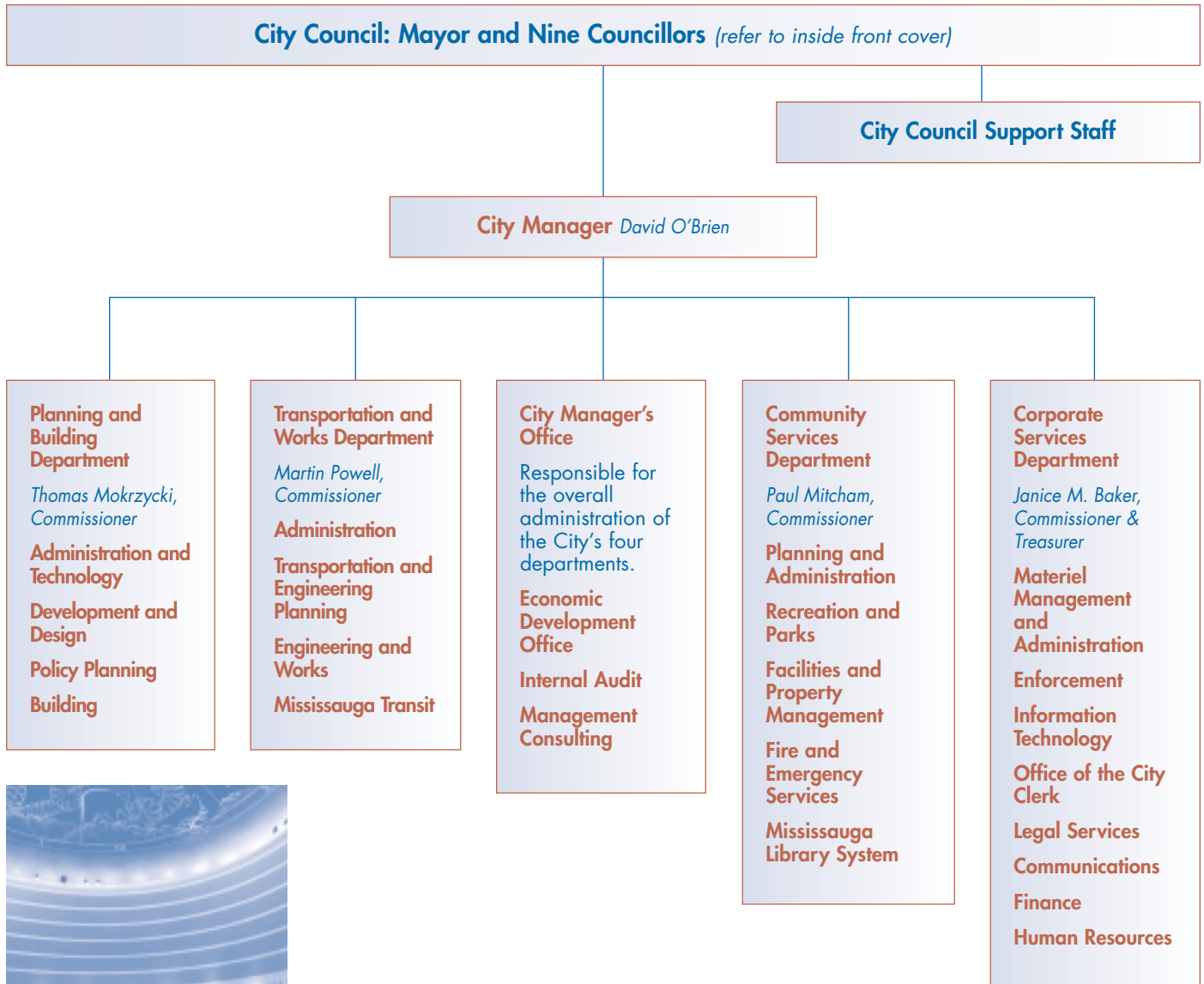
A structure chart of the City of Mississauga has been included to the right:



There are other ad hoc committees of Council and task forces struck by Council from time to time.

# City of Mississauga Organizational Chart

The City's operational and administrative structure is comprised of five Departments. A general overview of each department is provided below.



The Council Chamber

## Year 2002 Awards and Accomplishments

On March 26, staff presented to Council the 2002 Successes Report which outlined, within the context of the City's strategic plan, the significant corporate successes and accomplishments staff achieved in meeting the goals set out in the plan.

During 2002, City staff identified improvements and efficiencies resulting in cost savings of \$4,667,300. In addition to these significant cost savings, the City generated additional revenues totalling \$11,780,000 including donations, both cash and in kind; \$11.2 million of this total was received through the SuperBuild infrastructure funding program. City staff also directly supported the endeavours of various community organizations in securing \$2,204,673 in donations for community works.

The City experienced a very active construction year in 2002, issuing 6,952 permits with a prescribed construction value of \$1.542 billion for all building permits. This represents the sixth consecutive billion dollar plus year. Last year was the second year in which the residential prescribed construction value exceeded \$1 billion.

The City completed the construction of a number of new facilities and amenities to keep pace with growth and improve the safety and quality of life of its residents. These projects include the Clarkson Community Centre and Library redevelopment, the Mavis Road – Canadian Pacific Rail grade separation, Fire Station 121, and Forest Glen Park spray deck.

In addition to impressive corporate achievement, City of Mississauga staff exceeded the expected contribution to local charities through the United Way Campaign by raising a total of \$137,673.

### 2002 Awards

During 2002, City staff received a number of prestigious awards which acknowledged City staff efforts in going the extra distance on behalf of the City and its residents.

In partnership with the Creative Services section, the Economic Development Office received the Economic Development Council of Ontario, Award of Excellence for the 2002 Business Directory, the Economic Development Association of Canada Award – Best Business Directory in Canada, and the International Economic Development Association Award of Excellence for the overall BIO Marketing Campaign.

In January 2002, Parks was presented with the Landscape Ontario - Award of Excellence, recognizing its participation in the horticulture technician apprentice program. Parks sponsored 16 temporary staff in 2001 and 34 temporary staff over the past five years, of which eight are now full time parks staff working for Mississauga.

A staff member in the Community Services Department, Recreation and Parks, received the Ontario Parks Association – Outstanding Contribution Award for his outstanding contribution to the advancement, protection and conservation of parks, open spaces, and environment, including the development of information booklets on Mississauga's natural areas.

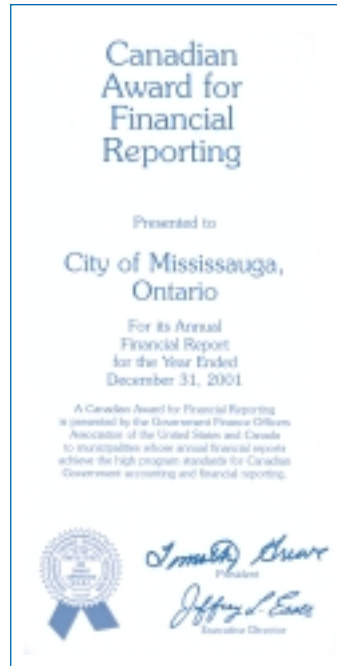
The Energy Management Program developed by Facilities Maintenance and Energy Management staff won the Federation of Canadian Municipalities – CH2M Hill Sustainable Community Award in the Buildings category, and was featured in the July/August edition of the Property Management Report magazine.

Recreation and Parks hosted the 30th Annual Ontario Museum Association Conference. Over 250 delegates from across the province attended during October at the Benares Historic House, Cawthra Estate, Central Library and the Novotel Hotel. A wide variety of sessions were held including tours of Mississauga's heritage district. The Ontario Museum Association indicated this conference received the highest satisfaction rating ever.

## Year 2002 Awards and Accomplishments

The Government Finance Officers Association of the United States and Canada presented the City of Mississauga with the Canadian Award for Financial Reporting for its annual financial reports. This award program encourages municipal governments throughout Canada to publish high quality financial reports to provide peer recognition and technical guidance for officials preparing these reports. The City was presented this distinguished award for the fifth time.

The Government Finance Officers Association of the United States and Canada also presented the City with the Distinguished Budget Presentation Award for its 2002 budget. The City has won this award for 13 consecutive years. Both awards are the highest form of recognition that a government entity can receive and are designed to promote the highest quality of financial documents that meet the needs of decision-makers and citizens.



City staff endeavours include record-breaking accomplishments. Three firefighters placed first at the International Firefighter Combat Challenge in the Team Category. They set a world record in the relay event on their way to the World Title.

Mississauga Transit was presented with the American Public Transportation Association – Certificate of Achievement Award for being named as a finalist for the Gold Award in the 2002 Bus Safety Awards competition. This marked the sixth consecutive year that Mississauga Transit has won an APTA safety award.

The Kariya Park Pavilion was recognized in June, 2002 for a Canadian Society of Landscape Architects – Regional Merit Award, and the Mississauga Garden Park: Master Plan received the Canadian Society of Landscape Architects – National Citation and Regional Merit for planning and analysis.

Each year, Council and the senior management team encourage staff to strive for excellence and increase productivity in the areas of customer service, continuous improvement, leadership and empowerment and team effectiveness. The list of accomplishments above highlight some examples on a long list of achievements that acknowledge success in all of these areas. The City has much to be proud of and to celebrate.

## Message from Commissioner of Corporate Services and Treasurer

It is a pleasure to present the 2002 Annual Financial Report for the City of Mississauga. This report contains the audited financial statements in accordance with the Municipal Act and is consistent with principles and standards for financial reporting established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.



Janice M. Baker, CA  
Commissioner of  
Corporate Services and Treasurer

The City of Mississauga is responsible for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures. This report provides taxpayers, residents, and clients of the City an overview of ongoing financial and operational performance and success as well as an opportunity to review and reflect on the City's accomplishments and financial successes over the past year. Information has been presented in a way to allow all stakeholders a greater ability to

assess the financial position and results of operation of the municipality. This message provides details on the economic climate, our accomplishments and opportunities, enterprise risk, the 2002 financial highlights including a synopsis of Current Fund, Capital Fund and Reserve Fund financial results, and a look at the future along with closing comments.

Once again the City of Mississauga has been awarded the Canadian Award for Financial Reporting for its 2001 Annual Financial Report by the Government Finance Officers Association of the United States and Canada (GFOA). The Canadian Award for Financial Reporting was established to encourage municipal governments throughout Canada to publish high quality financial reports and to provide peer recognition and technical guidance for officials preparing these reports. This award is valid for a period of one year only. The City has been the proud recipient of this award five times and has continued this standard of high quality reporting and submission for evaluation of the 2002 Annual Financial Report.

### Economic Climate

Despite the economic turbulence of 2001, the global economy has regained both consumer and business confidence throughout 2002 as a result of low inflation and interest rates along with increased real disposable income.

The pace of Canada's growth was the strongest in the G-7 last year. In the GTA, growth was boosted by strong real estate sales, both commercial and residential, due to low interest rates. This trend has led to increased ancillary activity in the manufacture, wholesale, and retail of furniture and appliances, construction material sales and employment in those respective sectors.

