

Consolidated Financial Statements

The City of Ottawa

December 31, 2024

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.

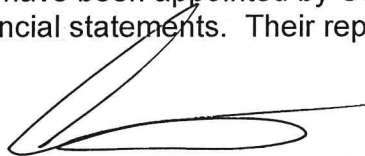
The Auditor General's office reports directly to City Council ("Council") and, on an ongoing basis, carries out its audit program to ensure internal controls and their application are reviewed and financial information is tested and independently verified.

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
Chief Financial Officer
Ottawa, Canada



KPMG LLP

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INDEPENDENT AUDITOR'S REPORT

To the Mayor and Members of Council of the City of Ottawa

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, 2024
- 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 consolidated financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the City as at December 31, 2024, 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.

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.

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.



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- 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Canada

June 27, 2025

THE CITY OF OTTAWA

Consolidated statement of financial position

As at December 31, 2024, with comparative information as at December 31, 2023 (*dollars in thousands*)

Financial assets	2024	2023
Cash and cash equivalents	\$1,182,229	\$1,300,718
Accounts receivable (<i>note 3</i>)	590,636	607,445
Investments (<i>note 4</i>)	1,296,858	1,724,076
Investment in government business enterprise (<i>note 5</i>)	555,491	529,669
Loan receivable (<i>note 6</i>)	196,899	204,630
Total financial assets	3,822,113	4,366,538
Liabilities		
Accounts payable and accrued liabilities (<i>note 7</i>)	1,228,695	1,637,887
Deferred revenue (<i>note 8</i>)	1,613,013	1,405,018
Employee future benefits and pension agreements (<i>note 9</i>)	802,201	772,958
Asset retirement obligations (<i>note 10</i>)	83,450	76,199
Contaminated sites (<i>note 11</i>)	21,865	19,143
Net long-term debt (<i>note 12</i>)	3,371,242	3,305,549
Public private partnership (P3) liability (<i>note 13</i>)	135,759	0
Mortgages payable (<i>note 14</i>)	542,692	391,230
Other liabilities (<i>note 15</i>)	74,095	60,092
Capital lease obligations (<i>note 16</i>)	58,058	65,430
Total liabilities	7,931,070	7,733,506
Net debt	(4,108,957)	(3,366,968)
Non-financial assets		
Tangible capital assets (<i>note 17</i>)	23,781,983	22,250,618
Inventories	73,098	67,905
Prepaid expenses	51,128	48,623
Total non-financial assets	23,906,209	22,367,146
Accumulated surplus (<i>note 18</i>)	\$19,797,252	\$19,000,178
Accumulated surplus is comprised of:		
Accumulated surplus - operations	\$19,754,905	\$18,961,351
Accumulated remeasurement gains	42,347	38,827
	\$19,797,252	\$19,000,178

Note 19: 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, 2024, with comparative information for the year ended December 31, 2023 (*dollars in thousands*)

	2024 Budget (note 24)	2024 Actual	2023 Actual
Revenue			
Taxes available for municipal purposes (note 20)	\$2,328,811	\$2,362,466	\$2,282,933
Government transfers	1,437,681	1,191,609	1,308,108
Fees and user charges	1,026,615	1,045,002	959,863
Contributed tangible capital assets	459,877	464,565	488,087
Development charges	173,322	171,373	170,256
Investment income	59,638	143,824	95,691
Fines and penalties	99,948	76,685	55,048
Other revenue	41,647	42,310	56,603
Share of earnings of government business enterprise (note 5)	37,500	42,122	24,104
Total revenue	5,665,039	5,539,956	5,440,693
Expenses			
General government	118,316	119,873	115,682
Protection to persons and property	723,344	764,178	758,321
Roads, traffic and parking	479,704	514,491	493,362
Transit	825,653	802,882	781,055
Environmental services	518,400	544,812	517,004
Health services	230,813	240,216	258,974
Social and family services	803,594	719,366	724,130
Social housing	366,990	497,553	435,553
Recreation and cultural services	414,233	429,924	404,117
Planning and development	105,731	113,107	87,639
Total expenses (note 21)	4,586,778	4,746,402	4,575,837
Annual surplus	1,078,261	793,554	864,856
Accumulated surplus - operations, opening	18,961,351	18,961,351	18,096,495
Accumulated surplus - operations, ending	\$20,039,612	\$19,754,905	\$18,961,351

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, 2024, with comparative information for the year ended December 31, 2023 (*dollars in thousands*)

	2024 Budget (note 24)	2024 Actual	2023 Actual
Annual surplus	\$1,078,261	\$793,554	\$864,856
Acquisition of tangible capital assets including contributed assets	(1,972,190)	(1,972,190)	(1,769,245)
Amortization of tangible capital assets	420,513	420,513	411,968
Loss on disposal of tangible capital assets	18,079	18,079	23,182
Proceeds on disposal of tangible capital assets	2,233	2,233	2,258
Increase in supply of inventories	(5,193)	(5,193)	(10,241)
Increase in prepaid expenses	(2,505)	(2,505)	(8,158)
Change in net debt excluding remeasurement gains	(460,802)	(745,509)	(485,380)
Net debt, opening	(3,366,968)	(3,366,968)	(2,920,415)
Accumulated remeasurement gains	3,520	3,520	38,827
Net debt, ending	\$(3,824,250)	\$(4,108,957)	\$(3,366,968)

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, 2024, with comparative information for the year ended December 31, 2023 (*dollars in thousands*)

