

The background image shows a wide-angle aerial view of the City of Toronto. The CN Tower stands prominently in the center-right. In the foreground, there's a mix of modern skyscrapers and lower residential buildings. A large highway interchange is visible in the lower right. The water of Lake Ontario stretches across the middle ground, with several small islands and boats. The sky is clear and blue.

# 2024 Annual Financial Report

for the year ended December 31, 2024

City of Toronto, Ontario, Canada

Prepared by Finance & Treasury (Accounting Services Division), with support from other Divisions,  
Agencies, and Corporations.



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# A Message from Toronto's Mayor

I am pleased to share with you the City of Toronto's 2024 Annual Financial Report.

In 2024, the City made significant strides on its path toward a more resilient and sustainable financial future, to ensure we can continue to deliver excellent services for all Torontonians.

We are committed to building a city that's more affordable, safe and liveable. To do this, we are focusing on actions that keep Toronto moving, maintain and create housing that's affordable, invest in people and neighbourhoods, and address climate change by fostering resilience.

That's why it's important to strengthen our financial foundations. And this is precisely what we did in 2024.

For the first time in decades, the City achieved a credit rating increase to AA+ from a top international credit rating agency, S&P Global. This impressive milestone is a strong endorsement of the steps we are taking to get the City's finances back on track.

Key elements of this achievement are the further implementation of the Long-Term Financial Plan that Toronto City Council strongly endorsed, our prudent financial management, and a new multi-year approach to budgeting with a commitment to sustainably funding operating and capital needs.

In 2024, we concluded the historic New Deal with the Government of Ontario, securing a total of \$1.2 billion in

operating support over three years, with a Provincial commitment to review Toronto's financial sustainability by 2026. We also continued to build strong partnerships with the Federal government on priorities like housing and transit.

The strong financial support the City has received from other orders of government doesn't mean that we no longer face systemic challenges related to the fiscal constraints of Canadian municipalities. We still have more work to do to address these challenges. This is why City Council has called for a new funding model for the City of Toronto, one that recognizes the City's complexity, diversity, and substantial contribution to the success of the region, province and country.

I look forward to continuing to work with my colleagues on City Council and our counterparts in the Provincial and Federal governments to further build a city that meets the needs of Toronto residents and that supports our businesses. I'm confident that, together, we will get there.

August 21, 2025

*Olivia Chow*

**Mayor**

# A Message from the City Manager

I am pleased to present the City of Toronto's 2024 Annual Financial Report. This report provides details about the City's financial performance, progress and achievements over the past year.

In 2024, the City made further advancements on its strategic priorities: to maintain and create housing that's affordable; to keep Toronto moving; to invest in people and neighbourhoods; and to tackle climate change and build resilience.

Guided by the HousingTO Action Plan, the City is making record-level investments and leading through bold policy initiatives to spur new housing construction, support renters and protect existing affordable rental housing stock – and considerable progress was made throughout 2024.

We approved approximately 6,600 rent-controlled, affordable and rent-gearied-to-income (RGI) homes, including almost 1,500 rent-controlled homes, over 5,000 affordable homes (excluding RGI), and 84 RGI homes. As well, more than 630 new affordable rental and supportive homes were completed, including 143 new supportive homes for people experiencing or at risk of homelessness. In total, 3,808 people were moved out of shelters into permanent housing.

We launched the Purpose-built Rental incentives stream, a key component of the Rental Housing Supply Program, which supports delivery of rental housing by the private and community housing sectors. We did this by putting in place grant funding to create new affordable and RGI homes, financial incentives in the form of property tax discounts and waivers, development fee waivers to support new affordable rental, rent-controlled and market rental homes, and establishing a priority review of planning applications.

Our focus on keeping Toronto moving also led to positive results, with 500,000 transit service hours added to buses, streetcars and subways – all while keeping fares frozen. We hired and deployed 24 Traffic Agents to provide more than 20,000 hours of congestion management, ensuring roads are clear for transit and emergency vehicles and reducing travel times by up to 33 per cent.

We also worked with the Province of Ontario to accelerate rehabilitation work on the Gardiner Expressway and improve traffic flows. Moreover, by negotiating the upload of the Gardiner Expressway and Don Valley Parkway to the Province, the City is able to reallocate \$1.9 billion in capital budget relief over the next decade to support state-of-good-repair projects, including TTC bus, streetcar, and subway restorations; transportation infrastructure rehabilitation; Toronto Community Housing Corporation building maintenance; Parks and Recreation facilities upgrades; and City-owned building renovations and repairs.

Investing in people in neighbourhoods is an ongoing strategic priority for the City. In 2024, we unveiled a new waterfront public space and park, the Bathurst Quay Common. We moved forward on the creation of a new community recreation and child care centre for the Lawrence Heights community by working with the Federal government to secure the necessary funding. We launched a new registration and booking system that offers a more modern and mobile-responsive experience for residents and community organizations to access programs and spaces.

