



 Ottawa

2023

Annual Report

City of Ottawa
Ontario, Canada

For the year ended December 31, 2023
Prepared by the Finance and Corporate Services Department





Land Acknowledgement

We acknowledge that Ottawa is built on unceded Anishinabe Algonquin territory. The peoples of the Anishinabe Algonquin Nation have lived on this territory for millennia. Their culture and presence have nurtured and continue to nurture this land. The City of Ottawa honours the peoples and land of the Anishinabe Algonquin Nation, and honours all First Nations, Inuit and Métis peoples and their valuable past and present contributions to this land.

The City of Ottawa is committed to a renewed focus on Indigenous Rights and reconciliation, and to building reciprocal relationships with the Anishinabe Algonquin Host Nation, Urban Indigenous First Nations, Inuit, and Métis communities. On February 28, 2018, Ottawa City Council

approved the adoption of a [Reconciliation Action Plan](#), which was developed to align with the spirit and intent of the [Truth and Reconciliation Commission \(TRC\) Calls to Action](#). By March 2022, all the 14 actions established in the 2018 Reconciliation Action Plan were completed or ongoing.

As a municipality, we have a responsibility to implement policy decisions in a manner that is consistent with the recognition of constitutionally protected Aboriginal and Treaty Rights. We are continuing to learn how to apply principles of the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP), Indigenous sovereignty, self-determination, and reciprocity.

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About the City

Welcome Messages

Message from Mayor Mark Sutcliffe

As we look back on 2023, I'm proud to share the significant strides we've made in strengthening Ottawa's infrastructure and services. Our focus has been unwavering: to build a city that is more affordable, reliable, and safe for everyone who calls Ottawa home. The challenges of inflation, population growth, and the lasting impacts of the pandemic have been real, but our commitment to balancing quality services with fiscal responsibility has never been stronger. This Annual Report reflects the strategic investments we've made in our people, businesses, infrastructure, and communities, all with the goal of ensuring Ottawa continues to thrive. The diligent work carried out in 2023 lays the foundation for the future, and I look forward to building on this momentum in 2024, as we continue making the critical investments necessary to create a better Ottawa for all.



Message from Wendy Stephanson, City Manager

I am pleased to present the 2023 Annual Report that outlines the City of Ottawa's key achievements and provides a comprehensive view of the consolidated financial statements. In support of the City's ongoing commitment to advancing a more sustainable, resilient, and livable future, I am proud to highlight the newly updated Sustainable Bond Framework that will govern the issuance of Sustainable Debentures. This framework allows the City to finance and refinance eligible green and social projects, aligning investments with the principles of sustainability and community well-being. We should all take pride in the fact that the City of Ottawa continues to be a leader in the Canadian municipal green bond market that will help future generations thrive in the nation's capital.



Message from Cyril Rogers, Interim General Manager, Finance and Corporate Services Department and Chief Financial Officer

The 2023 Annual Report provides an opportunity to look back on what we've achieved over the past year. The City continues to implement more financially efficient and responsive operations with a focus on automation, standardization, and simplification. Through the service review program and continuous improvement, the City is committed to find efficiencies and cost savings that are invested in Council priorities and ensure continued delivery of quality services. Once again, we achieved a very strong credit rating of Aaa, which is the highest possible ranking, and one that the city has maintained since 1975. Overall, the 2023 annual financial statement demonstrates the City's continued commitment to growth while maintaining essential public services to our residents.



At a Glance



2,796 sq kms

City of Ottawa geographic size (area)



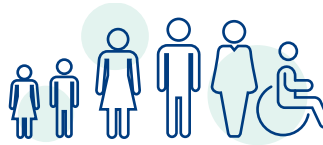
6,043 kms

Total kilometres of roads

1,067,310

Population, 2022

[Current population and household estimates | City of Ottawa](#)



1,083,550

Population, 2023

[Current population and household estimates | City of Ottawa](#)



Talent

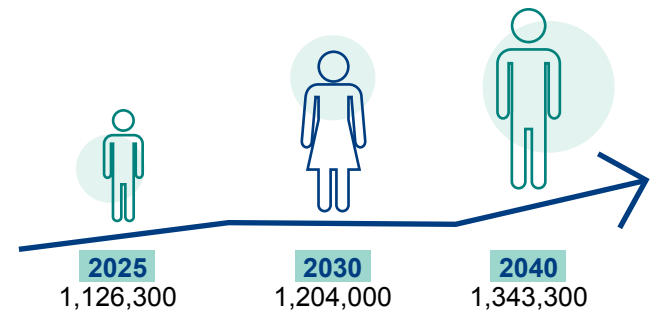


44% Bilingual rate

A young, entrepreneurial workforce, with a bilingual rate of 44%, and more engineers, scientists, and PhDs per capita than any other city in Canada.

[Source: City of Ottawa \(2016\)](#)

Population (Projections)



[Source: City of Ottawa Estimates](#)

Employment by Industry

December 2023, 3-month moving average, unadjusted for seasonality



11.1%

% of Goods Producing Sector



88.9%

% of Service Producing Sector

[Source: Statistics Canada, Employment by Industry](#)

Unemployment Rate

4.5%
Ottawa

Seasonally adjusted, monthly average by year, in 2023

[Source: Statistics Canada, Labor Force Characteristics](#)

5.4%
Canada

Affordable housing units



2,616

Total number of affordable housing units in inventory



106

Number of affordable units completed in 2023



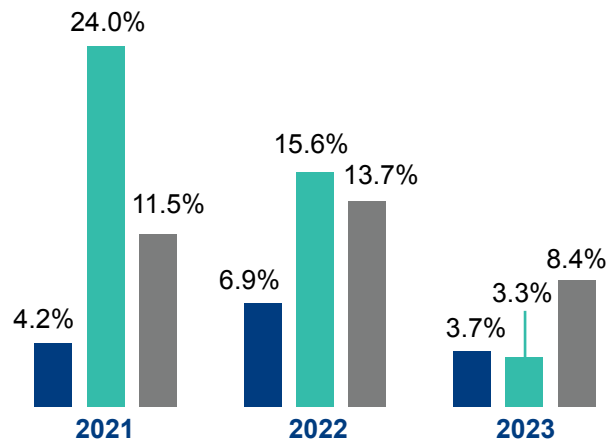
1,697

Number of units currently under construction or in pre-development stage

Source: City of Ottawa, Housing Branch, Community and Social Services Department, December 2023

Average Inflation Rate

In %



- Ottawa Inflation
- Ottawa Construction Inflation (Residential)
- Ottawa Construction Inflation (Non-Residential)

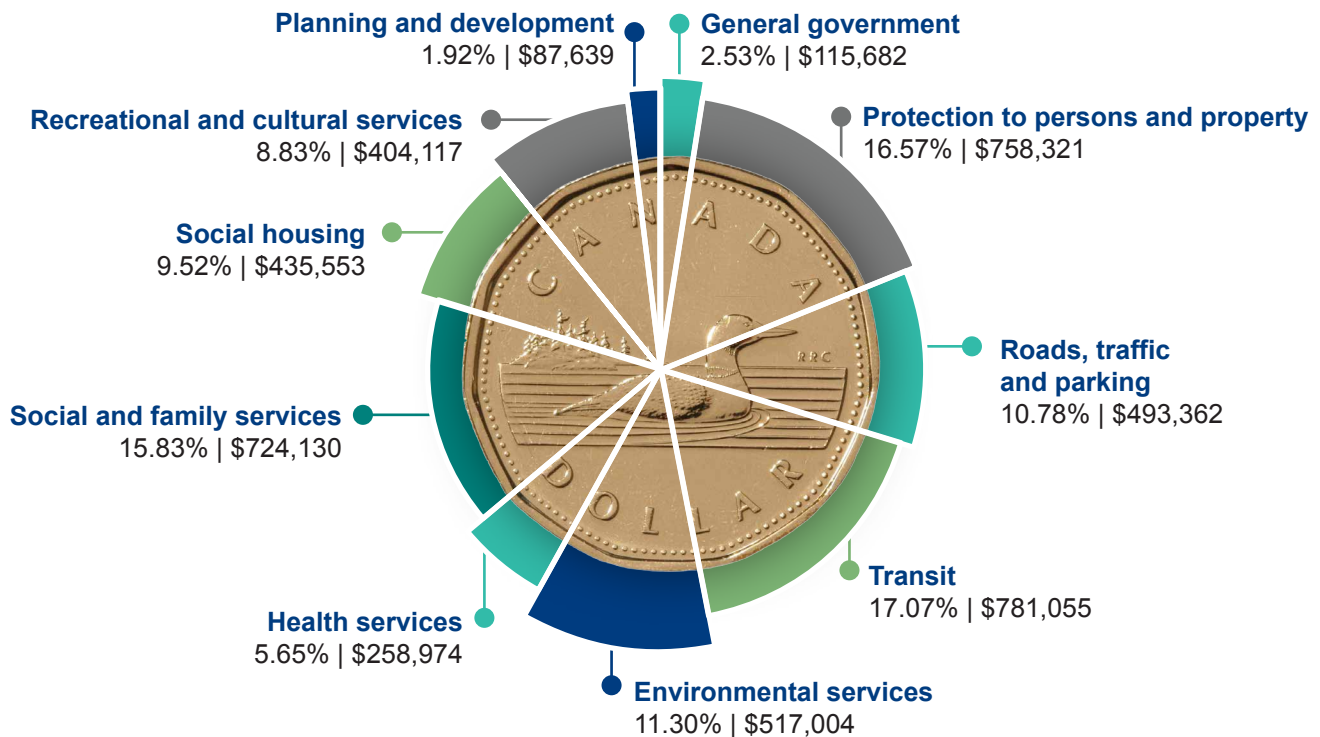
Source: Statistics Canada, Consumer Price Index

Where your dollars go

2023 Expenses

Total expenses – \$4,575,837

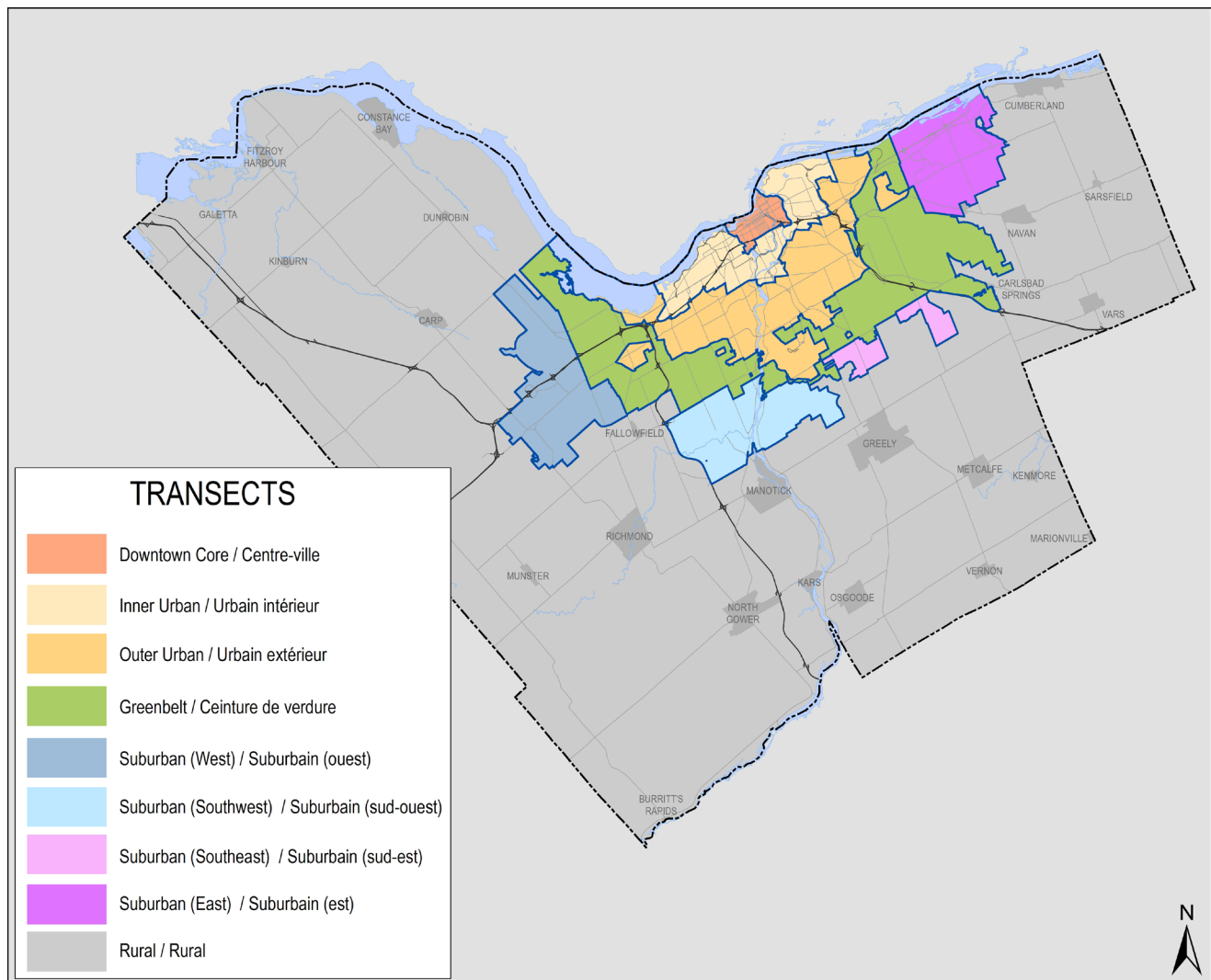
*dollars are in thousands



Our City

The City of Ottawa is Canada’s capital. Located in eastern Ontario, Ottawa is the fourth largest urban region in Canada and is home to 1 million people. Although Ottawa is recognized for being the epicenter of the federal government and bustling downtown core, it is also known for its beautiful countryside, and other rural attractions. The City of Ottawa spans across 2,796 km², which is larger than the cities of Calgary, Edmonton, Toronto, Vancouver, and Montreal combined, and is a blend of urban, suburban and rural communities.

Figure 1: Map of Ottawa



Mayor and City Council



The City of Ottawa is governed by an elected [25-member City Council](#) with the Mayor, representing the city as a whole, and 24 Councillors that represent individual [wards](#). A municipal election was held on October 24, 2022, and the new Mayor and City Council were sworn in for a four-year term on November 15, 2022. Council sets the direction, policies and budgets for delivering services to our community.

The governance structure consists of several different but related deliberative bodies, namely City Council, Standing Committees, and Advisory Committees, as well as arm's-length agencies, boards and commissions.

City of Ottawa Organizational Structure

The City of Ottawa’s organizational structure is comprised of City Council, the City Manager, the City Manager’s Office, Office of the City Clerk, Office of the City Solicitor and nine Departmental General Managers.

The City Manager serves as Council’s chief administrator leading the organization to deliver services across more than 100 distinct lines of business through nine departments and over 17,000 employees. The Consolidated Financial Statements provide information on the City departments, Ottawa Police Services, Ottawa Public Library, Ottawa Public Health, Business Improvement Areas, Ottawa Hydro and Ottawa Community Housing.



Wendy Stephanson
City Manager



City Manager’s Office
Steve Box
Director



Office of the City Clerk
Caitlin Salter-MacDonald
City Clerk



Office of the City Solicitor
Stuart Huxley
Interim City Solicitor



Community and Social Services
Clara Freire
General Manager



Emergency and Protective Services
Paul Hutt
Acting General Manager



Finance and Corporate Services
Cyril Rogers
Interim General Manager and Chief Financial Officer



Infrastructure and Water Services
Tammy Rose
General Manager



Planning, Development and Building Services
Vivi Chi
Interim General Manager



Public Works
Alain Gonthier
General Manager



Recreation, Cultural and Facility Services
Dan Chenier
General Manager



Transit Services
Renée Amilcar
General Manager



Strategic Initiatives
Ryan Perrault
Interim General Manager



Yes, We are a Great Employer



The City of Ottawa has been recognized time and time again as a top employer. We are honoured to be identified as one of Canada's best diversity employers.



2023 Financial Statement Discussion and Analysis



Introduction

The City of Ottawa’s 2023 Annual Report contains the audited consolidated financial statements prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board [‘PSAB’] of the Chartered Professional Accountants of Canada [“CPA Canada”], as required by the Ontario Municipal Act.

The City of Ottawa administration is responsible for preparing the following financial statement discussion and analysis (FSD&A). It should be read in conjunction with the audited consolidated financial statements and the financial and statistical schedules.

The FSD&A reports to stakeholders on how the financial resources entrusted to the City are being managed to provide municipal infrastructure and services. It presents significant activities that affected 2023 results or that may have an impact on future results.

Economic Performance

As indicated in the statistics provided below, the City experienced a decrease in residential housing starts in comparison to the previous year. The City’s unemployment rate of 4.5% remained below the overall national rate of 5.4% for Canada. Unemployment rates in 2023 increased compared to 2022.

As of December 31, 2023, with comparative information for 2022.

Table 1: Economic performance

Economic environment	2023	2022	% Change
Residential housing starts ¹	9,245	11,032	(16.2)%
Value of building permits issued (in millions)	3,723	3,350	11.1 %
Inflation, CPI annual increases ² (%)	3.6	6.9	(3.3)%
Unemployment rate ³ (%)	4.5	4.2	0.3 %

1 *Canada Mortgage and Housing Corporation (CMHC)*

2 *Statistics Canada*

3 *Statistics Canada*



Consolidated Statement of Financial Position

The statement of financial position reports the financial and non-financial assets, including tangible capital assets, available to the City. It also lists the City's obligations in the form of liabilities, including debt. As the City's total assets are greater than its liabilities, the statement shows an accumulated surplus.

As of December 31, 2023, with comparative information for 2022.

Table 2: Consolidated statement of financial position

Consolidated Statement of Financial Position				
(dollars in thousands)	2023 Actual	2022 Actual	Variance	% Change
Financial assets	\$ 4,366,538	\$ 4,494,566	\$ (128,028)	(2.8)%
Liabilities	7,733,506	7,414,981	318,525	4.3%
Net debt	(3,366,968)	(2,920,415)	(446,553)	15.3%
Tangible capital assets	22,250,618	20,918,781	1,331,837	6.4%
Other non-financial assets	116,528	98,129	18,399	18.8%
Accumulated surplus	\$ 19,000,178	\$ 18,096,495	\$ 903,683	5.0%

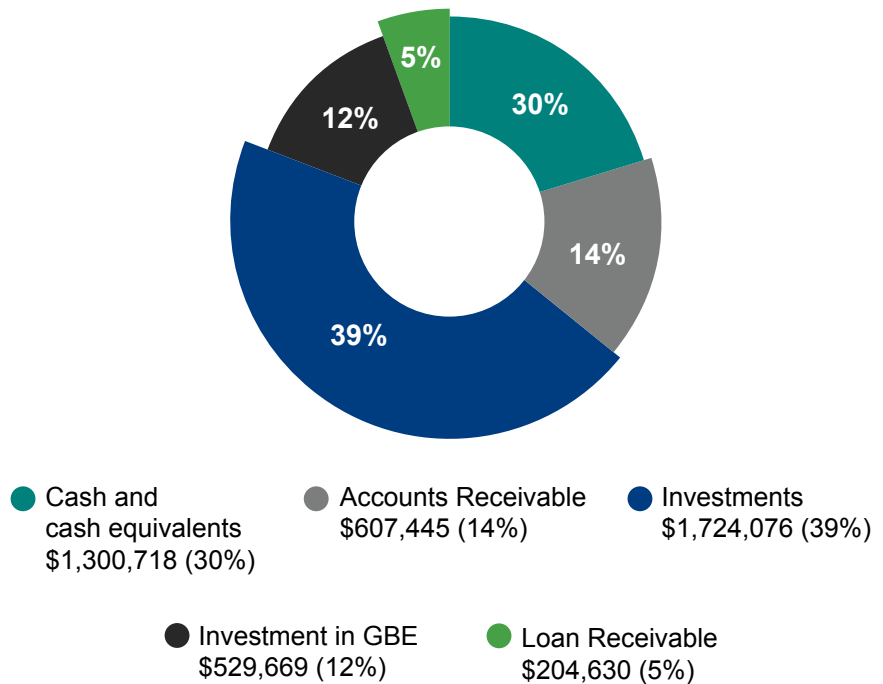
Some figures from the 2022 fiscal year were restated. Please see Note 25 of the consolidated financial statements for more details on the restatements.



Financial assets

Financial assets are comprised of cash or items that can be turned into cash to discharge existing liabilities or finance future operations. The City’s financial assets includes cash and cash equivalents, accounts receivable, investments, investment in government business enterprise [GBE] and loan receivable.

Figure 2: Financial Assets

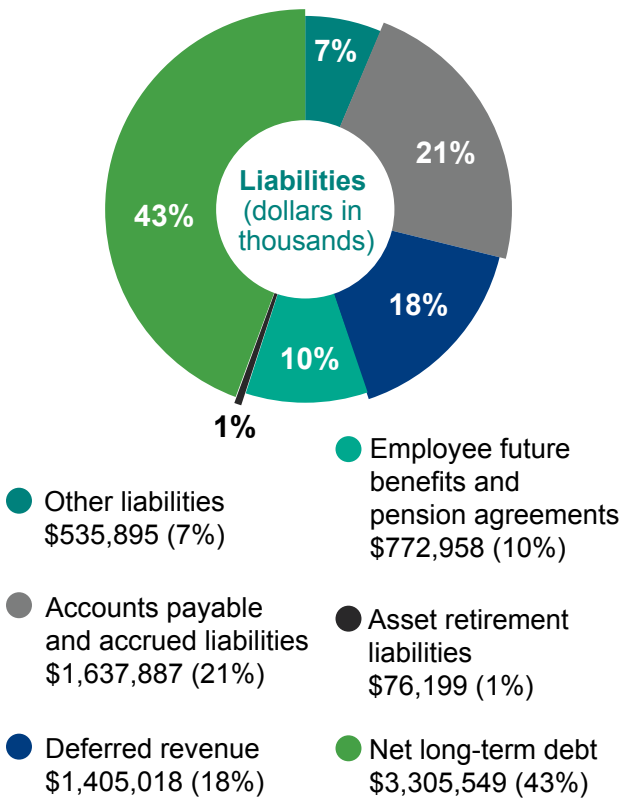


Financial assets totaled \$4.37 billion at the end of 2023, decreasing by \$128.0 million (a decrease of 2.8%) from the previous year. The major changes were increases to cash and cash equivalents (\$518.7 million) which were offset by decreases to accounts receivable (\$569.6 million) and investments (\$72.5 million). The increase to cash and cash equivalents was due to the receipt of funding in late 2023 for Stage 2 LRT which was not expected until early 2024, in addition to less cash being required as the end of year 2023 expenditures were lower than anticipated. The decrease to accounts receivable was mainly due to reduced claims being outstanding at year end for light rail, reduced cost recoveries accruals for extraordinary policing and reduced accruals for Transit Safe Restart funding for the recovery of 2023 expenditures and lost revenues due to COVID-19.

Liabilities

Liabilities represent obligations that must be paid over the short and long term. The City’s liabilities include accounts payable and accrued liabilities, deferred revenue, employee future benefits and pension agreements, asset retirement obligations, net long-term debt and other liabilities.

Figure 3: Liabilities



These liabilities totaled \$7.7 billion at the end of 2023, an increase of \$318.5 million (4.3%) from the previous year. The major changes were increases to deferred revenue (\$137.3 million), net long-term debt (\$94.0 million), and mortgages payable (\$77.4 million). The increase to deferred revenue was mainly

due to government funding that was received in 2023 but not yet recognized as revenue. Net long-term debt increased due to \$202 million of new debt issues and loans and the net of the bond premium payable and bond discount and commission receivable of \$40 million, which was offset by \$136 million of debt principal repayments as well as \$12 million of sinking fund earnings. The netting of the bond premium payable with the bond and commission receivable has been reclassified to long-term debt in 2023 due to the implementation of a new accounting standard. They were previously reported in the corresponding accounts payable and accounts receivable balances. Mortgages payable related to Ottawa Community Housing Corporation (OCHC) increased mainly due to new construction loans and capital repair loans that OCHC obtained from the Canada Mortgage and Housing Corporation during 2023.

Net debt

Net debt is comprised of the difference between financial liabilities and the City’s financial assets. It is a measure of future revenues required to pay for past transactions. Net debt increased by \$446.6 million during 2023.

Non-financial assets

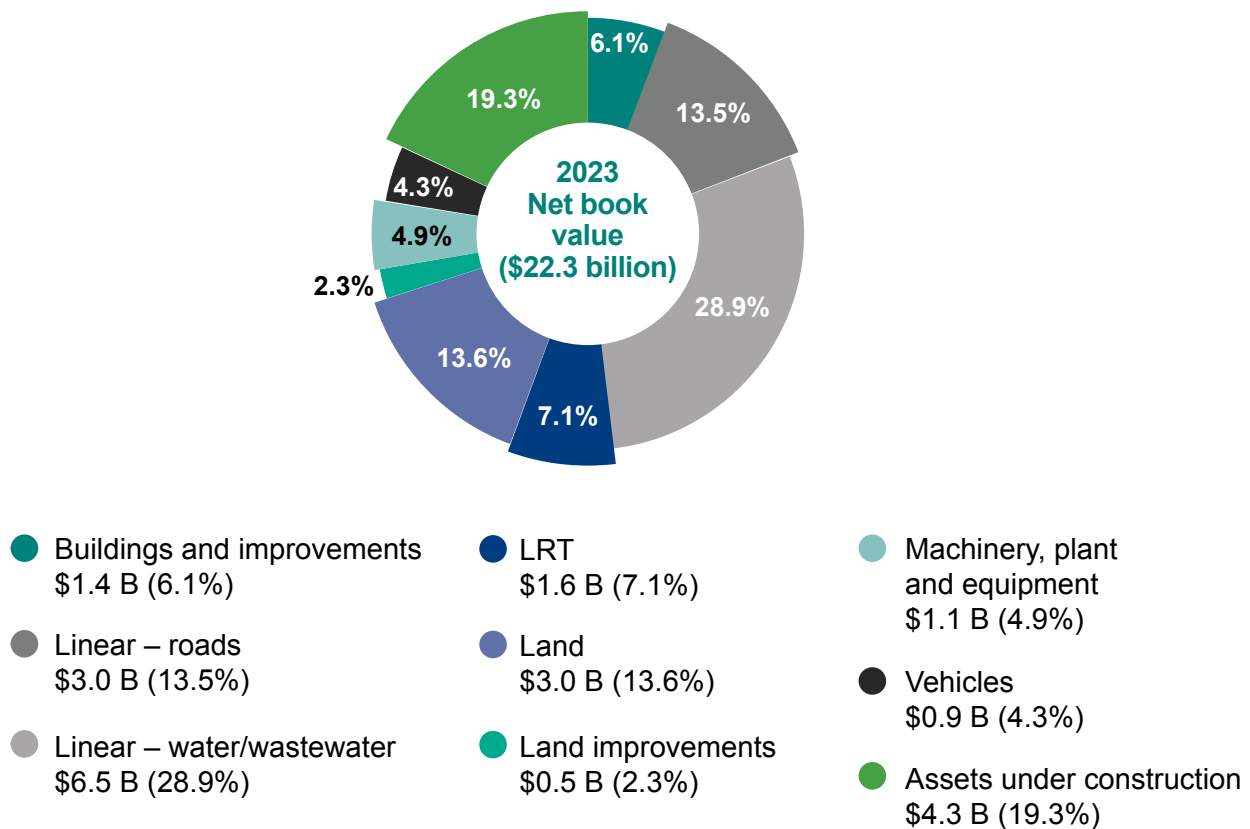
Non-financial assets are comprised primarily of tangible capital assets which represents the largest item on the City’s consolidated statement of financial position. As tangible capital assets do not provide liquidity, and are generally used to deliver government services, they are reported separately along with inventories and prepaid expenses, as non-financial assets.