Operating activities	2024	2023
Annual surplus	\$793,554	\$864,856
Items not affecting cash:		
Share of earnings of government business enterprise	(42,122)	(24,104)
Amortization of tangible capital assets	420,513	411,968
Contributed tangible capital assets	(464,565)	(488,087)
Loss on disposal of tangible capital assets	18,079	23,182
	725,459	787,815
Changes in assets and liabilities		
Decrease in accounts receivable	16,809	569,554
Increase in inventories	(5,193)	(10,241)
Increase in prepaid expenses	(2,505)	(8,158)
Decrease in loan receivable	7,731	7,382
Decrease in accounts payable and accrued liabilities	(409,192)	(24,273)
Increase in deferred revenue	207,995	137,339
Increase in employee future benefits and pension agreements	29,243	40,474
Increase in asset retirement obligation liability	7,251	1,640
(Decrease) increase in liabilities for contaminated sites	2,722	(2,188)
Increase in other liabilities	14,003	1,190
Cash provided by operating activities	594,323	1,500,534
Capital activities		
Acquisition of tangible capital assets	(1,507,625)	(1,281,158)
Proceeds on disposal of tangible capital assets	2,233	2,258
Cash applied to capital activities	(1,505,392)	(1,278,900)
Investing activities		
Net sale of investments	427,038	112,707
Dividends from Hydro Ottawa Holding Inc.	20,000	20,000
Cash provided by investing activities	447,038	132,707

THE CITY OF OTTAWA

Consolidated statement of cash flows (continued)

For the year ended December 31, 2024, with comparative information for the year ended December 31, 2023 (*dollars in thousands*)

Financing activities	2024	2023
Proceeds from new long-term debt issued	503,135	290,079
Public private partnership (P3) liability issued	136,126	0
Interest earned on sinking funds	(12,590)	(11,510)
Change in reporting for bond premium/discount for financial instruments	(2,362)	39,839
Debt principal repayments:		
Net long-term debt	(144,414)	(136,442)
Public private partnership (P3) liability	(367)	0
Mortgages payable	(126,614)	(10,646)
Capital lease obligations	(7,372)	(6,977)
Cash provided by financing activities	345,542	164,343
Change in cash and cash equivalents		
Increase (decrease) in cash and cash equivalents during the year	(118,489)	518,684
Cash and cash equivalents, beginning of the year	1,300,718	782,034
Cash and cash equivalents, end of the year	\$1,182,229	\$1,300,718

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, 2024, with comparative information for the year ended December 31, 2023 (*dollars in thousands*)

	2024	2023
Accumulated remeasurement gains, beginning of the year	\$38,827	\$0
Unrealized remeasurement gains (losses) attributable to:		
Other comprehensive income (loss) of subsidiary corporation	3,700	(1,379)
Endowment fund equities	15,010	40,206
Amounts reclassified to the statement of operations:		
Endowment fund equities	(15,190)	0
Net change in remeasurement gains for the year	3,520	38,827
Accumulated remeasurement gains, end of the year	\$42,347	\$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, 2024 (*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, 2024 (*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 Glebe BIA
The Ottawa Public Library Board	The Heart of Orleans BIA
The Ottawa Board of Health	The Carp Road Corridor BIA
The Ottawa Community Housing Corporation	The Carp Village BIA
Manotick Mill Quarter Community Development Corporation	The Vanier BIA
Build Ottawa (formerly known as Ottawa Community Lands Development Corporation)	The Manotick BIA
The Centretown BIA (formerly known as the Bank Street BIA)	The Sparks Street Mall Authority
The Westboro Village BIA	The Somerset Village BIA
The Sparks Street BIA	The Preston Street BIA
The Somerset Street Chinatown BIA	The Downtown Rideau 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.

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 that affect the reported amounts of assets, liabilities, revenues, expenses and disclosures. Amounts subject to estimates include asset retirement obligations, employee benefits liabilities, property tax assessment appeals, legal claims provisions, liabilities for contaminated sites, and contributed tangible capital assets.

These estimates and assumptions are based on the City's best information and judgement and actual amounts may differ significantly from these estimates. These estimates are reviewed annually and as adjustments become necessary they are recognized in the financial statements in the period they become known.

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.

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, 2024 (*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.

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.

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.

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.

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.

Public Private Partnership (P3) arrangements

The City accounts for its P3 arrangements in accordance with Public Sector Accounting Standard PS 3160 – Public Private Partnerships, which provides the requirements for the recognition, measurement, presentation and disclosure of public private partnerships, including the recognition of a tangible capital asset and corresponding performance obligation liability for infrastructure assets acquired through public private partnerships.

THE CITY OF OTTAWA

Notes to the consolidated financial statements

December 31, 2024 (*dollars in thousands*)

2. Significant accounting policies (continued)

Public Private Partnership (P3) arrangements (continued)

The City recognizes infrastructure, or a betterment to infrastructure, as an asset at cost which represents fair value on the date of recognition where it controls:

- (a) the purpose and use of the infrastructure;
- (b) access to the future economic benefits and exposure to risks of the infrastructure asset; and
- (c) significant residual interest in the infrastructure, if any, at the end of the public private partnership's term

Where the City has an obligation to provide consideration to the private sector partner, it also recognizes a liability for amounts due under the terms of the agreement.

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.

THE CITY OF OTTAWA

Notes to the consolidated financial statements

December 31, 2024 (*dollars in thousands*)

2. Significant accounting policies (continued)

Non-financial assets (continued)

(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.

(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 18). Reserves set aside by legislation, regulation, or agreement are reported as deferred revenue on the consolidated statement of financial position.

THE CITY OF OTTAWA

Notes to the consolidated financial statements

December 31, 2024 (*dollars in thousands*)

2. Significant accounting policies (continued)

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 19(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 19.