To provide a caring response to mental health crisis calls, the City launched the expanded Toronto Community Crisis Service. What began as a pilot program in 2022 was rolled out as a citywide service in collaboration with community organizations. And as part of the City's commitment to truth and reconciliation, we partnered with the Toronto Council Fire Native Cultural Centre to open the Spirit Garden, a new permanent space at Nathan Phillips Square that honours residential school survivors.

Addressing climate change and building resilience remain a priority, too. The City is the largest Municipal issuer of green bonds in Canada, and in 2024 we issued an additional \$200 million in bonds to help finance transformative climate action projects. Among our accomplishments were partnering with the Government of Canada to add more than 500 new electric vehicle (EV) chargers to the City's corporate charging network; achieving a 96 per cent conversion of the City's residential waste collection fleet from diesel-powered trucks to natural gas-powered trucks; and supporting the completion of 41 eco-roof projects.

The above examples represent only a fraction of our achievements in 2024. As with all the work we do to advance the City's strategic priorities and maintain critical services, its foundation is prudent fiscal management – which is detailed in this 2024 Annual Financial Report.

Of course, at the end of the day these achievements are a result of the committed work of the Toronto Public Service. I continue to be impressed by their dedication, collaboration and innovation, and look forward to making further progress on the City's strategic priorities.

August 21, 2025

*Paul Johnson*

City Manager

# Financial highlights

## What this section contains

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# Introduction

The City of Toronto (City) is pleased to present the annual financial report for the year ended December 31, 2024. This report provides an overview of the City's governance structure, a snapshot of its financial performance, the climate-related disclosures which align with the former Task Force for Climate-Related Financial Disclosures' (TCFD) recommendations, and supplementary statistical information. This report provides a deep understanding of how City priorities were executed in 2024 and outlines how the City is positioned to continue providing services into the future.

As required by the [City of Toronto Act, 2006](#), management is responsible for preparing the annual financial statements in accordance with Public Sector Accounting Standards (PSAS) as established by the Public Sector Accounting Board (PSAB).

The annual financial report also contains the following financial statements:

- **The Consolidated Financial Statements**, which illustrate the City's financial position (i.e., balance sheet) to provide an overview of assets the City owns, as well as the obligations that are owed to others at the end of the reporting period. They also detail the City's financial performance (i.e., income statement), summarizing all the revenues that were earned, as well as expenses that were incurred to provide services, along with key changes in various balances.
- **The Sinking Funds Financial Statements**, which reflect how sinking funds are used and invested. Sinking funds represent the investments that are held and managed for the sole purpose of settling (i.e., repaying) long-term debt in future years.
- **The Consolidated Trust Funds Financial Statements**, which consist of various trust funds that the City administers on behalf of others. Trust funds are resources, such as cash, that are administered on behalf of external individuals and/or organizations and used for a specific purpose.

This section includes other key information including a reconciliation of the budget included in the financial statements, as well as a ratio analysis of the City's financial information with benchmarks to other comparable Canadian municipalities.



## What is included in the City's consolidated financial statements?



### Government Business Enterprises

Toronto Hydro Corporation

Toronto Parking Authority

### City of Toronto

Community Development & Social Services

Community & Emergency Services

Corporate Services

Development and Growth Services

Finance and Treasury Services

Infrastructure Services

And more.....

### Agencies and Corporations

Board of Governors  
of Exhibition Place

Toronto  
Atmospheric Fund

Board of  
Management  
of the Toronto Zoo

Toronto Community  
Housing Corporation

Build Toronto Inc.

Toronto Public  
Library Board

Toronto Port  
Lands Company

Toronto Seniors  
Housing Corporation

CreateTO

Toronto Transit  
Commission

Lakeshore Arena  
Corporation

Toronto Pan Am  
Sports Centre Inc.

TO Live

Toronto Waterfront  
Revitalization  
Corporation

The City's Consolidated Financial Statements reflect the combined financial results of the City's divisions and financially significant entities controlled by the City, including 14 agencies and corporations and two government business enterprises (GBE) owned 100 per cent by the City, as shown in the above image. The City has partial ownership and shared control over two entities:

- The Toronto Pan Am Sports Centre, which is 50 per cent owned by the City in partnership with the University of Toronto; and,
- The Toronto Waterfront Revitalization Corporation (Waterfront Toronto), which is 33.3 per cent owned by the City, in partnership with the Canadian and the Ontario Governments.

Each agency, corporation, and GBE is overseen by a separate Board of Directors/Management. Additional information about the City's consolidated entities is available on the City's website: [Agencies & Corporations – City of Toronto](#).