The City of Mississauga continues to experience high levels of growth. Over the last ten years the City has seen its population increase by 160,000 people along with the addition of 93,000 square metres of buildings, 4,700 lane kilometres of road ways, and 360 hectares of parkland. While developers have funded the original construction the real challenges come in maintaining that infrastructure. Estimates of operational costs, maintenance and replacement are reviewed and refined by City staff. However, provincial and federal governments are under increasing pressure from municipal government to reinstate financial assistance in order to assist in maintaining infrastructure.

We are confident that our innovative planning, sound management decisions along with effective fiscal policies will address these economic challenges and will continue to keep the City well positioned for the future.

### Economic Indicators

- The total value of goods and services produced in Ontario, the gross domestic product (GDP) of 3.8 per cent in 2002 more than doubled the 1.5 per cent growth in 2001. Ontario's economy outperformed both the Canadian economy which advanced 3.4 per cent and the U.S. economy which grew 2.4 percent in 2002.
- Ontario's Consumer Price Index (CPI) inflation rate for 2002 was 2.0 per cent, down from 3.1 per cent in 2001. Nationally the CPI rate was 2.2 per cent while the U.S. inflation rate was 1.6 per cent.
- The jobless rate in Ontario increased from 6.3 per cent in 2001 to 7.1 per cent in 2002. However, the economy created 105,300 net new jobs compared to the average level of employment in 2001 and these job gains represent a 16 per cent increase over the 2001 new job gains of 90,600.
- Ontario housing starts reached the highest level in 13 years with 83,597 units, an increase of 14.1 per cent over 2001. Furthermore the Ontario MLS home resales had a record 177,406 units sold in 2002, an increase of 9.3 per cent over 2001. The GTA also hit a new record of 54,792 units, a 29.7 per cent increase over 2001.

## Message from Commissioner of Corporate Services and Treasurer

- The value of Ontario residential building permits rose 24.9 per cent while commercial and industrial building permits saw a 31.7 per cent increase.
- The City of Mississauga experienced a very active construction year in 2002, with over \$1.5 billion in the value of new construction, slightly lower than in 2001 of \$1.7 billion.

### Enterprise Risk Mitigation

#### Property and Casualty Risk

The City's operations are insured under an insurance program that is managed by the City's Risk Management Section. The program is a combination of a self-funded component and purchased insurance. The self-funded portion applies to claims that are either below the City's deductible, exceed the City's maximum limits of insurance or are not covered by the purchased insurance.

A Reserve Fund has been established to cover the claim costs which fall within the self-funded portion of the insurance program. In the past few years, the insurance market conditions have changed significantly, resulting in increased insurance pricing, more limited sources of insurance and additional insurance coverage restrictions/exclusions. These changes have placed a greater emphasis on the City's ability to self fund its insurance needs.

#### Cash Management

The City of Mississauga strives for the optimum utilization of its cash resources within statutory limitations and the basic need to protect and preserve capital, while maintaining solvency and liquidity to meet on-going financial requirements. These investments relate to Revenue, Reserves and Trusts of the City of Mississauga.

The portfolio aims for both diversification and near risk-free investments to ensure security of the capital, liquidity and yield. Emphasis is placed on securities offered by or unconditionally guaranteed by the government of Canada, a province of Canada, or the six major Canadian Chartered Banks.

#### Disaster Recovery

The City of Mississauga has currently undertaken a review of their disaster recovery plan in order to ensure key services continue in the event of a tragedy. This process involves a department by department review of functional requirements, worst case scenarios and steps necessary to either reinstate services or provide alternative solutions.

#### Public Safety

The Mississauga Partnerships Toward Safer Communities (PTSC) was formed in 2002 to facilitate municipalities and industries working together to develop detailed emergency plans and public education programs. This initiative was created by the Ministry of the Solicitor General in conjunction with the Office of the Fire Marshal and Canadian Association of Fire Chiefs to improve public safety and emergency readiness.

### Financial Highlights in 2002

The following discussion and analysis of the City of Mississauga's financial performance provides an overview of the City's financial activities and position for the fiscal year ended December 31, 2002. Please read it in conjunction with the financial statements and accompanying notes to those financial statements.

The assets of the City exceeded its liabilities at the close of 2002 fiscal year by \$869 million, representing an increase in the City's Net Financial Resources of \$25 million compared to the year 2001 restated results (see Note 2 of the Notes to the Consolidated Financial Statements). This increase is largely due to timing differences between Cash/Short-Term Investments, down \$89 million, and Investments, up \$133 million, as well as the 2002 allocation of Enersource Corporation operating profits of \$9.7 million. Decreases occurred in both Taxes Receivable and Accounts Receivable due to improved collections.

The cost of all City activities this year, for both current and capital, was \$423 million. Approximately 42 per cent, or \$176 million was financed through property taxes. The balance of revenues were earned through user fees (\$113 million), contributions from developers (\$47 million) and investment earnings (\$41 million).

Municipalities account for expenditures by fund. Three funds make up the City's financial statements: Current Fund, Capital Fund, and Reserve Fund. The results of these funds have been consolidated to report the overall financial position and financial activities of the City. The 2002 year end value of these three funds is \$802 million (2001 – \$782.5 million). Below is a financial summary for each fund:

#### Current Fund

Normal operating expenditures and revenues associated with the provision of services and programs and the utilization and maintenance of the assets or improvements approved through the annual budget process are supported by the Current Fund. These normal operating expenditures and revenues, net of interfund transfers, resulted in a current fund surplus of \$4.1 million for 2002.

## Message from Commissioner of Corporate Services and Treasurer

### Current Fund Revenues

The primary sources of revenue to support expenditures is derived from Property Taxation at 53 per cent and User charges at 33 per cent. Other sources of revenue include Taxation from Other Governments, Investment Income, Penalties and Interest on Taxes, Government Grants and Other Income.

### Comparison to Prior Year

Revenues of \$335 million reported in 2002 were slightly less than 2001 revenues of \$337 million largely due to decreased Investment and Other Income.

Property Taxation revenue saw a 4.5 per cent increase over 2001 which is primarily due to supplementary taxes, referred to as Assessment Growth, of approximately \$5.2 million. The balance of this increased revenue is a result of the budgeted property tax increase of 1.7 per cent.

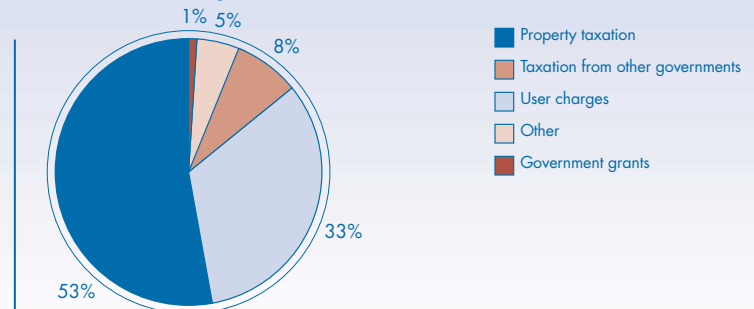
These increases were offset by a decrease in Investment Income from \$9.5 million in 2001 to \$5.8 million in 2002 (39 per cent decrease). This decrease is directly related to interest rates which fell from an average of 4.31 per cent in 2001 to an average of 2.71 per cent in 2002.

Year 2002 saw the first decrease in several years in the value of building permits and as a result general license and engineering subdivision revenues dropped by \$1.9 and \$2 million respectively. These decreases were offset by increased recreation program revenues of \$1.2 million due to rate increase and increased recreation class offerings. Furthermore, transit revenues increased due to a tax allocation shift between the City and the Region which allowed the City to expand transit services resulting in an increase in revenues of \$1 million.

### Comparison to Budget

The 2002 Revenues of \$335 million exceeded budgeted revenues of \$328 million by \$6.7 million or 2 per cent. All sources of revenue exceeded budget except for Investment Income, which was 14 per cent lower than budget, and Penalties and Interest on Taxes which was 12 per cent lower than budget.

Current Fund: 2002 Funding Sources



Revenues from User Charges include Fees & Services Charges; Licenses & Permits; Rents, Concessions & Franchises; Fines from the City's By-Law Enforcement Division; and Provincial Offences Act Fines. User Charges represent 33 per cent of the City's Revenues in 2002. These Revenues exceeded budget by \$4.5 million with the primary variances of \$2.2 million and \$2.5 million occurring in Fees & Services and Licenses & Permits, respectively.

The \$2.2 million Fees & Service Charges variance was due to an increase in transit revenues as mentioned above along with a higher recovery for boulevard/road maintenance costs and lastly increased usage of recreation and parks programs. The \$2.5 million increase in License & Permit Revenues was due to higher than anticipated business license and building permit revenues, which were budgeted conservatively.

Other Revenues include miscellaneous revenues and adjustments such as donations, sale of publications and equipment to auction, interest on refunds and foreign exchange adjustments. A significant variance was recognized in 2002 due to a transfer from Sun Life to the City of \$1.3 million with respect to the administration of health and benefit insurance within the City. This adjustment combined with a \$0.5 million recovery from the Region of Peel for boulevard maintenance resulted in Other Revenue exceeding budget by \$2 million.

Taxation Revenues exceeded budget by \$1.6 million due to higher than projected assessment growth.

# Message from Commissioner of Corporate Services and Treasurer

## Current Fund Expenditures

The Current Fund expenditures are comprised of four major components: Transportation, General Government, Recreation & Cultural Services, and Protection to Persons & Property. Other expenditures include Planning & Development and Environmental Services.

Current year operating expenditures totalled \$323 million in 2002 versus \$302 million in 2001. A significant portion of this expenditure growth is related to labour costs of \$221 million versus \$205 million in 2001.

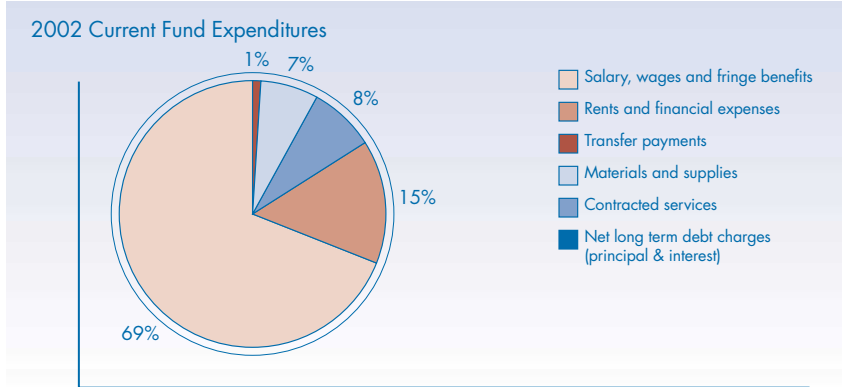
This seven per cent increase is due to an increased labour force along with annual performance and cost of living adjustments. The balance of increased current fund expenditures relate to increased occupancy costs, transit service expansion costs, and annualized start up costs for new community centres.