3. Accounts receivable

Accounts receivable comprise the following:

	2024	2023
Taxes	\$162,934	\$141,536
User charges	70,581	56,665
Government transfers:		
Federal government	86,843	152,083
Provincial government	105,754	125,301
Trade	164,524	131,860
Total accounts receivable	\$590,636	\$607,445

THE CITY OF OTTAWA

Notes to the consolidated financial statements

December 31, 2024 (*dollars in thousands*)

4. Investments and financial risk management

Investments

Investments comprise the following:

Investments at amortized cost	2024	2023
Federal government bonds	\$566,241	\$738,454
Provincial government bonds	249,094	383,539
Municipal government bonds	219,963	302,620
Corporate (fixed income)	0	4,494
Externally managed endowment fund – fixed income	76,770	80,322
Other	66,422	89,983
	1,178,490	1,599,412
Equities at fair value		
Externally managed endowment fund	118,368	124,664
Total Investments	\$1,296,858	\$1,724,076

Included in the City's municipal government bonds portfolio are City of Ottawa debentures at coupon rates varying from 4.60% to 5.30% (2023 - 4.60% to 5.30%) with a carrying value of \$56 (2023 - \$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, 2024, the endowment fund was distributed between cash and treasury bills 0.4% (2023 - 2.0%), fixed income 49.5% (2023 - 46.7%) and equities 50.1% (2023 - 51.3%).

"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 average yield on investments held as at December 31, 2024 is 1.72% (2023 - 1.66%). Investments mature from January 22, 2025 to December 1, 2048 (2023 - January 19, 2024 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 2024, \$31,400 (2023 - \$6,000) was distributed from the endowment fund to the City.

THE CITY OF OTTAWA

Notes to the consolidated financial statements

December 31, 2024 (*dollars in thousands*)

4. Investments and financial risk management (continued)

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	\$118,368	\$0	\$0	\$118,368

THE CITY OF OTTAWA

Notes to the consolidated financial statements

December 31, 2024 (*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, 2024	\$758,270	\$311,531	\$48,429	\$0	\$0	\$1,118,230

(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, 2024	\$385,029	\$583,749	\$112,090	\$37,362	\$1,118,230

THE CITY OF OTTAWA

Notes to the consolidated financial statements

December 31, 2024 (*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
	2024
Interest-bearing financial instruments	-1% \$27,160
Interest-bearing financial instruments	+1% (\$27,160)

(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
	2024
Equities	+1% \$1,559
Equities	-1% (\$1,559)

(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, 2024 (*dollars in thousands*)

4. Investments and financial risk management (continued)

(d) 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)	2024	2023
Current assets	\$274,900	\$230,042
Capital assets	2,322,298	2,191,770
Other assets	200,773	188,818
Total assets	2,797,971	2,610,630

Liabilities (As at December 31)	2024	2023
Current liabilities	849,783	567,443
Other liabilities	1,392,697	1,513,518
Total liabilities	2,242,480	2,080,961
Net assets	\$555,491	\$529,669

Net assets consisting of investment in Hydro Ottawa (As at December 31)	2024	2023
Common shares (100%)	\$228,453	\$228,453
Retained earnings	319,723	297,601
Accumulated other comprehensive income	7,315	3,615
Net assets	\$555,491	\$529,669

Results of operations (For the year ended December 31)	2024	2023
Total revenue	\$1,346,959	\$1,194,425
Total expenses	1,304,837	1,170,321
Net income	\$42,122	\$24,104

THE CITY OF OTTAWA

Notes to the consolidated financial statements

December 31, 2024 (*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 (2023 - \$20,000) were received in 2024 related to 2023 operations. Dividends totalling \$22,300 have been declared and are to be received in 2025 related to Hydro Ottawa's 2024 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	2024	2023
Energy management consulting	\$995	\$4,203
Other services	40,909	19,216
Fees paid to the City by Hydro Ottawa	2024	2023
Property taxes, fuel, permits and other services	\$4,991	\$4,448

As at December 31, 2024, Hydro Ottawa's accounts receivable include \$31,667 (2023 - \$16,725) due in respect of the transactions above, while Hydro Ottawa's accounts payable and accrued liabilities include \$150 (2023 - \$206) due to the City and its subsidiaries.

6. Loan receivable

	2024	2023
Loan receivable	\$196,899	\$204,630

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, 2024 (*dollars in thousands*)

6. Loan receivable (continued)

Principal payments	
2025	\$7,984
2026	7,928
2027	8,696
2028	8,314
2029	7,019
2030 and thereafter	156,958
Total	\$196,899

In 2024, interest revenue of \$9,875 (2023 - \$10,242) 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:

	2024	2023
Trade payables and accruals	\$1,069,507	\$1,490,158
Payroll accruals and deductions	159,188	147,729
Total accounts payable and accrued liabilities	\$1,228,695	\$1,637,887

8. Deferred revenue

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

	2024	2023
Deferred revenue – Obligatory reserve funds:		
Development charges	\$855,438	\$805,613
Building code	20,935	25,664
Cash in lieu of parkland	108,431	97,567
Federal gas tax transfers	182,962	167,770
Provincial gas tax transfers	75	73
Deferred revenue – Other:		
Other government transfers	329,422	197,003
Other deferred revenue	115,750	111,328
Total deferred revenue	\$1,613,013	\$1,405,018

THE CITY OF OTTAWA

Notes to the consolidated financial statements

December 31, 2024 (*dollars in thousands*)

9. Employee future benefits and pension agreements

Employee future benefits and pension agreements liabilities comprise the following:

	2024	2023
Employee future benefits	\$784,598	\$753,452
City of Ottawa Superannuation Fund cost of living adjustment liability	17,603	19,506
Total employee future benefits and pension agreements	\$802,201	\$772,958

(a) Employee future benefits

Employee future benefit liabilities of the City as at December 31, 2024, with comparative information for 2023, are as follows:

	2024	2023
Post-retirement benefits	\$243,210	\$244,783
Post-employment benefits	416,537	399,904
Workplace Safety and Insurance Board ("WSIB")	124,851	108,765
Total employee future benefits	\$784,598	\$753,452

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 2024 is as follows:

Employee future benefits continuity	Post-retirement	Post-employment	WSIB	Total
Balance, at the beginning of the year	\$244,783	\$399,904	\$108,765	\$753,452
Current service costs/cost of new claims	7,279	60,012	36,495	103,786
Interest cost	6,346	14,076	9,987	30,409
Amortization of actuarial losses (gains)	(6,002)	(5,650)	15,797	4,145
Benefits paid	(9,196)	(51,805)	(46,193)	(107,194)
Balance, at the end of the year	\$243,210	\$416,537	\$124,851	\$784,598

9. Employee future benefits and pension agreements (continued)

(a) Employee future benefits (continued)

Expenses for post-retirement and post-employment benefits and WSIB in the amount of \$138,340 (2023 - \$144,883) 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, 2024 with an extrapolation to December 31, 2024. 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, 2024.