## Key accounting terms

The annual financial report and the financial statements refer to various accounting terms. The terms that are commonly referenced throughout this document and their associated definitions include the following:

- **Cash basis accounting:** An accounting method that recognizes revenues and expenses at the time cash is received or paid out.
- **Accrual basis accounting:** An accounting method that recognizes revenues and expenses at the time the revenues are earned or the expenses are incurred, regardless of when cash is received or paid out.
- **Financial assets:** Resources, either cash or assets that are readily convertible to cash, such as accounts receivable and investments. These resources are used to support the City's service delivery, such as purchases of materials and equipment, and to settle ongoing obligations to external individuals and organizations.
- **Liabilities:** These are obligations, such as accounts payable and long-term debt, to external individuals and organizations that the City is required to settle (i.e., pay) in future years.
- **Net financial asset/net debt:** A key financial indicator that reflects whether there are sufficient resources on hand or whether the City will need to rely on additional revenues in the future to successfully settle liabilities. When there are more financial assets than liabilities, it is recognized as a "net financial asset" balance, but when there are more liabilities than financial assets, it is recognized as a "net debt" balance.
- **Non-financial assets:** Resources, such as tangible capital assets and inventories, which are used or directly consumed to provide services and programs.
- **Tangible Capital Assets (TCAs):** TCAs are a significant economic resource and a key investment in the delivery of services to residents. They include diverse items such as roads, bridges, recreation centres, and water treatment facilities.
- **Revenues:** Amounts recognized into earnings upon the provision of a good and/or service or resulting from a specified event (e.g., issuance of a building permit). Main sources of revenue include property taxes, Provincial and Federal grants, and development charges.
- **Expenses:** Costs incurred to maintain operations, as well as support service delivery to residents and businesses. Examples of expenses include the cost of snow removal and garbage collection, operating costs of emergency and temporary shelters for vulnerable residents, and the cost of providing transit services.
- **Annual accounting surplus/deficit:** Under the accrual basis of accounting, when revenues exceed expenses in a given year, it will result in an annual surplus; and when expenses exceed revenues in a given year, it will lead to an annual deficit.



### Is this the same as a surplus/deficit in a budget variance report?

No, the term surplus/deficit is used in both the consolidated financial statements as well as budget variance reports, however they do differ in some significant ways. A surplus reflected in a budget variance report refers to funds budgeted and made available in an annual budget that have not been spent and can either be used for operating or capital purposes. The annual accounting surplus/deficit is the difference between revenues earned and expenses incurred during the year based on accrual accounting principles, regardless of when cash is received or disbursed. Unlike the budget surplus, the annual accounting surplus cannot be carried forward or reallocated for future use and does not represent a source of cash.

## Key accounting terms (cont.)

- **Accumulated surplus/deficit:** The amount by which total assets, including both the financial assets and non-financial assets, exceed liabilities. When liabilities exceed total assets, there is an accumulated deficit.



### Does the accumulated surplus represent excess funding that is available for future use?

No, the accumulated surplus is an accounting metric that represents the amount by which total assets exceed total liabilities. The majority of the City's accumulated surplus is attributed to historical investments in TCAs, which is the result of a continued growth in the City's capital budgets, and therefore, it does not represent surplus funding that can be used to fund budget pressures.

- **Reserves:** Reserves are established by City Council to support the financial management and operations of the City and minimize annual tax rate fluctuations. The funds help offset future capital needs, fiscal pressures from ongoing programs, unforeseen costs, as well as revenue shortfalls.
- **Reserve Fund:** A fund that is segregated and restricted to meet a specific purpose and includes both an obligatory reserve fund and a discretionary reserve fund. For the City's Consolidated Financial Statements, obligatory reserve funds are classified as a liability known as deferred revenues.
- **Accumulated remeasurement gains/losses:** The difference between the fair market value and costs of certain assets and liabilities, such as investments and long-term debt, at the end of the reporting period.



## How the budget is reconciled

On an annual basis, a balanced budget is prepared, which incorporates expectations of expenditures and the sources of funding required to provide planned services for the current year. The budget includes details of the planned operating and capital activities, as well as proposed property tax rate and user fee changes for the year. The Budget Committee reviews the staff-prepared budget and engages Toronto residents and businesses for their feedback. The budget is then presented to City Council (Council) for consideration and approval.

Components of the budget consider how the City plans to fund future cash requirements. To support this perspective, the budget is presented using a methodology known as "cash basis," where the cash inflows that will be used to pay for expenses are budgeted. Key components of the budget include:

- **Funding sources:** Receipt of Provincial and Federal government grants, issuance of long-term debt, collection of property taxes and user fees, and use of the City's reserves and reserve funds.
- **Estimated expenditures:** Recognition of amounts used to sustain daily operations and support key initiatives, including providing financial assistance to support the most vulnerable populations, expanding housing and emergency shelter programs, increasing the service capacity of public transit, and supporting transit expansion.

The budget, therefore, is a key accountability document that is used to help plan and finance annual commitments to Torontonians.

In contrast, the year-end financial statements, another key accountability document, are used to provide key historical financial information to the public. Specifically, the financial statements not only capture the City's actual revenues when they are earned and expenses when they are incurred, but they also disclose what existing resources the City has now and what long-term obligations and future commitments will have to be settled with external individuals and organizations in future years. As the financial statements provide a long-term perspective of the City's financial condition in addition to current year performance, a presentation approach known as "accrual accounting", which is achieved through preparing the financial statements in accordance with PSAS, is required.