Tangible Capital Assets

Tangible capital assets represent a significant investment for the City and the related information is vital for stewardship, accountability, costing and the development of asset management plans. Assets are valued at their historical cost on the date of purchase or construction and are amortized over their useful lives. The residual net book value (NBV) of these assets represents the value of the assets available to serve future generations.

The City’s tangible capital assets consist primarily of water and wastewater infrastructure, roads, land, light rail transit (LRT), buildings, and machinery, plant and equipment. Costs associated with construction of Stage 2 of LRT are included in assets under construction until it is put into service.

Figure 4: 2023 Net book value



The net book value of the City’s tangible capital assets at December 31, 2023 was \$22.25 billion and increased by 6.4% compared to the 2022 balance of \$20.92 billion. The net increase of \$1.3 billion is a result of acquisition of tangible capital assets of \$1.28 billion and contributions of tangible capital assets of \$488 million. This increase was partially offset by annual amortization of \$412 million and disposals of assets with a net book value of \$25 million. Significant projects that contributed to the increase of tangible capital assets included Stage 2 of LRT (\$598 million), road related projects (\$199 million) and water/wastewater infrastructure (\$474 million).

Accumulated surplus

Accumulated surplus is the primary indicator of the financial resources the municipality has available to provide future services. It represents the net of all the City's assets (financial and non-financial) and liabilities. Accumulated surplus increased by \$904 million and is made up of increases in the City's investment in tangible capital assets of \$1 billion, increases in the

City's investment in Hydro Ottawa of \$3 million, increases of \$45 million in the City's Endowment Fund (\$40 million of which is an unrealized gain to adjust the equity holdings of the endowment fund to market value), which was offset by decreases in reserves of \$119 million and increases in unfunded liabilities of \$31 million.

Consolidated Statement of Operations

The Consolidated Statement of Operations reports on revenues and expenses to summarize what transactions have impacted the accumulated surplus during the year.

The budget presentation shown below for revenues and expenses follows the requirements of Ontario Regulation 284/09 of the *Municipal Act*. The *Municipal Act* requires that municipalities prepare balanced budgets, which include estimates of all sums required during the year for the purposes of the municipality. This means that municipalities need to have or raise sufficient funds each year, through the setting of tax rates, water rates and user fees, to cover the operating and capital spending requirements for the year. The City of Ottawa, consistent with other municipalities, continues to prepare its annual budgets on a modified accrual basis, with no anticipated surplus or deficit. Modified accrual treats certain cash items, including borrowings, the initial cost of assets, and debt repayments, as revenues and expenses. However, it accrues these and other transactions by recognizing them at the time they happen, not when the cash is received or paid.

Financial Statement reporting at year-end is done on a different basis. The province requires municipalities to follow the accounting standards set by the Public Sector Accounting Board (PSAB) for governments in Canada. PSAB requires that financial statements be prepared on a full accrual basis. Under full accrual, an organization recognizes revenues as they are earned, even if the cash has not been received, and expenses are reported when they are incurred, even if the invoice has not yet been paid. It includes additional amounts related to consolidated entities, amortization, post-employment benefits, future liabilities, contributed assets, acquisition of assets and transfers to/from reserves.

Note 23 of the financial statements reconciles the approved budget with the budget figures reported in this Annual Report and the consolidated financial statements using the accrual basis of accounting.

Revenues

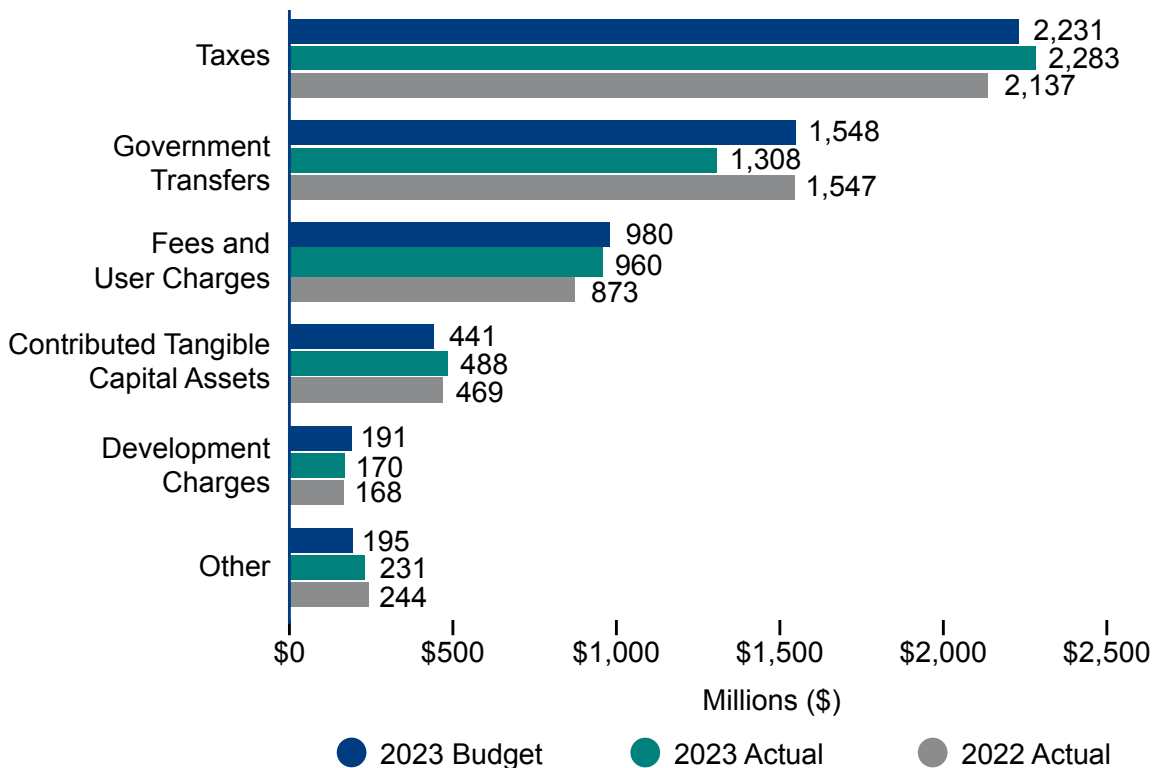
Table 3 and Figure 5 below provide revenue information for the 2023 budget, 2023 actuals, and 2022 actuals. Table 3 also provides actuals to budget variances and year over year actual variances.

Table 3: Revenue comparison

Revenue					
(dollars in thousands)	2023 Budget	2023 Actuals	2022 Actuals	Actuals to Budget Variance	Year over Year Actuals Variance
Taxes available for municipal purposes	\$ 2,230,703	\$ 2,282,933	\$ 2,137,217	\$ 52,230	\$ 145,716
Government transfers	1,548,222	1,308,108	1,546,685	(240,114)	(238,577)
Fees and user charges	980,069	959,863	873,192	(20,206)	86,671
Contributed tangible capital assets	441,038	488,087	469,303	47,049	18,784
Development charges	190,694	170,256	168,419	(20,438)	1,837
Investment income	61,283	95,691	73,143	34,408	22,548
Fines and penalties	59,038	55,048	46,791	(3,990)	8,257
Other revenue	40,429	56,603	84,875	16,174	(28,272)
Equity in earnings of government business enterprises	34,300	24,104	39,674	(10,196)	(15,570)
Total revenue	\$ 5,585,776	\$ 5,440,693	\$ 5,439,299	\$ (145,083)	\$ 1,394

Figure 5: 2023 Revenue sources

2023 Revenue – Where does the money come from?



Comparison to Budget

Revenues were lower than budgeted by \$145.1 million mainly due to lower government transfers that were offset by higher taxes available for municipal services and contributed tangible capital assets.

Taxes available for municipal services were higher than budgeted by \$52.2 million mainly due to higher than anticipated growth in the assessment base and retroactive Payments in Lieu of Taxes from government.

Government transfers were lower than budgeted by \$240.1 million. A restatement for the recognition and presentation of gas tax funds decreased the amount of gas tax recognized in 2023 (\$44.5 million). Social services transfers were lower than budgeted due to the actual caseload numbers being less than the budgeted number of caseloads (\$22.3 million). Transfers related to COVID-19 such as the Transit Safe Restart Program and vaccination and related services decreased in 2023 (\$53.6 million). Childcare funding was lower than budgeted due to lower fee subsidy enrollment (\$47.5 million).

Contributed tangible capital assets represent assets that are constructed and paid for by developers and then contributed to the City. As the timing of the development work varies, it is difficult to precisely budget the amount that will be contributed to the City.

Comparison to Prior Year

Revenues were higher by \$1.4 million when compared to the prior year mainly due to increases in taxes available for municipal purposes and fees and user charges. This is offset by lower government transfers.

Taxes available for municipal purposes increased by \$145.7 million mainly due to the 2.5% tax levy increase, an increase in the assessment base due to new properties, as well as an increase in hotel tax as hotel accommodations continue to return to pre-COVID-19 levels.

Fees and user charges increased by \$86.7 million. Transit fare revenue increased as residents physically returned back to work (\$29.3 million), water and sewer revenue increased primarily due to rate increases (\$31.0 million) and recreation revenue increased (\$14.1 million) mainly due to increased registration and arena rentals.

Government transfers decreased by \$238.6 million which was mainly made up of decreases in COVID-19 related funding (\$133.3 million) such as the Safe Restart and vaccination programs, decreases in the National Capital Extraordinary Policing Costs Program (\$15.9 million) as well as decreases in capital funding for various programs (\$165.5 million) such as Light Rail cost recovery funding for Stage 2 and Federal Public Transit Infrastructure Funding (PTIF). Funding from gas tax (federal and provincial) are only recognized as revenue when the funds are applied to expenditures. Gas tax revenue recognized in 2023 was \$20.1 million lower than in 2022. These were offset by increases in childcare programs for Canada Wide Early Learning and Child Care (\$81.0 million) and social services funding related to increased caseloads (\$19.2 million) as compared to 2022.

Expenses

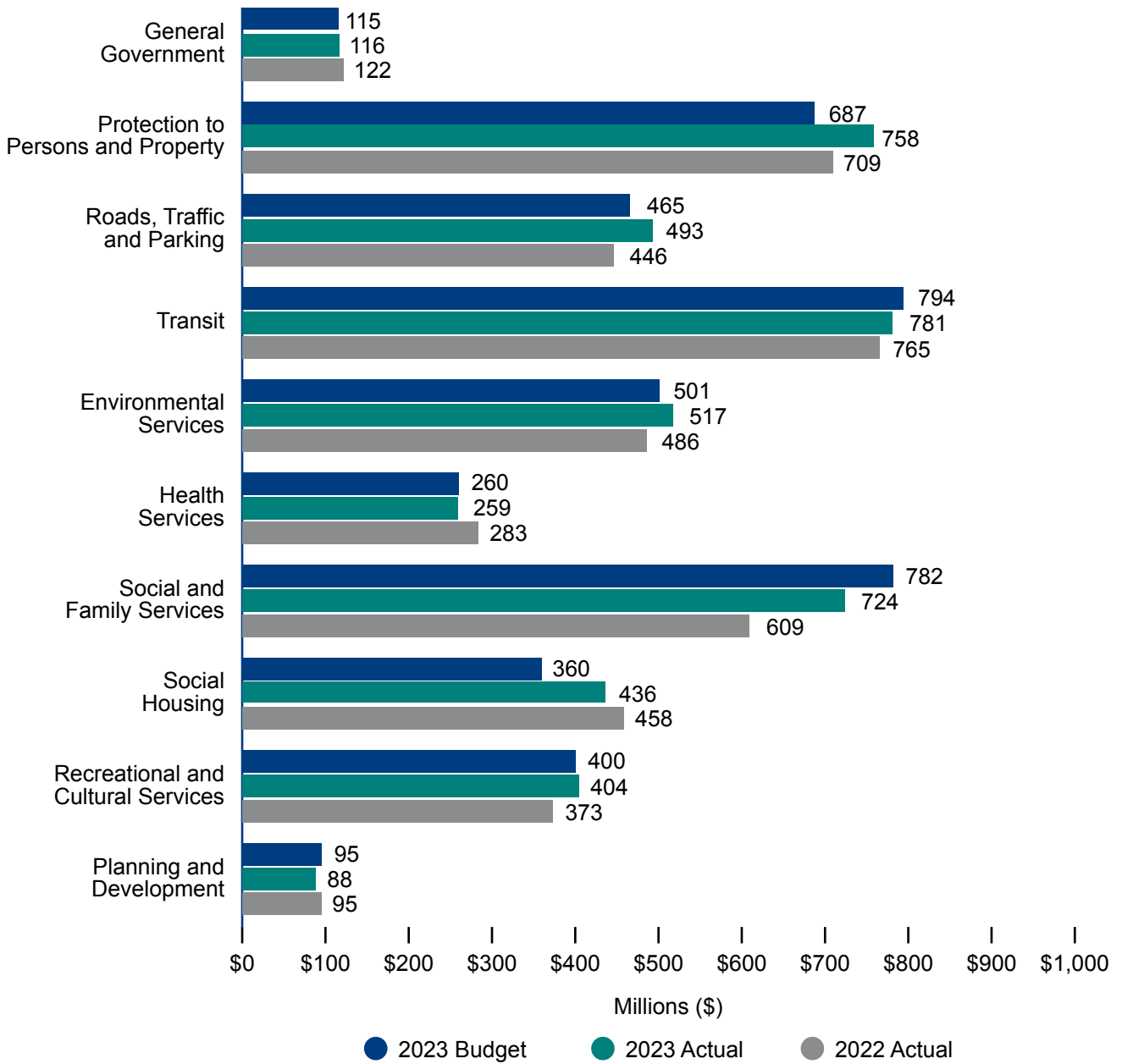
Table 4 and Figure 6 below provide expense information for the 2023 budget, 2023 actuals, and 2022 actuals. Table 4 also provides actuals to budget variances and year over year actual variances.

Table 4: Expenses

Expenses					
(dollars in thousands)	2023 Budget	2023 Actuals	2022 Actuals	Actuals to Budget Variance	Year over Year Actuals Variance
General government	\$ 114,877	\$ 115,682	\$ 122,496	\$ 805	\$ (6,814)
Protection to persons and property	687,250	758,321	709,384	71,071	48,937
Roads, traffic and parking	464,888	493,362	445,868	28,474	47,494
Transit	793,699	781,055	765,405	(12,644)	15,650
Environmental services	500,852	517,004	485,899	16,152	31,105
Health services	260,398	258,974	283,289	(1,424)	(24,315)
Social and family services	782,176	724,130	608,750	(58,046)	115,380
Social housing	359,543	435,553	457,784	76,010	(22,231)
Recreation and cultural services	399,722	404,117	373,097	4,395	31,020
Planning and development	94,839	87,639	95,240	(7,200)	(7,601)
Total expenses	\$ 4,458,244	\$ 4,575,837	\$ 4,347,212	\$ 117,593	\$ 228,625

Figure 6: 2023 Expenses

2023 Expenses – Where does the money go?





Comparison to Budget

Protection to persons and property expenses were higher than budgeted mainly due to the increased number of events and demonstrations in 2023, increased compensation and overtime costs, and higher than anticipated repairs and maintenance costs.

Roads, traffic and parking expenses were higher than budgeted mainly due to higher than anticipated winter maintenance costs, higher repairs and maintenance on vehicles and cleanup costs for the July 2023 tornado and continued residual costs related to the 2022 Derecho.

Environmental services expenses were higher than budgeted due to inflationary increases in chemical costs, increased maintenance activities and emergency response costs.

Social and family services expenses were lower than budgeted due to vacancies and lower fee subsidy enrollment for childcare services and lower than expected COVID-19 related expenditures.

Social housing expenses were higher than budgeted due to higher than anticipated COVID-19 related expenditures, higher off-site shelter expenditures, and expenditures for programs that were not budgeted for.

Comparison to Prior Year

Protection to persons and property increased by \$49 million in 2023 to \$758 million mainly due to increases to compensation costs and group insurance benefits.

Roads, traffic and parking increased by \$47 million in 2023 to \$493 million primarily due to higher-than-average snow accumulation, the July 2023 tornado, and continued residual cleanup associated with the 2022 derecho, all of which resulted in increased repairs and maintenance expenditures.

Environmental services increased by \$31 million in 2023 to \$517 million due to increases in chemical costs, repairs and maintenance expenditures and higher amortization on assets.

Health services decreased by \$24 million in 2023 to \$259 million primarily related to the reduction in the COVID-19 response.

Social and family services increased by \$115 million in 2023 to \$724 million primarily due to the increase in caseloads and benefits, as well as Phase 2 of the implementation of the Canada Wide Early Learning and Child Care System which saw a significant increase in funding to childcare providers.

Social housing decreased by \$22 million in 2023 to \$436 million primarily due to lower COVID-19 expenditures and lower affordable housing program expenditures.

Recreation and cultural services increased by \$31 million in 2023 to \$404 million primarily for increased operating costs due to resuming normal pre-pandemic operations for recreation and library programs after the lifting of COVID-19 restrictions.

Reserves

Reserves are an essential tool for municipalities to finance capital projects, mitigate financial risks and maintain essential services. The management of reserves is an important factor in the City's overall financial position as they influence financial sustainability and financial flexibility. Reserves are established by council through by-laws, which outline the purpose, operation, and eligible expenditures of a specific reserve. Reserves represent prior year or current year surpluses that are to be used for purposes that are mandated by the council approved by-laws. The balance of the reserves is included in the City's accumulated surplus and is the largest component of the accumulated surplus after the City's \$18.7 billion invested in tangible capital assets.

The City of Ottawa uses a portfolio-based approach to manage reserves. Combining reserves used for similar purposes reduces the overall risk by providing much greater flexibility to manage fluctuations or respond to unexpected events. The three portfolios of discretionary reserves are: Operating, Capital, and Combined Operating and Capital.

Operating Reserves are used to stabilize or mitigate the impact of one-time expenditures, deficits and unexpected or emergency events, or to accumulate funds for future liabilities. Capital Reserves are generally used to fund capital works. When a project is approved, the funds are put aside and can be invested by the City until spent. Cost recovery services funded from fees have Combined Operating and Capital Reserves to allow for the flexibility to manage volatility of operations as well as fund capital works that vary year over year.

Reserves are a critical component of the City's long term financial plan. To provide flexibility, liquidity, sustainability, and mitigate against extraordinary measures. The City has targeted minimum and maximum balances for key reserves that are maintained to ensure the City's financial capacity.

As at December 31, 2023, the City's reserves decreased by \$119 million (from \$621 million in 2022 to \$502 million in 2023), which represents a decrease of 19.2%, primarily due to capital works that had been deferred during the pandemic and were reinstated in 2023.

Table 5: Status of reserves

Reserves (dollars in thousands)	2023	2022	Increase / (Decrease)
Operating Reserves	\$188,661	\$158,029	\$30,632
Capital Reserves	137,768	242,608	(104,840)
Combined Operating/Capital	175,938	220,834	(44,896)
Total discretionary reserves	502,367	621,471	(119,104)

Net Long-term Debt

Use of Debt

Long-term debt is an important source of capital financing for the City to be able to grow and maintain its assets in a state of good repair. Provincial legislation limits the use of long-term debt to financing the construction or acquisition of capital assets that have been approved by Council in the Capital Budget. Using long-term debt conservatively in this way has three main benefits:

1. The upfront cost of capital projects is aligned with the useful life of the assets. This improves intergenerational equity by enabling future taxpayers to pay for assets that they benefit from.
2. It can advance the timing of capital projects that are needed to maintain or enhance municipal service delivery when internal or external funding is limited.
3. Municipalities have access to debenture financing with fixed interest rates for the entire term of the debt. When interest rates are lower than the rate of construction inflation, it actually costs less on a net present value basis to fund a capital project with debt and spend sooner to avoid a higher cost later due inflation and other risk factors.

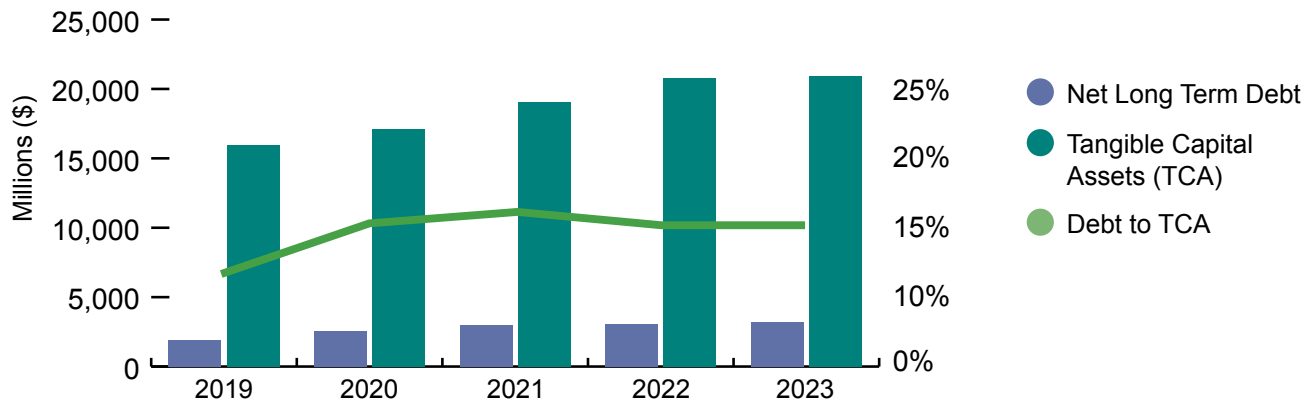
As at December 31, 2023, the City had \$3.3 billion in net long-term debt, which was an increase of \$94 million from the prior year. The City issued \$200 million in new long-term debt in 2023 to finance various capital projects and programs including \$120.1 million for roads and bridges, \$3.5 million for water, \$15 million for stormwater and \$61.4 million for wastewater. The City also entered into new loan agreements to finance the Better Homes Loan Program and received \$2.0 million in loan draws.

Net long-term debt outstanding represents 15% of the City's tangible capital assets that total \$22.3 billion (based upon net book value). From a homeowner perspective, this is the equivalent of having a \$90 thousand mortgage on a \$600 thousand home.

As shown in Figure 7, the City's net long-term debt has grown in proportion to the growth of the City's tangible capital asset base. But most of the City's capital needs are funded through other sources, such as cash reserves, development charges, grants, and other capital revenues.

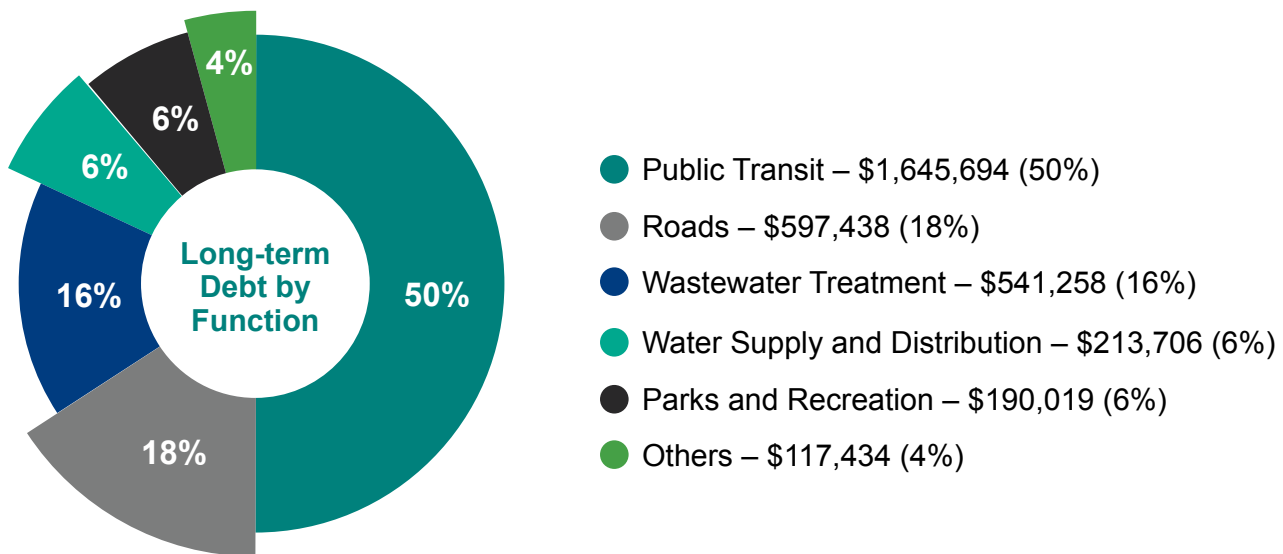
Figure 7: Long-term debt to tangible capital assets

Long-term Debt to Tangible Capital Assets



Long-term debt is used to finance many types of projects. It is used most often to finance projects that have long asset lives, including public transit, roads, water, and wastewater projects. The graph below illustrates the proportion of long-term debt outstanding by function⁴.