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 2024 actuarial gain of \$24,763 (2023 - gain of \$8,638) for post-retirement and post-employment benefits will commence in fiscal 2025. Amortization of the 2024 actuarial loss of \$135,271 (2023 - loss of \$136,018) for WSIB will commence in fiscal 2025.

THE CITY OF OTTAWA

Notes to the consolidated financial statements

December 31, 2024 (*dollars in thousands*)

9. Employee future benefits and pension agreements (continued)

(a) Employee future benefits (continued)

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	
	2024	2023	2024	2023
Non-pension post employment/post retirement				
Discount rate	3.80%	3.80%	3.80%	4.10%
Initial weighted average health care trend rate	4.67%	4.76%	4.76%	4.75%
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%	3.80%	3.80%	4.10%
Inflation (CPI)	2.60%	4.40%	2.50%	3.80%
Health care	6.00%	6.50%	5.60%	6.00%

An employee benefits reserve has been established to help reduce the future impact of employee future benefit obligations. As at December 31, 2024, the balance in the employee benefits reserve was \$94,618 (2023 - \$89,719) (see note 18).

(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 2024 totalled \$151,285 (2023 - \$142,249) 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, 2024 (*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 \$4,319,000 (2023 deficit – \$7,571,000) 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, 2024 totalled \$881 (2023 - \$916) 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, 2024, there were no active members and 360 pension recipients (2023 - no active members and 394 pension recipients). Pension payments during 2024 amounted to \$13,057 (2023 - \$13,879). No employee or matching employer contributions to this pension plan for current service were required in 2024 or 2023. Employer contributions for past service were nil in 2024 (2023 - nil).

THE CITY OF OTTAWA

Notes to the consolidated financial statements

December 31, 2024 (*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	2024	2023
Pension fund assets – end of the year	\$99,005	\$112,908
Accrued benefit obligation – end of the year	89,601	103,597
Plan surplus	9,404	9,311
Unamortized actuarial gains (losses)	0	0
Valuation allowance	9,404	9,311
Accrued benefit liability (asset)	\$0	\$0

Expenses (income)	2024	2023
Amortization of actuarial (gains) losses	\$349	\$11,626
Pension interest income	(442)	(914)
Change in valuation allowance	93	(10,712)
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% (2023 - 2.10%) and the discount rate for the plan was estimated at 4.60% per year (2023 - 4.75% 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, 2024 (*dollars in thousands*)

9. Employee future benefits and pension agreements (continued)

(b) Pension agreements (continued)

(ii) City of Ottawa Superannuation Fund (continued)

The indexation of COSF benefits is funded 45% by the City and 55% by the Fund. 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, 2025 is \$17,603 (January 1, 2024 - \$19,506). 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, 2023 quantified a surplus of \$4,034 (December 31, 2020 surplus - \$6,900) on a going concern basis.

The market value of the assets of the plan as at December 31, 2024 amounted to \$103,293 (2023 - \$108,852).

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 2024 amounted to \$34,629 (2023 - \$34,059). No employee or matching employer contributions to this pension plan for current service were required in 2024 or 2023. Employer contributions for past service were nil in 2024 (2023 - nil).

THE CITY OF OTTAWA

Notes to the consolidated financial statements

December 31, 2024 (*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	2024	2023
Pension fund assets – end of the year	\$578,294	\$621,868
Accrued benefit obligation – end of the year	517,386	479,548
Plan surplus	60,908	142,320
Unamortized actuarial gains (losses)	88,407	(5,186)
Valuation allowance	(60,908)	(137,134)
Reported pension asset	\$88,407	\$0

Expenses (income)	2024	2023
Amortization of actuarial gains	\$(4,068)	\$(6,264)
Pension interest income	(8,112)	(7,830)
Change in valuation allowance	(76,227)	14,094
Total pension-related expenses (income)	\$(88,407)	\$0

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

The market value of the assets of the plan as at December 31, 2024 amounted to \$611,751 (2023 - \$606,228).

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% (2023 - 2.10%), the discount rate for the plan was estimated at 4.60% per year (2023 - 5.70% per year), and long-term salary forecasts for actuarial purposes were estimated at 3.10% per year (2023 - 2.25% 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, 2024 (*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 (2022 surplus - \$56,866). In 2024, the City contributed an amount of nil (2023 - nil) to the plan. With a surplus in the plan, no solvency special payments were required in 2024.

10. Asset retirement obligations

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

Asset retirement obligations	2024	2023
Buildings	\$46,727	\$44,582
Landfills	34,945	29,832
Other	1,778	1,785
Total	\$83,450	\$76,199
Asset retirement obligations – continuity	2024	2023
Opening balance	\$76,199	\$74,559
Changes in estimates	7,364	1,688
Remediation	(113)	(48)
Total	\$83,450	\$76,199

11. Contaminated sites

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 \$8,058 (2023 - \$7,330) for remediation of 35 (2023 - 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 5-year average rate of 3.72% (2023 - 3.68%) and discounted to current dollars using the City's average long-term borrowing rate of 4.47% (2023 - 4.43%). The estimated present value of future expenditures for post-closure care for inactive sites as at December 31, 2024 is \$13,807 (2023 - \$11,813).