Unlike the cash basis of accounting used for budgeting, accrual accounting requires that financial transactions be recorded and reported when they occur, regardless of when cash is ultimately collected or paid. In addition, in presenting the financial statements, the City is also required to consider the long-term financial impacts arising from investments and commitments, such as how infrastructure assets change over time, as well as what obligations will need to be settled in the future, such as long-term debt.

The table presented below summarizes Council approved balanced budgets for:

- Operating expenses
- Capital expenses
- Non-levy programs (programs fully supported by user fees from the Toronto Water, Solid Waste Management Services and Toronto Parking Authority)
- Consolidated entities (i.e., Agencies and Corporations)

Given that the cash and accrual accounting methodologies offer different perspectives regarding how some transactions are recognized and when they are recognized, a reconciliation to the budget presented in the Consolidated Statement of Operations and Accumulated Surplus, under the accrual accounting principles is also provided.

In reconciling the cash-based budgets to the budgets presented in the Consolidated Statement of Operations and Accumulated Surplus, cash inflows and outflows that are not considered as revenues and expenses under PSAS must be eliminated. As a result, the budget in the financial statements:

- Does not recognize contributions to or withdrawals from reserves and discretionary reserve funds, receipt of proceeds from the issuance and principal repayments of long-term debt, and recovery of costs from internal programs; and
- Recognizes TCAs and the associated amortization to reflect the reduction of an asset's value over the period in which it is used.

Once the budget information is converted from the cash basis to the accrual accounting basis, it is normal to see an accounting surplus/deficit. As previously noted, this is due to the accrual accounting method which capitalizes eligible capital expenditures to TCAs, recognizes the debt proceeds as liabilities and recognizes financial transactions when they occur, regardless of when cash is ultimately collected or paid. These required adjustments lead to a difference between the Council approved balanced budget and the budgets reported in the financial statements, and ultimately reflect an accounting surplus/deficit.

The below table summarizes how the City Council (Council) approved balanced budget information that is originally prepared on the cash basis is adjusted to the budget presented in the financial statements under the accrual accounting basis:

### Summary of the 2024 Council approved budget

	Approved by Council:					Consolidated entities	Adjustments	Total adjusted budget	
	Operating	Capital	Non-levy						
<b>Revenues:</b>									
Property taxes and taxation from other governments	\$ 5,879	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (105)	\$ 5,774	
Government transfers	3,787	833	1		2,009		(1,921)		4,709
User charges	1,953	1,143	2,030		1,121		(2,825)		3,422
Municipal land transfer tax	880	-	-		-		-		880
Development charges	-	793	-		-		-		793
Rent and concessions	56	-	-		447		-		503
Investment income	277	-	-		-		(11)		266
Other revenue sources	2,508	2,898	103		167		(4,351)		1,325
<b>Total revenues</b>	<b>15,340</b>	<b>5,667</b>	<b>2,134</b>		<b>3,744</b>		<b>(9,213)</b>		<b>17,672</b>
<b>Expenses:</b>									
Transportation	3,218	2,344	161		2,568		(3,712)		4,579
Social and family services	4,129	13	-		-		(69)		4,173
Protection to persons and property	2,128	201	-		-		(27)		2,302
Environmental services	131	1,401	1,973		-		(2,014)		1,491
Recreation and cultural services	1,099	489	-		426		(582)		1,432
General government	3,417	462	-		-		(2,473)		1,406
Social housing	524	392	-		750		(484)		1,182
Health services	623	59	-		-		(18)		664
Planning and development	71	206	-		-		16		293
<b>Total expenses</b>	<b>15,340</b>	<b>5,667</b>	<b>2,134</b>		<b>3,744</b>		<b>(9,363)</b>		<b>17,522</b>
<b>Annual surplus</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>		<b>\$ -</b>		<b>\$ 150</b>		<b>\$ 150</b>

## Summary of the 2024 Council approved budget (cont.)

The below table summarizes the adjustments that were required to convert the Council's approved budgets to PSAS-compliant budgets. Other adjustments required for accrual accounting include re-classifications between revenues and expenses (\$326), internal cost recoveries (\$314), and other individual adjustments that are immaterial for disclosure purposes.

	2024
<b>Revenue adjustments</b>	
Eliminations for consolidated entities' budgets – revenues	\$ (3,719)
Contributions to the City's operating fund, capital fund, and reserve and discretionary reserve funds	(2,834)
Proceeds from the issuance of long-term debt	(2,057)
Other adjustments required for accrual accounting	(603)
<b>Total revenue adjustments</b>	<b>\$ (9,213)</b>
<b>Expenditure adjustments</b>	
Eliminations for consolidated entities' budgets – expenditures	\$ (3,789)
Withdrawals from City's operating fund, capital fund and reserve and discretionary reserve funds	(2,386)
Capitalization of tangible capital assets and recognition of amortization	(1,999)
Debt principal repayments	(522)
Other adjustments required for accrual accounting	(667)
<b>Total expenditure adjustments</b>	<b>\$ (9,363)</b>

# A closer look at the City's finances: Key financial balances and ratios

## Balance sheet

	2024	2023	Increase	Per cent change
Total assets	\$ 64,113	\$ 60,605	\$ 3,508	5.8
Total liabilities	28,230	26,903	1,327	4.9
Accumulated surplus	34,746	32,730	2,016	6.2
Accumulated remeasurement gains	1,137	972	165	17.0

As the City advances its strategic priorities, the City's balance sheet continues to show sustained growth, and reflects the financial impact of three newly adopted accounting standards mandated by the Canadian Public Sector Accounting Board.