Figure 8: Long-term debt by function



⁴ Other functions include Planning and Development, Police, Environmental Remediation, Fire, Social and Family Services, Waste and Recycling Services, Libraries, Protective Inspection, General Government, Health. \$205M of recoverable debt excluded in Transit to better reflect proportions of net debt by function.

The City of Ottawa Green Bond Program

The City of Ottawa was the first municipality in Canada to issue a Green Bond. Green Bonds are an innovative form of debt financing that demonstrates the City's commitment to climate change. Proceeds are used to finance capital projects that

promote environmental sustainability by adapting to the effects of climate change or by reducing greenhouse gas (GHG) emissions. To date the City has issued five Green Bonds totalling over \$1 billion to finance LRT projects.

Sustainable Bond Framework

In December 2023, the City developed a new updated Sustainable Bond Framework that will govern the issuance of Sustainable Debentures. These are debt instruments where proceeds are to be exclusively applied to finance new or existing Green and Social capital projects. The framework is based on four core components regarding the

use of proceeds, process for evaluating and selecting eligible projects, management of proceeds, and reporting. The Sustainable Bond Framework intends to establish the City's commitment to Environmental Social and Governance (ESG) considerations as part of its operations.

Debt levels

Debt levels are carefully monitored through the City's Long-Range Financial Plans to ensure the ongoing financial well-being of the City is maintained in accordance with its fiscal framework principles. Conservative debt servicing ratio targets are set by Council for both tax and rate-supported programs. The ratio represents the share of own-source revenues that can be used to pay principal and interest payments on issued debt.

Rate-supported programs include water, wastewater, and stormwater services. Own-source revenues include those collected through the water bill. Tax-supported programs include those funded primarily from property taxes such as transportation, transit, recreation, library, and police services. Own-source revenues for tax programs include property taxes, payment in lieu of taxes and user fees.

Debt that is repaid with either development charges or gas taxes are not included in tax or rate-supported programs but are included in the City's consolidated debt servicing ratio that is regulated by the Provincial Repayment Limit. Government transfers, contributed tangible capital assets and development charge revenues are excluded from all calculations.

As demonstrated in Table 6, the City is well below each of the limits. The ratios decreased from the prior year due to the continued growth in own-source revenues and by taking advantage of historically low interest rates seen in the past couple of years. The ratios indicate the City's strong ability to meet its debt obligations while also being able to meet on-going service mandates.

Table 6: Debt servicing ratios

Debt Servicing Ratios	Allowed Limits	2023	2022
Tax-supported	7.5%	3.8%	4.1%
Rate-supported	15%	11.0%	11.4%
Tax and Rate Combined	8.5%	4.7%	5.0%
Provincial Annual Repayment Limit	25%	8.2%	8.4%

Sinking Fund

Another distinguishing characteristic of the City's debt is the use of a sinking fund, which is required by Provincial legislation.

The City makes annual contributions to the Sinking Fund where it is then invested in line with its Investment Policy as approved by Council. The duration of the sinking fund investments aligns with the repayment period of the long-term debt allowing the City to better manage interest rate risk associated with the portfolio. The contributions and the investment income are used to settle the various debt obligations at their maturity.

This year the Sinking Fund generated \$11.5 million in investment income (2022 – \$7.0 million). The weighted average yield to maturity on the par value of investments held at December 31, 2023 is 3.9% (2022 – 3.6%). The City's Sinking Fund Financial Statements show a surplus fund balance of \$4.5 million (2022 – \$1.1 million), which means the City is accumulating sufficient funds to settle long term debt obligations as they come due. The financial assets of the Sinking Fund total \$375.5 million (2022 – \$265.8 million) and are consolidated into the City's Financial Statements and are shown as an offset to the City's long-term debt obligation.

Credit Rating

The City of Ottawa is rated by two international credit rating agencies: Moody's Investors Service (Moody's) and Standard & Poor's Ratings Services (S&P). They use varying methodologies and analyze both financial and non-financial information to provide a neutral third-party assessment of the City's ability to meet its financial obligations.

A credit rating plays an important role in enabling the City to issue debt and affects the interest rate on borrowing. Generally, a municipality with a higher credit rating will

pay a lower interest rate, so it is important for a municipality to obtain and maintain strong credit ratings.

In 2023, Moody's affirmed the City's Aaa rating, which is the highest possible ranking, that the City has maintained since 1975. S&P also affirmed the City's very strong rating of AA+, based on its strong financial management, stable revenue generation, strong budgetary performance, and exceptional liquidity.





Consolidated Financial Statements (Audited)

MANAGEMENT'S REPORT

The integrity, relevance and comparability of the data in the accompanying consolidated financial statements are the responsibility of management of the City of Ottawa (the "City").

The consolidated financial statements are prepared by management, in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. The consolidated financial statements necessarily include some amounts that are based on the best estimates and judgments of management. Financial data elsewhere in the report is consistent with that in the consolidated financial statements.

To assist in its responsibility, management maintains accounting, budget and other controls to provide reasonable assurance that transactions are appropriately authorized, that assets are properly accounted for and safeguarded, and that financial records are reliable for the preparation of consolidated financial statements.

The Auditor General's office reports directly to City Council ("Council") and, on an ongoing basis, carries out its audit program to ensure internal controls and their application are reviewed and financial information is tested and independently verified.

Council fulfils its responsibility for financial reporting through its Audit Committee and the Finance and Corporate Services Committee.

KPMG LLP, Chartered Professional Accountants, have been appointed by Council to express an opinion on the City's consolidated financial statements. Their report follows.



Wendy Stephanson
City Manager
Ottawa, Canada



Cyril Rogers
Interim Chief Financial Officer
Ottawa, Canada



KPMG LLP
150 Elgin Street, Suite 1800
Ottawa ON K2P 2P8
Canada
Telephone 613 212 5764
Fax 613 212 2896

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Members of Council

Opinion

We have audited the consolidated financial statements of City of Ottawa (the City), which comprise:

- the consolidated statement of financial position as at December 31, 2023
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net debt for the year then ended
- the consolidated statement of remeasurement gains and losses for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the City as at December 31, 2023, and its consolidated results of operations, its consolidated changes in net debt, its consolidated remeasurement gains and losses, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “***Auditor's Responsibilities for the Audit of the Financial Statements***” section of our auditor's report.

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



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

Emphasis of Matter – Prospective Change in Accounting Policy

We draw attention to Note 26 to the financial statements which indicates that the City has adopted certain public sector accounting standards on a prospective basis.

Our opinion is not modified in respect of this matter.

Emphasis of Matter – Comparative Information

We draw attention to Note 25 to the financial statements which explains that certain comparative information presented for the year ended December 31, 2022 has been restated and corrected.

Note 25 explains the reason for the restatements and corrections and also explains the adjustments that were applied to certain comparative information.

Our opinion is not modified with respect of this matter.

Other Matter – Comparative Information

The financial statements for the year ended December 31, 2022, excluding the adjustments that were applied to restate and correct certain comparative information, were audited by another auditor who expressed an unmodified opinion on those financial statements on June 15, 2023.

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

Other than with respect to the adjustments that were applied to restate certain comparative information, we were not engaged to audit, review or apply any procedures to the financial statements for the year ended December 31, 2022. Accordingly, we do not express an opinion or any other form of assurance on those financial statements taken as a whole.

Other Information

Management is responsible for the other information. Other information comprises:

- the information, other than the financial statements and the auditor's report thereon, included in a document likely to be entitled "Annual Report"

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.



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In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditor's report thereon, included in the Annual Report as at the date of this auditor's report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the City's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the City to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



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Obtain sufficient audit evidence regarding the financial information of the entities or business activities within the Group of the City to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Canada

June 26, 2024

THE CITY OF OTTAWA

Consolidated statement of financial position

As at December 31, 2023, with comparative information as at December 31, 2022 (dollars in thousands)

Financial assets	2023	2022 (Restated – note 25)
Cash and cash equivalents	\$1,300,718	\$782,034
Accounts receivable (note 3)	607,445	1,176,999
Investments (note 4)	1,724,076	1,796,577
Investment in government business enterprise (note 5)	529,669	526,944
Loan receivable (note 6)	204,630	212,012
Total financial assets	4,366,538	4,494,566
Liabilities		
Accounts payable and accrued liabilities (note 7)	1,637,887	1,662,160
Deferred revenue (note 8)	1,405,018	1,267,679
Employee future benefits and pension agreements (note 9)	772,958	732,484
Asset retirement obligations (note 10)	76,199	74,559
Contaminated sites (note 11)	19,143	21,331
Net long-term debt (note 12)	3,305,549	3,211,582
Mortgages payable (note 13)	391,230	313,877
Other liabilities (note 14)	60,092	58,902
Capital lease obligations (note 15)	65,430	72,407
Total liabilities	7,733,506	7,414,981
Net debt	(3,366,968)	(2,920,415)
Non-financial assets		
Tangible capital assets (note 16)	22,250,618	20,918,781
Inventories	67,905	57,664
Prepaid expenses	48,623	40,465
Total non-financial assets	22,367,146	21,016,910
Accumulated surplus (note 17)	\$19,000,178	\$18,096,495
Accumulated surplus is comprised of:		
Accumulated surplus - operations	\$18,961,351	\$18,096,495
Accumulated remeasurement gains	38,827	0
	\$19,000,178	\$18,096,495

Note 18: Contingencies, commitments and contractual rights

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

THE CITY OF OTTAWA

Consolidated statement of operations and accumulated surplus

For the year ended December 31, 2023, with comparative information for the year ended December 31, 2022 (*dollars in thousands*)

Revenue	2023 Budget (note 23)	2023 Actual	2022 Actual
			(Restated – note 25)
Taxes available for municipal purposes (note 19)	\$2,230,703	\$2,282,933	\$2,137,217
Government transfers	1,548,222	1,308,108	1,546,685
Fees and user charges	980,069	959,863	873,192
Contributed tangible capital assets	441,038	488,087	469,303
Development charges	190,694	170,256	168,419
Investment income	61,283	95,691	73,143
Fines and penalties	59,038	55,048	46,791
Other revenue	40,429	56,603	84,875
Share of earnings of government business enterprise (note 5)	34,300	24,104	39,674
Total revenue	5,585,776	5,440,693	5,439,299
Expenses			
General government	114,877	115,682	122,496
Protection to persons and property	687,250	758,321	709,384
Roads, traffic and parking	464,888	493,362	445,868
Transit	793,699	781,055	765,405
Environmental services	500,852	517,004	485,899
Health services	260,398	258,974	283,289
Social and family services	782,176	724,130	608,750
Social housing	359,543	435,553	457,784
Recreation and cultural services	399,722	404,117	373,097
Planning and development	94,839	87,639	95,240
Total expenses (note 20)	4,458,244	4,575,837	4,347,212
Annual surplus	1,127,532	864,856	1,092,087
Accumulated surplus - operations, opening	18,096,495	18,096,495	17,132,487
Restatements (note 25)	0	0	(131,754)
Accumulated surplus - operations, opening, as restated	18,096,495	18,096,495	17,000,733
Other comprehensive income	0	0	3,675
Accumulated surplus - operations, ending	\$19,224,027	\$18,961,351	\$18,096,495

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

THE CITY OF OTTAWA

Consolidated statement of change in net debt

For the year ended December 31, 2023, with comparative information for the year ended December 31, 2022 (*dollars in thousands*)

	2023 Budget (note 23)	2023 Actual	2022 Actual
			(Restated – note 25)
Annual surplus	\$1,127,532	\$864,856	\$1,092,087
Acquisition of tangible capital assets including contributed assets	(1,769,245)	(1,769,245)	(1,688,570)
Amortization of tangible capital assets	411,968	411,968	401,015
Loss on disposal of tangible capital assets	23,182	23,182	19,147
Proceeds on disposal of tangible capital assets	2,258	2,258	1,433
Supply of inventories	(10,241)	(10,241)	(5,555)
Increase in prepaid expenses	(8,158)	(8,158)	(1,049)
Change in net debt excluding remeasurement gains	(222,704)	(485,380)	(181,492)
Net debt, opening	(2,920,415)	(2,920,415)	(2,595,301)
Restatements (note 25)	0	0	(147,297)
Net debt, opening, as restated	(2,920,415)	(2,920,415)	(2,742,598)
Accumulated remeasurement gains	38,827	38,827	0
Other comprehensive income	0	0	3,675
Net debt, ending	\$(3,104,292)	\$(3,366,968)	\$(2,920,415)

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

THE CITY OF OTTAWA

Consolidated statement of cash flows

For the year ended December 31, 2023, with comparative information for the year ended December 31, 2022 (*dollars in thousands*)

Operating activities	2023	2022
		(Restated – note 25)
Annual surplus	\$864,856	\$1,092,087
Items not affecting cash		
Share of earnings of government business enterprise	(24,104)	(39,674)
Amortization of tangible capital assets	411,968	401,015
Contributed tangible capital assets	(488,087)	(469,303)
Loss on disposal of tangible capital assets	23,182	19,147
	787,815	1,003,272
Changes in assets and liabilities		
Decrease (increase) in accounts receivable	569,554	(181,056)
Increase in inventories	(10,241)	(5,555)
Increase in prepaid expenses	(8,158)	(1,049)
Decrease in loan receivable	7,382	7,039
(Decrease) increase in accounts payable and accrued liabilities	(24,273)	195,686
Increase in deferred revenue	137,339	159,483
Increase in employee future benefits and pension agreements	40,474	4,274
Increase in asset retirement obligation liability	1,640	1,357
(Decrease) increase in liabilities for contaminated sites	(2,188)	74
Increase in other liabilities	1,190	3,118
Cash provided by operating activities	1,500,534	1,186,643
Capital activities		
Acquisition of tangible capital assets	(1,281,158)	(1,219,267)
Proceeds on disposal of tangible capital assets	2,258	1,433
Cash applied to capital activities	(1,278,900)	(1,217,834)
Investing activities		
Net sale (purchase) of investments	112,707	(85,381)
Dividends from Hydro Ottawa Holding Inc.	20,000	23,700
Cash provided by (applied to) investing activities	132,707	(61,681)

THE CITY OF OTTAWA

Consolidated statement of cash flows (continued)

For the year ended December 31, 2023, with comparative information for the year ended December 31, 2022 (*dollars in thousands*)

Financing activities	2023	2022
		(Restated – note 25)
Proceeds from new long-term debt issued	290,079	319,273
Interest earned on sinking funds	(11,510)	(7,002)
Change in reporting for bond premium/discount for financial instruments	39,839	0
Debt principal repayments:		
Net long-term debt	(136,442)	(129,766)
Mortgages payable	(10,646)	(10,249)
Capital lease obligations	(6,977)	(6,630)
Cash provided by financing activities	164,343	165,626
Change in cash and cash equivalents		
Increase in cash and cash equivalents during the year	518,684	72,754
Cash and cash equivalents, beginning of the year	782,034	709,280
Cash and cash equivalents, end of the year	\$1,300,718	\$782,034

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

THE CITY OF OTTAWA

Consolidated statement of remeasurement gains and losses

For the year ended December 31, 2023
(dollars in thousands)

	2023
Accumulated remeasurement gains, beginning of the year	\$0
Unrealized remeasurement gains (losses) attributable to:	
Other comprehensive income (loss) of subsidiary corporation	(1,379)
Endowment fund equities	40,206
Net change in remeasurement gains for the year	38,827
Accumulated remeasurement gains, end of the year	\$38,827

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

THE CITY OF OTTAWA

Notes to the consolidated financial statements
December 31, 2023 (*dollars in thousands*)

1. Nature of business

The City of Ottawa (the “City”) was created through provincial legislation on December 20, 1999 and commenced operations on January 1, 2001.

The City is responsible for providing municipal services such as employment and financial assistance; long-term care; community services and libraries; emergency and protective services including police, fire and ambulance; and transportation, utilities and public works, including roads, sewers and wastewater, drinking water, waste collection and disposal.

As sole shareholder of Hydro Ottawa Holdings Inc. (“Hydro Ottawa”) and the Ottawa Community Housing Corporation (“OCHC”), the City also provides hydro and housing services to the residents of Ottawa. In 2009, Build Ottawa (formerly known as the Ottawa Community Lands Development Corporation) and the Manotick Mill Quarter Community Development Corporation (“MMQCDC”) were created for the purpose of promoting and undertaking community improvements in the City by managing real property. The MMQCDC was dissolved as of March 31, 2023.

2. Significant accounting policies

Basis of accounting

The consolidated financial statements are prepared by management in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board (“PSAB”) of the Chartered Professional Accountants of Canada.

THE CITY OF OTTAWA

Notes to the consolidated financial statements
December 31, 2023 (*dollars in thousands*)

2. Significant accounting policies (continued)

Basis of consolidation

The consolidated financial statements of the City reflect the assets, liabilities, revenue and expenses for the activities of all committees of City Council (“Council”) and the following boards, Business Improvement Areas (“BIA”) and entities:

The Police Services Board	The Heart of Orleans BIA
The Ottawa Public Library Board	The Carp Road Corridor BIA
The Ottawa Board of Health	The Carp Village BIA
The Ottawa Community Housing Corporation	The Vanier BIA
Manotick Mill Quarter Community Development Corporation	The Manotick BIA
Build Ottawa (formerly known as Ottawa Community Lands Development Corporation)	The Sparks Street Mall Authority
The Centretown BIA (formerly known as the Bank Street BIA)	The Somerset Village BIA
The Westboro Village BIA	The Preston Street BIA
The Sparks Street BIA	The Byward Market BIA
The Somerset Street Chinatown BIA	The Downtown Rideau BIA
The Glebe BIA	The Barrhaven BIA
	The Wellington West BIA
	The Kanata North BIA
	The Bells Corners BIA
	The Kanata Central BIA

All interfund assets, liabilities, revenue and expenses have been eliminated.

Hydro Ottawa and its subsidiaries are accounted for on a modified equity basis, consistent with the generally accepted accounting treatment for government business enterprises (*see note 5*). These corporations follow International Financial Reporting Standards (“IFRS”). Under the modified equity basis, the business enterprise’s accounting policies are not adjusted to conform to those of the City, and inter-organizational transactions and balances are not eliminated. Other comprehensive income or loss of the enterprise is recorded directly to the City’s remeasurement gains and losses and net debt.

THE CITY OF OTTAWA

Notes to the consolidated financial statements
December 31, 2023 (*dollars in thousands*)

2. Significant accounting policies (continued)

School boards

The taxation, other revenue, expenses, assets and liabilities with respect to the operations of the school boards are not reflected in these consolidated financial statements as school boards are separate entities and the City does not control or have any involvement in the operations of school boards.

Use of estimates and measurement uncertainty

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions on such areas as asset retirement obligations including landfill closure and post-closure liabilities, employee benefits liabilities, property tax assessment appeals, legal claims provisions, liabilities for contaminated sites, and contributed tangible capital assets.

In addition, the City's implementation of PS3280 Asset Retirement Obligations has resulted in the requirement for management to make estimates regarding the useful lives of affected tangible capital assets and the expected retirement costs, as well as the timing and duration of these retirement costs.

These estimates and assumptions are based on the City's best information and judgement and actual amounts may differ significantly from these estimates.

Revenue and expenses

Revenue and expenses are reported on the accrual basis of accounting, which recognizes revenue as it is earned and measurable; expenses are recognized as they are incurred and measurable, as a result of receipt of goods or services.

Tax revenue

Annually, the City bills and collects property tax revenue for municipal purposes, provincial education taxes on behalf of the Province of Ontario (the "Province"), payment in lieu of taxes, local improvements and other charges (*see note 19*). The authority to levy and collect property taxes is established under the *Municipal Act, 2001*, the *Assessment Act*, the *Education Act*, and other legislation.

Property tax revenue and associated receivables are recognized when they meet the definition of an asset and a revenue; the tax is authorized; and the taxable event has occurred. 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 OF OTTAWA

Notes to the consolidated financial statements
December 31, 2023 (*dollars in thousands*)

2. Significant accounting policies (continued)

Government transfers

Government transfers are transfers from senior levels of government that are not the result of an exchange transaction. Government transfers are recognized in the fiscal years during which events giving rise to the transfer occur, provided the transfers are authorized, eligibility criteria and stipulations have been met and reasonable estimates of the amounts can be made.

In addition, the City provides transfers to individuals or organizations. These transfers are recognized as expenses once they are authorized and eligibility criteria, if any, are met.

Fees and user charges

Fees and user charges relate to transit fares; utility charges; water, wastewater, and solid waste; licensing fees; fees for use of various programming; and fees imposed based on specific activities. Revenue is recognized when the activity is performed or when the services are rendered.

Development charges

Development charges are one-time fees levied by the City on new residential and non-residential properties to help fund a portion of the growth-related capital infrastructure. The authority to introduce development charges is provided by provincial legislation, and the operational details and schedule of charges are outlined in the City's by-law. Development charges are determined and accounted for by type of service component. The amount of charges varies by dwelling type and by location within the City reflecting different actual costs of establishing and providing the service. The underlying intent of development charges is that growth pays for growth and that the financing of capital costs required to service new growth does not place a burden on existing taxpayers.

Actual funding transfers to capital projects are made in accordance with regulations that stipulate that development charges may only be applied to projects when costs are incurred. Growth-related spending authority is approved annually as part of the City's budgeting process, with only those capital projects included in the current Development Charges Background Study being eligible for funding. Development charge fund balances are monitored annually through the capital budget approval process to ensure they are in compliance with the overall policies adopted by Council. Development charges are recognized as revenue when the related expenses are incurred.

THE CITY OF OTTAWA

Notes to the consolidated financial statements
December 31, 2023 (*dollars in thousands*)

2. Significant accounting policies (continued)

Investment income

Investment income is recorded as revenue in the period in which it is earned. Investment income also includes income for the City's Endowment Fund and is invested in accordance with the investment policy and procedures adopted by Council.

Other revenue

Other revenue includes revenue from land sales, cash in lieu of parkland, and other miscellaneous revenue. Amounts received relating to revenue that will be earned in a subsequent year are deferred and reported as deferred revenue.

Financial instruments

The City's financial instruments consist of cash and cash equivalents, accounts receivable, investments, loan receivable, accounts payable and accrued liabilities, accrued interest, net long-term debt, mortgages payable and other liabilities.

The City uses derivative financial instruments consisting of bank swaps to reduce its exposure to interest rate risk related to its debt. The City does not use financial instruments for trading or speculative purposes.

The City uses bank swaps to manage commodity price fluctuations. These bank swaps are used to set a fixed price for a specific quantity over a defined term and settle on specific dates commensurate with the defined term. Swaps result in a payment or receipt of funds to or from the counterparty to the transaction. Gains (receipts) or losses (payments) are recognized in the same period as the delivery of the underlying commodity.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and highly liquid investments with original maturities of 90 days or less from the date when the securities are purchased.

Investments

Equity instruments that are quoted in an active market are reported at fair value. All other financial instruments are recorded at amortized cost less amounts written off to reflect a permanent decline in value.

Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the consolidated statement of operations and accumulated surplus.

THE CITY OF OTTAWA

Notes to the consolidated financial statements
December 31, 2023 (*dollars in thousands*)

2. Significant accounting policies (continued)

Investments (continued)

Investments consist of authorized investments pursuant to provisions of the *Municipal Act* and comprise financial instruments issued by the Canadian government and Schedule I, II, and III banks, as well as asset-backed securities and eligible commercial paper. Included within investments are specific investments for the endowment fund consisting of Canadian equities and corporate bonds as authorized by Provincial Regulation 438/97. All investments are in accordance with the Investment Policy approved by Council. Investments with original maturity dates of more than 90 days are classified as investments on the consolidated statement of financial position. When there has been a loss in value of a portfolio investment that is other than a temporary decline, the investment will be written down to recognize the loss. Any write-down would be included in the consolidated statement of operations and accumulated surplus.

Foreign currency transactions

Transactions involving foreign currencies are converted into Canadian dollar equivalents using rates of exchange in effect at the time of the transactions.

Loan receivable

A loan receivable is recognized by the City on its consolidated statement of financial position when the City has the contractual right to receive cash from the borrower. The loan receivable is initially recorded at cost. If circumstances warrant the revaluation of a loan, the City will report the loan receivable net of any related valuation allowance/write-down. Changes in valuation allowances, if applicable, will be recognized in expenses in the consolidated statement of operations and accumulated surplus. Interest revenue on a loan receivable is recognized when earned and is reflected in the consolidated statement of operations and accumulated surplus.

Deferred revenue

Certain amounts are received in advance pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs or in the completion of specific work. In addition, certain user charges and fees are collected in advance for which the related services have yet to be performed. These amounts are recorded as deferred revenue and are recognized as revenue in the year during which the related expenses are incurred provided eligibility criteria and stipulations have been met.

THE CITY OF OTTAWA

Notes to the consolidated financial statements
December 31, 2023 (*dollars in thousands*)

2. Significant accounting policies (continued)

Employee benefit plans

The City has adopted the following policies with respect to employee benefit plans:

- (a) The costs of post-employment benefits are recognized as a liability when the event that obligates the City occurs. The costs are actuarially determined using projected future income payments, health care continuation costs, and fees paid to independent administrators of these plans, calculated on a present value basis.
- (b) The costs of post-retirement benefits are recognized as a liability when the event that obligates the City occurs. The costs are actuarially determined using the projected benefits method prorated on service and management's best estimate of retirement ages of employees, salary escalation, expected health care costs, and plan investment performance.
- (c) Past service costs for plan amendments related to prior-period employee services are accounted for in the period of the plan amendment. The effects of gain or loss from settlements or curtailments are expensed in the period during which they occur. Net actuarial gains and losses related to employee benefits are amortized over the estimated average remaining service life of the related employee group. Employee future benefits are discounted using current interest rates on City-issued long-term bonds.
- (d) The costs of workplace safety and insurance obligations are recognized as a liability when the event that obligates the City occurs. The liability is actuarially determined and is based upon an estimate of future claims to be insured. This is based on a number of assumptions including future interest rates, inflation rates, and the history of claims with City employees.
- (e) The costs of termination benefits and compensated absences are recognized when the event that obligates the City occurs; costs include projected future income payments, health care continuation costs, and fees paid to independent administrators of these plans, calculated on a present value basis.