General government service expenditures increased by \$8.6 million. Occupancy costs such as gas, hydro, water and taxes on City-owned properties saw a \$3 million increase. Salary, wage and benefits increased by \$3.7 million due to annual cost of living and performance increases. The balance of the increase relates to an increase in corporate grants and other service initiatives.

Protection service expenditures increased by \$1.8 million, primarily due to salary, wage and benefit increases for the Fire Division. Salary annualization for Fire Station #110 accounted for \$0.8 million; the addition of four new Platoon chiefs and other union agreement conditions accounted for the balance.

Transportation services expenditures increased by \$5.1 million. The expansion of transit services resulted in an additional \$6.5 million in expenditures versus 2001. However, this increase was partially offset by the reduction in bus parts obsolescence; a decrease in street lighting maintenance of \$0.2 million; a decrease in roadway contracts of \$1.0 million due to less road work and recovery.

Recreation and cultural services expenditures increased by \$5.0 million. The annualized start up costs for the new Erin Meadows Community Centre, which opened in 2001, and the Clarkson Community Centre renovations, resulted in additional expenditures of \$1.2 million. Salary, wage and benefits increased by \$3.7 million due to annual cost of living



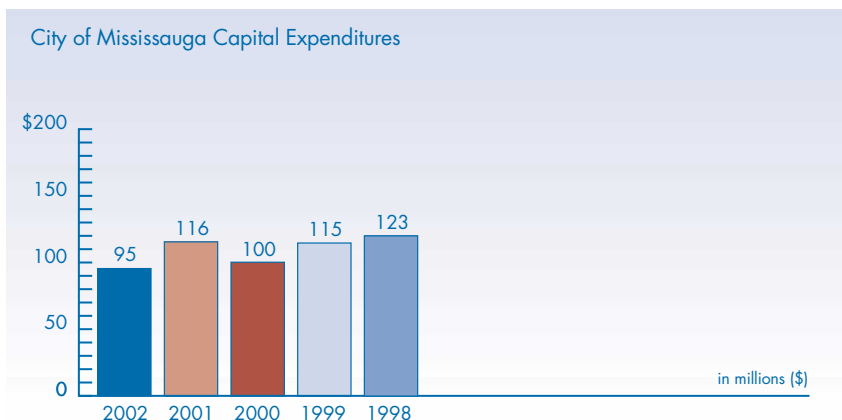
and performance increases. Other expenditure increases relate to increased recreational programs and facilities.

An operating surplus of \$4.1 million was recorded in 2002. As required by statute, this surplus will be used to reduce the tax levy for year 2003.

## Capital Fund

The Capital Fund is established to provide for significant expenditures incurred to acquire, construct, or improve land, buildings, engineering structures, or machinery or equipment used in providing municipal services. These capital expenditures usually confer benefits lasting over a significant period and result in the acquisition of, enhancement to, or extension of the normal useful life of a fixed asset. The City prepares a multi-year operating forecast to identify the impact of new facilities and infrastructure. Unless the City can pay for the new facility without debt, the project will not proceed.

Mississauga's capital program is funded from two primary sources. The first source relates to maintenance or changes to the existing infrastructure which is funded by taxation. The second source involves growth related assets which are funded from development charges.



## Message from Commissioner of Corporate Services and Treasurer

Changes to the Development Charges Act (DCA) in 2001 along with the elimination of provincial grants and subsidies continues to put a strain on the City's capital program. The City does remain optimistic that senior level government will increase the level of support to municipal government through grants and subsidies as evidenced with the Ontario Government's creation of the SuperBuild program which has provided funding assistance for the renovations of five community facilities.

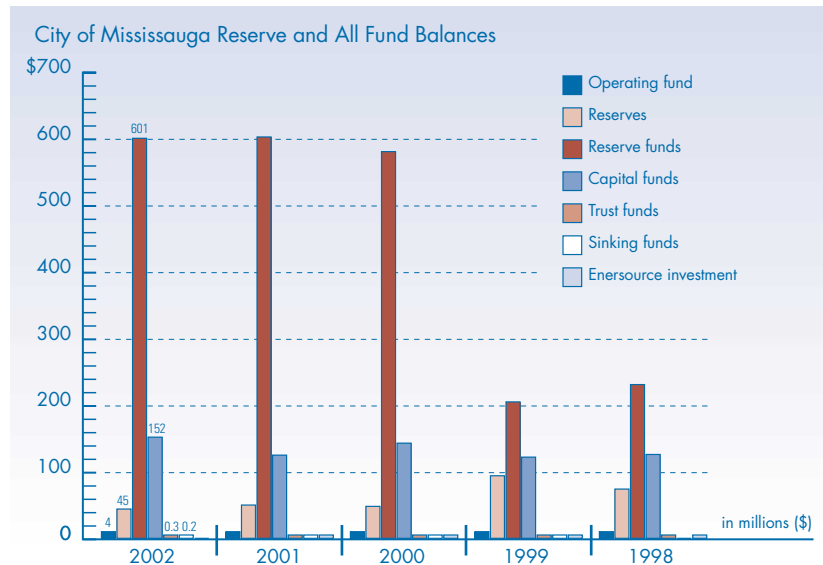
Capital expenditures in 2002 were reported at \$95.4 million as compared to \$115.5 million in 2001. Major projects included in the Year 2002 capital expenditures involved opening Fire Station 122 in Churchill Meadows, funding for Meadowvale Village/East Credit Library, development of 'FRAM' park in Port Credit, and design of the Sports Complex.

Over the last 10 years the City has experienced significant growth as evidenced by a 36 per cent population increase, 39 per cent employment growth, 32 per cent road network growth and 19 per cent parkland growth. In preparing the City's capital and operating budgets, ongoing analysis of the 10 year forecast is critical. As the City matures, the non-facility related growth, such as parks and roads, puts pressure on the operating program. The next 10 years will see a slowing in growth which will result in fewer new taxpayers offsetting cost increases. The City transferred \$65.5 million to the Capital Reserve Fund during 2002 in order to meet the demands of both the existing and growing communities. Mississauga continues its practice of strong financial management coupled with maintaining service level standards.

### Reserves and Reserve Fund

The City maintains reserves to fund specific purpose expenditures as designated by council such as long term liabilities to minimize tax rate fluctuations due to anticipated expenditure and revenue shortfalls to smooth expenditures and to fund multiple year special projects.

Reserves and Reserve Funds have been set aside and prudently managed over the last 25 years. In 2001, the Canadian Institute of Chartered Accountants (CICA) implemented new Public Sector Reporting requirements which included the accrual of post employment and retirement benefits. Fortunately, through effective planning, Reserves and Reserve Funds relating to these areas were established



to help offset these reporting liabilities. As a result, amounts to be recovered from future revenues has been minimized.

The consolidated schedule distinguishes reserves from reserve funds. The former is generally used in conjunction with the operating program whereas the latter is segregated and restricted to the purpose for which the fund was created. Interest earned on Reserves is retained in the Current Fund. Reserves represent seven per cent of all Reserves and Reserve Fund balances. Reserve Funds on the other hand are segregated for reporting purposes and interest earned must be applied to each Reserve Fund. The Consolidated Schedule of Reserves and Reserve Funds provides an itemized list of all Reserves and Reserve Funds and balances.

As at December 31, 2002, the City's Reserves and Reserve Fund balances totalled \$645.8 million (vs. \$653.1 million in 2001), a net decrease of \$7.3 million. This decrease of 1.1 per cent relates to funds withdrawn to offset anticipated losses or increased expenditures in the current fund, including interest losses, workload assistance recovery, legal expenses, assessment appeal tax cancellations and OMERS contributions.

Included in the City's Reserve Funds is \$353 million relating to the incorporation of the City's hydro utility and subsequent drawdown of the City's equity in the utility. This reserve fund generated \$19.2 million in interest revenue in 2002 and Council chose to apply this amount against operating pressures for the City, avoiding a potential 10 per cent tax increase.

## Message from Commissioner of Corporate Services and Treasurer

Our healthy reserve balances are positioning the City to be well able to deal with demands of the future. Mississauga's philosophy to run the City like a business has resulted in this strong financial position.

### Future Outlook

Mississauga continues to be pro-active and a leader. The recent launch of the City Services Review is another excellent example of the City's ability to look ahead and plan for the future. The City wants to provide the right services, in a superior way at a reasonable cost. We know that as the City matures and growth slows, we will have to respond to new challenges. To sustain our services, Mississauga must optimize its financial resources. This review will help categorize City services and identify why we do what we do. What and how we do things will also be examined so we have a good basis from which to manage our future.

### Closing Comments

City Council, the Management Team and all employees continue to be innovative and leading edge in their approach to providing the residents and businesses of Mississauga with high quality services and administration in a financially responsible manner. The City continually evaluates the methods of service delivery in order to reduce costs as well as evaluating the adequacy of infrastructure maintenance and replacement. As we look to the future, we know that support from senior levels of government will be required in key areas such as transit and transportation to ensure our quality of life and economic vibrancy.

The City of Mississauga is committed to fiscal responsibility.



**Janice M. Baker, CA**  
**Commissioner of Corporate Services and Treasurer**  
**March 23, 2003**

## Fiscal Policy

In 1996, Council approved the following fiscal policy which forms the basic framework for the overall fiscal management of the City of Mississauga. Most of the points represent long-standing principles, traditions and practices which have guided the City in the past and have helped maintain its success and financial stability.

- **No Debt Financing**

The City adheres to a pay-as-you-go philosophy whereby City facilities and infrastructure are not built unless City funds are available for construction. This policy requires the maintenance of a significant capital reserve to set aside funding prior to project inception.

- **Do Not Raid Reserves**

In addition to its capital reserve funds, the City has established reserves to fund large, long term liabilities; eliminate tax rate fluctuations due to unanticipated expenditures and revenue shortfalls; smooth expenditures; and fund multiple year special projects. Use of reserves is planned and is not considered as an alternate funding source in place of good financial practice. Long term liabilities are reviewed on an annual basis. Reserves and Reserve Funds are established as required and maintained.

- **One Time Revenues**

Major one-time revenues and operating surpluses are transferred to capital and other reserves or reserve funds. Using one time revenues to fund ongoing expenditures results in incurring annual expenditure obligations which may be unfunded in future years.

- **Adequate Maintenance and Replacement of Infrastructure**

Projects and maintenance are not generally deferred unless the need for the project or maintenance changes. As a result, projects in the 10 year capital forecast advance from year to year in an orderly fashion. Maintenance is not deferred to meet funding constraints since deferred maintenance generally results in increased operating or replacement costs in the future.

- **New Development**

Existing taxpayers should not share in the financing of growth-related infrastructure except to the extent that City-wide facilities are required in response to new services, higher desired service levels, or as a result of service expectations from a city of larger size. Growth related infrastructure is funded primarily through development charges in accordance with the Development Charges Act. Funding for non-growth infrastructure is funded through tax revenues.

- **Capital Projects**

The City prepares a ten year operating forecast to identify the impact of new facilities and infrastructure. Unless the City has the ability to afford the new facility, the project will not proceed.