### Assets

In 2024, total assets increased by 5.8 per cent or \$3,508, which was largely attributed to the acquisition of TCAs and the City's investments.

The net book value of the City's TCAs increased by 6.0 per cent, or \$2,564, with significant investments made to develop community centres, improve arenas, provide affordable housing, rehabilitate roads, and upgrade and replace watermains and sewers. The graphic below illustrates how the City's TCAs changed in 2024. These changes reflect asset acquisitions, reductions due to disposals or retirements, and amortization; an accounting process that recognizes the cost of an asset over its useful life.



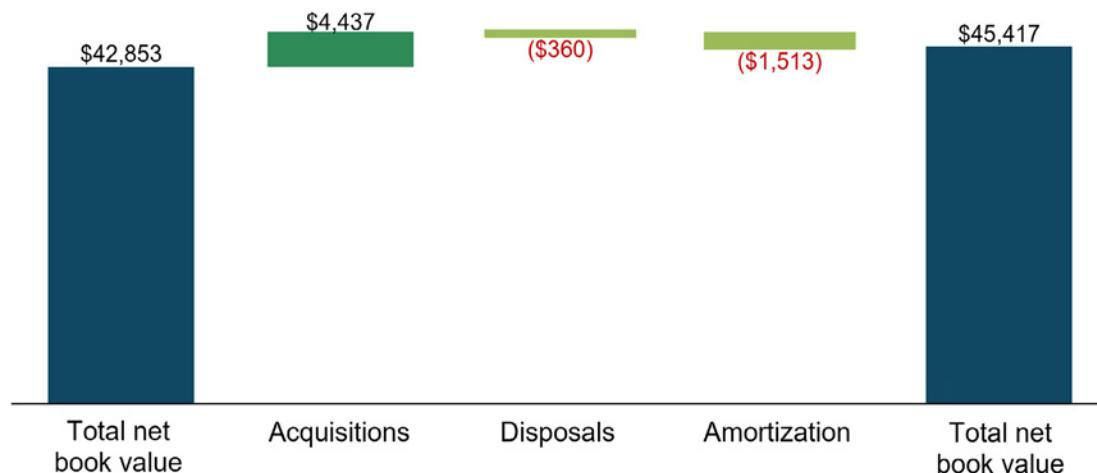
### Understanding the graphs...

The graphs in this report are presented using a specific type of graph known as a waterfall. A waterfall graph depicts how an initial value is affected by the cumulative changes, both increases and decreases, of various components. This type of graph can be a storytelling tool as it reveals what specific factors led to the net change in a value over time. Thus, to portray how results have differed from 2023, the waterfall can be quite useful.

When interpreting waterfall graphs, it is important to note that the first bar represents the previous year's closing value. The following bars then depict the incremental impact of specific increases and decreases that occurred in 2024 that led to the closing value for 2024, which is represented in the last column.

### Changes in tangible capital assets

■ Increase ■ Decrease ■ Total



## Assets (cont.)

Notably, the City completed its work on several TCAs in 2024, which included upgrades to the Ashbridges Bay wastewater treatment plant, the redevelopment of St. Lawrence Market North, opening of a major affordable housing building at 90 Dunn Avenue, and renovations to the waste transfer station at 188 Bermondsey Road.

Also contributing to the increase in total assets, the City's investment balance grew by 19.4 per cent, or \$1,363. This growth was partially attributed to the City's acquisition of additional investments in equity, fixed income, and real estate, resulting from reduced liquidity requirements compared to prior years. It was further supported by the overall positive performance of global equity and bond markets in 2024.

## Liabilities

Total liabilities increased by 4.9 per cent, or \$1,327, largely due to an increase in accounts payable and accrued liabilities and deferred revenues. These components are further detailed below.

The City's accounts payable and accrued liabilities increased by 16.7 per cent, or \$602, which was largely a result of increased construction related invoices and grant payables related to the Canada-Wide Early Learning and Child Care program, where the City is the Service System Manager for the region.

The City's deferred revenue increased by 4.5 per cent, or \$339, and was mainly influenced by the receipt of Provincial grants for new rental and affordable housing supply and subway and transit safety; receipt of Federal grants for the Toronto Housing Accelerator Fund initiatives; and grants for water and waste water infrastructure.

Long-term debt, the largest liability balance, increased slightly by 3.4 per cent, or \$294, due to the issuance of debt that was partially offset by debt repayment. Long-term debt is used as one of the City's many funding sources to finance the acquisition and construction of TCAs. Specifically, in 2024, \$1,000 debenture bonds were issued, including \$200 in both social bonds and green bonds, which allow the City to fund capital projects with positive social outcomes and contributions to environmental sustainability, respectively. While the City continues to use long-term debt, it is important to recognize the debt level is sustainable and remains affordable as the City remains within the Council directed debt service ratio limit of 15% and debt service costs represent only 5.7 per cent of the City's total revenues in fiscal 2024.