THE CITY OF OTTAWA

Notes to the consolidated financial statements
December 31, 2023 (*dollars in thousands*)

2. Significant accounting policies (continued)

Pension agreements

The City has adopted the following policies with respect to pension agreements:

- (a) The contributions to a multi-employer, defined benefit pension plan are expensed when contributions are due.
- (b) The actuarial valuation is determined using the projected unit credit method prorated on credited service. It is also based on management's best estimates and assumptions that include assumptions for employee retirement ages, salary escalation, and plan investment performance, which are used for discounting benefits. Plan assets are valued using a market-related value, determined over a three-year period.

Legal claims and contingencies

Estimated costs to settle legal claims and possible legal claims are determined based on available information. Where the costs are deemed to be likely and can be reasonably estimated, claims are reported as an expense on the consolidated statement of operations and accumulated surplus and a liability on the consolidated statement of financial position. Where costs are deemed not to be determinable, no liability is reported on the consolidated statement of financial position.

Contaminated sites

Criteria to recognize a liability for contaminated sites are as follows:

- (i) An environmental standard exists;
- (ii) Contamination exceeds the standard;
- (iii) The City is directly responsible or accepts responsibility for the contamination;
- (iv) It is expected that future economic benefits will be given up; and
- (v) A reasonable estimate of the amount can be made.

When all the criteria for recognition are met, the City accrues a liability for the estimated amount of future remediation costs of contaminated sites no longer in productive use.

THE CITY OF OTTAWA

Notes to the consolidated financial statements
December 31, 2023 (*dollars in thousands*)

2. Significant accounting policies (continued)

Asset retirement obligations

Asset retirement obligations (“ARO”) are costs expected to be incurred as a result of the retirement or disposal of a tangible capital asset (“TCA”). An ARO must be recognized on the statement of financial position when all the following criteria are met:

- (a) There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- (b) The past transaction or event giving rise to the liability has occurred;
- (c) It is expected that future economic benefits will be given up and,
- (d) A reasonable estimate of the amount can be made.

The most substantial portion of the ARO liability for the City stems from the removal of asbestos in several of the buildings owned by the City. The ARO liability for removal of asbestos has been based on previous abatement work and costs incurred for representative projects and has been recognized under the modified retroactive method. The City has also identified associated costs related to the asbestos removal and calculated a cost per square foot, which was applied to the remaining buildings built before 1991.

Landfills are subject to existing requirements for closure and post closure activities on retirement of the landfill. The majority of the City’s landfills are no longer in productive use. For these assets, the costs of retirement are expensed. For active landfill sites, as there is still a future benefit to be gained, the costs are included as an ARO. The estimated costs to close and maintain solid waste landfill sites are based on future expenses for 25 years.

The recognition of a liability resulted in an accompanying increase to the respective tangible capital assets. The increase to the tangible capital asset is being amortized in accordance with the depreciation accounting policies outlined below. A discount rate was not applied to the ARO liability calculation.

THE CITY OF OTTAWA

Notes to the consolidated financial statements
December 31, 2023 (*dollars in thousands*)

2. Significant accounting policies (continued)

Non-financial assets

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

(a) Tangible capital assets

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

Asset - Useful life - Years	Minimum	Maximum
Buildings and improvements	20	100
Linear roads	50	75
Linear water/wastewater	50	100
Linear Light Rail Transit ("LRT")	30	100
Land improvements	50	200
Machinery, plant and equipment	5	50
Vehicles	3	20

Assets under construction are not amortized. All assets start amortization in the month following the in-service date.

(b) Contributed tangible capital assets

Contributed tangible capital assets represent assets that are donated or contributed to the City by developers and are recognized as revenue in the year the assets are contributed based on fair market value at the date of contribution.

(c) Intangible assets

Intangible assets and natural resources are not recognized as assets in the consolidated financial statements.

(d) Interest capitalization

The City's tangible capital asset policy does not allow for the capitalization of interest costs incurred by the City associated with the acquisition or construction of a tangible capital asset.

THE CITY OF OTTAWA

Notes to the consolidated financial statements
December 31, 2023 (*dollars in thousands*)

2. Significant accounting policies (continued)

Non-financial assets (continued)

(e) Leases

Leases are classified as operating or capital leases. Leases that transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases and recorded as a liability. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

(f) Inventories

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

Reserves

Reserves comprise funds set aside for specific purposes by Council (*see note 17*). Reserves set aside by legislation, regulation, or agreement are reported as deferred revenue on the consolidated statement of financial position.

Contractual rights and obligations

Contractual rights reflect future rights to economic resources arising from contracts and/or agreements that will result in both an asset and revenue in future fiscal periods. For further details regarding the City's contractual rights for long-term property leases, please see note 18(m).

Contractual obligations represent obligations that will result in liabilities upon the completion of agreed-upon terms specified in contracts and/or agreements in future fiscal periods. For further details regarding the City's contractual obligations, including the nature, extent and timing of these types of transactions, please see note 18.

THE CITY OF OTTAWA

Notes to the consolidated financial statements
December 31, 2023 (*dollars in thousands*)

2. Significant accounting policies (continued)

Future accounting pronouncements

Standards effective for fiscal years beginning on or after April 1, 2023 (in effect for the City for the fiscal year ending on December 31, 2024):

PS 3400 Revenue (“PS 3400”) proposes a framework that includes two categories of revenue – exchange transactions or unilateral transactions. Revenue from an exchange transaction is recognized when the public sector entity has satisfied the performance obligation(s). If no performance obligation is present, it would be unilateral revenues. Unilateral revenues are recognized when a public sector entity has the authority to claim or retain an inflow of economic resources and a past event gives rise to a claim on economic resources.

PS 3160 Public Private Partnerships (“P3s”) (“PS 3160”) identifies requirements on how to account for and disclose transactions in which public sector entities procure major infrastructure assets and/or services from private sector entities. Recognition of assets arising from P3 arrangements is ultimately dependent on whether public sector entities control the purpose and use of the assets, access to the future economic benefits and exposure to the risks associated with the assets, and significant residual interest in the asset, if any, at the end of the term of P3s. Measurement of the asset and related liability will also be dependent on the overall model used to compensate the private sector entity.

PSG-8 Purchased Intangibles provides guidelines on accounting and reporting for purchased intangibles. Concurrently, PS 1000 Financial Statement Concepts has been amended to remove the prohibition against recognizing intangibles purchased in an exchange transaction in public sector financial statements.

The City continues to assess the impacts of the above future standards.

3. Accounts receivable

Accounts receivable comprise the following:

	2023	2022
Taxes	\$141,536	\$129,307
User charges	56,665	62,543
Government transfers:		
Federal government	152,083	395,332
Provincial government	125,301	447,449
Trade	131,860	142,368
Total accounts receivable	\$607,445	\$1,176,999

THE CITY OF OTTAWA

Notes to the consolidated financial statements
December 31, 2023 (*dollars in thousands*)

4. Investments and financial risk management

Investments

Investments comprise the following:

Investments at amortized cost	2023
Federal government bonds	\$738,454
Provincial government bonds	383,539
Municipal government bonds	302,620
Corporate (fixed income)	4,494
Externally managed endowment fund – fixed income	80,322
Other	89,983
	1,599,412
Equities at fair value	
Externally managed endowment fund	124,664
Total Investments	1,724,076

Investments at amortized cost	2022
Federal government bonds	\$770,110
Provincial government bonds	448,879
Municipal government bonds	333,822
Corporate (fixed income)	18,533
Externally managed endowment fund	159,690
Other	65,543
Total	\$1,796,577

Included in the City's municipal government bonds portfolio are City of Ottawa debentures at coupon rates varying from 4.60% to 5.30% (2022 – 4.60% to 5.30%) with a carrying value of \$56 (2022 – \$56).

The holdings of the endowment fund are managed by external portfolio managers engaged by the City and are in accordance with the investment policy and procedures adopted by Council. Based upon market value, as at December 31, 2023, the endowment fund was distributed between cash and treasury bills 2.0% (2022 – 3.2%), fixed income 46.7% (2022 – 47.2%) and equities 51.3% (2022 – 49.6%).

“Other” consists of units of the One Investment Program equity portfolio operated by a subsidiary of the Municipal Finance Officers' Association of Ontario, as well as a Guaranteed Investment Certificate (GIC).

THE CITY OF OTTAWA

Notes to the consolidated financial statements
December 31, 2023 (*dollars in thousands*)

4. Investments and financial risk management (continued)

The average yield on investments held as at December 31, 2023 is 1.66% (2022 – 1.39%). Investments mature from January 19, 2024 to December 1, 2048 (2022 – January 27, 2023 to December 1, 2048).

According to the investment policy for the endowment fund adopted by Council, investment earnings are paid to the City at the lesser of 6.5% and the actual earnings of the endowment fund, provided that the market value of the fund is not reduced below the original \$200,000 investment. In 2023, \$6,000 (2022 – \$6,200) was distributed from the endowment fund to the City.

Financial risk management

The City's activities expose it to a range of financial risks from its financial instruments. These risks include credit risk, liquidity risk and market risk (including interest rate risk, currency risk and equity price risk).

a) Fair value measurement

Financial instruments measured at fair value are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurement:

Level 1: Financial assets are measured based on quoted prices in active markets for an identical asset.

Level 2: Financial assets and liabilities not quoted in active markets are measured based on discounted cash flow or other valuation methodologies making maximum use of directly or indirectly observable market data.

Level 3: Financial assets and liabilities not quoted in active markets are measured based on discounted cash flow analysis techniques or other valuation methodologies where significant inputs are not based on observable market data.

Investment assets	Level 1	Level 2	Level 3	Total
Equities in Endowment Fund	\$124,664	\$0	\$0	\$124,664

THE CITY OF OTTAWA

Notes to the consolidated financial statements
December 31, 2023 (*dollars in thousands*)

4. Investments and financial risk management (continued)

b) Credit risk

The investments are subject to indirect exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when they are due.

The following are the investments in interest-bearing financial instruments, and the exposure to credit risk.

Credit rating	AAA	AA	A	BBB	B and under	Total
As at December 31, 2023	\$978,987	\$452,231	\$59,557	\$0	\$0	\$1,490,775

c) Liquidity risk

Liquidity risk is the risk that the City will not be able to meet its financial obligations as they become due. Management of liquidity risk seeks to ensure that even under adverse conditions, the City has access to immediate cash that is necessary to cover payables, withdrawals and other liabilities. The following is a maturity analysis of the investments.

Maturity	<1 year	1-5 years	5-10 years	>10 years	Total
As at December 31, 2023	\$451,650	\$862,269	\$140,117	\$36,739	\$1,490,775

THE CITY OF OTTAWA

Notes to the consolidated financial statements
December 31, 2023 (*dollars in thousands*)

4. Investments and financial risk management (continued)

d) Market risk

Market risk is the risk that changes in interest rates and other price risks will affect the City's net result of operations or the fair value of its holdings of financial instruments.

(i) Interest rate risk

The City holds interest-bearing financial instruments. The investment is therefore exposed to interest rate risk, as the value of interest-bearing financial instruments will fluctuate with changes in interest rates.

The following sensitivity analysis summarizes a 1% increase/decrease in interest rate on the fair value of the City's fixed income investment.

	<u>Increase (decrease) in fair value</u> Change in interest rate	<u>2023</u>
Interest-bearing financial instruments	-1%	\$37,209
Interest-bearing financial instruments	+1%	(\$37,209)

(ii) Equity price risk

The City holds equity financial instruments in its Endowment Fund and is therefore exposed to equity price risk as the value of equity financial instruments will fluctuate due to changes in equity prices.

The following sensitivity analysis summarizes a 1% increase/decrease in price index change on the fair value of the equity financial instruments.

	<u>Increase (decrease) in fair value</u> Change in price index	<u>2023</u>
Equities	+1%	\$1,560
Equities	-1%	(\$1,560)

(iii) Currency risk

The City believes it is not subject to significant currency risk from its financial instruments as it holds insignificant amounts in foreign currencies.

THE CITY OF OTTAWA

Notes to the consolidated financial statements
December 31, 2023 (*dollars in thousands*)

4. Investments and financial risk management (continued)

e) Changes in financial risk exposures

The City's financial risks arising from its financial instruments have not changed significantly in the year. Management believes that its financial risks are appropriately mitigated and do not pose a significant risk to the City's operations. There have been no significant changes in the policies, procedures and methods used to manage these risks in the year.

5. Investment in government business enterprise

Investment (100% owned) in Hydro Ottawa

The following table provides condensed supplementary financial information for Hydro Ottawa under IFRS:

Assets (As at December 31)	2023	2022
Current assets	\$230,042	\$207,253
Capital assets	2,191,770	2,105,237
Other assets	188,818	171,514
Total assets	2,610,630	2,484,004

Liabilities (As at December 31)	2023	2022
Current liabilities	567,443	480,211
Other liabilities	1,513,518	1,476,849
Total liabilities	2,080,961	1,957,060
Net assets	\$529,669	\$526,944

Net assets consisting of investment in Hydro Ottawa (As at December 31)	2023	2022
Common shares (100%)	\$228,453	\$228,453
Retained earnings	297,601	293,497
Accumulated other comprehensive income	3,615	4,994
Net assets	\$529,669	\$526,944

Results of operations (For the year ended December 31)	2023	2022
Total revenue	\$1,194,425	\$1,169,649
Total expenses	1,170,321	1,129,975
Net income	\$24,104	\$39,674

THE CITY OF OTTAWA

Notes to the consolidated financial statements
December 31, 2023 (*dollars in thousands*)

5. Investment in government business enterprise (continued)

The City, as holder of common shares in Hydro Ottawa, is entitled to receive dividends as declared by Hydro Ottawa's Board of Directors. Dividends in the amount of \$20,000 (2022 – \$23,700) were received in 2023 related to 2022 operations. Dividends totalling \$20,000 have been declared and are to be received in 2024 related to Hydro Ottawa's 2023 operations. During the year, the City purchased electricity from Hydro Ottawa at prices and terms approved by the Ontario Energy Board. In addition, the following transactions took place during the year:

Services purchased from Hydro Ottawa by the City	2023	2022
Energy management consulting	\$4,203	\$ 6,041
Other services	19,216	18,700

Fees paid to the City by Hydro Ottawa	2023	2022
Property taxes, fuel, permits and other services	\$4,448	\$5,844

As at December 31, 2023, Hydro Ottawa's accounts receivable include \$16,725 (2022 – \$15,857) due in respect of the transactions above, while Hydro Ottawa's accounts payable and accrued liabilities include \$206 (2022 – \$259) due to the City and its subsidiaries.

6. Loan receivable

	2023	2022
Loan receivable	\$204,630	\$212,012

In 2017, the City executed an Assignment and Assumption Agreement with the long-term lenders for Stage 1 of the light rail project. With this agreement, the long-term lenders transferred all their rights and obligations under the existing credit agreement with Project Co (borrower) to the City (assignee). The loan receivable was issued at an interest rate of 4.89% and matures on June 30, 2047. Loan repayments, consisting of principal and interest, are received on a quarterly basis. With each payment, the principal amount of the loan is reduced and the interest portion of the payment is recorded by the City as interest revenue.

THE CITY OF OTTAWA

Notes to the consolidated financial statements
December 31, 2023 (*dollars in thousands*)

6. Loan receivable (continued)

Principal payments	
2024	\$7,731
2025	7,984
2026	7,928
2027	8,696
2028	8,315
2029 and thereafter	163,976
Total	\$204,630

In 2023, interest revenue of \$10,242 (2022 – \$10,593) on the loan receivable has been reflected as investment income on the consolidated statement of operations and accumulated surplus.

7. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities comprise the following:

	2023	2022
Trade payables and accruals	\$1,490,158	\$1,517,868
Payroll accruals and deductions	147,729	144,292
Total accounts payable and accrued liabilities	\$1,637,887	\$1,662,160

8. Deferred revenue

Deferred revenue, set aside for specific purposes by legislation, regulation or agreement, comprises the following.

	2023	2022
		(Restated – note 25)
Deferred revenue – Obligatory reserve funds:		
Development charges	\$805,613	\$794,366
Building code	25,664	31,987
Cash in lieu of parkland	97,567	86,454
Federal gas tax transfers	167,770	120,305
Provincial gas tax transfers	73	95
Deferred revenue – Other:		
Other government transfers	197,003	123,984
Other deferred revenue	111,328	110,488
Total deferred revenue	\$1,405,018	\$1,267,679

THE CITY OF OTTAWA

Notes to the consolidated financial statements
December 31, 2023 (*dollars in thousands*)

9. Employee future benefits and pension agreements

Employee future benefits and pension agreements liabilities comprise the following:

	2023	2022
Employee future benefits	\$753,452	\$714,194
City of Ottawa Superannuation Fund cost of living adjustment liability	19,506	18,290
Total employee future benefits and pension agreements	\$772,958	\$732,484

(a) Employee future benefits

Employee future benefit liabilities of the City as at December 31, 2023, with comparative information for 2022, are as follows:

	2023	2022
Post-retirement benefits	\$244,783	\$245,281
Post-employment benefits	399,904	383,286
Workplace Safety and Insurance Board ("WSIB")	108,765	85,627
Total employee future benefits	\$753,452	\$714,194

The defined benefit plans relating to post-retirement and post-employment provide a variety of benefits to retirees and active and long-term disabled employees, including income, medical, dental, and life insurance; workers' compensation; and sick leave benefits.

The City is a Schedule 2 employer under the *Workplace Safety and Insurance Act* and, as such, assumes full responsibility for financing its workplace safety insurance costs. The accrued obligation represents the present value of future benefits on existing claims.

The continuity for post-retirement, post-employment, and WSIB benefits for 2023 is as follows:

Employee future benefits continuity	Post-retirement	Post-employment	WSIB	Total
Balance, at the beginning of the year	\$245,281	\$383,286	\$85,627	\$714,194
Current service costs/cost of new claims	7,016	56,974	33,287	97,277
Interest cost	6,954	14,314	9,390	30,658
Amortization of actuarial losses (gains)	(5,454)	(5,545)	13,608	2,609
Prior period cost of plan amendment incurred in current year (Firefighters)	0	0	14,339	14,339
Benefits paid	(9,014)	(49,125)	(47,486)	(105,625)
Balance, at the end of the year	\$244,783	\$399,904	\$108,765	\$753,452

THE CITY OF OTTAWA

Notes to the consolidated financial statements
December 31, 2023 (*dollars in thousands*)

9. Employee future benefits and pension agreements (continued)

(a) Employee future benefits

In 2023, WSIB expanded the list of presumptive cancers for firefighters and fire investigators to include thyroid and pancreatic cancers, retroactively to January 1, 1960. This resulted in a plan amendment of \$14,339 determined as at December 31, 2023.

Expenses for post-retirement and post-employment benefits and WSIB in the amount of \$144,883 (2022 – \$95,480) are recorded on the consolidated statement of operations and accumulated surplus.

The liability for post-retirement and post-employment benefits is calculated based on an estimate of future outlays required under contractual agreements with various City employee bargaining units. These estimates are based on a number of assumptions regarding the expected costs of benefits, which are dependent on the demographic makeup of the various groups, future interest rates, and inflation rates.

The liability for WSIB is calculated based on an estimate of future claims to be insured. This is based on a number of assumptions including future interest rates, inflation rates, and the history of claims with City employees. The City engages the services of an actuarial consulting firm to provide a determination of the City's obligation for post-retirement and post-employment benefits, as well as for WSIB benefits.

Due to the complexities in valuing the plans, actuarial valuations are conducted on a periodic basis. The liabilities for post-retirement and post-employment benefits reported in these consolidated financial statements are based on a valuation as of September 30, 2023 with an extrapolation to December 31, 2023. The liability for WSIB benefits reported in these consolidated financial statements is based on a valuation as of December 31, 2021 with an extrapolation to December 31, 2023.

Gains or losses are generated each year due to changes in assumptions and corrections or clarifications to the plan design previously provided by the City. These gains or losses are amortized over the expected average remaining service life of the related employee groups beginning in the year following the gain or loss. Amortization of the 2023 actuarial gain of \$8,638 (2022 – gain of \$85,205) for post-retirement and post-employment benefits will commence in fiscal 2024. Amortization of the 2023 actuarial loss of \$136,018 (2022 – loss of \$127,740) for WSIB will commence in fiscal 2024.

THE CITY OF OTTAWA

Notes to the consolidated financial statements
December 31, 2023 (*dollars in thousands*)

9. Employee future benefits and pension agreements (continued)

(a) Employee future benefits

The significant actuarial assumptions adopted in measuring the City's accrued benefit obligations and benefit cost for post-retirement, post-employment benefits and WSIB are as follows:

	Accrued Benefit Obligation		Benefit Expense	
	2023	2022	2023	2022
Non-pension post employment/post retirement				
Discount rate	3.80%	4.10%	4.10%	2.20%
Initial weighted average health care trend rate	4.76%	4.75%	4.75%	4.68%
Ultimate weighted average health care trend rate	4.00%	4.00%	4.00%	4.00%
Year ultimate rate reached	2040	2040	2040	2040
WSIB				
Discount rate	3.80%	4.10%	4.10%	2.20%
Inflation (CPI)	4.40%	6.50%	3.80%	2.00%
Health care	6.50%	6.00%	6.00%	4.00%

An employee benefits reserve has been established to help reduce the future impact of employee future benefit obligations. As at December 31, 2023, the balance in the employee benefits reserve was \$89,719 (2022 – \$85,511) (see *note 17*).

(b) Pension agreements

(i) Ontario Municipal Employees' Retirement Fund

The City makes contributions to the Ontario Municipal Employees' Retirement System ("OMERS"), which is a multi-employer pension plan, on behalf of most of its employees.

The plan is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees based on length of service and rates of pay. The City's contribution to the OMERS plan for 2023 totalled \$142,249 (2022 – \$136,790) for current services and is included as an expense on the consolidated statement of operations and accumulated surplus. These contributions were matched with identical employee contributions for both years.

THE CITY OF OTTAWA

Notes to the consolidated financial statements
December 31, 2023 (*dollars in thousands*)

9. Employee future benefits and pension agreements (continued)

(b) Pension agreements (continued)

(i) Ontario Municipal Employees' Retirement Fund (continued)

As OMERS is a multi-employer pension plan, the City does not recognize in its consolidated financial statements any share of the pension plan deficit of \$7,571,000 (2022 deficit – \$6,100,000) as this is a joint responsibility of all Ontario municipalities and their employees.

The amount contributed for past service to OMERS for the year ended December 31, 2023 totalled \$916 (2022 – \$1,054) and is included as an expense on the consolidated statement of operations and accumulated surplus.

(ii) City of Ottawa Superannuation Fund

The City sponsors the City of Ottawa Superannuation Fund ("COSF"), a defined benefit plan that provides retirement benefits to employees based on length of service and rates of pay. With the introduction of OMERS, the COSF became a closed group in 1965. As at December 31, 2023, there were no active members and 394 pension recipients (2022 – 415 pension recipients). Pension payments during 2023 amounted to \$13,879 (2022 – \$14,619). No employee or matching employer contributions to this pension plan for current service were required in 2023 or 2022. Employer contributions for past service were nil in 2023 (2022 – nil).

THE CITY OF OTTAWA

Notes to the consolidated financial statements
December 31, 2023 (*dollars in thousands*)

9. Employee future benefits and pension agreements (continued)

(b) Pension agreements (continued)

(ii) City of Ottawa Superannuation Fund (continued)

The pension fund assets disclosed are based on a valuation method whereby the capital gains and losses on the assets are fully recognized in the year in which they are incurred. The reported accrued benefit liability (asset) is as follows:

City of Ottawa Superannuation Fund	2023	2022
Pension fund assets – end of the year	\$112,908	\$126,731
Accrued benefit obligation – end of the year	103,597	108,089
Plan surplus	9,311	18,642
Unamortized actuarial gains (losses)	0	(1,381)
Valuation allowance	9,311	20,023
Accrued benefit liability (asset)	\$0	\$0

Expenses (income)	2023	2022
Amortization of actuarial (gains) losses	\$11,626	\$(12,870)
Pension interest income	(914)	(695)
Change in valuation allowance	(10,712)	13,565
Total pension-related expenses (income)	\$0	\$0

There is no remaining active employee service life in this plan.

The actuarial valuation performed for accounting purposes was based on a number of assumptions that are based on management's best estimates and are in accordance with accepted actuarial practice. The inflation rate was estimated at 2.10% (2022 – 3.00% per year for two years and 2.00% thereafter) and the discount rate for the plan was estimated at 4.75% per year (2022 – 4.90% per year).

The accrued benefit obligations and benefit cost levels will change in the future as a result of future changes in the actuarial methods and assumptions, the membership data, the plan provisions and the legislative rules, or as a result of true experience gains or losses.

THE CITY OF OTTAWA

Notes to the consolidated financial statements
December 31, 2023 (*dollars in thousands*)

9. Employee future benefits and pension agreements (continued)

(b) Pension agreements (continued)

(ii) City of Ottawa Superannuation Fund (continued)

The City pays for the indexation of COSF from 55% of inflation to 100% of inflation. This top-up to the cost of living adjustment is approved each year through the City's budget process. The estimated pension obligation if the indexation provided by the City stops after January 1, 2024 is \$19,506 (January 1, 2023 - \$18,290). This amount is included in the total employee future benefits and pension agreements liabilities on the consolidated statement of financial position.

Emerging experience, differing from the assumptions, will result in gains or losses that will be included in future accounting valuations.

The last filed actuarial valuation for funding purposes dated December 31, 2021 quantified a surplus of \$13,656 on a going concern basis.

The market value of the assets of the plan as at December 31, 2023 amounted to \$108,852 (2022 – \$115,210).

A full valuation allowance on the plan surplus has been recorded as it is uncertain that the City will have the unconditional right to benefit from the surplus at the time of windup of the pension plan.