- **Operating like a Business**

Core services are identified and funded. Non-core services will be maintained only if they are financially viable, reduce costs elsewhere in the Corporation, or if there is sufficient community use to justify the cost of providing the service. The City will identify which programs are to be funded through general revenues, which are to be self-funded and which programs require a subsidy from general revenues. Emphasis will be placed upon reducing the reliance on funding from general revenues. Methods of service delivery will continually be reviewed to reduce costs.

## Financial Processes: The Budget, Financial Statements and Audit

The City aligns values, policies, practices and systems to support high performance and financial stability. The financial strength of the City can be attributed to three separate and distinct processes. First, budgeting and control systems are key components for monitoring and improving performance and planning for the future. Second, the Financial Statements enable the Management Team to keep a pulse on business while providing information crucial for solid financial management and decision making. Third, Management, External Auditors and the Audit Committee play an important role in the evaluation of internal controls and preparation of these Financial Statements. Below is a summary of these processes:

### The Budget Process:

The budget process involves the participation of the Budget Committee which consists of the Mayor and Members of Council, City Manager, Department Heads and staff. In addition, public input is sought to assist the budget process. This level of participation ensures the most efficient use of the City's financial resources.

Initially, budget priorities are established and funding issues and targets are identified. From this analysis, a corporate approach to determining where limited financial resources could be best spent, along with budget guidelines and specific funding envelopes is developed. From these guidelines, departments form the basis of their budget requests.

The Senior Management Team, consisting of the City Manager and Department Heads, conducts a review of departmental budgets and once satisfied that all funding issues have been addressed, prepares the budget recommendation for Budget Committee and subsequent Council approval.

The City has been successful once again in winning the Distinguished Budget Presentation Award for the Government Finance Officers Association of the United States and Canada. This award demonstrates the City's commitment to ensuring an effective budget process and a quality published budget document, which is used as an operations guide, financial plan, policy statement and communication tool.

### The Financial Statements:

Management of the City of Mississauga are responsible for the information contained in the annual financial report which includes the consolidated financial statements, notes to the financial statements and other financial information. These financial statements and accompanying notes have been prepared by management within the reasonable limits of materiality and within the framework of the accounting principles and disclosure requirements of the Canadian Institute of Chartered Accountants guidelines included in the Public Sector Accounting and Auditing Standards Manual.

In conducting its responsibilities, 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.

Prior to their submission to Council, the Consolidated Financial Statements are reviewed and approved by the Audit Committee. Throughout the year, the Audit Committee meets periodically with management and both the City's internal and external auditors to approve the scope and timing of the audit of specific activities, to review their findings and to satisfy that their responsibilities have been adequately discharged.

## Financial Processes: The Budget, Financial Statements and Audit

### The External Audit:

Included in the Financial Statements is a report prepared by our external auditors, KPMG. The role of the external auditor 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. The auditors are responsible for advising management and the Audit Committee of any control or operational issues that may be identified during their audit procedures.

The role of the Audit Committee is to establish a high level of public accountability and to provide assurance to the public that municipal services are administered in an efficient, effective and economical manner. The objectives of the Audit Committee are to assist Council in the provision of effective municipal government by overseeing the administrative systems including financial accounting, reporting, internal controls, safeguarding of corporate assets, compliance with legal, ethical and regulatory requirements and the efficient and effective use of resources. The Audit Committee provides a focal point for communications between Council, the

external auditor, the internal auditor and management, and facilitates an impartial, objective and independent review of management practices throughout the internal and external audit functions.

The Audit Committee is comprised of three members of Council, who are appointed annually by Council with the Mayor also being a member ex-officio. In fulfilling their mandate, the Committee is responsible for selecting and, if necessary, dismissing the external auditor, reviewing the terms of the engagement, fees and scope of the audit and any non audit services provided, and evaluating the external auditors performance. The Audit Committee also reviews any reports and correspondence from the external auditor relating to the City, the Mississauga Public Library Board, Enersource Corporation, the Business Improvement Boards, and any other local boards or agencies which may be created. It is important to note that while the City engages an independent auditor to express an opinion on the Financial Statements, the City's management is responsible for the preparation of the Financial Statements, and the integrity and objectivity of the financial information contained in the Financial Statements.



## The Ten Year Forecast

To help us plan for the future, we develop a ten year operating forecast. This forecast is our best estimate of economic and other factors that affect the part of our budget that provides core city services, including fire, recreation and parks, street maintenance, transit, and libraries. A multi-year outlook allows City Council, staff and the community to consider future financial conditions while making current funding decisions. Considering today's economic climate, a multi-year examination of the City's budget is even more important.

During the previous budgets, the City of Mississauga completed a 10 Year Operating Forecast as part of its financial planning practices. With the significant economic changes occurring this year, a complete re-examination of this forecast will be commenced in 2003. This forecast is part of the plan to integrate the capital and the operating budgets.

As the City matures, non-facility related growth such as parks, roads and trees continues to put pressure on the operating program. Cutting grass, salting and plowing streets, pruning trees and collecting leaves are all part of Mississauga's service standards. As growth begins to decline, there are fewer new taxpayers to absorb these cost increases. This ongoing challenge will need to be reviewed carefully to determine the impact on future budgets.

The following assumptions and budget pressures are reflected in the Capital and Operating Forecast:

- no debt financing;
- asset replacement is well planned to maintain the City's infrastructure;
- declining assessment growth;
- assessment will not pay for inflation;
- discontinuance of contribution holiday to Ontario Municipal Employees Pension fund at the end of 2002;
- inflationary pressures;
- reinstatement of federal and provincial government subsidy at a rate of 50 per cent for bus replacements;
- effects of an aging infrastructure;
- non-facility related growth such as parks, roads and trees continue to place pressure on the operating program; and
- fewer new taxpayers to offset the cost to continue to provide services such as cutting grass, plowing and salting streets, pruning trees and collecting leaves.

These challenges will continue to be monitored carefully to determine significant changes on future budgets.

The next 10 years will be equally challenging. With growth in population and employment projected to be 39,200 and 50,000 respectively, the need to provide additional services will continue. Future infrastructure planned to accommodate growth include the following:

- Additional Fire crews and/or stations to accommodate population growth. The exact locations will be determined through the Station Location Study currently underway;
- Operating costs of 48 new buses;
- Ongoing maintenance costs of over 280 acres (115ha) of parkland; and
- Road and winter maintenance costs for new lane kilometres.

Projects and programs are funded on a priority basis, using criteria such as health and safety concerns, risk management, development patterns and asset condition. Annually, departments conduct a detailed review of the capital program where projects are carefully scrutinized and prioritized. Funding is adjusted based on recommendations from the Senior Management Team.

## Introduction to the Financial Statements

The accompanying 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 contained in this report have been prepared in accordance with the accounting principles and disclosure requirements of the Canadian Institute of Chartered Accountants guidelines contained in the Public Sector Accounting and Auditing Standards Manual.

The Commissioner of Corporate Services and Treasurer is responsible for submitting annually to the Audit Committee and Council audited financial statements. These financial statements include the consolidated results of the City of Mississauga for the fiscal year ending December 31, 2002.

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 audited Consolidated Financial Statements for City operations and the audited Trust Fund Financial Statements include:

### City Financial Statements:

- Auditors' Report
- Consolidated Statement of Financial Position
- Consolidated Statement of Financial Activities
- Consolidated Statement of Changes in Financial Position
- Notes to the Consolidated Financial Statements
- Consolidated Schedule of Current Fund Operations
- Consolidated Schedule of Capital Fund Operations
- Consolidated Schedule of Reserves and Reserve Funds

### Trust Fund Financial Statements:

- Auditors' Report
- Statement of Financial Activities and Changes in Fund Balance
- Statement of Financial Position
- Notes to the Financial Statements

# Auditors' Report



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

We have examined the consolidated statement of financial position of The Corporation of the City of Mississauga as at December 31, 2002 and the consolidated statements of financial activities and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the City as at December 31, 2002 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The current year's supplementary information included in the schedules is presented for additional analysis and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*KPMG LLP*

KPMG LLP  
Chartered Accountants  
Toronto, Ontario  
March 14, 2003

# Consolidated Statement of Financial Position

as at December 31, 2002 (All dollar amounts are in \$000)

	2002	2001
	\$	Restated Note 2 \$
<b>Assets</b>		
<b>Financial Assets</b>		
Cash and short-term investments	293,424	382,793
Taxes receivable (Note 4)	76,442	93,091
Accounts receivable	22,120	42,370
Investments (Note 5)	542,430	409,384
Loans receivable (Note 6)	3,364	4,690
Investment in Enersource Corporation (Note 7)	173,834	164,129
Total	<u>1,111,614</u>	<u>1,096,457</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	56,994	72,298
Deferred revenue – general	5,516	5,531
Deferred revenue – development charges and parkland (Note 8)	77,944	76,555
Employee benefits and other liabilities (Note 9)	106,754	102,482
Net long-term liabilities (Note 10)	9	198
Total	<u>247,217</u>	<u>257,064</u>
<b>Net Financial Resources</b>	<b>864,397</b>	<b>839,393</b>
<b>Other Non-Financial Assets</b>		
Inventory and prepaids	4,631	4,533
<b>Total Net Assets</b>	<b>869,028</b>	<b>843,926</b>
<b>Municipal Position</b>		
Amounts to be recovered		
From reserves and reserve funds on hand	(81,599)	(79,947)
From future revenues	(25,164)	(22,733)
Total	<u>(106,763)</u>	<u>(102,680)</u>
<b>Fund Balances (Note 11)</b>		
Current fund	4,139	4,149
Capital fund	152,012	125,224
Reserves (See Schedule)	44,658	50,317
Reserve funds (See Schedule)	601,148	602,787
Enersource Corporation net equity (Note 7)	173,834	164,129
Total	<u>975,791</u>	<u>946,606</u>
<b>Total Municipal Position</b>	<b>869,028</b>	<b>843,926</b>

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

# Consolidated Statement of Financial Activities

as at December 31, 2002 (All dollar amounts are in \$000)

	2002 Budget Unaudited Note 1(l) \$	2002 Actual \$	2001 Actual Restated Note 2 \$
<b>Revenues</b>			
Property taxation	174,450	176,052	168,424
Taxation from other governments	25,062	25,389	24,468
User charges	108,289	112,843	112,489
Government grants	1,614	1,916	1,682
Contribution from developers	51,554	47,787	42,149
Investment income	25,338	40,612	45,204
Penalties and interest on taxes	9,772	8,578	8,900
Other	15,956	24,743	20,026
Equity in income of Enersource Corporation (Note 7)	—	9,705	1,677
<b>Total Revenues</b>	<b>412,035</b>	<b>447,625</b>	<b>425,019</b>
<b>Expenditures</b>			
Current			
General government (Note 16)	80,063	88,591	86,462
Protection to persons and property	62,289	61,973	60,116
Transportation services	101,460	100,901	96,186
Environmental services	2,129	1,594	1,722
Health services	45	38	43
Social and family services	308	232	264
Recreation and cultural services	63,889	64,064	59,025
Planning and development	9,836	9,780	9,310
<b>Total Current Expenditures</b>	<b>320,019</b>	<b>327,173</b>	<b>313,128</b>
Capital			
General government	11,295	8,694	5,895
Protection to persons and property	4,627	4,982	5,267
Transportation services	65,918	48,257	65,499
Environmental services	7,485	2,565	8,584
Social and family services	1	9	45
Recreation and cultural services	43,679	30,941	30,258
<b>Total Capital Expenditures</b>	<b>133,005</b>	<b>95,448</b>	<b>115,548</b>
<b>Total Expenditures</b>	<b>453,024</b>	<b>422,621</b>	<b>428,676</b>
<b>Increase/(Decrease) in Net Financial Resources</b>	<b>(40,989)</b>	<b>25,004</b>	<b>(3,657)</b>
Increase in amounts to be recovered	4,083	4,083	10,560
Increase in non-financial assets	98	98	464
<b>Increase/(Decrease) in Fund Balances</b>	<b>(36,808)</b>	<b>29,185</b>	<b>7,367</b>