## Accumulated surplus

The accumulated surplus rose by 6.2 per cent and was a result of the \$2,016 annual surplus, which is discussed in the following Income Statement section. The accumulated surplus balance of \$34,746 represents the amount by which the City's total assets exceed its liabilities and therefore the total accumulated surplus continues to be derived almost entirely from the City's historical investments in TCAs and the City's reserves and reserve fund balances.

Part of the increase of total accumulated surplus was due to changes in the City's reserves and discretionary reserve funds, which support the financial management and operations of the City and minimize annual tax rate fluctuations. Reserves are flexible funds not tied to specific assets or liabilities, while discretionary reserve funds are designated for specific Council-directed purposes, such as the State of Good Repair Reserve Fund for landfill sites. Reserve and Discretionary Reserve Fund balances totaled \$5,607 at the end of 2024, which increased by \$319. More than 95 per cent of the City's Reserves and Discretionary Reserve Funds are committed to future Council directed activities that include capital and operating expenditures, as well as rate-based activities. Additional information related to the City's Reserves and Discretionary Reserve Funds are available in the 2024 year-end report.

## Accumulated remeasurement gains

The City maintains an extensive portfolio of publicly traded financial instruments, such as bonds and equity investments. Due to fluctuations in global market conditions, the fair value (i.e., market value) of these instruments varies from their initial acquisition date. To account for these changes, the City records unrealized gains and losses in the Statement of Remeasurement Gains and Losses. As of December 31, 2024, the City's financial instruments experienced a net remeasurement gain of \$165, increasing the accumulated remeasurement gain to \$1,137. This increase was supported by strong performance in global equity markets, driven by several key factors: the Bank of Canada's continued easing of interest rates, declining inflation, stable earnings across multiple sectors, improved investor sentiment, and the stabilization of commodity prices. These favorable conditions also contributed to a rise in long-term bonds, resulting in fair value increases, or price gains, across all of the City's long-term bond maturities.

In addition, during 2024 the City invested an additional \$2,000 in long-term investments, signaling an improvement in working capital that assists the City in meeting its long-term financial sustainability goals.

## Income statement

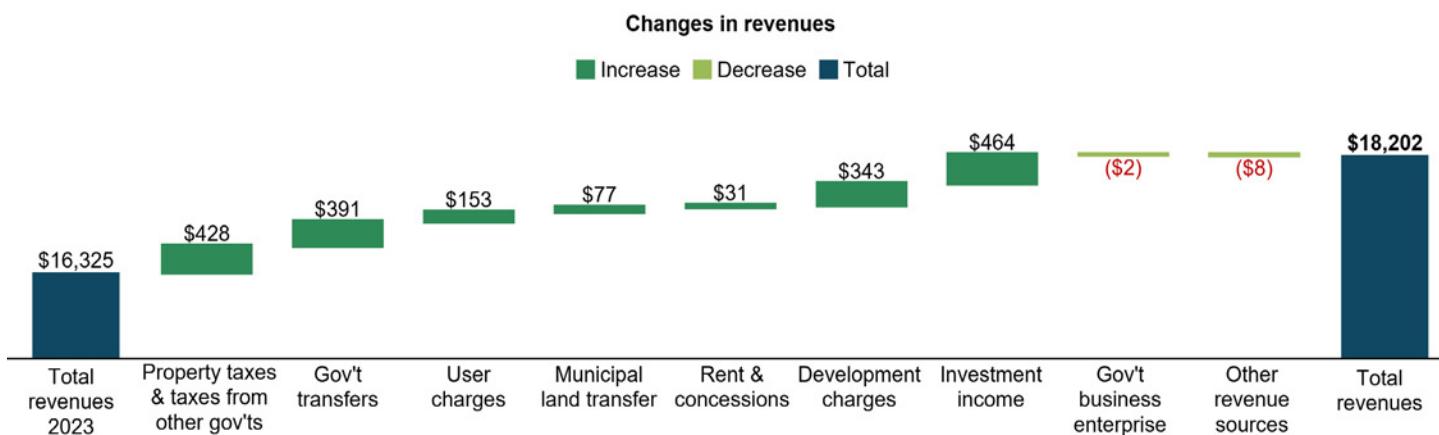
	2024	2023	Increase	Per cent change
Total revenues	\$ 18,202	\$ 16,325	\$ 1,877	11.5
Total expenses	16,186	15,075	1,111	7.4
Annual surplus	2,016	1,250	766	61.3

In 2024, for the first time in several years, the City's income statement showed strength as revenues (11.5 per cent) outpaced the growth rate of expenses (7.4 per cent) by 4.1 per cent. This marks a significant milestone in the City's post-pandemic recovery and reflects the City's commitment to managing expenditures within Council-approved budget targets.