(iii) Ottawa-Carleton Regional Transit Commission Employees' Pension Plan

The City sponsors the Ottawa-Carleton Regional Transit Commission ("OC Transpo") Employees' Pension Plan, a defined benefit plan that provides retirement benefits to employees based on length of service and rates of pay. Effective January 1, 1999, OC Transpo adopted the OMERS pension plan for all employees and new hires to accrue future benefits. Members retiring with both pre-1999 and post-1998 service will receive pension incomes under both plans. Net pension payments during 2023 amounted to \$34,059 (2022 – \$33,570). No employee or matching employer contributions to this pension plan for current service were required in 2023 or 2022. Employer contributions for past service were nil in 2023 (2022 – nil).

THE CITY OF OTTAWA

Notes to the consolidated financial statements
December 31, 2023 (*dollars in thousands*)

9. Employee future benefits and pension agreements (continued)

(b) Pension agreements (continued)

(iii) Ottawa-Carleton Regional Transit Commission Employees' Pension Plan (continued)

The pension fund assets disclosed are based on a valuation method whereby the capital gains and losses on the assets are partially recognized in the year in which they are incurred, and the remainder are recognized in the following two years. The reported pension asset is as follows:

OC Transpo Employees' Pension Plan	2023	2022
Pension fund assets – end of the year	\$621,868	\$633,027
Accrued benefit obligation – end of the year	479,548	491,949
Plan surplus	142,320	141,078
Unamortized actuarial gains	5,186	18,038
Valuation allowance	137,134	123,040
Reported pension asset	\$0	\$0

Expenses (income)	2023	2022
Amortization of actuarial gains	\$(6,264)	\$(15,458)
Pension interest income	(7,830)	(7,244)
Change in valuation allowance	14,094	22,702
Total pension-related expenses (income)	\$0	\$0

The expected average remaining active employee service life of this plan is three years.

The market value of the assets of the plan as at December 31, 2023 amounted to \$606,228 (2022 – \$575,479).

The actuarial valuation performed for accounting purposes was based on a number of assumptions that are based on management's best estimates and are in accordance with accepted actuarial practice. The inflation rate was estimated at 2.10% (2022 – 3.00% per year for two years and 2.00% thereafter), the discount rate for the plan was estimated at 5.70% per year (2022 – 5.55% per year), and long-term salary forecasts for actuarial purposes were estimated at 2.25% for 2024 and 3.00% thereafter (2022 – 2.25% per year for 2023 and 2024 and 3.00% thereafter).

The accrued benefit obligations and benefits cost levels will change in the future as a result of future changes in the actuarial methods and assumptions, the membership data, the plan provisions and the legislative rules, or as a result of true experience gains or losses.

THE CITY OF OTTAWA

Notes to the consolidated financial statements
December 31, 2023 (*dollars in thousands*)

9. Employee future benefits and pension agreements (continued)

(b) Pension agreements (continued)

(iii) Ottawa-Carleton Regional Transit Commission Employees' Pension Plan (continued)

Emerging experience, differing from the assumptions, will result in gains or losses that will be included in future accounting valuations.

The last filed actuarial valuation for funding purposes dated January 1, 2022 quantified a solvency surplus of \$56,866. In 2023, the City contributed an amount of nil (2022 – nil) to the plan. With a surplus in the plan, no solvency special payments were required in 2023, and the City was able to reduce the total amount outstanding under the letter of credit by \$13,075 for 2023, bringing the balance down to nil (from \$13,075 in 2022) as allowed under the applicable legislation.

A full valuation allowance on the plan surplus has been recorded as it is uncertain that the City will have the unconditional right to benefit from the surplus at the time of windup of the pension plan.

10. Asset retirement obligations

The City's liabilities with respect to its asset retirement obligations ("ARO") are as follows:

Asset retirement obligations	2023	2022
Buildings	44,582	(Restated – note 25) 44,161
Landfills	29,832	28,565
Other	1,785	1,833
Total	76,199	74,559
Asset retirement obligations – continuity	2023	2022
Opening balance	74,559	73,346
Changes in estimates	1,688	1,213
Remediation	(48)	0
Total	76,199	74,559

THE CITY OF OTTAWA

Notes to the consolidated financial statements
December 31, 2023 (*dollars in thousands*)

11. Contaminated sites

Due to the implementation of PS 3280, it was determined that the liabilities related to inactive landfill sites would now fall under the contaminated sites liability.

Contaminated sites

Contaminated sites are a result of a contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environment standard. The liability relates to sites that are not in productive use and for which the City is responsible or has accepted responsibility for remediation, future economic benefits will be given up, and costs can be reasonably estimated.

Liabilities are recorded for the estimated costs related to the management and remediation of contaminated sites where the City is likely to be obligated to incur costs. The liability estimate includes costs that are directly attributable to remediation activities and reflects the costs required to bring the site up to the current environmental standard for its use prior to contamination. The assumptions used in estimating the liability include a unique assessment of the depth of soil to be removed and disposed of for each property as well as excavation, trucking and backfilling soft costs.

The City recognized an estimated liability of \$7,330 (2022 – \$6,769) for remediation of 34 (2022 – 34) contaminated land sites based on the estimated costs of removal and replacement of contaminated soil.

Inactive landfill sites

The City has identified 44 inactive or closed landfill sites. Of the total, 15 sites require ongoing monitoring over the post-closure period of 25 years. Post-closure care activities for landfill sites will involve surface and groundwater monitoring, maintenance of drainage structures, monitoring leachate and landfill gas, and maintenance of the landfill cover.

The estimated liability for the inactive or closed landfill sites is based on future expenses, adjusted for inflation based on the Consumer Price Index 3-year average rate of 3.68% (2022 – 4.10%) and discounted to current dollars using the City's average long-term borrowing rate of 4.43% (2022 – 4.23%). The estimated present value of future expenditures for post-closure care for inactive sites as at December 31, 2023 is \$11,813 (2022 – \$14,562).

THE CITY OF OTTAWA

Notes to the consolidated financial statements
December 31, 2023 (*dollars in thousands*)

11. Contaminated sites (continued)

	2023	2022
Existing contaminated sites	\$7,330	(Restated – note 25) \$6,769
Inactive landfill sites	11,813	14,562
Total	\$19,143	\$21,331

THE CITY OF OTTAWA

Notes to the consolidated financial statements
December 31, 2023 (*dollars in thousands*)

12. Net long-term debt

- (a) Net long-term debt reported on the consolidated statement of financial position comprises the following:

	2023	2022
Installment and sinking fund debentures issued at various rates of interest ranging from 0.00% to 6.00%, and maturing from 2024 to 2053	\$3,128,630	\$2,943,734
Stage 1 light rail private debt, including credit assignment and assumption agreement offset by loan receivable	487,199	499,210
Bank loan agreements and interest rate exchange agreements	14,332	17,233
Total value of sinking fund deposits, which have accumulated to the end of the year to retire sinking fund debentures included in the above amount	(324,612)	(248,595)
Total	\$3,305,549	\$3,211,582

- (b) Principal payments in future years, based upon settlement date, net of interest to be earned on sinking funds, are as follows:

2024	\$145,714
2025	145,631
2026	133,163
2027	115,796
2028	100,586
2029 and thereafter	1,636,784
Total	\$2,277,674

Principal payments will be funded from tax and rate-supported operations. It is estimated that interest to be earned by the sinking fund will amount to approximately \$988,036, which together with the amount of \$2,277,674 shown above, and net unarmortized debt premium/ discount of \$39,839 will be used to retire the outstanding total debt of \$3,305,549.

THE CITY OF OTTAWA

Notes to the consolidated financial statements
December 31, 2023 (*dollars in thousands*)

12. Net long-term debt (continued)

The City has entered into interest rate swap agreements to manage the volatility of interest rates. The City converted notional floating rate debt totalling \$14,332 (2022 – \$17,233) to fixed rate debt with interest rates ranging from 1.705% to 5.92%. The related derivative agreements are in place until the maturity of the debts in 2025 and 2031.

These interest rate swaps qualify, and have been designated by the City as cash flow hedging items against the floating rate long-term debt. If the interest rate swaps were cancelled as at December 31, 2023, the City would receive the market value of \$751 (2022 – \$1,062).

The City has entered into bank swap agreements to improve budget certainty for commodity costs. As at December 31, 2023, the City had set bank swaps in place to hedge 40,800,000 litres (2022 – 30,000,000 litres) of diesel fuel for the 2024 and 2025 calendar years with expiry dates ranging from January 2024 to December 2025 (2022 – June 2023 to January 2024). These swaps were not measured at fair value because the quantities of the fuel purchases are in accordance with the City's expected usage requirements. If the commodity swaps were cancelled as at December 31, 2023, the City would pay the swap counterparty the market value of \$2,561 (2022 – City would receive the market value of \$4,276).

- (c) As part of the public-private partnership arrangement, the Rideau Transit Group ("RTG") had obtained \$225,000 of debt financing and \$75,000 of equity financing to pay for the construction of the light rail project. At the revenue service availability date, the City started to repay the total of \$300,000 to RTG as part of the capital annual service payments and substantial completion payments over the life of the light rail. This long-term debt is at an interest rate of 6.47% and will mature on May 24, 2048.

THE CITY OF OTTAWA

Notes to the consolidated financial statements
December 31, 2023 (*dollars in thousands*)

12. Net long term debt (continued)

- (d) In 2017, the City executed an Assignment and Assumption Agreement with the long-term lenders for Stage 1 of the light rail project. With this agreement, the long-term lenders transferred all their rights and obligations under the existing credit agreement with Project Co (borrower) to the City (assignee), and in exchange, the City issued debentures in the equivalent principal amount with the equivalent repayment profile and interest rate to the long-term lenders. The debentures issued by the City were at an interest rate of 4.89% and mature on June 30, 2047.

Principal payments in future years for the combined amount of Stage 1 light rail debt, including the assignment and assumption agreement noted above, are as follows:

2024	\$12,647
2025	13,271
2026	13,548
2027	14,684
2028	14,655
2029 and thereafter	418,394
Total	\$487,199

THE CITY OF OTTAWA

Notes to the consolidated financial statements
December 31, 2023 (*dollars in thousands*)

13. Mortgages payable

	2023	2022
Mortgages payable on housing properties at various rates ranging from 1.70% to 6.75% guaranteed by the Canada Mortgage and Housing Corporation with maturity dates ranging from 2024 to 2073 and debentures payable to Infrastructure Ontario maturing from 2036 to 2053 with interest rates ranging from 2.71% to 4.96%	\$391,230	\$313,877
Total	\$391,230	\$313,877

- (a) Public housing debentures issued by Canada Mortgage and Housing Corporation in the amount of \$762 (2022 – \$1,409) related to OCHC have not been included in these consolidated financial statements as they are the responsibility of the Province.

Mortgages and forgivable loans on housing properties are governed by operating agreements with the Province and/or Canada Mortgage and Housing Corporation and involve no direct or indirect obligation to the City. With respect to the debenture payable to Infrastructure Ontario of \$246,437 (2022 – \$239,425), per OCHC's direction, the City has transferred directly to Infrastructure Ontario amounts equivalent to the annual principal and interest payments owing on the debentures of \$15,472 (2022 – \$15,472). These payments form part of the annual subsidy provided by the City to OCHC, which is calculated based on OCHC's annual information return.

In 2023, two OCHC properties were refinanced after detailed appraisals were conducted. The revised appraisals allowed OCHC to borrow additional funds while maintaining the same annual payments on the debt for the refinanced properties, providing \$13,481 of funding to be utilized for future capital repairs.

- (b) Principal repayments in future years are as follows:

2024	\$11,214
2025	11,767
2026	12,235
2027	12,469
2028	11,229
2029 and thereafter	332,316
Total	\$391,230

The principal payments in 2023 totalled \$10,646.

THE CITY OF OTTAWA

Notes to the consolidated financial statements
December 31, 2023 (*dollars in thousands*)

14. Other liabilities

Other liabilities comprise the following:

	2023	2022
Brownfields	\$60,092	\$58,902
Total other liabilities	\$60,092	\$58,902

Brownfields

Brownfields are abandoned, vacant or underutilized properties where past actions have resulted in actual or perceived environmental contamination and/or derelict or deteriorated buildings. They are usually, but not exclusively, former industrial or commercial properties.

The Ottawa Brownfields Community Improvement Program is a framework that promotes brownfield development within the City. The program contains financial incentives that encourage the remediation, rehabilitation and adaptive reuse of brownfield properties in Ottawa. The brownfields program is a grant equivalent to 100% of the incremental municipal property tax increase for up to 10 years based on a percentage of eligible costs. The applicants will initially pay for the entire cost of rehabilitation. When the City receives the incremental property taxes that result from the rehabilitation project, the City will reimburse the applicant in the form of an annual grant based on the executed legal agreement and the parameters of the applicable program.

The liability of brownfields is estimated by calculating the present value stream of the relevant incremental property tax for up to 10 years for each property site. The incremental tax is the difference between the projected property tax and the current property tax for each property site.

The estimated present value of future expenditures for brownfields as at December 31, 2023 is \$60,092 (2022 – \$58,902). Estimated total undiscounted expenses for brownfields amount to approximately \$69,000 (2022 – \$67,981).

Estimated brownfield payments

2024	\$1,654
2025	6,504
2026	8,345
2027	6,027
2028	5,787
2029 and thereafter	31,775
Total	\$60,092

THE CITY OF OTTAWA

Notes to the consolidated financial statements
December 31, 2023 (*dollars in thousands*)

15. Capital lease obligations

The City leases the following facilities as detailed below:

Capital lease obligations	Office building	Paramedic services building	Shenkman Arts Centre
Total lease term	24 years	30 years	30 years
Lease term end date	February 2026	December 2035	January 2039
Interest rate	6.00%	5.79%	4.99%
Purchase option	\$10,000	nil	nil

Future minimum payments for the above capital leases are as follows:

Future payments	Office building		Paramedic services building		Shenkman Arts Centre		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	5,353	947	858	724	1,161	1,433	7,372	3,104
2025	5,674	625	906	675	1,280	1,372	7,860	2,672
2026	11,050	0	956	622	1,502	1,304	13,508	1,926
2027	0	0	1,010	567	1,683	1,224	2,693	1,791
2028	0	0	1,066	509	1,840	1,138	2,906	1,647
Thereafter	0	0	9,289	1,643	21,802	5,708	31,091	7,351
Total	\$22,077	\$1,572	\$14,085	\$4,740	\$29,268	\$12,179	\$65,430	\$18,491

The \$11,050 of principal repayments for the office building in 2026 includes the \$10,000 purchase option.

THE CITY OF OTTAWA

Notes to the consolidated financial statements

December 31, 2023 (dollars in thousands)

16. Tangible capital assets

Cost	Infrastructure					
	Buildings and improvements	Linear roads	Linear water/wastewater	LRT	Land	Land improvements
Balance, beginning of year	\$2,431,481	\$4,698,245	\$7,819,481	\$1,708,321	\$2,981,398	\$791,316
Additions	107,832	338,925	525,637	0	46,955	53,384
Disposals	(134)	(19,176)	(14,281)	0	(243)	(4,143)
Balance, end of year	2,539,179	5,017,994	8,330,837	1,708,321	3,028,110	840,557

Accumulated amortization	Infrastructure					
	Buildings and improvements	Linear roads	Linear water/wastewater	LRT	Land	Land improvements
Balance, beginning of year	1,147,869	1,927,554	1,812,237	96,345	0	326,254
Disposals	(134)	(16,967)	(5,979)	0	0	(3,364)
Amortization expense	44,396	101,856	92,515	29,002	0	16,782
Balance, end of year	1,192,131	2,012,443	1,898,773	125,347	0	339,672
Net book value, end of year	\$1,347,048	\$3,005,551	\$6,432,064	\$1,582,974	\$3,028,110	\$500,885

THE CITY OF OTTAWA

Notes to the consolidated financial statements

December 31, 2023 (dollars in thousands)

16. Tangible capital assets (continued)

Cost	Machinery, plant and equipment	Vehicles	Assets under construction	Total 2023	Total 2022 (restated - note 25)
Balance, beginning of year	\$1,877,937	\$1,610,647	\$3,748,418	\$27,667,244	\$26,032,278
Additions	63,011	71,022	562,479	1,769,245	1,688,570
Disposals	(5,477)	(20,030)	(10,614)	(74,098)	(53,604)
Balance, end of year	1,935,471	1,661,639	4,300,283	29,362,391	27,667,244

Accumulated amortization	Machinery, plant and equipment	Vehicles	Assets under construction	Total 2023	Total 2022 (restated - note 25)
Balance, beginning of year	787,771	650,432	0	6,748,462	6,380,471
Disposals	(4,799)	(17,415)	0	(48,658)	(33,023)
Amortization expense	45,642	81,776	0	411,969	401,015
Balance, end of year	828,614	714,793	0	7,111,773	6,748,463
Net book value, end of year	\$1,106,857	\$946,846	\$4,300,283	22,250,618	\$20,918,781

Assets under construction

During 2023, the City acquired \$1,769,245 (2022 – \$1,688,570) of assets under construction. As assets were placed into service, transfers in the amount of \$1,206,766 (2022 – \$860,552) were made from assets under construction to the respective asset classes to arrive at a net balance of \$562,479 (2022 – \$828,018) disclosed above.

Works of art and historical treasures

Council approved a Public Art Program (“PAP”) in 1985 to maintain and circulate the City’s corporate art collection. The City’s PAP collection includes over 1,700 works of art. The City also owns the Firestone Art Collection, consisting of 1,605 historical Canadian works of art produced from 1900 to 1980, which is housed and managed by the Ottawa Art Gallery. Works of art are not recorded in the City’s consolidated financial statements.

THE CITY OF OTTAWA

Notes to the consolidated financial statements
December 31, 2023 (*dollars in thousands*)

16. Tangible capital assets (continued)

Contributed tangible capital assets

The value of contributed tangible capital assets received during 2023 amounts to \$488,087 (2022 – \$469,303) and is included in additions disclosed above.

17. Accumulated surplus

Accumulated surplus consists of individual fund surpluses, reserves, and equity in government business enterprise (“GBE”).

Accumulated surplus comprises the following:	2023	2022
		(Restated – note 25)
Invested in tangible capital assets	\$18,712,107	\$17,509,168
Capital fund – unfinanced capital outlay	80,966	277,921
Endowment fund	198,470	153,751
Employee future benefits and pension agreements	(772,958)	(732,484)
Asset retirement obligation liabilities	(76,199)	(74,559)
Brownfields	(60,092)	(58,902)
Contaminated sites	(19,143)	(21,331)
Other	(95,009)	(105,484)
Total before reserves and equity in GBE	17,968,142	16,948,080
Discretionary reserves		
Environmental services	131,939	177,919
Transit	6,303	39,586
Housing	84,708	103,619
Employee benefits	89,719	85,511
Tax stabilization	98,942	72,518
Parking	20,073	19,838
City wide	47,481	99,400
Corporate fleet	(724)	3
Other	23,926	23,077
Total discretionary reserves	502,367	621,471
Equity in GBE (note 5)	529,669	526,944
Accumulated surplus	\$19,000,178	\$18,096,495
Accumulated surplus is comprised of:		
Accumulated surplus - operations	\$18,961,351	\$18,096,495
Accumulated remeasurement gains	38,827	–
	\$19,000,178	\$18,096,495

THE CITY OF OTTAWA

Notes to the consolidated financial statements
December 31, 2023 (*dollars in thousands*)

18. Contingencies, commitments and contractual rights

- (a) Through the course of its normal operations, the City becomes involved in various claims and legal proceedings. Litigation is subject to many uncertainties and the outcome of individual matters is difficult to predict. A provision for these claims has been recorded in the consolidated financial statements based on management's best estimate, based upon an analysis of specific claims and historical experience with similar claims. Any amendment to amounts accrued will be recorded once new information becomes available. Where the potential liability is determinable, management believes that the ultimate disposition of the matters will not materially exceed the amounts recorded in the accounts. If the outcome of a claim is undeterminable, then no liability accrual is recorded, and any additional losses related to these undeterminable claims will be recorded in the period during which the liability becomes determinable. Amounts recorded in the accounts have not been separately disclosed in the consolidated financial statements as disclosure may adversely impact the outcome.
- (b) The City has the following future contractual obligations for capital works:

2024	\$1,583,565
2025	251,092
2026	132,206
2027	49,349
2028	63
2029 and thereafter	347

- (c) The City is committed to the following future payments under operating lease agreements for buildings and equipment:

2024	\$21,023
2025	15,802
2026	12,500
2027	8,672
2028	6,014
2029 and thereafter	24,426

THE CITY OF OTTAWA

Notes to the consolidated financial statements
December 31, 2023 (*dollars in thousands*)

18. Contingencies, commitments and contractual rights (continued)

- (d) On August 30, 2019, Stage 1 of the O-Train Confederation Line achieved Revenue Service Availability (“RSA”) and the maintenance contract became effective on that date. The City has committed to making a series of monthly service payments during the 28-year maintenance and service term ending May 2048. Commitments for Monthly Service Payments (“MSP”) for capital construction costs deferred beyond the construction period, as well as for maintenance costs associated with the light rail system and vehicles, began on the RSA date. Annual payments will be adjusted as service levels change, and a portion will be adjusted for inflation, in accordance with the project agreement. The City has also committed to a series of payments for life-cycle costs, and for maintenance costs that will vary with service kilometres.
- (e) As at December 31, 2023, Hydro Ottawa had total open commitments amounting to \$167,673 for the period from 2024 to 2030. The commitments relate to a call centre services agreement, distribution-related construction projects, overhead and underground services, and other services related to Hydro Ottawa’s operations.
- (f) The City has commitments for the purchase of ice rental time for annual amounts of \$956, \$6,202 and \$15,234, which are paid in two installments in accordance with three public-private partnership agreements. These commitments are set to expire in 2027, 2034 and 2043, respectively.
- (g) The City has entered into guarantees of loans amounting to \$132,720 arranged to provide financing for the development of ice rinks, the construction of a paramedic headquarters facility, the development of an arts centre, and Lansdowne Park roof replacement under public-private partnerships. The City’s guarantees for ice rinks, the paramedic facility and Lansdowne roof replacement also cover the borrowers’ obligations under interest rate derivative agreements to manage the volatility of interest rates. The total amount outstanding under guarantees as of December 31, 2023 is \$99,446. The City has converted floating rate debt in the amount of \$98,830 for fixed rate debt ranging from 2.849% to 6.49% on four guarantees. The related derivative agreements are in place until the maturity of the debts in 2044. The City’s guarantee of the loan in connection with the arts centre facility does not involve interest rate derivative agreements since the loans are on a fixed interest rate basis.
- (h) On June 28, 2010, Council authorized a payment covenant guarantee that may require the City to make annual payments of up to \$1,463 in respect of a loan in the amount of \$20,700 for the construction and operation of a trade and exhibition centre. The covenant agreement was signed by the City on April 15, 2011 and expires on April 15, 2041. No payments have been made on this guarantee in 2023 (2022 – nil).

THE CITY OF OTTAWA

Notes to the consolidated financial statements
December 31, 2023 (*dollars in thousands*)

18. Contingencies, commitments and contractual rights (continued)

- (i) On October 12, 2012, the City entered into an agreement with Ottawa Sports and Entertainment Group (“OSEG”) to revitalize Lansdowne Park. The Master Limited Partnership agreement was established to manage the construction and future net positive cash flows that will be distributed based on a waterfall of priorities as set out in the agreement. The net positive cash flows will be distributed with priority to life-cycle reserves, then OSEG Partners return on and of contributed equity, and then to the City for return on deemed equity, with any remaining cash balances to be evenly split between the City and OSEG. In 2020, Council approved a ten-year extension to the agreement to December 31, 2054.
- (j) In 2017, Council and the Ottawa Public Library Board approved the City partnering with Library and Archives Canada to build a new joint facility that brings together the creative services of a public library and the public services of a national library and archives. The final design plans of the joint facility were approved in April 2021 and the City’s Supply Services branch, in May 2021, released the tender for the construction of the joint facility. As at the end of 2023, construction of the new facility was ongoing. Construction is planned to continue until late 2025, with the official opening taking place in 2026. The Library and Archives Canada portion of the building is funded by the federal government. For the City’s portion of the building, capital costs incurred up to December 31, 2023 were \$90,654. Future commitments for the City portion of the building amount to \$103,950 for 2024 to 2026 inclusive.
- (k) On August 10, 2022, the City entered into a credit agreement with the Canada Infrastructure Bank of up to \$380,000 in order to finance the Zero Emission Buses (“ZEB”) Program. The credit facility bears 1% interest per annum, and it is to be repaid over the useful life of the ZEBs (15 years) commencing one year following the first operation of the ZEBs. The first ZEBs are expected to go into service in the fall of 2024. As of December 31, 2023, the City has borrowed \$1,693 related to this credit agreement.

THE CITY OF OTTAWA

Notes to the consolidated financial statements
December 31, 2023 (*dollars in thousands*)

18. Contingencies, commitments and contractual rights (continued)

- (l) In March 2019, the City entered into agreements with private partners for the two extensions of the Stage 2 LRT Projects: Trillium Line Extension (“TLE”) and Confederation Line Extension (“CLE”). The CLE project further consists of two phases, the extension of the LRT line to the east (“CLE East”), and the extension of the line to the west (“CLE West”). The TLE extension project is being delivered as a design, build, finance and maintain project, while the CLE extensions are being delivered as a design, build, and finance project, and the maintenance component of the extended line will be delivered by the current contractor for the existing Confederation Line.

For the TLE extension, the City has outstanding commitments totalling \$30,484 related to the ongoing construction costs. Upon substantial completion, the City must repay \$25,918 related to the construction costs that were funded by the private partner and \$136,126 plus interest will be paid over the 27-year maintenance period. During the maintenance period, the City is also committed to a series of monthly payments to cover the maintenance and life-cycle requirements, as well as insurance, administrative, and legal/accounting costs.

For the CLE extension, the City has outstanding commitments totalling \$679,885 related to the ongoing construction costs. Upon substantial completion of the CLE East extension, the City must repay \$80,000 related to the construction costs that were funded by the private partner. Upon substantial completion of the CLE West extension, the City must repay \$176,446 related to the construction costs that were funded by the private partner. During the combined 30-year maintenance term, the City is also committed to a series of payments to cover the maintenance and life-cycle requirements for the combined Stage 1 and Stage 2, as well as insurance, administrative and legal/accounting costs.