THE CITY OF OTTAWA

Notes to the consolidated financial statements

December 31, 2024 (*dollars in thousands*)

11. Contaminated sites (continued)

	2024	2023
Existing contaminated sites	\$8,058	\$7,330
Inactive landfill sites	13,807	11,813
Total	\$21,865	\$19,143

12. Net long-term debt

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

	2024	2023
Installment and sinking fund debentures issued at various rates of interest ranging from 0.00% to 6.00%, and maturing from 2025 to 2053	\$3,298,348	\$3,128,630
Stage 1 light rail private debt, including credit assignment and assumption agreement offset by loan receivable	474,552	487,199
Bank loan agreements and interest rate exchange agreements	11,335	14,332
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	(412,993)	(324,612)
Total	\$3,371,242	\$3,305,549

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

2025	\$154,977
2026	169,576
2027	155,717
2028	135,750
2029	102,339
2030 and thereafter	1,579,260
Total	\$2,297,619

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 \$1,171,905, which together with the amount of \$2,297,619 shown above, and net unamortized debt premium/ discount of \$37,477 will be used to retire the outstanding net long-term debt and P3 liability (note 13) total of \$3,507,001.

12. Net long-term debt (continued)

(b) (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 \$11,335 (2023 - \$14,332) to fixed rate debt with interest rates ranging from 1.71% 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, 2024, the City would receive the market value of \$392 (2023 - \$751).

The City has entered into bank swap agreements to improve budget certainty for commodity costs. As at December 31, 2024, the City had set bank swaps in place to hedge 34,050,000 litres (2023 - 40,800,000 litres) of diesel fuel for the 2025 and 2026 calendar years with expiry dates ranging from January 2025 to September 2026 (2023 - January 2024 to December 2025). 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, 2024, the City would pay the swap counterparty the market value of \$204 (2023 - City would pay the market value of \$2,561).

- (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, 2024 (*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:

2025	\$13,271
2026	13,548
2027	14,684
2028	14,655
2029	13,835
2030 and thereafter	404,559
Total	\$474,552

THE CITY OF OTTAWA

Notes to the consolidated financial statements

December 31, 2024 (*dollars in thousands*)

13. Public Private Partnership (P3) liability

	2024	2023
Stage 2 Trillium Line P3 Liability	\$135,759	\$0
Total	\$135,759	\$0

- (a) In 2024, as per the Stage 2 Council report, upon substantial completion of the Trillium Line Extension in November 2024, the \$136,126 liability associated with the capital annual service payments and financed by TNEXT was converted and recognized as a P3 liability. This liability is to be repaid by the City during the 27-year maintenance term and matures in November 2051. The interest charged is approximately \$106,261, which is an annual effective interest rate of 12.25%

Principal and interest payments in future years for Stage 2 Trillium Line P3 Liability, are as follows:

	Principal	Interest	Total
2025	\$6,357	\$15,632	\$21,989
2026	33,424	13,283	46,707
2027	36,932	9,180	46,112
2028	32,174	4,891	37,065
2029	(444)	3,137	2,693
2030 and thereafter	27,316	58,690	86,006
Total	\$135,759	\$104,813	\$240,572

The total interest expense recognized in relation to the P3 Liability for the year ended December 31, 2024 is \$1,449.

14. Mortgages payable

	2024	2023
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 2025 to 2075 and debentures payable to Infrastructure Ontario maturing from 2036 to 2054 with interest rates ranging from 2.71% to 4.96%	\$542,692	\$391,230
Total	\$542,692	\$391,230

THE CITY OF OTTAWA

Notes to the consolidated financial statements

December 31, 2024 (*dollars in thousands*)

14. Mortgage payable (continued)

- (a) Public housing debentures issued by Canada Mortgage and Housing Corporation in the amount of \$102 (2023 - \$762) 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 \$277,070 (2023 - \$246,437), 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 \$16,962 (2023 - \$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 2024, three OCHC properties (2023 - two) 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 \$38,126 (2023 - \$13,481) of funding to be utilized for future capital repairs.

In 2024, Macdonald manor, an unencumbered site in OCHC's equity portfolio was leveraged in order to support its equity contribution towards the redevelopment of Mosaic Phase 2, and to re-invest in capital repairs and the reduction of deferred maintenance across the portfolio. OCHC borrowed \$21,318 (2023 - nil) from Canada Mortgage and Loan Services Corporation, which represents the fair value of the property. OCHC transferred the full balance to the Community Reinvestment Fund.

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

2025	\$11,895
2026	12,379
2027	12,847
2028	12,897
2029	13,136
2030 and thereafter	479,538
Total	\$542,692

The principal payments in 2024 totalled \$126,614 (2023 - \$10,646).

THE CITY OF OTTAWA

Notes to the consolidated financial statements

December 31, 2024 (*dollars in thousands*)

15. Other liabilities

Other liabilities comprise the following:

	2024	2023
Brownfields	\$74,095	\$60,092
Total other liabilities	\$74,095	\$60,092

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, 2024 is \$74,095 (2023 - \$60,092). Estimated total undiscounted expenses for brownfields amount to approximately \$85,425 (2023 - \$69,000).