### Revenues

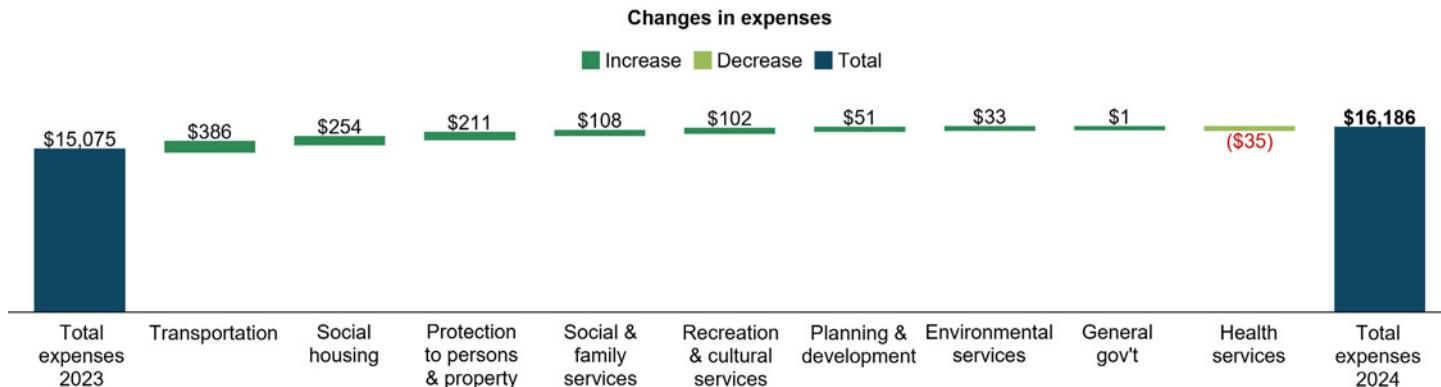
Total revenues increased by 11.5 per cent, or \$1,877. This increase was attributed to a 7.35 per cent increase in the City property tax rate, positive investment returns, increased government grants, and increased use of development charges for various City projects, such as the construction of community centres and development of various parks.

Government transfers continue to be a vital source of revenue for the City, accounting for more than a quarter of all revenues. In 2024, transfers rose by 9.1 per cent, or \$391, driven primarily by increased support for the Ontario Works program, which expanded the City's delivery of job-related supports, programs, and training opportunities for job seekers, and grants provided by the New Deal arrangement for subway and transit safety initiatives as well as construction and traffic mitigations measures on the Gardiner Expressway. Given their significant role in supporting many of the City's annual expenditures, monitoring of government transfers is essential to ensuring the City's long-term fiscal sustainability.



### Expenses

In 2024, the City's expenditures increased as a result of various service needs and initiatives. The 7.4 per cent, or \$1,111, increase in expenses was largely attributed to expenditures related to increased TTC staffing requirements as a result of rising ridership, the SmartTrack Station project, increased Toronto Police staffing, and increased grants provided to promote affordable rental housing. These increases directly aligned with the City's strategic priorities to create affordable housing, to keep Toronto moving, and invest in people and neighborhoods. With rising costs to support City services and programs, the City's long-term financial plan and annual budgeting process have become increasingly critical to ensuring fiscal sustainability.