- (m) Contractual rights are rights to economic resources arising from contracts or agreements that will result in revenues and assets in the future. The City’s contractual rights arise out of contracts entered into for long-term property leases and rental arrangements where the City is the lessor. Contractual rights are not recognized in the consolidated financial statements until revenues or assets are received. The estimated amount of contractual rights is \$13,163 assuming no lease renewals or counterparty default.

THE CITY OF OTTAWA

Notes to the consolidated financial statements
December 31, 2023 (*dollars in thousands*)

19. Taxes available for municipal purposes

	2023	2022
Property taxes	\$2,495,047	\$2,384,994
Payment in lieu of taxes	211,998	168,400
Local improvements and other charges	26,307	23,629
Less: education taxes	(450,419)	(439,806)
Total taxes available for municipal purposes	\$2,282,933	\$2,137,217

20. Expenses by object

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

	2023	2022
Salaries, wages and employee benefits	\$2,053,816	\$1,951,824
Contracted and general services	500,274	490,301
Materials, equipment and supplies	669,777	665,117
Interest charges	146,856	145,220
Rent and financial expenses	88,693	90,063
External transfers	721,994	624,564
Interfunctional	(40,723)	(40,039)
Amortization of tangible capital assets	411,968	401,015
Loss on disposal	23,182	19,147
Total expenses	\$4,575,837	\$4,347,212

THE CITY OF OTTAWA

Notes to the consolidated financial statements
December 31, 2023 (dollars in thousands)

21. Segmented information

Consolidated schedule of segment disclosure

For the year ended December 31, 2023

REVENUE	General Government	Protection	Roads, Traffic and Parking	Transit	Environmental Services	Health Services
Taxes	\$2,282,933	\$0	\$0	\$0	\$0	\$0
Government transfers – provincial	12,273	18,284	83	201,588	3,303	161,177
Government transfers – federal	230	38,912	5,896	167,307	652	315
Fees and user charges	20,710	78,681	33,357	136,430	505,012	3,134
Contributed tangible capital assets	0	0	96,664	0	367,498	0
Development charges	2,442	8,338	30,428	86,361	28,435	0
Fines and penalties	23,179	29,801	0	2,001	0	0
Other	113,855	2,838	513	1,992	15,591	173
Total revenue	2,455,622	176,854	166,941	595,679	920,491	164,799
EXPENSES	General Government	Protection	Roads, Traffic and Parking	Transit	Environmental Services	Health Services
Salaries and benefits	102,687	594,638	145,683	368,756	94,723	198,720
Contracts and general services	7,949	72,007	113,501	90,575	127,268	15,981
Materials, equipment and supplies	27,403	64,828	93,144	125,223	72,662	24,671
Interest charges	268	1,509	19,244	69,271	29,821	824
Rent and financial expenses	18,989	14,712	8,304	29,117	9,362	4,812
External transfers	(104)	12,059	(116)	(18,672)	5,084	(181)
Interfunctional	(43,747)	(16,215)	(14,094)	8,062	44,728	8,706
Amortization	981	13,708	123,778	104,143	124,181	5,118
Loss (gain) on disposal	1,256	1,074	3,918	4,580	9,175	323
Total expenses	115,682	758,320	493,362	781,055	517,004	258,974
ANNUAL SURPLUS (DEFICIT)	\$2,339,940	\$(581,466)	\$(326,421)	\$(185,376)	\$403,487	\$(94,175)

THE CITY OF OTTAWA

Notes to the consolidated financial statements
December 31, 2023 (*dollars in thousands*)

21. Segmented information (continued)

Consolidated schedule of segment disclosure

For the year ended December 31, 2023

REVENUE	Social and Family Services	Social Housing	Recreation and Cultural Services	Planning and Development	Total
Taxes	\$0	\$0	\$0	\$0	\$2,282,933
Government transfers – provincial	536,639	100,477	3,748	0	1,037,572
Government transfers – federal	633	52,374	4,053	164	270,536
Fees and user charges	18,730	84,417	60,568	18,824	959,863
Contributed tangible capital assets	0	0	22,635	1,290	488,087
Development charges	150	1,180	1,686	11,236	170,256
Fines and penalties	0	0	67	0	55,048
Other	176	15,688	13,735	11,837	176,398
Total revenue	556,328	254,136	106,492	43,351	5,440,693
EXPENSES	Social and Family Services	Social Housing	Recreation and Cultural Services	Planning and Development	Total
Salaries and benefits	193,064	65,921	236,708	52,916	2,053,816
Contracts and general services	17,323	5,374	44,470	5,826	500,274
Materials, equipment and supplies	27,138	143,934	78,714	12,060	669,777
Interest charges	406	10,905	11,428	3,180	146,856
Rent and financial expenses	(3,617)	3,638	3,417	(41)	88,693
External transfers	496,932	191,192	11,041	24,759	721,994
Interfunctional	(10,230)	1,369	(7,158)	(12,144)	(40,723)
Amortization	2,192	13,079	23,984	804	411,968
Loss on disposal	922	141	1,513	280	23,182
Total expenses	724,130	435,553	404,117	87,640	4,575,837
ANNUAL SURPLUS (DEFICIT)	\$(167,802)	\$(181,417)	\$(297,625)	\$(44,289)	\$864,856

THE CITY OF OTTAWA

Notes to the consolidated financial statements
December 31, 2023 (dollars in thousands)

21. Segmented information (continued)

Consolidated schedule of segment disclosure

For the year ended December 31, 2022 (restated – note 25)

REVENUE	General Government	Protection	Roads, Traffic and Parking	Transit	Environmental Services	Health Services
Taxes	\$2,137,217	\$0	\$0	\$0	\$0	\$0
Government transfers – provincial	24,014	16,381	2,496	405,417	8,214	189,579
Government transfers – federal	1,074	54,740	5,882	207,538	694	2,347
Fees and user charges	20,820	74,202	30,900	108,412	470,407	2,270
Contributed tangible capital assets	0	0	86,081	0	363,618	66
Development charges	4,966	1,383	28,536	104,904	20,943	0
Fines and penalties	21,836	22,891	0	2,000	0	0
Other	124,160	2,642	297	5,935	6,517	196
Total revenue	2,334,087	172,239	154,192	834,206	870,393	194,458
EXPENSES	General Government	Protection	Roads, Traffic and Parking	Transit	Environmental Services	Health Services
Salaries and benefits	104,933	544,816	137,444	335,178	92,634	229,452
Contracts and general services	11,202	80,273	85,122	92,141	124,669	16,586
Materials, equipment and supplies	29,142	63,662	89,459	119,374	63,033	20,720
Interest charges	343	1,557	19,396	67,113	29,680	882
Rent and financial expenses	16,033	8,863	9,967	21,926	6,284	3,654
External transfers	(716)	11,921	(319)	(1,851)	5,035	(290)
Interfunctional	(39,492)	(15,675)	(18,824)	21,302	37,408	7,263
Amortization	1,051	13,563	118,008	106,521	117,631	5,039
Loss (gain) on disposal	0	404	5,615	3,701	9,525	(17)
Total expenses	122,496	709,384	445,868	765,405	485,899	283,289
ANNUAL SURPLUS (DEFICIT)	\$2,211,591	\$(537,145)	\$(291,676)	\$68,801	\$384,494	\$(88,831)

THE CITY OF OTTAWA

Notes to the consolidated financial statements
December 31, 2023 (dollars in thousands)

21. Segmented information (continued)

Consolidated schedule of segment disclosure

For the year ended December 31, 2022 (restated – note 25)

REVENUE	Social and Family Services	Social Housing	Recreation and Cultural Services	Planning and Development	Total
Taxes	\$0	\$0	\$0	\$0	\$2,137,217
Government transfers – provincial	439,980	127,357	5,419	609	1,219,466
Government transfers – federal	155	29,925	24,465	399	327,219
Fees and user charges	17,094	84,109	46,489	18,489	873,192
Contributed tangible capital assets	65	0	18,202	1,271	469,303
Development charges	263	3,464	2,074	1,886	168,419
Fines and penalties	0	0	64	0	46,791
Other	118	35,260	14,647	7,920	197,692
Total revenue	457,675	280,115	111,360	30,574	5,439,299
EXPENSES	Social and Family Services	Social Housing	Recreation and Cultural Services	Planning and Development	Total
Salaries and benefits	180,169	61,567	215,179	50,452	1,951,824
Contracts and general services	19,026	7,713	46,279	7,290	490,301
Materials, equipment and supplies	25,680	171,531	71,029	11,487	665,117
Interest charges	521	11,180	11,606	2,942	145,220
Rent and financial expenses	379	7,100	4,013	11,844	90,063
External transfers	391,632	186,582	10,941	21,629	624,564
Interfunctional	(10,811)	(630)	(9,611)	(10,969)	(40,039)
Amortization	2,113	12,741	23,652	696	401,015
Loss (gain) on disposal	41	0	9	(131)	19,147
Total expenses	608,750	457,784	373,097	95,240	4,347,212
ANNUAL SURPLUS (DEFICIT)	\$(151,075)	\$(177,669)	\$(261,737)	\$(64,666)	\$1,092,087

THE CITY OF OTTAWA

Notes to the consolidated financial statements
December 31, 2023 (*dollars in thousands*)

21. Segmented information (continued)

The City is responsible for providing a wide range of services to its citizens, including police, fire, ambulance, public transit and water.

The City reports on functional areas and programs in its consolidated financial statements similar to the reporting reflected as part of the Ontario Financial Information Return.

These functional areas represent segments for the City, and expanded disclosure by object has been reflected in the above consolidated schedules of segmented disclosure.

A brief description of each segment follows:

- General government consists of Council, administration, and Ontario Property Assessment.
- Protection consists of police, fire and other protective services. These groups maintain the safety and security of all citizens by reducing or eliminating loss of life and property, by maintaining law enforcement, and preserving peace and good order.
- Roads, traffic and parking include parking, signs and signals, streetlights and the maintenance of roads within the City.
- Transit services provide local public transportation for citizens. They also include other transportation services such as planning and development.
- Environmental services include water supply and distribution, wastewater treatment, storm sewer systems and waste and recycling services. These services provide clean drinking water to residents, collect and treat wastewater, and collect and properly process waste and recycling items.
- Health services include paramedic and health services. Mandated health services promote and maintain health programs that optimize the health of residents. Paramedic services deliver timely and effective care for pre-hospital emergency care, along with medically required inter-hospital transportation.
- Social and family services include social assistance, long-term care and childcare services. Social assistance services determine, issue and monitor clients' eligibility for financial, social and employment assistance. Long-term care services provide secure and supervised health services for seniors who can no longer live at home. Childcare services provide subsidized childcare spaces and provide funding for wage subsidy, pay equity, and special needs.

THE CITY OF OTTAWA

Notes to the consolidated financial statements
December 31, 2023 (*dollars in thousands*)

21. Segmented information (continued)

- Social housing, with the partnership of 120 community-based agencies, provides a range of services, including housing, emergency shelters, outreach, search and stabilization to people in the community.
- Recreation and cultural services include parks and recreation, culture and libraries. Parks and recreation services develop and deliver high-quality recreational programs and develop and maintain recreation facilities, parks and sports fields to ensure all residents have the opportunity to enjoy a healthy lifestyle. Culture services invest in local non-profit organizations that deliver services on behalf of the City. Library services provide public library services to the citizens via physical facilities, bookmobile, virtual and telephone services.
- Planning and development services manage urban development for residential and business interests, as well as infrastructure and parks.

Program support costs for expenses have been allocated to other functions using guidelines and methodologies reflected in the Ontario Financial Information Return.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in note 2.

Condensed supplementary segmented information of the Ottawa Public Library Board is provided in note 28 to fulfill a condition of the City's contribution agreements with the Province of Ontario.

22. Public liability insurance

The City self-insures for public liability claims up to a specific amount, and outside coverage is in place for claims in excess of these limits.

THE CITY OF OTTAWA

Notes to the consolidated financial statements
December 31, 2023 (*dollars in thousands*)

23. Budget amounts

Budget data presented in these consolidated financial statements is based upon the 2023 operating and capital budgets approved by Council on March 1, 2023. Council-approved budgets are prepared on a modified accrual basis, which differs from budget amounts reported on the consolidated statement of operations and accumulated surplus, which are prepared in accordance with Canadian public sector accounting standards. The table below reconciles the approved budget with the budget figures reported in these consolidated financial statements using the accrual basis of accounting.

Budget reconciliation

Revenues	
Adopted budget operating and capital	\$5,517,474
Contributed tangible capital assets	441,038
Timing differences between capital budget and spending	421,176
Consolidated entities	233,592
Reclassification of investment income	32,000
Hydro Ottawa Holding Inc. equity pickup	14,300
Transfers from reserves	(789,962)
Proceeds of debt issued	(245,656)
Reclassifications and eliminations	(38,186)
Total budgeted revenues for financial statement purposes	\$5,585,776
Expenses	
Adopted budget operating and capital	\$5,517,474
Timing differences between capital budget and spending	339,545
Amortization	440,498
Consolidated entities	233,592
Change in other obligations to be funded in future years	(20,322)
Change in employee future benefits and pension agreements	(42,844)
Acquisition of tangible capital assets	(1,068,300)
Transfers to reserves	(750,918)
Debt principal repayments	(152,395)
Reclassifications and eliminations	(38,086)
Total budgeted expenses for financial statement purposes	\$4,458,244
Budgeted annual surplus	\$1,127,532

THE CITY OF OTTAWA

Notes to the consolidated financial statements
December 31, 2023 (*dollars in thousands*)

24. Related party transactions

The City enters into transactions with its subsidiary corporations in the normal course of business, under terms and conditions similar to those that apply to unrelated parties. Related party transactions with Hydro Ottawa are disclosed in note 5 and related party transactions with OCHC are disclosed in note 13. These transactions are measured at their exchange amounts.

25. Restatement of comparative information

The City adopted new public sector accounting standards on a retrospective basis that became effective for the year ended December 31, 2023, which required restatement of the affected financial statement line items for the prior period.

In addition, the City identified an item that had not been properly recognized or presented in the financial statements as described below. As a consequence, the related item has been corrected in each of the affected financial statement line items for the prior period.

The following notes summarize the impact on the consolidated financial statements.

Adoption of new accounting standards on a modified retrospective basis

PS 3280 – Asset Retirement Obligations

On January 1, 2023, the City adopted Canadian public sector accounting standard PS 3280. The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in retired buildings by public sector entities. The new accounting standard has resulted in a withdrawal of the existing accounting standard PS 3270 – Solid Waste Landfill Closure and Post-Closure Liability. The City adopted PS 3280 on the modified retrospective basis at the date of adoption. Under the modified retrospective method, the discount rate and assumptions used on initial recognition are those as of the date of adoption of the standard.

The City removed the landfill liability that had been recognized to date and recognized an asset retirement obligation upon adoption of PS 3280 on January 1, 2023. The liability represents the required closure and post-closure care for the active landfill sites owned by the City. The liability was measured as of the date of purchase of these sites, when the liability was assumed.

THE CITY OF OTTAWA

Notes to the consolidated financial statements
December 31, 2023 (dollars in thousands)

25. Restatement of comparative information (continued)

Adoption of new accounting standards (continued)

PS 3280 – Asset Retirement Obligations (continued)

On January 1, 2023, the City recognized an additional asset retirement obligation relating to several buildings owned by the City that contain asbestos. The liability was measured as of the date of purchase of these buildings, when the liability was assumed. The City chose not to discount the liabilities.

In accordance with the provisions of this new standard, using the modified retrospective method, the City reflected the following adjustments at January 1, 2022:

	Transitional Adjustments				
	Pre-ARO Jan 1, 2022	ARO Adjustment	After ARO, Jan 1, 2022	2022 ARO	Dec 31, 2022
Statement of financial position					
Asset Retirement Obligation - Tangible Capital Asset	0	48,453	48,453	0	48,453
Asset Retirement Obligation - Accumulated Amortization	0	(32,911)	(32,911)	(738)	(33,649)
Net addition to capital assets	0	15,542	15,542	(738)	14,804
Statement of operations and accumulated surplus					
ARO expense - Difference between ARO Landfill (PS3280) and Landfill (PS3270)	0	868	868	0	0
ARO expense - Non Tangible Capital Assets	0	1,554	1,554	0	0
Amortization Expense - ARO	0	0	0	738	738
Accretion Expense adjustment - ARO Landfill	0	0	0	(591)	(591)
Total expenses	0	2,422	2,422	147	147

THE CITY OF OTTAWA

Notes to the consolidated financial statements
December 31, 2023 (*dollars in thousands*)

25. Restatement of comparative information (continued)

Correction of an immaterial prior period error

The City has adjusted the comparative information for an immaterial prior period error relating to the recognition and presentation of transfers of gas tax funds from the Government of Canada and the Province of Ontario under their respective gas tax agreements.

The City applies Public Sector Accounting Standard PS 3410 *Government Transfers* which is applicable to the recognition, measurement and presentation of the gas tax funds received by the City. The City first adopted PS 3410 in its 2013 annual financial statements, and at the time, took the accounting position that the transfers of gas tax funds should be recognized as revenue in the period the transfers were authorized based on an interpretation that the gas tax agreements did not contain sufficient stipulations restricting the use of the gas tax funds to create a liability at the time of receipt. As such, gas tax transfers were recorded in government transfers revenue in the period received and presented in accumulated surplus.

During the current year, the City reviewed this accounting position with respect to gas tax funding including reviewing the practices of Ontario major cities. The City identified that the interpretation with respect to the sufficiency of stipulations restricting the use of the gas tax funds was inconsistent with that of the other Ontario major cities. The City determined that the past recognition and presentation of the transfers of gas tax funds as revenue in the period received was in error and has corrected this immaterial prior period error in the comparative information as follows:

- (i) Decreased accumulated surplus and increased deferred revenue by \$120,400.
- (ii) Decreased government transfers revenue by \$22,884 and investment income by \$1,094.
- (iii) Decreased accumulated surplus, beginning of the year by \$96,422.

THE CITY OF OTTAWA

Notes to the consolidated financial statements
December 31, 2023 (*dollars in thousands*)

25. Restatement of comparative information (continued)

Effects of the restatement and correction

The effect of the restatement for the adoption of new accounting standards and the correction of the immaterial prior period error are as follows:

Consolidated Statement of Financial Position				
As at December 31, 2022	As previously reported	Correction of immaterial prior period error	Adoption of new accounting standards	As restated
Deferred revenue	\$1,147,279	\$120,400	\$0	\$1,267,679
Landfill closure and post-closure	38,838	0	(38,838)	0
Contaminated sites	6,769	0	14,562	21,331
Asset retirement obligations	0	0	74,559	74,559
Total liabilities	7,244,298	120,400	50,283	7,414,981
Net debt	(2,749,732)	(120,400)	(50,283)	(2,920,415)
Tangible capital assets	20,903,977	0	14,804	20,918,781
Total non-financial assets	21,002,106	0	14,804	21,016,910
Accumulated surplus	18,252,374	(120,400)	(35,479)	18,096,495

Consolidated Statement of Operations and Accumulated Surplus				
For the year ended December 31, 2022	As previously reported	Correction of immaterial prior period error	Adoption of new accounting standards	As restated
Revenue:				
Government transfers	\$1,569,569	\$(22,884)	\$0	\$1,546,685
Investment income	74,237	(1,094)	0	73,143
Total revenue	5,463,277	(23,978)	0	5,439,299
Total expenses	4,347,065	0	147	4,347,212
Annual surplus	1,116,212	(23,978)	(147)	1,092,087
Accumulated surplus - operations, opening	17,132,487	(96,422)	(35,332)	17,000,733
Accumulated surplus - operations, ending	18,252,374	(120,400)	(35,479)	18,096,495

THE CITY OF OTTAWA

Notes to the consolidated financial statements
December 31, 2023 (*dollars in thousands*)

25. Restatement of comparative information (continued)

Effects of the restatement and correction (continued)

Consolidated Statement of Net Debt				
For the year ended December 31, 2022	As previously reported	Correction of immaterial prior period error	Adoption of new accounting standards	As restated
Annual surplus	\$1,116,212	\$(23,978)	\$(147)	\$1,092,087
Amortization of capital assets	400,276	0	739	401,015
Change in net debt	(158,106)	(23,978)	592	(181,492)
Net debt, opening	(2,595,301)	(96,422)	(50,875)	(2,742,598)
Net debt, ending	(2,749,732)	(120,400)	(50,283)	(2,920,415)

Consolidated Statement of Cash Flows				
For the year ended December 31, 2022	As previously reported	Correction of immaterial prior period error	Adoption of new accounting standards	As restated
Annual surplus	\$1,116,212	\$(23,978)	\$(147)	\$1,092,087
Amortization of capital assets	400,276	0	739	401,015
Increase in deferred revenue	135,505	23,978	0	159,483
Increase in landfill closure and post-closure liability	2,038	0	(2,038)	0
Increase (decrease) in liabilities for contaminated sites	(15)	0	89	74
Increase in asset retirement obligations	0	0	1,357	1,357
Cash provided by operating activities	1,186,643	0	0	1,186,643

THE CITY OF OTTAWA

Notes to the consolidated financial statements
December 31, 2023 (*dollars in thousands*)

26. Adoption of new accounting standard on a prospective basis

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

On January 1, 2023, the City adopted Canadian public sector accounting standards PS 3450, PS 2601, PS1201 and PS3041. These standards were adopted prospectively from the date of adoption. The new standards provide comprehensive requirements for the recognition, measurement, presentation and disclosure of financial instruments and foreign currency transactions.

PS 1201 has resulted in the addition of a new financial statement called the statement of remeasurement gains and losses that is separate from the statement of operations and accumulated surplus. This new statement includes unrealized gains and losses arising from the remeasurement of financial instruments and items denominated in foreign currencies and any other comprehensive income that arises when the City includes the results of government business enterprises.

Under PS 3450, all financial instruments, including derivatives, are included on the statement of financial position and are measured either at fair value or amortized cost based on the characteristics of the instrument and the City's accounting policy choices. Adoption of PS 3450 has resulted in the City using fair value for the valuation of its equity holdings within the endowment fund investment because those equities have prices quoted in active markets. This adjustment to fair value of \$40,206 is reflected as an increase to investments and a corresponding increase of \$40,206 in the consolidated statement of remeasurement gains and losses. In addition to the above, the statement of remeasurement gains and losses also includes the share of other comprehensive loss from its subsidiaries of \$1,379 (note 5). As a result of the above, accumulated remeasurement of gains (losses) at the end of December 31, 2023 was \$38,827.

The adoption of PS 2601 and PS 3041 did not have a material impact on the City's consolidated financial statements.

27. Comparative information

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

THE CITY OF OTTAWA

Notes to the consolidated financial statements
December 31, 2023 (*dollars in thousands*)

28. Condensed supplementary segmented information

Ottawa Public Library Board

The following table provides condensed supplementary segmented information for the Ottawa Public Library Board (the "Board") to fulfill a condition of the City's contribution agreements with the Province of Ontario. The activities of the Board are included in the recreation and cultural services segment in note 21.

Statement of financial position

As at December 31, 2023, with comparative information for 2022

Financial position	2023	2022
Financial assets	\$55,845	\$45,300
Liabilities	49,867	47,332
Net assets (debt)	5,978	(2,032)
Non-financial assets		
Tangible capital assets	36,003	37,886
Total non-financial assets	36,003	37,886
Accumulated surplus	\$41,981	\$35,854

Statement of operations and accumulated surplus

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

Revenue	2023	2022
City of Ottawa	\$61,723	\$58,280
Province of Ontario - Ministry of Tourism, Culture and Sport:		
Operating funding (Public Library Operating Grant)	1,210	1,210
Pay equity funding (Public Library Operating Grant)	170	170
Development charges	(7)	123
Other	1,241	813
Total revenue	64,337	60,596
Expenses		
Operating expenditures	58,210	55,649
Total expenses	58,210	55,649
Annual surplus	6,127	4,947
Accumulated surplus, beginning of the year	35,854	30,907
Accumulated surplus, end of the year	\$41,981	\$35,854

THE CITY OF OTTAWA

Notes to the consolidated financial statements
December 31, 2023 (*dollars in thousands*)

28. Condensed supplementary segmented information (continued)

Comparative information

The comparative information provided in the above condensed supplementary segmented information has been reclassified to conform with the financial statement presentation adopted in the current year.

As disclosed in note 18(j), the City is constructing a new joint library with Library and Archives Canada and receives reimbursement of a portion of the costs under a contribution agreement. In prior years, the City presented the related capital expenditures and funding in its segmented reporting of the Board. In the current year, the City decided to change its presentation and not include these amounts in the Board's segmented information. As a result, the comparative amounts have been adjusted as follows: tangible capital assets decreased by \$65,496, revenue decreased by \$16,253 and accumulated surplus, beginning of year decreased by \$49,243.





Task Force on Climate-Related Financial Disclosures (Unaudited)

Executive Summary

The City of Ottawa voluntarily began disclosing climate-related financials as part of its 2022 Annual Report in response to the recommendations of the Task Force for Climate-Related Financial Disclosures (TCFD). This report summarizes the City's efforts undertaken in 2023 to advance the climate-related actions, strategies, and financial investments to help stakeholders and decision-makers understand how the City is responding to climate-related risks and opportunities and outlines how the City continues to incorporate climate-related information into strategic, capital, and financial planning processes.

The annual voluntary disclosures are structured around four areas: governance, strategy, risk management, and metrics and targets. Achievements from 2023 that advanced action in these areas include:

Governance

- In November 2023, City Council approved re-establishing the Climate Change Council Sponsors Group for the current term of Council with representatives from the urban (inner and outer urban), suburban and rural areas. Members of the Sponsors Group are to receive updates from City management on initiatives related to climate change, advise on how climate change risks and opportunities would intersect with Committee and Council priorities, and are responsible for championing climate change initiatives to Council.