Estimated brownfield payments

2025	\$3,661
2026	11,680
2027	11,654
2028	7,967
2029	5,698
2030 and thereafter	33,435
Total	\$74,095

THE CITY OF OTTAWA

Notes to the consolidated financial statements

December 31, 2024 (*dollars in thousands*)

16. 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
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
2029	0	0	1,126	447	2,018	1,042	3,144	1,489
Thereafter	0	0	8,164	1,196	19,783	4,667	27,947	5,863
Total	\$16,724	\$625	\$13,228	\$4,016	\$28,106	\$10,747	\$58,058	\$15,388

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, 2024 (*dollars in thousands*)

17. Tangible capital assets

Cost	Buildings and improvements	Infrastructure			LRT	Land	Land improvements
		Linear roads	Linear water/ wastewater				
Balance, beginning of year	\$2,539,179	\$5,017,994	\$8,330,837	\$1,708,321	\$3,028,110		\$840,557
Additions	161,809	281,684	403,705	0	129,785		30,503
Disposals	(1,535)	(27,035)	(8,556)	0	0		(755)
Balance, end of year	2,699,453	5,272,643	8,725,986	1,708,321	3,157,895		870,305

Accumulated amortization	Buildings and improvements	Infrastructure			LRT	Land	Land improvements
		Linear roads	Linear water/ wastewater				
Balance, beginning of year	1,192,131	2,012,443	1,898,773	125,347	0		339,672
Disposals	(1,225)	(15,932)	(3,268)	0	0		(704)
Amortization expense	45,696	108,547	97,407	29,002	0		17,312
Balance, end of year	1,236,602	2,105,058	1,992,912	154,349	0		356,280
Net book value, end of year	\$1,462,851	\$3,167,585	\$6,733,074	\$1,553,972	\$3,157,895		\$514,025

THE CITY OF OTTAWA

Notes to the consolidated financial statements

December 31, 2024 (*dollars in thousands*)

17. Tangible capital assets (continued)

Cost	Machinery, plant and equipment	Vehicles	Assets under construction	Total 2024	Total 2023
Balance, beginning of year	\$1,935,471	\$1,661,639	\$4,300,283	\$29,362,391	\$27,667,244
Additions	68,593	49,337	846,774	1,972,190	1,769,245
Disposals	(5,172)	(41,429)	(184)	(84,666)	(74,098)
Balance, end of year	1,998,892	1,669,547	5,146,873	31,249,915	29,362,391

Accumulated amortization	Machinery, plant and equipment	Vehicles	Assets under construction	Total 2024	Total 2023
Balance, beginning of year	828,614	714,793	0	7,111,773	6,748,462
Disposals	(4,264)	(38,961)	0	(64,354)	(48,658)
Amortization expense	40,846	81,703	0	420,513	411,969
Balance, end of year	865,196	757,535	0	7,467,932	7,111,773
Net book value, end of year	\$1,133,696	\$912,012	\$5,146,873	\$23,781,983	\$22,250,618

Assets under construction

During 2024, the City acquired \$1,972,190 (2023 - \$1,769,245) of assets under construction. As assets were placed into service, transfers in the amount of \$1,125,417 (2023 - \$1,206,766) were made from assets under construction to the respective asset classes to arrive at a net balance of \$846,774 (2023 - \$562,479) disclosed above. A total of \$960,177 of assets under construction is related to the public private partnership arrangement for the Trillium Line Extension.

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, 2024 (*dollars in thousands*)

17. Tangible capital assets (continued)

Contributed tangible capital assets

The value of contributed tangible capital assets received during 2024 amounts to \$464,565 (2023 - \$488,087) and is included in additions disclosed above.

18. Accumulated surplus

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

Accumulated surplus comprises the following:	2024	2023
Invested in tangible capital assets	\$19,736,601	\$18,712,107
Capital fund – unfinanced capital outlay	(166,671)	80,966
Endowment fund	188,009	198,470
Employee future benefits and pension agreements	(802,201)	(772,958)
Asset retirement obligation liabilities	(83,450)	(76,199)
Brownfields	(74,095)	(60,092)
Contaminated sites	(21,865)	(19,143)
Other	(81,541)	(95,009)
Total before reserves and equity in GBE	18,694,787	17,968,142
Discretionary reserves		
Environmental services	105,802	131,939
Transit	15,352	6,303
Housing	98,558	84,708
Employee benefits	94,618	89,719
Tax stabilization	138,818	98,942
Parking	21,352	20,073
City wide	48,962	47,481
Corporate fleet	(317)	(724)
Other	23,829	23,926
Total discretionary reserves	546,974	502,367
Equity in GBE (note 5)	555,491	529,669
Accumulated surplus	\$19,797,252	\$19,000,178
Accumulated surplus is comprised of:		
Accumulated surplus - operations	\$19,754,905	\$18,961,351
Accumulated remeasurement gains	42,347	38,827
	\$19,797,252	\$19,000,178

THE CITY OF OTTAWA

Notes to the consolidated financial statements

December 31, 2024 (*dollars in thousands*)

19. 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:

2025	\$1,156,108
2026	42,634
2027	153,651
2028	80,111
2029	504
2030 and thereafter	248

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

2025	\$19,395
2026	15,395
2027	10,595
2028	6,239
2029	5,896
2030 and thereafter	7,835

19. 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, 2024, Hydro Ottawa had total open commitments amounting to \$264,919 for the period from 2025 to 2031. 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 \$750, \$5,733 and \$14,643, 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 Arena 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, 2024 is \$94,157. 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 2024 (2023 - nil).

THE CITY OF OTTAWA

Notes to the consolidated financial statements

December 31, 2024 (*dollars in thousands*)

19. 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 2024, 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, 2024 were \$131,660. Future commitments for the City portion of the building amount to \$57,213 for 2025 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 early 2025. As of December 31, 2024, the City has borrowed \$1,693 related to this credit agreement.

19. 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 \$7,538 related to the ongoing construction costs. Upon substantial completion which was achieved in November 2024, the City must repaid \$136,126 plus interest to 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 \$320,153 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 \$8,127 assuming no lease renewals or counterparty default.