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

## Consolidated Statement of Changes in Financial Position

for the year ended December 31, 2002 (All dollar amounts are in \$000)

	2002	2001
	\$	Restated Note 2 \$
<b>Operations</b>		
Increase/(Decrease) in net financial resources	25,004	(3,657)
Equity in income of Enersource Corporation which does not involve cash	(9,705)	(1,677)
	<u>15,299</u>	<u>(5,334)</u>
<b>Sources/(Uses):</b>		
Taxes receivable	16,649	303
Accounts receivable	20,250	(25,677)
Loans receivable	1,326	(64)
Accounts payable and accrued liabilities	(15,304)	1,237
Deferred revenue – general	(15)	(11,090)
Deferred revenue – development charges and parkland	1,389	18,292
Employee benefits and other liabilities	4,272	10,772
	<u>28,567</u>	<u>(6,227)</u>
<b>Net change in cash from operations</b>	<b>43,866</b>	<b>(11,561)</b>
<b>Investing</b>		
Increase in investments	(133,046)	(116,480)
Reduction in equity of Enersource Corporation	—	119,214
<b>Net change in cash from investing</b>	<b>(133,046)</b>	<b>2,734</b>
<b>Financing</b>		
Long-term debt repaid	(189)	(212)
<b>Net change in cash from financing</b>	<b>(189)</b>	<b>(212)</b>
<b>Net change in cash and short-term investments</b>	<b>(89,369)</b>	<b>(9,039)</b>
Opening cash and short-term investments	382,793	391,832
<b>Closing cash and short-term investments</b>	<b>293,424</b>	<b>382,793</b>

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

# Notes to the Consolidated Financial Statements

for the year ended December 31, 2002 (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 for local governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the City are as follows:

### a) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues, expenditures and fund balances 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. These financial statements include:

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

Interdepartmental and inter-organizational transactions and balances between these organizations are eliminated.

Enersource Corporation is accounted for on a modified equity basis, consistent with the generally accepted accounting treatment for government business enterprises. Under the modified equity basis, the business enterprise's accounting principles are not adjusted to conform with those of the City, and inter-organizational transactions and balances are not eliminated.

### b) Fund Accounting

Funds within the consolidated financial statements consist of current, capital and reserve funds. Transfers between funds are recorded as adjustments to the appropriate municipal fund balance.

Trust funds and their related operations administered by the City are not included in these financial statements but are reported on separately on the Trust Funds Financial Statements.

Sinking funds and their related operations are administered by the Region of Peel and, as such, are not included in these financial statements.

### c) Basis of Accounting

Sources of financing and expenditures are reported on the accrual basis of accounting.

The accrual basis of accounting recognizes revenues as they become available and measurable. Expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

### d) Capital Assets

Expenditures on capital assets are reported as capital expenditures on the statement of financial activities in the period incurred.

### e) Reserves and Reserve Funds

Certain amounts, as approved by City Council, are set aside in reserves and reserve funds for future operating and capital purposes. Transfers to and/or from reserves and reserve funds are an adjustment to the respective fund when approved.

# Notes to the Consolidated Financial Statements

for the year ended December 31, 2002 (All dollar amounts are in \$000)

## f) Government Transfers

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

## g) Deferred Revenue – Other

The City defers recognition of user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

## h) Deferred Revenue - Development Charges and Parkland

The City receives development charge contributions and payments in lieu of parkland under the authority of provincial legislation and City by-laws. These funds by their nature are restricted in their use and until applied to applicable capital works are recorded as deferred revenue. Amounts applied to qualifying capital projects are recorded as revenue in the fiscal period they are expended.

## i) Taxation and Related Revenues

Property tax billings are prepared by the City based on assessment rolls issued by the Municipal Property Assessment Corporation (MPAC). Tax rates are established annually by City Council, incorporating amounts to be raised for local services, the requisition made by the Region of Peel in respect of regional services and amounts the City is required to collect on behalf of the Province of Ontario in respect of education taxes. The legislation limits assessment-related increases in property tax bills to 5 per cent annually for commercial, industrial and multi-residential classes of property until the affected properties are taxed at a level equivalent to the tax otherwise calculated based on their current value assessment. A normal part of the assessment process is the issue of supplementary assessment rolls which provide updated information with respect to changes in property assessment. Once a supplementary assessment roll is received, the City determines the taxes applicable and renders supplementary tax billings. Taxation revenues are recorded at the time tax billings are issued. Assessments and the related property taxes are subject to appeal. Tax adjustments as a result of appeals are recorded when the result of the appeal process is known.

The City is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are levied.

## j) Investment Income

Investment income earned on surplus current funds, capital funds, reserves and reserve funds (other than obligatory reserve funds) are reported as revenue in the period earned. Investment income earned on development charges and parkland obligatory reserve funds is added to the fund balance and forms part of respective deferred revenue balances.

## k) Pensions and Employee Benefits

The City accounts for its participation in the Ontario Municipal Employee Retirement System (OMERS), a multi-employer public sector pension fund, as a defined contribution plan. Vacation entitlements are accrued for as entitlements are earned. Sick leave benefits are accrued where they are vested and subject to pay out when an employee leaves the City's employ. Other post-employment benefits are accrued in accordance with the projected benefit method prorated on service and management's best estimate of salary escalation and retirement ages of employees. The discount rate used to determine the accrued benefit obligation was determined by reference to market interest rates at the measurement date on high-quality debt instruments with cash flows that match the timing and amount of expected benefit payments.

## l) Budget Figures

Mississauga City Council completes a review of its budget each year. The approved operating program for 2002 is reflected on the Consolidated Schedule of Current Fund Operations and is included in the budget figures presented in the Consolidated Statement of Financial Activities.

Budgets established for the Capital Fund and Reserves and Reserve Funds are set on a project-oriented basis, the costs of which may be carried out over one or more fiscal years. The budgets reflected in the Consolidated Schedule of Capital Fund Operations and the Consolidated Schedule of Reserves and Reserve Funds and included in the Consolidated Statement of Financial Activities is an annual budget only as required by the recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

# Notes to the Consolidated Financial Statements

for the year ended December 31, 2002 (All dollar amounts are in \$000)

## m) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the period. Actual results could differ from these estimates.

## 2. Restatement

During the year, the City adopted the accounting recommendations of CICA PS 3250 Retirement Benefits and CICA PS 3255 Post-Employment Benefits, Compensated Absences and Termination Benefits. This change has been adopted retroactively. As a result, the following represents the restatement adjustments recorded by the City:

	2001
	\$
<b>Statement of Financial Position:</b>	
Increase in employee benefit obligations	12,971
<b>Statement of Financial Activities:</b>	
Decrease in current expenditures, general government	33,037

## 3. Operations of School Boards and the Region of Peel

During 2002, the City has made property tax transfers to the Region of Peel and school boards. The amounts collected and remitted are summarized below:

	School Boards	Region
	\$	\$
Property taxes	438,403	344,473
Taxation from other governments	176	7,957
<b>Amounts transferred</b>	<b>438,579</b>	<b>352,430</b>

## 4. Taxes Receivable

Taxes receivable of \$76,442 (2001 \$93,091) reported on the Consolidated Statement of Financial Position includes \$12,633 (2001 \$18,698) of supplementary taxes recorded in 2002 but not collectable until 2003.

## 5. Investments

The investments have a market value of \$574,322 (2001 \$427,034) at the end of the year. The premium or discount on the purchase price is amortized over the life of the investment.

## 6. Loans Receivable

Loans receivable includes an operating loan of \$3,070 (2001 \$4,328) owing by the Living Arts Centre (LAC), a non-profit community organization located in the City. Interest on the operating loan is calculated at the lower of the rate equivalent to that paid on bankers' acceptances of a specific chartered bank or the rate charged by that bank to its best customers. The operating loan is repayable no later than March 31, 2004.

# Notes to the Consolidated Financial Statements

for the year ended December 31, 2002 (All dollar amounts are in \$000)

## 7. Investment in Enersource Corporation

The City has a 90 per cent interest in Enersource Corporation. The following table provides condensed financial information in respect of Enersource Corporation for its 2002 fiscal year together with comparative figures for year 2001.

<b>Financial Position:</b>	<b>2002</b>	<b>2001</b>
	\$	\$
Current assets	131,836	121,330
Capital assets	416,911	406,260
Deferred charges and other assets	55,268	32,612
<b>Total assets</b>	<b>604,015</b>	<b>560,202</b>
Current liabilities	93,393	66,431
Long-term liabilities	316,761	311,405
<b>Total liabilities</b>	<b>410,154</b>	<b>377,836</b>
Non-controlling interest	712	—
<b>Shareholders' Equity</b>	<b>193,149</b>	<b>182,366</b>
City share of net assets (90% ownership)	173,834	164,129
<b>Results of operations:</b>		
Revenues	696,727	567,887
Operating expenses	685,737	565,731
<b>Income before amounts in lieu of income taxes</b>	<b>10,990</b>	<b>2,156</b>
Amounts in lieu of income taxes	1,871	292
Non-controlling interest's share of loss	1,664	—
<b>Net income</b>	<b>10,783</b>	<b>1,864</b>
City share of net income (90% ownership)	9,705	1,677

The Board of Directors of Enersource Corporation approved their financial statements March 25, 2003.

## 8. Deferred Revenue – Development Charges and Parkland

A requirement of the public sector accounting principles of the Canadian Institute of Chartered Accountants is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as provincial legislation restricts how these funds may be used. The balances in the obligatory reserve funds of the City are summarized below:

	<b>2002</b>	<b>2001</b>
	\$	\$
Development charges	34,903	38,039
Parkland	43,041	38,516
<b>Total</b>	<b>77,944</b>	<b>76,555</b>

## Notes to the Consolidated Financial Statements

for the year ended December 31, 2002 (All dollar amounts are in \$000)

### 9. Employee Benefits and Other Liabilities

The City provides certain employee benefits and other liabilities which will require funding in future periods. Please refer to the summary below:

	2002	2001
	\$	\$
Future payments required to WSIB	7,872	7,984
Accumulated Sick Leave Benefit Plan entitlements	8,447	8,151
Early retirement benefits	19,150	17,591
Vacation pay	11,091	10,262
Section 14 credits (Development Charges Act)	40,116	39,172
Other liabilities	20,078	19,322
<b>Total Employee Benefits and Other Liabilities</b>	<b>106,754</b>	<b>102,482</b>
Plus: Net long-term liabilities outstanding (Note 9)	9	198
Less: Recoverable from Reserves and Reserve Funds on hand	81,599	79,947
<b>Amount to be funded from future revenues</b>	<b>25,164</b>	<b>22,733</b>

- (i) WSIB: The City has elected to be a Schedule 2 employer under the provisions of the Workplace Safety and Insurance Board Act, and as such remits payments to the WSIB only as required to fund disability payments. The liability recorded by the City has been determined by actuarial study, completed in February 2002.
- (ii) Accumulated 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 January 2003.
- (iii) 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 January 2003.
- (iv) Actuarial valuations: The following table sets out the extrapolated results for each of the plans, as at December 31, 2002.