Strategy

- In April 2023, City Council approved Part 1 of the Transportation Master Plan (TMP). The TMP advances the City's climate objectives through a shift towards sustainable transportation modes, a transition to cleaner vehicle technologies, and an increased focus on transportation system resilience.
- In July 2023, City Council approved the 2023–2026 Strategic Plan and identified “a city that is green and resilient” as one of the Plan's four strategic areas. It includes the strategic objectives to reduce emissions associated with the City's operations and facilities; increase waste reduction and diversion; plant, grow and preserve the urban tree canopy in parks and along roadways; increase resiliency to extreme weather and changing climate conditions; and improve key infrastructure through asset management.

- Budget 2024 was the second consecutive budget cycle where a climate lens was applied to all new capital budget requests. Overall, 155 capital budget requests were rated as having a climate contribution in the 2024 Draft Budget. Of these, 24 were identified as going beyond business-as-planned or business-as-usual and were rated as having a moderate or major contribution, totalling more than \$278 million of new investments. This is an increase of \$226 million from Budget 2023.
- The City’s departmental risk registers also now have a “Climate Change” category so that risk owners can clearly identify risks which have a climate impact.

Risk Management

- In June 2023, City Council approved the organization’s risk appetite and tolerance, with the purpose of codifying the City’s risk culture as well as providing guidelines for risk-based decisions. The approved appetite and tolerance includes the following key statements: “The City is willing to accept and take on some risk in order to lead in the area of environmental and climate stewardship” and “The City has a low appetite for risks that would cause significant and irreparable damage to the environment.”

Metrics and Targets

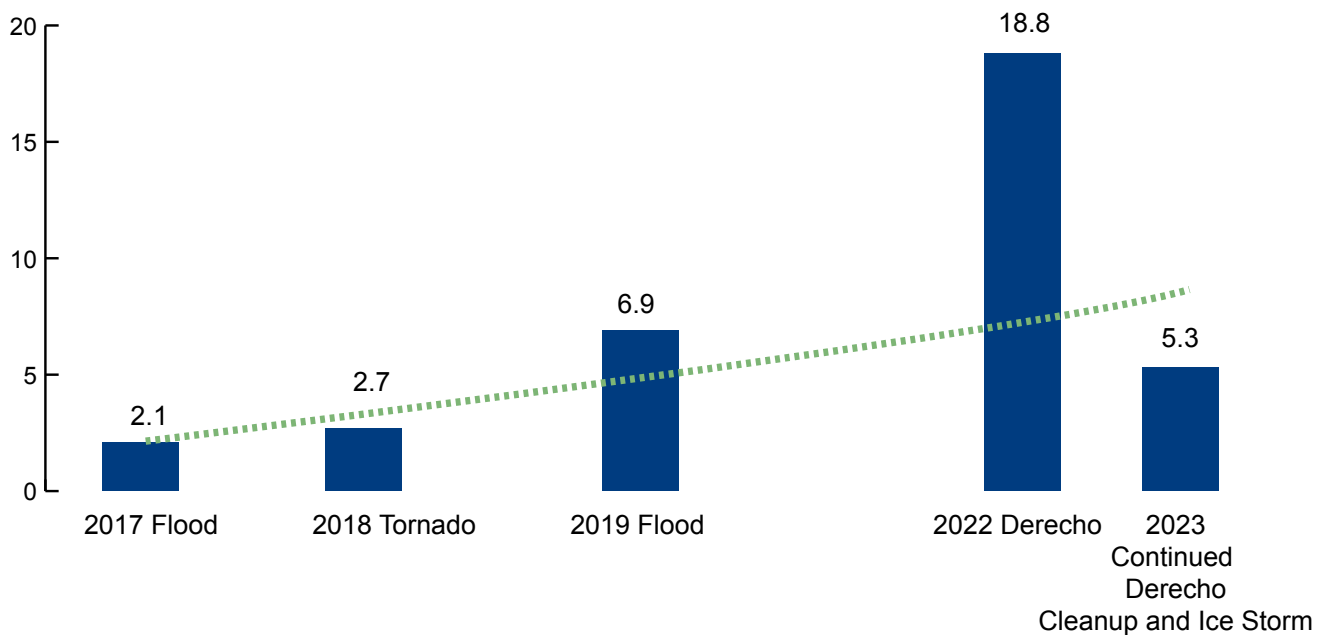
- In December 2023, the City was selected as one of 15 municipalities to take part in the Global Covenant of Mayors (GCoM) Canada’s Implementation Cohort, a one-year collaboration program designed to support municipal staff in the implementation phase of their climate change efforts. As part of this cohort, the City is receiving support to advance the development and tracking of mitigation and adaptation key performance indicators in 2024.
- The City initiated a third-party review of its GHG inventory methodologies, data sources, and assumptions to confirm accuracy, consistency and alignment with best reporting practices.

Introduction

Cities are increasingly dealing with the financial impacts from climate change, whether it be responding to extreme weather events and gradual changes in climate or working to transition to a low-carbon economy. Ottawa is not immune to the impacts of a changing climate and is already experiencing warmer, wetter, and more unpredictable weather which impacts our health and safety, infrastructure, the economy and the environment.

Ottawa has experienced a number of extreme weather events in recent years which had a significant financial impact to residents and businesses. In 2023 this included extended periods of freezing rain, flooding along the Ottawa River, tornadoes, extreme rainfall and poor air quality from wildfire smoke. The incremental cost for the City to respond to these events has exceeded \$35 million in the last five years (Figure 9). It's important to note that these costs only include additional direct costs such as overtime and do not reflect costs covered through operational budgets (such as repairs), accelerated wear and tear on equipment or infrastructure, or the impact of deferred services due to re-allocation of staff to response and recovery efforts.

Figure 9: City of Ottawa's incremental costs to respond to severe weather events (in \$ millions)



City Council declared a climate emergency in 2019 and the City is committed to reducing greenhouse gas (GHG) emissions and building climate resiliency over the short

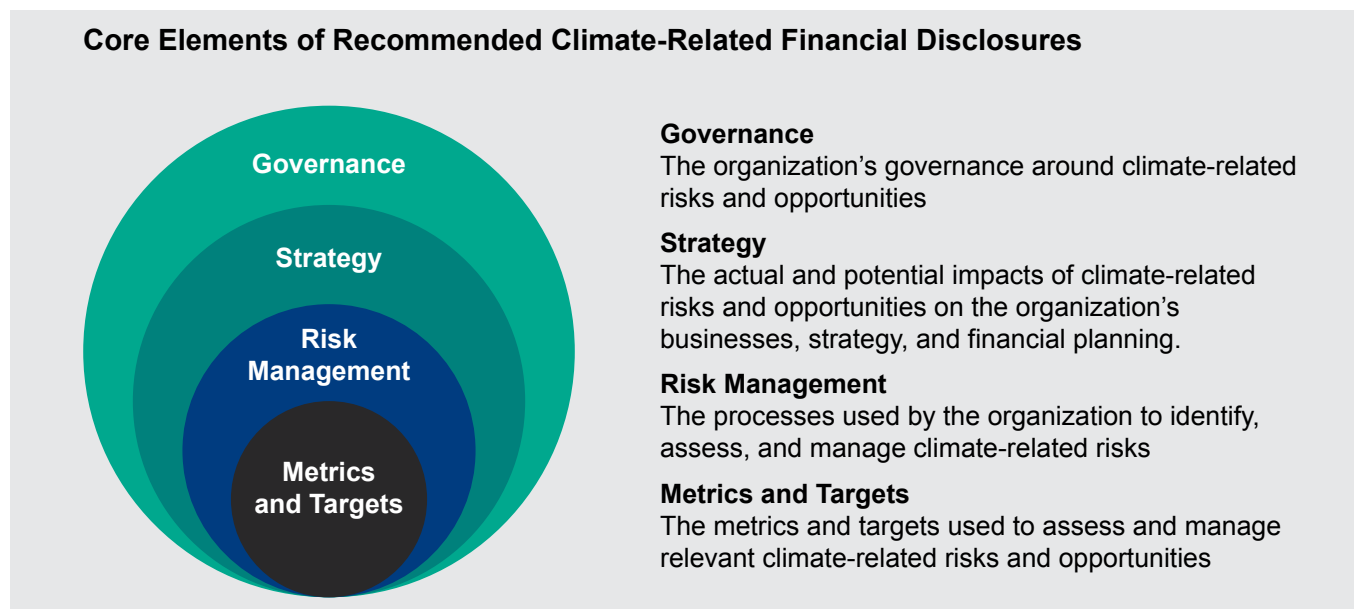
and long-term. Understanding the financial risks and opportunities related to climate change is critical to the municipality's financial sustainability.

About the Task Force on Climate-Related Disclosures (TCFD)

The TCFD was released in 2017 by the Financial Stability Board after years of collaborative consultation with global stakeholders. It established best practices for the consistent reporting of an organizations' climate-related risks and opportunities.

The voluntary disclosures enhance the reliability and transparency of climate information and are structured around four areas that represent core elements of how organizations operate: governance, strategy, risk management, and metrics and targets.

Figure 10: Recommendations of the Task Force on Climate-related Financial Disclosures⁵



The following disclosures summarize the City's climate-related actions, strategies, and financial impacts to help stakeholders and decision-makers understand how the City is responding to climate-related risks and opportunities. The disclosures also explain how the City incorporates climate-related information into strategic, capital, and financial planning processes.

The Chartered Professional Accountants of Canada published guidance on how Canadian cities can incorporate TCFD recommendations within their annual financial reports and the City applies this guidance in producing its set of climate-related financial disclosures. The City will adopt TCFD recommendations with a phased approach acknowledging that it will take several years for the City to reach full maturity and that the field of sustainability reporting is early in its evolution.

⁵ Final Report: Recommendations of the Task Force on Climate-related Financial Disclosures (2017)

Table 7 summarizes the City’s progress to date on climate-related disclosures.

Table 7: Summary of City of Ottawa’s TCFD Disclosures (2023)

TCFD Recommended Disclosures	Summary of City of Ottawa Disclosure	Link to section
Governance		
Describe mayor and council’s oversight of climate-related risks and opportunities	Mayor and City Council is responsible for setting climate and environmental policy and direction to manage climate risks and opportunities.	Mayor and Council’s Role
Describe management’s role in assessing and managing climate-related risks and opportunities.	Management is responsible for implementing City Council’s policy and direction, developing climate risk assessments, and executing mitigation and adaptation initiatives.	Management’s Role
Strategy		
Describe the climate-related risks and opportunities the city has identified over the short-, medium-, and long-term.	<p>The Climate Change Master Plan identifies the high-level risk and opportunities related to climate change mitigation and adaptation over the coming decades.</p> <p>Energy Evolution identifies risks and opportunities to accelerate action and investment to achieving short-, mid- and long-term GHG reduction targets, while the Climate Vulnerability and Risk Assessment identifies climate-related risks for City infrastructure, natural environment and services, and for the community.</p>	<p>Climate Change Master Plan</p> <p>Energy Evolution: Ottawa’s Community Energy Transition Strategy</p> <p>Climate Resiliency Strategy</p>

TCFD Recommended Disclosures	Summary of City of Ottawa Disclosure	Link to section
Describe the impact of climate-related risks and opportunities on the strategy and financial planning of the city's businesses.	Climate considerations have been applied to the 2023–2026 City Strategic Plan, the new Official Plan and Part 1 of the Transportation Master Plan, Comprehensive Asset Management Policy and core Asset Management Plans, and the annual municipal capital budget.	Integrating Climate Strategy into Key Planning Processes
Describe the resilience of the city's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	The City modelled moderate to high emission scenarios to project future changes in temperature, precipitation, wind and extreme weather. Projections are available for 178 climate indices and three time horizons. Using two plausible scenarios and multiple timelines provide flexibility in assessing climate risks.	Climate Resiliency Strategy
Risk Management		
Describe the city's processes for identifying and assessing climate-related risks.	Climate-related risks were identified and assessed through the Climate Vulnerability and Risk Assessment as well as the Energy Evolution strategy.	Risk Management

TCFD Recommended Disclosures	Summary of City of Ottawa Disclosure	Link to section
Describe the city's processes for managing climate-related risks.	<p>Climate-related risks related to meeting GHG reduction targets, responding to extreme weather events and adapting to the changing climate are incorporated into the City's Enterprise Risk Management program as part of the Corporate Risk Register.</p> <p>The Climate Resiliency Strategy is currently being developed to address the top climate risks and will identify specific capital projects and programs to adapt infrastructure and services to better withstand the effects of climate change. Energy Evolution identified capital projects to meet GHG emission targets. Strategies for mitigation and adaptation are also exploring opportunities to embed climate risk reduction considerations in City plans, policies and programs.</p>	Integrating Climate Risks into Enterprise Risk Management
Describe how processes for identifying, assessing and managing climate-related risks are integrated into the city's overall risk management.	<p>The Enterprise Risk Management program has processes in place for the City to identify, assess, mitigate, monitor and report on risks within both the corporate and departmental risk registers. Climate-related risks are tracked as they arise.</p>	Integrating Climate Risks into Enterprise Risk Management

TCFD Recommended Disclosures	Summary of City of Ottawa Disclosure	Link to section
Metrics and Targets		
<p>Disclose the metrics used by the city to assess climate-related risks and opportunities in line with its strategy and risk management process.</p>	<p>Targets (such as the GHG emission reduction targets) and key performance indicators were developed where data was available to track progress. The number of indicators will continue to grow in the coming years as projects, programs, and plans move from the development phase into the implementation phase, such as the Climate Resiliency Strategy.</p>	<p>Metrics and Targets</p> <p>Greenhouse Gas Emission Reduction Targets</p>
<p>Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions and the related risks.</p>	<p>The City discloses and reports on Scope 1 and Scope 2 GHG emissions through its annual community and corporate GHG emissions inventories.</p>	<p>Greenhouse Gas Emissions Inventories</p>
<p>Describe the metrics used by the city to manage climate-related risks and opportunities as well as performance against targets.</p>	<p>The City completes an annual Climate Change Master Plan status report that details progress towards achieving the vision and priorities of the Plan, challenges experienced, and risk mitigation strategies. It also includes the latest GHG inventories, an assessment on how the City and the community are tracking towards achieving the GHG targets, and progress on key performance indicators.</p>	<p>Metrics and Targets</p>



Governance

Transitioning Ottawa to a clean, renewable, and resilient city will require broad and deep participation in mitigation and adaptation efforts. A climate change internal governance structure has been established to support decision makers in accelerating action and investment towards reducing emissions and building climate resiliency. A refresh of the internal governance structure, as well as an external governance structure, is currently on-going.

Mayor and Council's Role

Mayor and City Council set climate and environmental policy and direction to manage climate risks and opportunities and they receive regular updates and reporting from management directly and through various committees, such as the Environment and Climate Change committee. In 2019, Mayor and City Council declared a Climate Emergency for the purposes of naming, framing, and deepening our commitment to protecting our economy, our ecosystems, and our community from climate change.

In November 2023, City Council approved re-establishing the Climate Change Council Sponsors Group for the current term of Council with five members of Council representing the urban (inner and outer urban), suburban and rural areas. The Council Sponsors Group is to receive updates from City management on initiatives related to climate change, advise on how climate change risks and opportunities would intersect with Committee and Council priorities, and are responsible for championing climate change initiatives to Council.

Management's Role

Management is responsible for implementing City Council's policy and direction, conducting climate risk assessments and executing mitigation and adaptation initiatives.

A Climate Change Tiger Team was created consisting of the Chief Financial Officer, Medical Officer of Health, departmental General Managers, and a representative from the City Manager's Office. Members of the Tiger Team

are responsible for championing climate change initiatives within their own department and to Council, advising on how climate change risks and opportunities will intersect with Council and departmental priorities, and advise on how climate considerations will

be incorporated into the City’s key planning processes. As well, various directors and managers were identified as key advisors to champion climate change initiatives and provide updates to senior leadership where risks and opportunities arise.

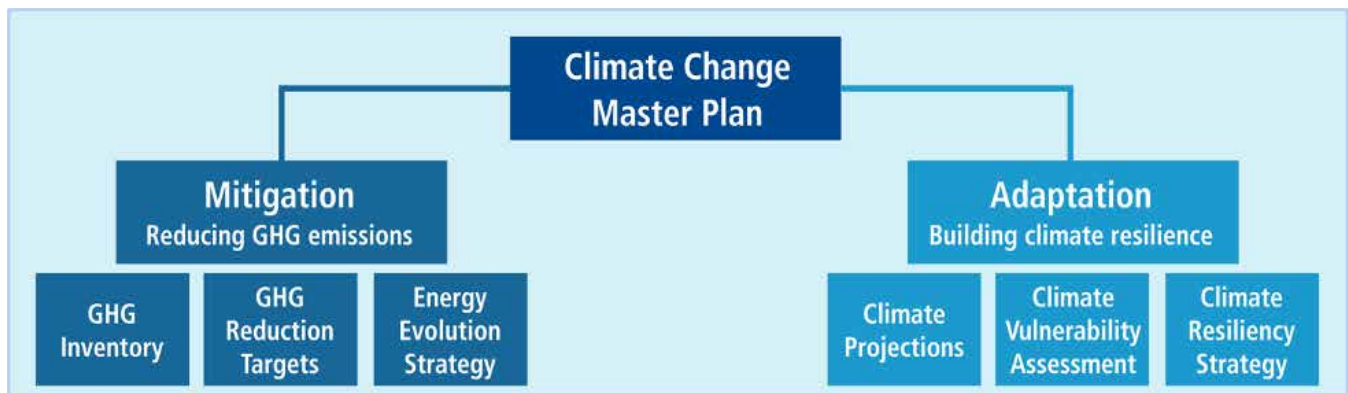
Strategy

Climate Change Master Plan

In January 2020, City Council approved the [Climate Change Master Plan](#), the overarching framework to reduce GHG emissions and respond to current and future effects of climate change in Ottawa. The Plan’s vision is to take unprecedented collective action to transition Ottawa into a clean, renewable and resilient city by 2050. As part of the Plan, Council approved short-, mid- and long-term GHG emission reduction targets and eight

priorities to be undertaken in the short-term. Priorities include implementing Energy Evolution: Ottawa’s Community Energy Transition Strategy, developing a Climate Resiliency Strategy, applying a climate lens to the new Official Plan and asset management plans, establishing a carbon budget and accounting framework, and developing a governance framework.

Figure 11: Climate Change Framework

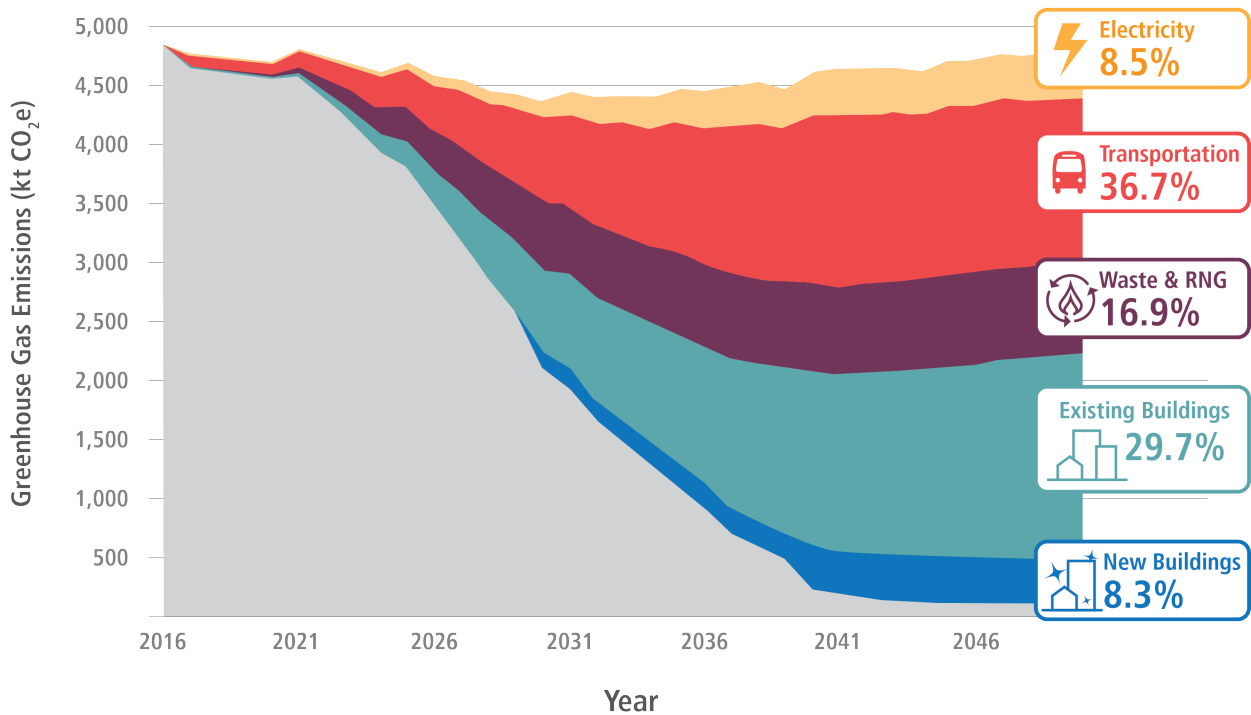


Energy Evolution: Ottawa's Community Energy Transition Strategy

In October 2020, Council received [Energy Evolution](#), which sets the framework for what it will take for Ottawa to meet the Council approved long-term targets to reduce city-wide GHG emissions by 100 per cent by 2050 and corporate GHG emissions by 100 per cent by 2040. Its vision is to transform Ottawa into a thriving city powered by clean, renewable energy. An integrated energy, emissions

and financial model was used to identify what it will take to achieve these targets in five key sectors: Land Use and Growth Management, Buildings, Transportation, Waste and Renewable Natural Gas, and Electricity. Energy Evolution identified 20 [priority projects](#) to be undertaken by 2025 to accelerate action and investment towards achieving the GHG emission reduction targets.

Figure 12: Total projected community-wide greenhouse gas emission reductions required to achieve the long-term targets



Cost of Climate Mitigation

Energy Evolution analyzed the financial impacts to the entire community (municipality, residents, business, institutions, and organizations) in order to achieve the targets in the five key sectors. For the City's assets and operations, it is estimated that roughly \$687 million (in 2020 dollars) per year is required for electrifying transit and municipal fleets, new active transportation infrastructure, retrofitting municipal buildings, waste diversion, and sewer heat capture. Included in this estimate is \$65 million per year for the City to incentivize the community into taking action.

Energy Evolution also developed projected community-wide cumulative investment needs from 2020 to 2050, roughly estimated to total \$57.5 billion (in 2020 dollars). It is projected that community-wide capital costs are higher up front, but that there is a net financial benefit to society starting after 2030

when the net annual savings and revenues exceed the annual investments. If investments were made to reach the long-term target to reduce emissions by 100 per cent by 2050, the community-wide net return is forecasted at \$12.4 billion (in 2020 dollars).

Although there is a level of uncertainty in the financial estimates, the financial model serves as a starting point to understand the capital costs required to meet the Council-approved GHG emission reduction targets by 2050 and the potential return on investments. It is recognized that the City alone will not be able to accomplish the scale of investment required. Funding commitments by the City combined with new revenue streams, private capital sources, and funding from senior levels of government will ultimately influence the City's success in achieving emissions reductions.

Climate Resiliency Strategy





The development of the Climate Resiliency Strategy is split into three phases. The first phase was the completion of the [Climate Projections for the National Capital Region](#) which was received by Council in June 2021. Using climate science and modelling for moderate⁶ to high⁷ emission scenarios to predict future changes in temperature, precipitation, wind and extreme weather, it identified that Ottawa is experiencing warmer,

wetter, and more unpredictable weather and that these trends will continue into the next decades. Projections are available for 178 climate indices and three time horizons (2030s, 2050s, 2080s); using two plausible scenarios and multiple timelines provides flexibility in assessing climate risks for different purposes. Localized climate projections will be revisited following significant advances in global climate models.

6 Representative Concentration Pathway (RCP) 4.5

7 Representative Concentration Pathway (RCP) 8.5

Figure 13: Summary of Future Climate in Canada’s Capital Region
(based on high carbon emission scenario RCP 8.5)

	What to expect*	2030s	2050s	2080s
Temperature 	Average temperature	↑ 1.8°C	↑ 3.2°C	↑ 5.3°C
	Very hot days (above 30°C)	2.5 times more	4 times more	6.5 times more
	Very cold days (below -10°C)	20% less	35% less	63% less
Seasons 	Winters shorter by	4 weeks	5 weeks	8 weeks
	Springs earlier by	2 weeks	2 weeks	4 weeks
	Winter freeze-thaw	↑ 13%	↑ 33%	↑ 54%
Precipitation 	Fall-winter-spring precipitation	↑ 5%	↑ 8%	↑ 12%
	Intense precipitation	↑ 5%	↑ 14%	↑ 19%
	Snowfall	↓ 10%	↓ 20%	↓ 44%
Extreme events 	Possible increases in freezing rain			
	Warming favours conditions conducive to storms, wildfires			

More certainty

Less certainty

More certainty → Less certainty

* For a high carbon emission scenario (RCP 8.5)

In June 2022, Council received the [Climate Vulnerability and Risk Assessment](#), the second phase of the development of the Climate Resiliency Strategy. The Climate Vulnerability and Risk Assessment used the Building Adaptive and Resiliency Communities (BARC) methodology to assess close to 150 potential climate impacts, including impacts on health, community well-being, infrastructure, natural environment, and the economy, to determine how vulnerable Ottawa is to changing climate conditions and prioritize where action is needed most. Separate

climate risk assessments were completed for the two drinking water purification plants, wastewater treatment plant and water services using the Public Infrastructure Engineering Vulnerability Committee (PIEVC) methodology. Of these potential climate impacts, 40 priority risks were identified that require action in the next one to three years. These include risks related to higher temperatures and more precipitation, as well as more extreme weather like flooding, tornadoes, and heat waves.

The [Climate Resiliency Strategy](#) is in its last phase of development and will identify long-term objectives and actions to mitigate the priority risks identified in the Climate Vulnerability and Risk Assessment. A draft strategy for public consultation was released in early 2024, with a final strategy and initial

implementation plan to be brought to Council in late 2024 or early 2025. Early actions to take advantage of opportunities to address top risks are also being integrated into departmental workplans while the strategy is being finalized.