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Notes to the consolidated financial statements

December 31, 2024 (*dollars in thousands*)

20. Taxes available for municipal purposes

	2024	2023
Property taxes	\$2,604,184	\$2,495,047
Payment in lieu of taxes	185,189	211,998
Local improvements and other charges	32,149	26,307
Less: education taxes	(459,056)	(450,419)
Total taxes available for municipal purposes	\$2,362,466	\$2,282,933

21. Expenses by object

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

	2024	2023
Salaries, wages and employee benefits	\$2,158,070	\$2,053,816
Contracted and general services	484,969	500,274
Materials, equipment and supplies	678,497	669,777
Interest charges	159,207	146,856
Rent and financial expenses	79,556	88,693
External transfers	794,225	721,994
Interfunctional	(46,714)	(40,723)
Amortization of tangible capital assets	420,513	411,968
Loss on disposal of tangible capital assets	18,079	23,182
Total expenses	\$4,746,402	\$4,575,837

THE CITY OF OTTAWA

Notes to the consolidated financial statements

December 31, 2024 (*dollars in thousands*)

22. Segmented information

Consolidated schedule of segment disclosure

For the year ended December 31, 2024

REVENUE	General Government	Protection	Roads, Traffic and Parking	Transit	Environmental Services	Health Services
Taxes	\$2,362,466	\$0	\$0	\$0	\$0	\$0
Government transfers – provincial	9,730	21,811	2,435	71,966	1,624	139,969
Government transfers – federal	410	15,018	2,426	118,149	880	323
Fees and user charges	22,581	83,707	34,670	147,642	540,251	4,790
Contributed tangible capital assets	0	0	104,158	0	337,380	0
Development charges	6,749	2,345	35,334	87,296	32,589	0
Fines and penalties	28,173	46,422	0	2,000	0	0
Other	184,583	5,409	(164)	2,883	8,708	(148)
Total revenue	2,614,692	174,712	178,859	429,936	921,432	144,934
EXPENSES	General Government	Protection	Roads, Traffic and Parking	Transit	Environmental Services	Health Services
Salaries and benefits	113,632	626,207	151,992	383,653	97,706	186,565
Contracts and general services	7,646	50,811	112,737	85,794	135,447	15,514
Materials, equipment and supplies	28,555	71,497	85,945	131,849	76,490	20,456
Interest charges	208	1,457	32,393	60,553	32,412	762
Rent and financial expenses	16,830	10,218	8,423	36,657	1,080	4,262
External transfers	(163)	12,946	124	(7,841)	10,661	(68)
Interfunctional	(47,845)	(23,266)	(13,668)	9,640	54,098	7,436
Amortization	1,007	13,893	125,665	101,159	131,848	5,389
Loss (gain) on disposal	3	415	10,880	1,418	5,070	(100)
Total expenses	119,873	764,178	514,491	802,882	544,812	240,216
ANNUAL SURPLUS (DEFICIT)	\$2,494,819	\$(589,466)	\$(335,632)	\$(372,946)	\$376,620	\$(95,282)

THE CITY OF OTTAWA

Notes to the consolidated financial statements

December 31, 2024 (*dollars in thousands*)

22. Segmented information (continued)

Consolidated schedule of segment disclosure

For the year ended December 31, 2024

	Social and Family Services	Social Housing	Recreation and Cultural Services	Planning and Development	Total
REVENUE					
Taxes	\$0	\$0	\$0	\$0	\$2,362,466
Government transfers – provincial	530,244	178,318	3,699	4,150	963,946
Government transfers – federal	2,369	86,002	1,666	420	227,663
Fees and user charges	20,355	97,609	71,779	21,618	1,045,002
Contributed tangible capital assets	20	0	17,280	5,727	464,565
Development charges	178	358	2,836	3,688	171,373
Fines and penalties	0	0	90	0	76,685
Other	153	8,243	11,353	7,236	228,256
Total revenue	553,319	370,530	108,703	42,839	5,539,956
	Social and Family Services	Social Housing	Recreation and Cultural Services	Planning and Development	Total
EXPENSES					
Salaries and benefits	207,875	73,562	259,024	57,854	2,158,070
Contracts and general services	14,554	8,038	47,347	7,081	484,969
Materials, equipment and supplies	29,425	137,855	85,457	10,968	678,497
Interest charges	218	16,572	11,533	3,099	159,207
Rent and financial expenses	(25,183)	9,181	2,428	15,660	79,556
External transfers	501,524	237,279	10,744	29,019	794,225
Interfunctional	(11,274)	856	(11,190)	(11,501)	(46,714)
Amortization	2,214	14,210	24,263	865	420,513
Loss on disposal	13	0	318	62	18,079
Total expenses	719,366	497,553	429,924	113,107	4,746,402
ANNUAL SURPLUS (DEFICIT)	\$(166,047)	\$(127,023)	\$(321,221)	\$(70,268)	\$793,554

THE CITY OF OTTAWA

Notes to the consolidated financial statements

December 31, 2024 (*dollars in thousands*)

22. Segmented information (continued)

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, 2024 (*dollars in thousands*)

22. 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, 2024 (*dollars in thousands*)

22. 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, 2024 (*dollars in thousands*)

22. 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.

23. 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, 2024 (*dollars in thousands*)

24. Budget amounts

Budget data presented in these consolidated financial statements is based upon the 2024 operating and capital budgets approved by Council on December 6, 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	\$5,840,971
Contributed tangible capital assets	459,877
Timing differences between capital budget and spending	372,604
Consolidated entities	236,963
Reclassification of investment income	26,500
Hydro Ottawa Holding Inc. equity pickup	14,900
Transfers from reserves	(854,368)
Proceeds of debt issued	(397,930)
Reclassifications and eliminations	(34,478)
Total budgeted revenues for financial statement purposes	\$5,665,039
Expenses	
Adopted budget operating and capital	\$5,840,971
Timing differences between capital budget and spending	103,867
Amortization	444,241
Consolidated entities	236,963
Change in other obligations to be funded in future years	4,356
Change in employee future benefits and pension agreements	21,989
Acquisition of tangible capital assets	(1,072,000)
Transfers to reserves	(798,032)
Debt principal repayments	(161,038)
Reclassifications and eliminations	(34,539)
Total budgeted expenses for financial statement purposes	\$4,586,778
Budgeted annual surplus	\$1,078,261

THE CITY OF OTTAWA

Notes to the consolidated financial statements

December 31, 2024 (*dollars in thousands*)

25. 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 14. These transactions are measured at their exchange amounts.