Information about City of Mississauga's defined benefit plans is as follows:

				2002	2001
	WSIB	Sick Leave	Early Retirement	Total	Total
Accrued benefit liability, beginning of year	7,984	8,151	17,591	33,726	32,037
Service cost	818	490	961	2,269	2,163
Interest cost	390	457	1,009	1,856	1,762
Benefit payments	(1,320)	(651)	(411)	(2,382)	(2,236)
Accrued benefit liability, end of year	7,872	8,447	19,150	35,469	33,726

## Notes to the Consolidated Financial Statements

for the year ended December 31, 2002 (All dollar amounts are in \$000)

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

	WSIB	Sick Leave	Early Retirement
Expected inflation rate	2.25%	2.20%	2.20%
Expected level of salary increases	N/A	3.50%	3.50%
Interest discount rate	5.25%	5.50%	5.50%

- (v) Section 14 credits are liabilities and obligations that arise through the Development Charges Act. The year 2002 section 14 liability is \$40,116 (2001 – \$39,172) and in 2001 was re-evaluated to include all these obligations. The decision to establish a current year provision, subject to appeal, has been included as an additional expenditure under general government within the Statement of Consolidated Financial Activities.

### 10. Net Long-Term Liabilities

- (a) The balance of net long-term liabilities reported on the Consolidated Statement of Financial Position is made up of the following:

	2002	2001
	\$	\$
Long-term liabilities issued by the Region of Peel of which the City has assumed responsibility for the repayment	9	1,720
Less: sinking funds accumulated to retire long-term liabilities	—	1,522
<b>Net long-term liabilities at the end of the year</b>	<b>9</b>	<b>198</b>

- (b) Principal repayments totalling \$9 due in 2003 will retire the City's outstanding long-term liabilities. The principal repayments will be funded by those landowners who will directly benefit.
- (c) All long-term liabilities issued on or before December 31, 1992 have received approval of the Ontario Municipal Board. Long term liabilities issued after January 1, 1993 have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit of \$83,713 prescribed by the Ministry of Municipal Affairs and Housing.
- (d) Interest expense on long-term liabilities in 2002 amounted to \$1 (2001 – \$140).

### 11. Municipal Fund Balances at the End of the Year

The City's fund balances are comprised of the following:

	2002	2001
	\$	\$
<b>For general reduction of taxation:</b>		
City	3,777	3,731
Library Board	327	351
Sub-total	4,104	4,082
<b>For specific reduction of taxation:</b>		
Business Improvement Areas	35	67
<b>Total</b>	<b>4,139</b>	<b>4,149</b>

# Notes to the Consolidated Financial Statements

for the year ended December 31, 2002 (All dollar amounts are in \$000)

	2002	2001
<b>Other Fund balances:</b>		
For acquisition of fixed assets	152,012	125,224
Reserves	44,658	50,317
Reserve funds	601,148	602,787
Enersource Corporation net equity	173,834	164,129
<b>Total</b>	<b>975,791</b>	<b>946,606</b>

## 12. Expenditures by Object

The following is a summary of the current and capital expenditures reported on the Consolidated Statement of Financial Activities by object:

	2002 Budget Unaudited Note 1(l)	2002 Actual	2001 Actual
	\$	\$	\$
<b>Current expenditures consist of:</b>			
Salaries, wages and fringe benefits	224,596	223,619	209,591
Interest on long-term debt	140	97	140
Materials and services	19,764	22,660	22,859
Contracted services	23,728	26,456	26,939
Rents and financial expenses	49,257	50,192	50,862
Transfer payments	2,534	4,149	2,737
<b>Total Current Expenditures</b>	<b>320,019</b>	<b>327,173</b>	<b>313,128</b>
<b>Capital expenditures consist of:</b>			
Salaries, wages and fringe benefits	—	2,114	1,958
Materials and services	7,865	13,301	18,220
Contracted services	92,990	61,878	76,242
Rents and financial expenses	32,150	18,155	19,128
<b>Total Capital Expenditures</b>	<b>133,005</b>	<b>95,448</b>	<b>115,548</b>

## 13. Pension Agreements

The City makes contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf of all permanent, full-time members of its staff. 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. OMERS had declared a temporary contribution holiday for all active employees and participating employers due to legislative requirements.

As a result of this contribution holiday, no contributions were required on account of current service in 2002 or 2001. Contributions are being phased in commencing in 2003 with a return to full contribution rates effective January, 2004.

## 14. Trust Funds

Trust funds administered by the City amounting to \$380 (2001 – \$359) are presented in a separate financial statement of trust fund balances and operations. As such balances are held in trust by the City for the benefit of others, they are not presented as part of the City's financial position or financial activities.

## Notes to the Consolidated Financial Statements

for the year ended December 31, 2002 (All dollar amounts are in \$000)

### 15. Provincial Offences Administration

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

The following table provides condensed financial information required by the terms in the Memorandum of Understanding (MOU) for its 2002 fiscal year with comparative figures for the year 2001:

	2002	2001
	\$	\$
<b>Revenues</b>		
Gross revenues	5,886	6,024
Less refunds	38	66
<b>Net Revenues</b>	<u>5,848</u>	<u>5,958</u>
<b>Expenditures</b>		
Provincial charges	441	443
City operating expenses	2,387	1,944
<b>Total Expenditures</b>	<u>2,828</u>	<u>2,387</u>
<b>Net Revenue</b>	<u>3,020</u>	<u>3,571</u>

### 16. Comparative Figures

Certain 2001 comparative figures have been reclassified to conform with the Ministry of Municipal Affairs and Housing prescribed treatment for general government costs.

## Consolidated Schedule of Current Fund Operations

for the year ended December 31, 2002 (All dollar amounts are in \$000)

	2002 Budget Unaudited Note 1(l)	2002 Actual	2001 Actual
	\$	\$	\$
<b>Revenues</b>			
Property taxation	174,450	176,052	168,424
Taxation from other governments	25,062	25,389	24,468
User charges	108,289	112,843	112,489
Government grants	1,614	1,916	1,682
Investment income	6,741	5,775	9,544
Penalties and interest on taxes	9,772	8,578	8,900
Other	2,650	4,686	11,931
Total Revenues	<u>328,578</u>	<u>335,239</u>	<u>337,438</u>
<b>Expenditures</b>			
General government	75,980	84,508	75,902
Protection to persons and property	62,289	61,973	60,116
Transportation services	101,362	100,803	95,722
Environmental services	2,129	1,594	1,722
Health services	45	38	43
Social and family services	308	232	264
Recreation and cultural services	63,889	64,064	59,025
Planning and development	9,836	9,780	9,310
Total Expenditures	<u>315,838</u>	<u>322,992</u>	<u>302,104</u>
<b>Net Revenue</b>	<b><u>12,740</u></b>	<b><u>12,247</u></b>	<b><u>35,334</u></b>
<b>Financing and Transfers</b>			
Transfers to reserves and reserve funds	(16,740)	(12,257)	(34,163)
<b>Change in Current Fund Balance</b>	<b>(4,000)</b>	<b>(10)</b>	<b>1,171</b>
<b>Opening Current Fund Balance</b>	<b><u>4,000</u></b>	<b><u>4,149</u></b>	<b><u>2,978</u></b>
<b>Closing Current Fund Balance</b>	<b><u>—</u></b>	<b><u>4,139</u></b>	<b><u>4,149</u></b>

## Consolidated Schedule of Capital Fund Operations

for the year ended December 31, 2002 (All dollar amounts are in \$000)

	2002 Budget Unaudited Note 1(l) \$	2002 Actual \$	2001 Actual \$
<b>Revenues</b>			
Contributions from developers	51,554	47,787	42,149
Other	9,708	8,954	2,914
Total Revenues	<u>61,262</u>	<u>56,741</u>	<u>45,063</u>
<b>Expenditures</b>			
General government	11,295	8,694	5,895
Protection to persons and property	4,627	4,982	5,267
Transportation services	65,918	48,257	65,499
Environmental services	7,485	2,565	8,584
Social and family services	1	9	45
Recreation and cultural services	43,679	30,941	30,258
Total Expenditures	<u>133,005</u>	<u>95,448</u>	<u>115,548</u>
<b>Net Revenues/(Expenditures)</b>	<b>(71,743)</b>	<b>(38,707)</b>	<b>(70,485)</b>
<b>Financing and Transfers</b>			
Transfers from reserve funds	71,743	65,495	52,124
<b>Change in Capital Fund Balance</b>	<b>0</b>	<b>26,788</b>	<b>(18,361)</b>
Opening Capital Fund Balance	125,224	125,224	143,585
<b>Closing Capital Fund Balance</b>	<b><u>125,224</u></b>	<b><u>152,012</u></b>	<b><u>125,224</u></b>

## Consolidated Schedule of Reserves and Reserve Funds

for the year ended December 31, 2002 (All dollar amounts are in \$000)

	2002 Budget Unaudited Note 1(l) \$	2002 Actual \$	2001 Actual \$
<b>Revenues</b>			
Investment income	18,597	34,837	35,660
Other	3,598	11,103	5,181
Total Revenues	<u>22,195</u>	<u>45,940</u>	<u>40,841</u>
<b>Net Transfers From/(To) Other Funds</b>			
Transfers from current fund	16,740	12,257	34,163
Transfers to capital fund	(71,743)	(65,495)	(52,124)
Total Net Transfers	<u>(55,003)</u>	<u>(53,238)</u>	<u>(17,961)</u>
<b>Change in Reserves and Reserve Fund Balances</b>	<b>(32,808)</b>	<b>(7,298)</b>	<b>22,880</b>
Opening balance	653,104	653,104	630,224
<b>Ending Balance</b>	<b><u>620,296</u></b>	<b><u>645,806</u></b>	<b><u>653,104</u></b>
<b>Analyzed as follows:</b>			
<b>Reserves set aside for specific purposes:</b>			
Development revenue		8,311	13,040
Assessment appeals		5,078	9,579
Vacation pay		5,820	5,820
Contingencies		2,946	3,146
Labour settlements		8,546	3,546
Planning process update		2,335	3,335
Transit revenue stabilization		2,468	2,909
Legal settlements		2,345	2,420
Winter maintenance		4,488	3,975
Elections		799	699
Commitments		294	620
Early retirement benefits		500	500
Boulevard maintenance		469	469
OMERS Type 7		234	234
Other		25	25
<b>Total Reserves</b>		<b><u>44,658</u></b>	<b><u>50,317</u></b>

## Consolidated Schedule of Reserves and Reserve Funds (Continued)

for the year ended December 31, 2002 (All dollar amounts are in \$000)

	2002 Actual \$	2001 Actual \$
<b>Reserve Funds set aside for specific purposes by Council:</b>		
Hydro	353,493	354,252
Lot levies	49,397	46,858
Contributions from developers for specific works	35,235	35,325
Vehicle and equipment replacement	33,214	33,627
Capital construction	85,432	89,506
Self insurance	21,640	20,398
Workplace Safety and Insurance Board (WSIB)	13,653	13,651
Sick-leave benefits	9,084	9,170
<b>Total Reserve Funds</b>	<b>601,148</b>	<b>602,787</b>
<b>Total Reserves and Reserve Funds</b>	<b>645,806</b>	<b>653,104</b>

# Auditors' Report



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

We have audited the statement of financial position of the trust funds of The Corporation of the City of Mississauga as at December 31, 2002 and the statement of financial activities and changes in fund balances for the year then ended. These financial statements are the responsibility of the Corporation's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the trust funds of the City as at December 31, 2002 and the continuity of trust funds for the year then ended in accordance with Canadian generally accepted accounting principles.