Cost of Climate Adaptation

Established in 2013, the Financial Accountability Office (FAO) of Ontario provides independent analysis on the state of the Province's finances, trends in the provincial economy and related matters important to the Legislative Assembly of Ontario. The FAO launched its Costing Climate Change Impacts to Public Infrastructure project (CIPi) to analyze the long-term costs that climate change impacts could impose on Ontario's provincial and municipal infrastructure. The City provided the FAO with asset inventory and condition data which was incorporated into their provincial-wide analysis. FAO published [reports](#) assessing the composition and state of repair of provincial and municipal infrastructure in Ontario and costed the impact of select climate hazards to linear storm and wastewater infrastructure, public buildings, and transportation infrastructure including roads, bridges, large structural culverts, and rail tracks. The FAO also provided the City of Ottawa with an analysis of the City's assets, which are summarized below but are less robust and come with additional caveats⁸ compared to the provincial-wide analysis.

The FAO research identified the operating and capital costs that are necessary to maintain existing public infrastructure in a state of good repair to the end of the century in the absence of adaptation measures under a medium emissions scenario (RCP 4.5) will increase by 43%, 10% and 14% relative to a stable climate scenario for linear storm and wastewater infrastructure, public buildings, and transportation infrastructure, respectively. This increases to 73%, 17% and 27% respectively under a high emissions (RCP 8.5) scenario. The median cost projections reflect that selected climate hazards will generally result in higher spending on operations and maintenance, accelerate asset deterioration and shorten the useful service life of some infrastructure, which will then require more frequent and additional rehabilitations.

Adapting public infrastructure can help avoid the accelerated deterioration and increased operations and maintenance activities associated with more frequent and intense climate hazards.

⁸ Costing results are based on historical asset inventories provided to the FAO in 2020 and 2021 as well as imputed asset inventories which estimate asset current replacement value, condition and age. Data was imputed using publicly available information from Statistics Canada's Canada Core Public Infrastructure Survey 2020 results, municipal Asset Management Plans available in 2021 and the Financial Information Return as of 2021.

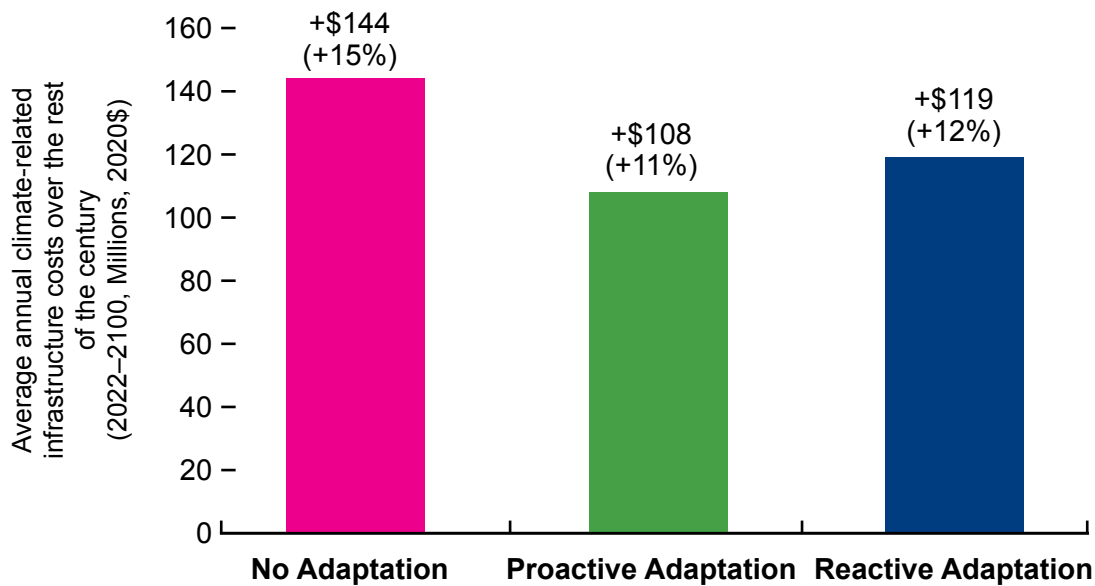
To assess the cost impacts of adapting public infrastructure, the FAO developed two representative adaptation strategies, where the speed of adaptation differs in each strategy:

- **Proactive adaptation** – adapting infrastructure either during an asset’s next major rehabilitation or upcoming renewal, whichever comes first.

- **Reactive adaptation** – adapting infrastructure assets only when they are replaced at the end of their useful lives.

Both strategies would increase infrastructure costs in the short term but as indicated in the graph below would result in lower average annual infrastructure costs compared to the No Adaptation strategy.

Figure 14: Climate-related costs over the rest of the century (2022–2100) by asset management strategy for Buildings, Transportation, and Linear Storm & Wastewater Assets (Source: FAO)



Although there is a level of uncertainty in the FAO’s estimates the FAO’s research serves as a starting point to understand the relationship between climate change and the cost to maintain public infrastructure in a state of good repair. City staff are leveraging this research to advance the assessment of

financial impacts on the City’s assets through the asset management plans. As well, the third phase of the City’s Climate Resiliency Strategy will look to identify, prioritize and cost projects needed to adapt City infrastructure and services to better withstand the effects of climate change and reduce risks.



Integrating Climate Strategy into Key Planning Processes

The City's climate goals can only be advanced by integrating climate strategy into key planning processes such as official planning, strategic planning, capital planning, long range financial planning, corporate policies, and annual budgeting.

The Official Plan (OP) provides a vision for the future growth of the city and a policy framework to guide the city's physical development and is an essential tool to meet climate change objectives through land use planning, urban design, regulatory practice, building design and environmental protection. The [new OP](#) that came into effect in November 2022 embedded environmental, climate and health resiliency, and energy into the framework of its planning policies. The OP's supporting [Master Plans](#) will also integrate climate mitigation and adaptation policies, programs and projects. In April 2023, City Council approved Part 1 of the [Transportation Master Plan](#) which will advance the City's climate objectives through a shift towards sustainable transportation modes, a transition to cleaner vehicle technologies, and an increased focus on transportation system resilience.

The City's Strategic Plan is the key corporate planning document that defines what Council plans to accomplish over its four-year term and serves as the City's roadmap to success. It is informed by the City's Master Plans including the Climate Change Master Plan. In July 2023, City Council approved the [2023–2026 City Strategic Plan](#) and identified “a city that is green and resilient” as one of the four strategic areas of focus. The 2023–2026 City Strategic Plan includes the following strategic objectives to: reduce emissions associated with the City's operations and facilities; increase waste reduction and diversion; plant, grow and preserve the urban tree canopy in parks and along roadways; increase resiliency to extreme weather and changing climate conditions; and improve key infrastructure through asset management.

The City's capital planning process for renewing existing assets is managed by the [Comprehensive Asset Management \(CAM\) Policy](#). CAM is an integrated approach to infrastructure management that aims to maximize benefits, reduce risk and provide safe and reliable levels of service. Climate change considerations have been embedded into the CAM Policy and will be embedded into the management of existing assets in order to meet provincial regulation. The [regulation](#) requires Ontario municipalities to consider climate change in asset management planning. A climate lens was applied to the core infrastructure asset management plans (drinking water, wastewater, stormwater, and transportation) which were approved by City Council in 2022. As per provincial regulation, asset management plans for other infrastructure (current state) require formal adoption by July 1, 2024.

The [2024 Budget](#) was the second consecutive budget cycle that a climate lens was applied to all new capital budget requests. This systematic approach identified how new investments contribute to climate goals and where future opportunities might exist. Overall, 155 capital budget requests were rated as having a climate

contribution in the 2024 Draft Budget. Of these, 24 were identified as going beyond business-as-planned or business-as-usual and were rated as having a moderate or major contribution, totalling more than \$278 million of new investments. This is an increase of \$226 million from Budget 2023.

The City will continue to integrate climate-related risks and opportunities into financial planning processes. Embedding climate considerations into key planning processes better positions the City to integrate climate considerations into annual budgeting and long-range financial planning processes. Long-range financial plans will be updated as part of the 2025 Asset Management Plan update. Future TCFD reporting will measure the actual capital expenditures spent in the fiscal year measured against amounts previously budgeted and the target level of investments identified for climate mitigation and climate adaptation.

Risk Management

Climate-related risks were identified, assessed and prioritized through the Climate Vulnerability and Risk Assessment and Energy Evolution. The City works to mitigate and monitor those

risks through its governance framework and its strategies (including the Climate Resiliency Strategy and implementation of the Energy Evolution projects).

Integrating Climate Risks into Enterprise Risk Management

The City has an Enterprise Risk Management (ERM) program, which is directed by a Council approved Policy and Framework. The ERM program has annual processes in place, where departments identify, assess, mitigate, monitor and report on risks. These risks are reviewed and evaluated for cross-departmental trends. Risks are also escalated corporately if they require the attention or action of senior leadership.

The Corporate Risk Register includes strategic corporate risks and can be connected to the uncertainty related to high-level goals that are aligned with and support the 'big picture' risks. Climate-related risks related to meeting GHG reduction targets, responding to extreme weather events and adapting to the changing climate

are incorporated into the City's ERM program as part of the Corporate Risk Register.

In June 2023, City Council approved the organization's [risk appetite and tolerance](#), with the purpose of codifying the City's risk culture as well as providing guidelines for risk-based decisions. The approved appetite and tolerance includes the following key statements: "The City is willing to accept and take on some risk in order to lead in the area of environmental and climate stewardship" and "The City has a low appetite for risks that would cause significant and irreparable damage to the environment."

The City's departmental risk registers also now have a "Climate Change" category so that risk owners can clearly identify risks which have a climate impact.

Metrics and Targets

Metrics and targets include the key metrics to monitor climate-related risks and report on progress toward climate-related goals. As part of the approved Climate Change Master Plan, the city committed to providing an annual update on the climate change framework that includes the latest GHG emission inventories, an assessment of how Ottawa is tracking towards community and corporate targets, and a progress update on

achieving the Climate Change Master Plan's eight priorities. The [most recent status update report](#) was received by Council in April 2023 and included key performance indicators where data was available to track progress. The number of indicators will continue to grow in the coming years as projects, programs, and plans move from the development phase into the implementation phase.

Greenhouse Gas Emission Reduction Targets

As part of the Climate Change Master Plan, Council approved short-, mid- and long-term targets to reduce community emissions by 100 per cent by 2050 and corporate emissions by 100 per cent by 2040

(based on a 2012 baseline). These targets align with the [Intergovernmental Panel on Climate Change's](#) target to limit global warming increases to 1.5 degrees Celsius.

Figure 15: Short, Mid and Long-term Community Targets to Reach 100% by 2050 Target

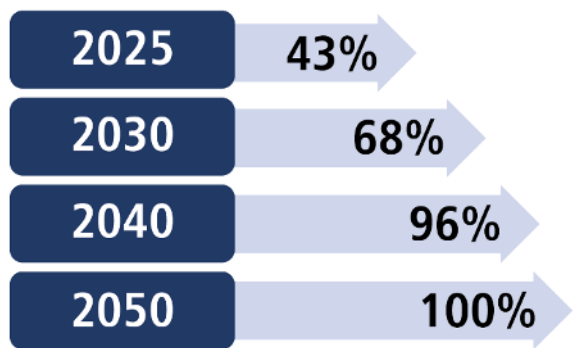
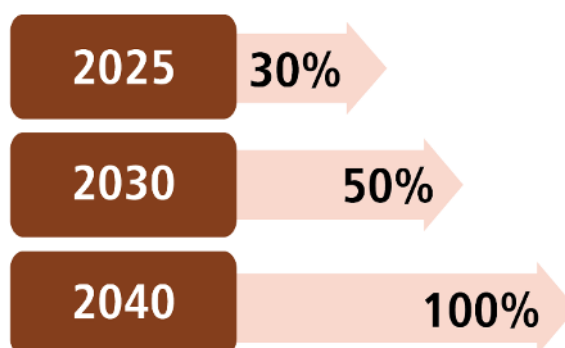


Figure 16: Short, Mid and Long-term Corporate Targets to Reach 100% by 2040 Target



Greenhouse Gas Emissions Inventories

GHG emission inventories provide a snapshot of energy use and associated emissions over a given period within the buildings, transportation, waste, and agriculture sectors. The City undertakes two types of GHG inventories: community inventories, which track emissions from activities within the geographic boundary of Ottawa, and corporate inventories, which track the subset of emissions under municipal operational control. The [latest inventory results](#) are for the 2020 calendar year.

Between 2012 and 2020, community emissions decreased by 15 per cent. To meet the mid-term target to reduce emissions by 68 per cent by 2030, emissions will need to decrease by six to seven per cent per year, requiring a significant increase in action and investment to meet the aggressive timelines. Over the same period, corporate emissions decreased by 43 per cent, putting the corporation ahead of its short-term target to reduce emissions by 30 per cent by 2025.



The City is undertaking a third-party review of its inventory methodologies, data sources, and assumptions to confirm accuracy, consistency and alignment with best reporting practices. The results of the third-party review, as well as the 2021, 2022, and 2023 GHG inventories, will be publicly available in 2024.

Global Covenant of Mayors for Climate and Energy (GCoM)

The City has voluntarily been a member of the Global Covenant of Mayors for Climate and Energy (GCoM) since 2016, the largest international global alliance for city climate leadership. In December 2023, the City was selected as one of 15 Canadian municipalities to take part in [GCoM Canada's Implementation Cohort](#), a one-year collaboration program designed to support municipal staff in the implementation phase of their climate change efforts. As part of this cohort, the City is receiving support to advance the development and tracking of mitigation and adaptation key performance indicators in 2024.



Financial and Statistical Schedules (Unaudited)

Revenues by Source – 5-year review [unaudited] [dollars in thousands]

Revenue by Source	2019	2020	2021	2022	2023
Taxes available for municipal purposes	\$1,864,760	\$1,944,683	\$2,022,302	\$2,137,217	\$2,282,933
Fees and user charges	2019	2020	2021	2022	2023
General administration	14,503	13,696	18,122	18,597	19,134
Paramedic services	1,230	1,278	2,043	2,270	3,134
Other protective services	76,579	60,024	69,589	74,202	78,681
Roads, traffic and parking	33,598	21,457	23,850	30,900	33,357
Public transit	190,470	88,068	64,241	108,413	136,430
Water and sewer	348,201	372,913	392,357	404,133	433,710
Waste and recycling services	44,596	52,781	66,623	66,274	71,301
Social housing	72,838	73,326	71,594	84,109	84,417
Parks and recreation	62,367	21,195	25,567	46,489	60,568
Planning and development	36,203	17,742	20,597	18,489	18,824
Long term care	18,323	17,526	15,920	17,315	17,711
Other	4,420	3,385	2,354	2,001	2,596
Total fees and user charges	903,328	743,391	772,857	873,192	959,863
Revenue by Source	2019	2020	2021	2022¹	2023
Government transfers	1,083,242	1,493,210	1,622,478	1,546,685	1,308,108
Contributed tangible capital assets	474,514	363,556	532,071	469,303	488,087
Development charges	127,164	169,683	208,393	168,419	170,256
Investment income	45,866	50,716	61,257	73,143	95,691
Fines and penalties	37,897	35,617	41,073	46,791	55,048
Other revenue	63,245	44,215	23,067	84,875	56,603
Equity in earnings of government business enterprises	32,429	34,120	47,356	39,674	24,104
Revenues	1,864,357	2,191,117	2,535,695	2,428,890	2,197,897
Total Revenues	\$4,632,445	\$4,879,191	\$5,330,854	\$5,439,299	\$5,440,693

¹ Revenue from government transfers and revenue from investment income have been restated for fiscal year 2022. See Note 25 of the 2023 consolidated financial statements contained within this Annual Report. Historic information prior to 2022 have not been restated because they are immaterial in amount and gas tax reserve balances have been moved to deferred revenue.

Expenses by Function – 5-year review [unaudited] [dollars in thousands]

Expenses by Function ¹	2019	2020	2021	2022 ²	2023
General government	\$108,960	\$103,481	\$108,433	\$122,496	\$115,682
Protection to persons and property	637,309	628,673	663,964	709,384	758,321
Roads, traffic, and parking	433,170	415,144	421,652	445,868	493,362
Transit	697,815	737,369	719,757	765,405	781,055
Environmental services	427,317	424,270	451,934	485,899	517,004
Health services	180,945	216,679	294,234	283,289	258,974
Social and family services	537,006	535,892	502,889	608,750	724,130
Social housing	301,255	302,952	354,510	457,784	435,553
Recreation and cultural services	372,347	346,493	346,481	373,097	404,117
Planning and development	76,552	74,541	79,561	95,240	87,639
Total expenses	\$3,772,676	\$3,785,494	\$3,943,415	\$4,347,212	\$4,575,837

¹ Program support costs for operating expenses have been allocated to other functions using guidelines and methodologies reflected in the Ontario Financial Information Return.

² Comparative figures for fiscal year 2022 have been restated due to the adoption of a new accounting standard. See Note 25 of the 2023 consolidated financial statements contained within this Annual Report.

Consolidated Reserves– 5-year review [unaudited] [dollars in thousands]

Reserves¹	2019	2020	2021	2022	2023
Discretionary reserves					
Transit	\$14,486	\$23,668	\$51,979	\$39,586	\$6,303
Housing	83,567	76,077	72,081	103,619	84,708
Employee Benefits	59,949	71,237	81,379	85,511	89,719
Tax Stabilization	27,615	51,455	76,488	72,518	98,942
Parking	23,753	22,427	23,845	19,838	20,073
City Wide	37,272	71,151	98,692	99,400	47,481
Corporate Fleet	9,574	4,348	5,813	3	(724)
Environmental Services / Other	119,094	174,553	173,150	200,996	155,865
Total discretionary reserves	\$375,310	\$494,916	\$583,427	\$621,471	\$502,367

¹ Previous year's reserve balances related to gas taxes were moved to Deferred revenue. See Note 25 of the 2023 consolidated financial statements contained within this annual report.

Taxation and Assessments – 5-year review [unaudited]

Residential (Urban)	2019	2020	2021	2022	2023
Municipal city-wide	0.509381%	0.515820%	0.529126%	0.545494%	0.561824%
Municipal fire	0.082854%	0.082390%	0.083982%	0.085193%	0.085488%
Municipal police	0.150216%	0.151781%	0.156362%	0.159197%	0.162712%
Municipal transit	0.166460%	0.175651%	0.186419%	0.194605%	0.199139%
Municipal conservation area	0.006758%	0.006766%	0.007324%	0.007076%	0.007113%
Education	0.161000%	0.153000%	0.153000%	0.153000%	0.153000%
Total residential tax rates	1.076669%	1.085408%	1.116213%	1.144565%	1.169276%

Non-residential (Commercial Urban)	2019	2020	2021	2022	2023
Municipal city-wide	0.929563%	0.931752%	0.971096%	1.023682%	1.080430%
Municipal fire	0.151200%	0.148826%	0.154131%	0.159873%	0.164399%
Municipal police	0.274127%	0.274171%	0.286968%	0.298752%	0.312906%
Municipal transit	0.303771%	0.317287%	0.342132%	0.365198%	0.382960%
Municipal conservation area	0.012332%	0.012221%	0.013441%	0.013280%	0.013680%
Education	1.030000%	0.980000%	0.880000%	0.880000%	0.880000%
Total non-residential tax rates	2.700993%	2.664257%	2.647768%	2.740785%	2.834375%

Assessed Values [Dollars in Millions]	2019	2020	2021	2022	2023
Residential	\$128,506	\$133,047	\$135,671	\$138,893	\$143,097
Percentage of total	79.1%	79.0%	79.4%	79.8%	80.3%
Non-residential	33,933	35,452	35,146	35,071	35,176
Percentage of total	20.9%	21.0%	20.6%	20.2%	19.7%
Total assessment	\$162,439	\$168,499	\$170,817	\$173,964	\$178,273

Taxation and Assessments – 5-year review [unaudited] [dollars in thousands]

Taxes Receivable	2019	2020	2021	2022	2023
Taxes receivable at the beginning of the year	\$106,826	\$113,542	\$114,173	\$102,765	\$114,380
Property taxes levied	2,240,242	2,337,422	2,338,305	2,446,365	2,549,729
Non-tax items added for collection	54,359	5,469	43,088	56,143	73,835
Penalties and interest	16,731	16,171	17,965	18,707	19,678
In-year tax adjustments	(23,445)	(54,224)	(46,866)	(51,525)	(45,028)
Subtotal	\$2,394,713	\$2,418,380	\$2,466,665	\$2,572,455	\$2,712,594
Collections	2019	2020	2021	2022	2023
Current	\$(2,203,938)	\$(2,223,564)	\$(2,337,954)	\$(2,433,007)	\$(2,567,565)
Arrears	(77,233)	(80,642)	(25,946)	(25,068)	(10,850)
Tax collections	\$(2,281,171)	\$(2,304,206)	\$(2,363,900)	\$(2,458,075)	\$(2,578,415)
Net Taxes Receivable	2019	2020	2021	2022	2023
Taxes receivable at the end of the year	\$113,542	\$114,173	\$102,765	\$114,380	\$134,179
Allowance for doubtful accounts	(4,811)	(5,204)	(5,633)	(6,308)	(6,352)
Net taxes receivable at the end of the year	\$108,731	\$108,969	\$97,132	\$108,072	\$127,827
Percentage of current taxes collected	98.4%	95.1%	100%	99.5%	100%
Taxes outstanding as a percentage of the current year levy	4.9%	4.7%	4.2%	4.4%	5.0%

Investments – at amortized cost – 5-year review [unaudited] [dollars in thousands]

Investments	2019	2020	2021	2022	2023¹
Federal government bonds	\$128,043	\$359,143	\$553,712	\$770,110	\$738,454
Provincial government bonds	202,216	218,912	517,955	448,879	383,539
Municipal government bonds	209,170	239,371	278,383	333,822	302,620
Corporate (fixed income)	289,772	152,178	142,365	18,533	4,494
Endowment fund	166,440	163,305	154,229	159,690	204,986
Other	30,930	41,770	64,552	65,543	89,983
Totals	\$1,026,571	\$1,174,679	\$1,711,196	\$1,796,577	\$1,724,076

Net Long-Term Debt – 5-year review [unaudited] [dollars in thousands]

Net Long-Term Debt	2019	2020	2021	2022	2023
Instalment and sinking fund debentures issued	\$2,309,254	\$2,533,515	\$2,693,640	\$2,943,734	\$3,128,630
Stage 1 light rail debt	298,789	519,798	510,577	499,210	487,199
Bank loan agreements and interest rate exchange agreements	44,244	33,473	22,408	17,233	14,332
The total value of sinking fund deposits, which have accumulated to the end of the year to retire sinking fund debentures included in the above amount	(95,093)	(132,734)	(186,922)	(248,595)	(324,612)
Total net long-term debt	\$2,557,194	\$2,954,052	\$3,039,703	\$3,211,582	\$3,305,549

¹ Equity holdings of the Endowment fund for fiscal year 2023 are recorded at fair value as per Public Sector Accounting Standard PS 3450 Financial Instruments.

Net Long-Term Debt by Function – 5-year review [unaudited] [dollars in thousands]

Net Long-Term Debt by Function	2019	2020	2021	2022	2023
General Government	\$1,773	\$494	\$243	\$200	\$154
Fire	10,202	9,755	9,292	8,873	10,180
Police	29,543	25,513	23,013	21,165	23,563
Protective inspection	2,660	2,378	2,173	1,959	1,732
Roads	583,564	537,882	497,538	484,032	597,438
Public transit	875,171	1,363,706	1,542,452	1,711,819	1,645,694
Wastewater treatment	491,417	474,640	454,865	478,662	541,258
Water supply and distribution	258,827	247,241	232,845	220,390	213,706
Waste and recycling services	4,508	4,155	3,795	3,428	3,053
Environmental Remediation	13,937	13,345	12,712	14,694	14,935
Parks and recreation	221,489	214,884	206,717	198,503	190,019
Libraries	3,085	2,712	2,320	1,908	1,491
Planning and development	48,862	46,900	43,128	59,778	58,075
Social and family services	11,960	10,331	8,574	6,171	4,251
Health	196	116	36	0	0
Total net long-term debt	\$2,557,194	\$2,954,052	\$3,039,703	\$3,211,582	\$3,305,549

Demographics and Other Information – 5-year review [unaudited]

Demographics	2019	2020	2021	2022	2023
Population	1,006,210	1,018,001	1,046,440	1,067,310	1,083,550
Households	429,080	434,013	447,210	457,070	465,300
Budgeted municipal full-time equivalent positions	2019	2020	2021	2022	2023
Budgeted Full-time equivalent positions	15,312	15,603	15,798	15,921	16,291
Budgeted Full-time equivalent positions per 1,000 population	15.2	15.3	15.1	14.7	15.0
Inflation, CPI annual increases (%)¹	2019	2020	2021	2022	2023
Ottawa	2.0	1.4	4.0	6.9	3.6
Ontario	1.8	0.7	3.4	6.3	3.7
Canada	1.9	0.7	3.2	6.3	3.8
Unemployment rate (%)¹	2019	2020	2021	2022	2023
Ottawa	4.7	7.4	6.2	4.2	4.5
Ontario	5.6	9.6	8.0	5.7	5.7
Canada	5.7	9.5	7.5	5.3	5.4
Housing information	2019	2020	2021	2022	2023
Housing starts ²	7,782	9,950	10,221	11,032	9,245
Change from prior year (%)	3.2	27.9	2.7	7.9	(16.2)
Single family	2,607	2,867	3,276	2,559	1,535
Change from prior year (%)	(4.1)	9.97	14.27	(21.89)	(40.02)
Housing prices (\$000) ³	465	530	720	692	655
Change from prior year (%)	14.3	14.0	35.8	(3.9)	(5.3)
New housing price inflation (%) ¹	7.2	14.9	21.2	6.6	(4.8)
Value of building permits issued (in millions)	\$3,262	\$3,740	\$3,857	\$3,350	\$3,723
Change from prior year (%)	9.6	14.7	3.1	(13.1)	11.1

¹ Statistics Canada

² Canada Mortgage and Housing Corporation (CMHC)

³ Ottawa Real Estate Board



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