26. Adoption of new accounting standards

PS 3160 – Public Private Partnerships

On January 1, 2024, the City adopted Canadian public sector accounting standard PS 3160 – Public Private Partnerships, on a prospective basis effective January 1, 2024. This new standard provides guidance for the recognition, measurement, presentation, and disclosure of public private partnerships. The implementation of this standard did not require the City to reflect any adjustments to the comparative figures in these financial statements.

Nature and Scope of the Public Private Partnership

The City has entered into a public private partnership (P3) agreement with TransitNext General partnership to design, construct, finance and maintain the Trillium Line Extension of the Stage 2 LRT (the “Project”). The agreement was signed on March 28, 2019 and is structured as a Design-Build-Finance-Maintain (DBFM) arrangement. The Project involved (i) the design, construction, financing, maintenance and rehabilitation of the System Infrastructure and the new Municipal Infrastructure, (ii) the procurement, financing, maintenance and rehabilitation of the New Vehicle Fleet, and (iii) the maintenance and rehabilitation of the Existing Vehicle Fleet. The Trillium Line Extension was operational effective January 6, 2025.

The agreement is for a period of 27 years.

Recognition and Measurement of the Infrastructure Asset

The infrastructure asset has been recognized in the financial statements and remains in Assets Under Construction as at December 31, 2024. The Trillium Line went into service on January 6, 2025 at which time the assets will be transferred to in-use tangible capital assets and amortization will commence in February 2025.

Liabilities and Commitments

The financial liability related to the P3 arrangement is recognized at \$135,759 as at December 31, 2024. Principal payments in future years are outlined in note 13.

THE CITY OF OTTAWA

Notes to the consolidated financial statements
December 31, 2024 (*dollars in thousands*)

26. Adoption of new accounting standards (continued)

PS 3160 – Public Private Partnerships (continued)

Risk allocation and Performance Guarantees

The P3 agreement assigns risks as follows:

- Design and Construction Risk: Assumed by TransitNext General Partnership.
- Financing Risk: Assumed by TransitNext General Partnership until substantial completion.
- Operation and Maintenance Risk: Assumed by TransitNext General Partnership for the duration of the agreement.
- Demand Risk: Assumed by the City, as payments are based on availability rather than usage.

The agreement includes performance guarantees, requiring TransitNext General Partnership to meet specified service levels. Failure to meet these levels may result in penalties, payment deductions, or contract termination.

PS 3400 – Revenue

On January 1, 2024, the City adopted Canadian public sector accounting standard PS 3400 – Revenue on a prospective basis effective January 1, 2024.

The new standard provides guidance on the accounting for revenue arising from transactions that include performance obligations (exchange transactions) and transactions with no performance obligations (non-exchange transactions). For the City, this standard applies to revenue arising from sources such as transit fees, utility charges (water, wastewater and solid waste), licensing fees, building permit fees, planning application fees, and fees associated with City programs and facilities rentals.

Taxation revenue, government transfers, income from investments in GBEs and other investments are excluded from the scope of this standard.

The implementation of this standard did not require the City to reflect any adjustments to these financial statements.

THE CITY OF OTTAWA

Notes to the consolidated financial statements

December 31, 2024 (*dollars in thousands*)

26. Adoption of new accounting standards (continued)

PSG-8 – Purchased intangibles

On January 1, 2024, the City adopted Canadian public sector guideline PSG-8 – Purchased Intangibles on a prospective basis effective January 1, 2024.

The new guideline requires capitalization of purchased intangibles such as patents, trademarks, commercial rights and easements, and results in the recognition of assets that were previously prohibited under Canadian public sector accounting standards.

The implementation of this standard did not require the City to reflect any adjustments to these financial statements.

Future accounting pronouncements

The City continues to assess the impact of the following upcoming changes to Canadian public sector accounting standards, effective for its fiscal year beginning on January 1, 2027:

- The Conceptual Framework for Financial Reporting in the Public Sector – The new Conceptual Framework prescribes the nature, function and limits of financial accounting and reporting. It is the foundation on which Canadian public sector accounting standards are developed and professional judgment is applied. It will replace the conceptual aspects of PS 1000 Financial Statement Concepts and PS 1100 Financial Statement Objectives.
- PS 1202 Financial Statement Presentation – The new standard provides updated guidance on the general and specific requirements for the presentation of information in general purpose financial statements. The implementation of this standard will require substantive changes to the City's financial statement presentation. PS 1202 will replace current PS 1201 Financial Statement Presentation.

The impact of these standards on the City's consolidated financial statements is not reasonably determinable at this time.

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, 2024 (*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 22.

Statement of financial position

As at December 31, 2024, with comparative information for 2023

Financial position	2024	2023
Financial assets	\$62,096	\$55,845
Liabilities	54,153	49,867
Net assets (debt)	7,943	5,978
Non-financial assets		
Tangible capital assets	35,893	36,003
Total non-financial assets	35,893	36,003
Accumulated surplus	\$43,836	\$41,981

Statement of operations and accumulated surplus

For the year ended December 31, 2024, with comparative information for 2023

Revenue	2024	2023
City of Ottawa	\$58,525	\$61,723
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	184	(7)
Other	1,272	1,241
Total revenue	61,361	64,337
Expenses		
Operating expenditures	59,506	58,210
Total expenses	59,506	58,210
Annual surplus	1,855	6,127
Accumulated surplus, beginning of the year	41,981	35,854
Accumulated surplus, end of the year	\$43,836	\$41,981