*KPMG LLP*

KPMG LLP  
Chartered Accountants  
Toronto, Ontario  
March 14, 2003

## Trust Funds – Statement of Financial Activities and Changes in Fund Balances

as at December 31, 2002 (All dollar amounts are in \$000)

				2002	2001
	O.H.R.P.	Perpetual Care	Election Surplus	Total	Total
	\$	\$	\$	\$	\$
<b>Revenue</b>					
Interest	-	14	2	16	18
Perpetual care receipts	-	21	-	21	24
Surplus election proceeds	-	-	-	-	36
<b>Total Revenues</b>	<b>-</b>	<b>35</b>	<b>2</b>	<b>37</b>	<b>78</b>
<b>Expenditure</b>					
Repayment to province	2	-	-	2	-
Cemetery maintenance	-	14	-	14	15
<b>Total Expenditures</b>	<b>2</b>	<b>14</b>	<b>-</b>	<b>16</b>	<b>15</b>
Increase/(Decrease) in financial assets	(2)	21	2	21	63
<b>Opening Fund Balance</b>	<b>4</b>	<b>266</b>	<b>89</b>	<b>359</b>	<b>296</b>
<b>Closing Fund Balance</b>	<b>2</b>	<b>287</b>	<b>91</b>	<b>380</b>	<b>359</b>

## Statement of Financial Position

as at December 31, 2002 (All dollar amounts are in \$000)

				2002	2001
	O.H.R.P.	Perpetual Care	Election Surplus	Total	Total
	\$	\$	\$	\$	\$
<b>Financial Assets</b>					
Cash	1	25	91	117	217
Investments (Note 2)	-	262	-	262	140
Loans receivable	1	-	-	1	2
<b>Fund Balance</b>	<b>2</b>	<b>287</b>	<b>91</b>	<b>380</b>	<b>359</b>

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

# Trust Funds — Notes to the Financial Statements

for the year ended December 31, 2002 (All dollar amounts are in \$000)

## 1. Significant Accounting Policies

### Basis of Accounting

Perpetual care receipts are reported on the cash basis of accounting 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. Investments

The total investments by the trust funds of \$262 (2001 \$140) reported on the Statement of Financial Position at cost, have a market value of \$274 (2000 \$141) at the end of the year.

## 3. Ontario Home Renewal Program Fund (O.H.R.P.)

The Ontario Home Renewal Program was established by the Ontario Ministry of Housing in 1973 to provide grants for municipalities to make loans to assist owner occupants to repair, rehabilitate and improve their homes to local property standards. Individual loans are limited to \$7.5 of which the maximum forgivable portion is \$4.

Ontario Home Renewal Program loans receivable at December 31 are repayable by the owner occupant. In the event of the sale or lease of the home or in the event of the homeowner ceasing to occupy the home, the balances of the loan immediately become due and payable.

The OHRP program was discontinued by the Ontario Ministry of Housing in July 1993. At that time the Ministry requested from the City the repayment of all trust funds on hand as repayment is received.

## 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 fund are undertaken by the City in accordance with the regulations of the Cemeteries Act.

## 5. Election Surplus Fund

The Election Surplus Fund holds surplus election funds of registered candidates in municipal elections. These funds will be paid over to the candidates in the next election as per the Municipal Elections Act.

## Five-Year Financial Review

(All dollar amounts are in \$000 except per capita figures.)

Fiscal Year	Unaudited				
	2002	2001	2000	1999	1998
<b>Municipality Statistics</b>					
Population	633,500	612,000	606,000	588,500	572,000
Area in acres	70,500	70,500	70,500	70,500	70,500
Households	203,100	199,880	189,995	186,332	181,982
<b>Employees:</b>					
Full time	3,295	3,141	3,010	2,834	2,697
Per 1000 people	5.2	5.1	4.9	4.8	4.7
Part time	2,684	2,298	2,397	2,164	1,595
Construction Activity	\$1,542,121	\$1,767,000	\$1,423,875	\$1,880,000	\$1,407,139

### Tax Assessment Information

Assessment Valuation Year	1999	1999	1996	1996	1996
<b>Taxable Assessment (upon which the year's rates of taxation were set):</b>					
Residential, farm, multi-residential	\$38,048,664	\$37,068,810	\$31,015,895	\$30,212,610	\$29,880,460
Commercial, industrial and other	13,342,207	12,744,620	10,655,999	10,456,044	10,248,893
Total Taxable Assessment	\$51,390,871	\$49,813,430	\$41,671,894	\$40,668,654	\$40,129,353
Commercial, industrial, and business as a percentage of taxable assessment	25.9%	25.6%	25.9%	25.7%	25.5%

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

<b>Residential and farm</b>					
For City purposes	0.291641%	0.286766%	0.330813%	0.330825%	0.330855%
For region purposes	0.577685%	0.565885%	0.655602%	0.653592%	0.658931%
For school purposes	0.373000%	0.373000%	0.414000%	0.414000%	0.460000%
Total Tax Rate - Residential and farm	1.242326%	1.225651%	1.400415%	1.398417%	1.449786%
<b>Commercial</b>					
For City purposes	0.378287%	0.371964%	0.438615%	0.437203%	0.453999%
For region purposes	0.749316%	0.734010%	0.869213%	0.863756%	0.904186%
For school purposes	2.075397%	2.075397%	2.467433%	2.467433%	2.467433%
Total Tax Rate - Commercial	3.203000%	3.181370%	3.775261%	3.768392%	3.825618%
<b>Industrial</b>					
For City purposes	0.466217%	0.458424%	0.557353%	0.560469%	0.629174%
For region purposes	0.923488%	0.904624%	1.104735%	1.107285%	1.253063%
For school purposes	2.668928%	2.678392%	3.112465%	3.112465%	3.112465%
Total Tax Rate - Industrial	4.058633%	4.041440%	4.774553%	4.780219%	4.994702%

## Five-Year Financial Review

(All dollar amounts are in \$000 except per capita figures.)

Fiscal Year	Unaudited				
	2002	2001	2000	1999	1998
<b>Tax Levies:</b>					
City portion	\$176,052	\$168,424	\$164,589	\$156,516	\$155,337
Region portion	344,473	328,254	322,034	313,302	308,276
School board portion	438,403	429,210	421,052	393,571	388,074
Total Tax Levies	\$958,928	\$925,888	\$907,675	\$863,389	\$851,687
<b>Taxes collected:</b>					
City collection	\$174,378	\$168,668	\$122,913	\$130,266	\$121,321
Taxes transferred to the region	344,473	328,254	322,034	313,302	308,276
Taxes transferred to the school boards	438,403	429,210	421,052	393,571	388,074
Total Taxes Collected	\$957,254	\$926,132	\$865,999	\$837,139	\$817,671
<b>Tax arrears:</b>					
Taxes receivable	\$76,442	\$93,091	\$93,394	\$120,399	\$84,495
Taxes receivable per capita	\$121	\$152	\$154	\$205	\$148
Percentage of current levy	8.0%	10.0%	10.3%	14.1%	10.0%
<b>Current Fund Information:</b>					
<b>Revenues (City Purposes)</b>					
Taxation	\$176,052	\$168,424	\$164,589	\$156,516	\$155,337
Payments in lieu of taxes	25,389	24,468	25,552	27,691	21,208
Government grants	1,916	1,682	1,253	1,466	6,230
User charges	112,843	112,489	100,021	100,847	86,643
Other	19,039	30,375	23,654	29,632	25,885
Total Revenues	\$335,239	\$337,438	\$319,069	\$316,152	\$295,303
Revenue per capita	\$529	\$551	\$527	\$537	\$516
<b>Expenditures by Function</b>					
General government	\$84,508	\$75,902	\$60,903	\$54,000	\$46,218
Protection to persons and property	61,973	60,116	55,638	47,417	45,334
Transportation and services	100,803	95,722	92,714	85,877	77,431
Environmental services	1,594	1,722	2,239	2,247	2,775
Health services	38	43	50	27	122
Social and family services	232	264	262	239	231
Recreation and cultural services	64,064	59,025	59,809	53,706	54,018
Planning and development	9,780	9,310	9,251	7,845	7,302
Total Current Fund Expenditures	\$322,992	\$302,104	\$280,866	\$251,358	\$233,431

Continued on Page 45

## Five-Year Financial Review

(All dollar amounts are in \$000 except per capita figures.)

Fiscal Year	Unaudited				
	2002	2001	2000	1999	1998
Prior year's surplus	4,149	2,978	2,833	2,958	2,660
Transfers between funds	12,257	34,163	38,058	64,919	61,574
<b>Accumulated Net Revenue – Operating Fund</b>	<b>\$4,139</b>	<b>\$4,149</b>	<b>\$2,978</b>	<b>\$2,833</b>	<b>\$2,958</b>
<b>Capital Fund Information:</b>					
<b>Capital Financing</b>					
Contributions from own funds	\$47,787	\$42,149	\$52,630	\$7,690	\$17,753
Government grants	0	0	0	526	7,019
Other	8,954	2,914	8,255	16,231	8,219
Total Capital Financing	\$56,741	\$45,063	\$60,885	\$24,447	\$32,991
<b>Capital Fund Expenditures</b>	<b>95,448</b>	<b>115,548</b>	<b>99,719</b>	<b>114,578</b>	<b>122,925</b>
Net capital financing/(expenditures)	(\$38,707)	(\$70,485)	(\$38,834)	(\$90,131)	(\$89,934)
Transfers from Reserve Funds	65,495	52,124	60,266	86,226	89,799
Previous year Unexpended capital financing	125,224	143,585	122,153	126,058	126,193
<b>Current year Unexpended capital financing</b>	<b>\$152,012</b>	<b>\$125,224</b>	<b>\$143,585</b>	<b>\$122,153</b>	<b>\$126,058</b>
<b>Expenditures by Object</b>					
<b>Current Fund Expenditures</b>					
Salary, wages and fringe benefits	\$221,047	\$205,036	\$185,777	\$169,842	\$161,211
Net long term debt charges (interest)	97	140	140	142	154
Net long term debt charges (principal)	121	121	122	138	146
Materials and supplies	22,562	22,395	24,013	15,983	14,978
Contracted services	26,456	26,939	29,055	25,965	20,953
Rents and financial expenses	48,560	44,736	39,474	36,165	33,579
Transfer payments	4,149	2,737	2,285	3,123	2,410
<b>Total Current Expenditures</b>	<b>\$322,992</b>	<b>\$302,104</b>	<b>\$280,866</b>	<b>\$251,358</b>	<b>\$233,431</b>

## Five-Year Financial Review

(All dollar amounts are in \$000 except per capita figures.)

Fiscal Year	Unaudited				
	2002	2001	2000	1999	1998
<b>Capital Expenditures</b>					
Salary, wages and fringe benefits	\$2,114	\$1,958	\$1,744	\$1,761	\$1,349
Materials and supplies	13,301	18,220	19,784	18,144	14,310
Contracted services	61,878	76,242	64,618	79,559	84,360
Rents and financial expenses	18,155	19,128	13,573	15,114	22,906
<b>Total Capital Expenditures</b>	<b>\$95,448</b>	<b>\$115,548</b>	<b>\$99,719</b>	<b>\$114,578</b>	<b>\$122,925</b>
<b>Municipal Debt Information:</b>					
<b>Long-Term Liabilities</b>					
General municipal activities	\$9	\$198	\$410	\$613	\$829
Per capita	0.0	0.3	0.7	1.0	1.4
<b>Charges for Long-Term Liabilities</b>					
General municipal activities	\$218	\$261	\$262	\$280	\$300
Per capita	0.3	0.4	0.4	0.5	0.5
<b>Debt Repayment Limit</b> (as determined by the Province of Ontario)	<b>\$83,713</b>	<b>\$78,389</b>	<b>\$71,964</b>	<b>\$64,895</b>	<b>\$62,891</b>
<b>Fund Balances:</b>					
Operating fund	\$4,139	\$4,149	\$2,978	\$2,833	\$2,958
Reserves	44,658	50,317	48,930	94,463	74,809
Reserve funds	601,148	602,787	581,294	205,936	231,315
Capital fund	152,012	125,224	143,585	122,153	126,058
Trust funds	380	359	296	311	290
Investment in Enersource Corporation	174	164	282	499	—
Sinking funds	—	13	20	23	21

## 2002 Public Sector Salary Disclosure

Employees Paid \$100,000 or more in 2002 CITY OF MISSISSAUGA

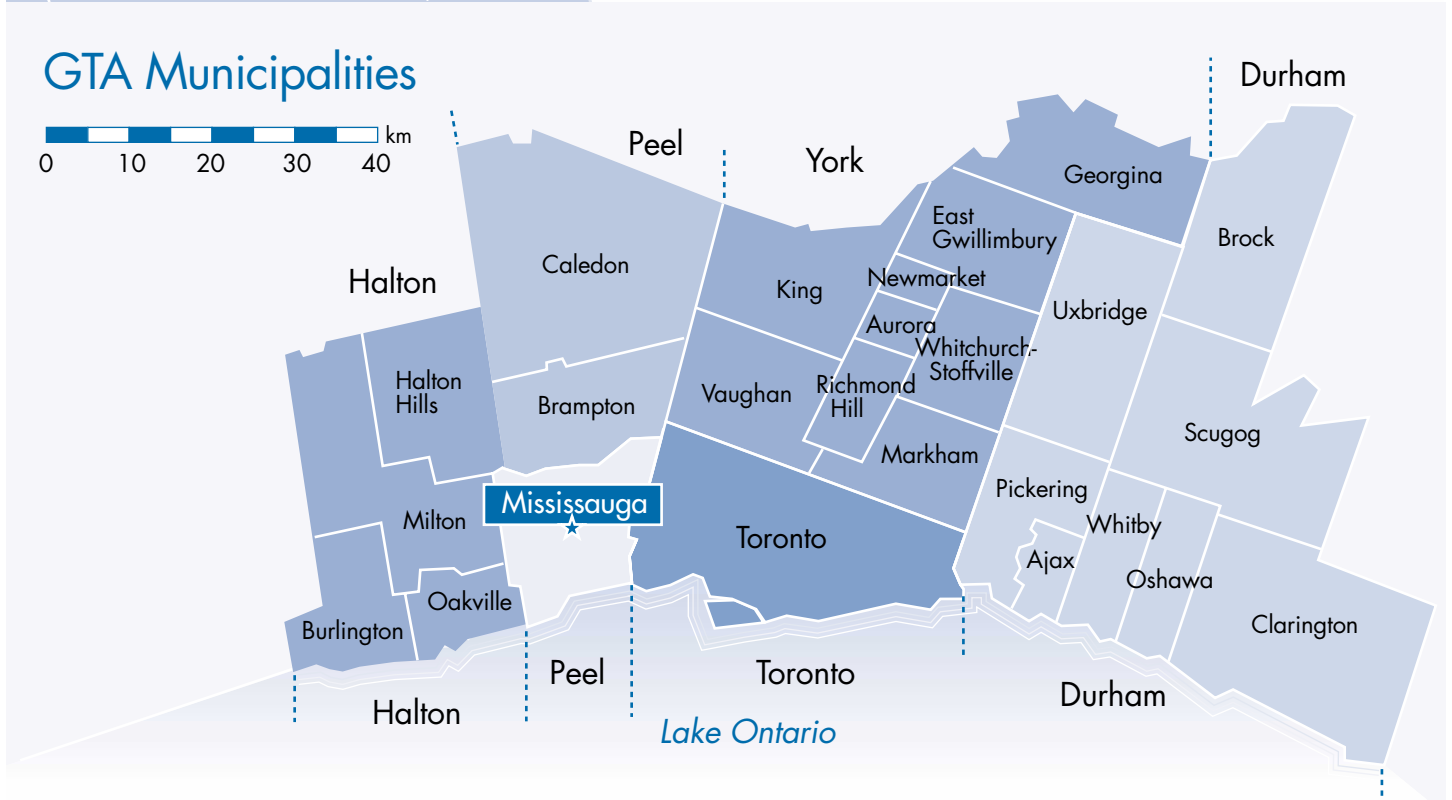
<b>Name</b>	<b>Job Title</b>	<b>Taxable</b>	<b>Salary</b>
<b>O'Brien, David S</b>	City Manager	\$8,459	\$203,623
<b>Laing, Ian</b>	District Chief, North D - Fire	\$618	\$163,216
<b>Duffy, Kevin J</b>	Assistant Deputy Chief - Fire	\$618	\$159,529
<b>Mokrzycki, Thomas S</b>	Commissioner, Planning and Building	\$5,383	\$145,777
<b>Mitcham, Paul Arthur</b>	Commissioner, Community Services	\$5,910	\$145,777
<b>Baker, Janice</b>	Commissioner, Corporate Services and Treasurer	\$5,986	\$142,973
<b>Bench, Mary Ellen</b>	City Solicitor	\$859	\$142,931
<b>McDougall, John A</b>	Deputy Fire Chief	\$710	\$140,513
<b>Powell, Martin</b>	Commissioner, Transportation and Works	\$6,265	\$127,755
<b>Morden, Garry W</b>	Fire Chief	\$2,016	\$127,580
<b>Mills, Donald M</b>	Director, Library Services	\$5,980	\$119,203
<b>Zipay, John</b>	Director, Development and Design - Planning and Building	\$736	\$118,893
<b>Gibson, Bonnie L</b>	Manager, Assessment Review	\$624	\$118,040
<b>Cunningham, William</b>	Director, Transit	\$734	\$117,201
<b>Robeznieks, Agris</b>	Director, Building and Chief Building Official	\$731	\$116,929
<b>Pitushka, Joseph J</b>	Director, Engineering and Works	\$728	\$116,355
<b>Draycott, Eric H</b>	Director, Human Resources	\$726	\$116,071
<b>Lohuis, John</b>	Director, Recreation and Parks	\$725	\$115,803
<b>Jackson, Jeffrey</b>	Director, Finance	\$718	\$114,954
<b>Calvert, John D</b>	Director, Policy and Planning - Planning and Building	\$702	\$112,170
<b>Lawrence, Jack</b>	Director, Information Technology	\$680	\$108,547
<b>Breault, Brenda R</b>	Director, Materiel Management and Administration	\$676	\$108,112

## 2002 Public Sector Salary Disclosure

Employees Paid \$100,000 or more in 2002 CITY OF MISSISSAUGA

<b>Name</b>	<b>Job Title</b>	<b>Taxable</b>	<b>Salary</b>
<b>Carr, J. Bruce</b>	Director, Planning and Administration - Community Services	\$676	\$108,112
<b>Alexander, Wendy A</b>	Director, Administration – Transportation and Works	\$683	\$107,878
<b>Minkowski, Michal</b>	Senior Legal Counsel	\$672	\$107,497
<b>Reynolds, Heather</b>	Director, Admin. and Technology – Planning and Building	\$667	\$106,552
<b>Grannum, Arthur D</b>	City Clerk	\$662	\$105,970
<b>Amring, Susan M</b>	Director, Communications	\$658	\$105,222
<b>Rydzewski, John B</b>	Director, Hershey Centre	\$650	\$103,757
<b>Owen, Kenneth</b>	Director, Facility and Property Management	\$648	\$103,642
<b>Head, Michael R</b>	Platoon Chief – Fire	\$519	\$102,481
<b>Kelly, Karen</b>	Legal Counsel	\$639	\$102,391
<b>Robinson, Gail P</b>	Controller	\$627	\$102,209
<b>Hunter, Paul D</b>	Platoon Chief – Fire	\$519	\$102,205
<b>Geurts, Leonard C</b>	Chief of Training – Fire	\$577	\$101,619
<b>Buckstein, Elaine</b>	Director, Enforcement	\$661	\$101,454
<b>Beaman, Kenneth</b>	Legal Counsel	\$630	\$100,968
<b>Demelo, Paul</b>	Legal Counsel	\$630	\$100,968
<b>McFarlane, Donald H</b>	Manager, Financial Planning and Policy	\$475	\$100,743
<b>Petovello, Larry F</b>	Director, Economic Development	\$5,273	\$100,575
<b>Charron, Bernard JG</b>	District Chief, South D – Fire	\$501	\$100,219
<b>Fudge, Joseph</b>	Legal Counsel	\$626	\$100,131

Prepared under the Public Sector Salary Disclosure Act, 1996.



# The Corporation of the City of Mississauga

## Financial Report 2002

for the fiscal year ending December 31, 2002  
Mississauga, Ontario, Canada

Corporate Services Department  
Finance Division  
300 City Centre Drive  
Mississauga Ontario  
L5B 3C1

905-896-5466

[www.mississauga.ca/finance](http://www.mississauga.ca/finance)