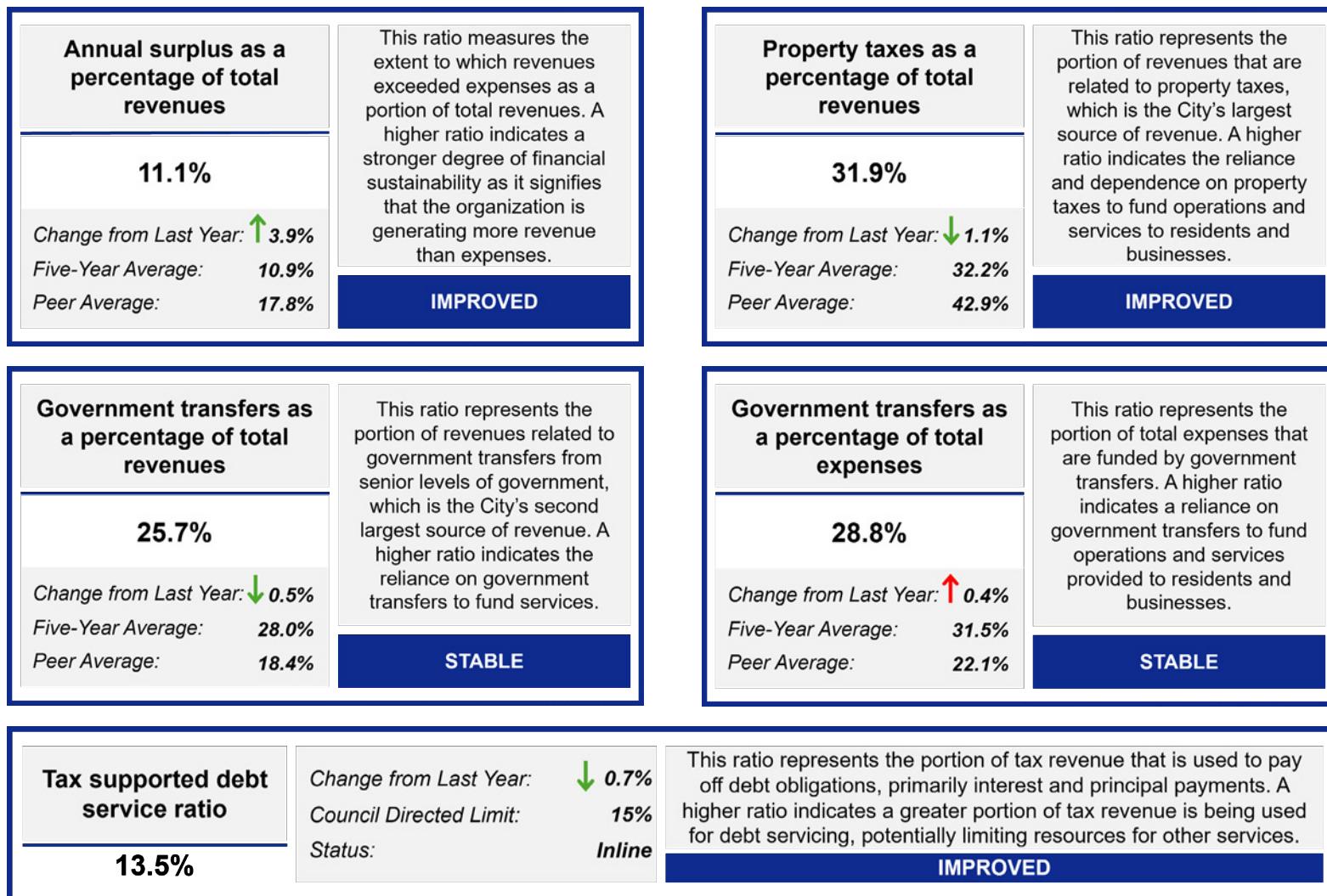
**Expenses (cont.)****Annual surplus**

As City revenues grew at a faster rate of 11.5 per cent compared to expenses that grew 7.4 per cent, the annual surplus increased.



## Financial ratios

Key financial ratios associated with major revenue streams, property taxes, and government transfers, are presented below. Ratios help evaluate the overall financial condition of the City by comparing the City's financial performance to the previous year, over a five-year average, and to the average performance of comparable Canadian single-tiered municipalities. However, it must be acknowledged that each municipality varies in complexity and size, operates under different economic constraints, and manages its assets, liabilities, revenues, expenses, and cash surpluses/deficits differently. Below are some key financial ratios that illustrate how the City is employing prudent fiscal management to advance strategic priorities, and remain on course toward a resilient and sustainable financial future:



# Operational highlights

## What this section contains

A closer look at City Council	19
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# A closer look at City Council

## How the City is governed: City Council

City Council (Council) has direct responsibility for the City of Toronto's (City) services, and indirectly oversees other major services delivered through agencies and corporations. Council's directions and decisions about managing the City result in a long-term shared strategy regarding budget and services.

The Mayor fulfills a city-wide mandate, provides leadership to Council on strategy and financial planning and recommends appropriate policies, practices and procedures to Council to ensure accountability and transparency of operations. The Mayor also has special powers and duties under the [City of Toronto Act](#) (Part VI.1). These include powers to:

- Bring matters to Council that advance certain priorities established by the Provincial government and veto any by-laws passed by Council that may interfere with the advancement of those priorities
- Appoint the City Manager
- Hire and dismiss certain City officials and determine the City's organizational structure
- Create committees of Council, assign their functions and appoint the Chairs and Vice Chairs of committees of Council
- Propose the City's budget subject to Council amendments, a Mayoral veto and a Council override process

City Councillors (Councillors) have both a legislative role and a constituency role. In their legislative role, they are responsible for considering and establishing policies and by-laws to implement Council's decisions. In their constituency role, Councillors are responsible for responding to constituent needs and ensuring their views are considered in Council's decision-making.

Council is made up of 26 members: the Mayor, who is elected city-wide, and 25 Councillors who are elected in each ward across the city. The Mayor and the Councillors serve a term of four years. The current Council serves from 2022 to 2026.

Information about City Council, Councillors and the wards they represent is available on the City's website: [Council – City of Toronto](#).



## Toronto's City Council Members



Mayor Olivia Chow



Vincent Crisanti



Stephen Holyday



Amber Morley



Gord Perks



Frances Nunziata



James Pasternak



Anthony Perruzza



Mike Colle



Alejandra Bravo



Ausma Malik



Dianne Saxe



Josh Matlow



Chris Moise



Paula Fletcher



Rachel Chernos Lin



Jon Burnside



Shelley Carroll



Lily Cheng



Brad Bradford



Parthi Kandavel



Michael Thompson



Nick Mantas



Jamaal Myers



Paul Ainslie



Jennifer McKelvie\*

\*Ward 25 is vacant after Jennifer McKelvie resigned in 2025.

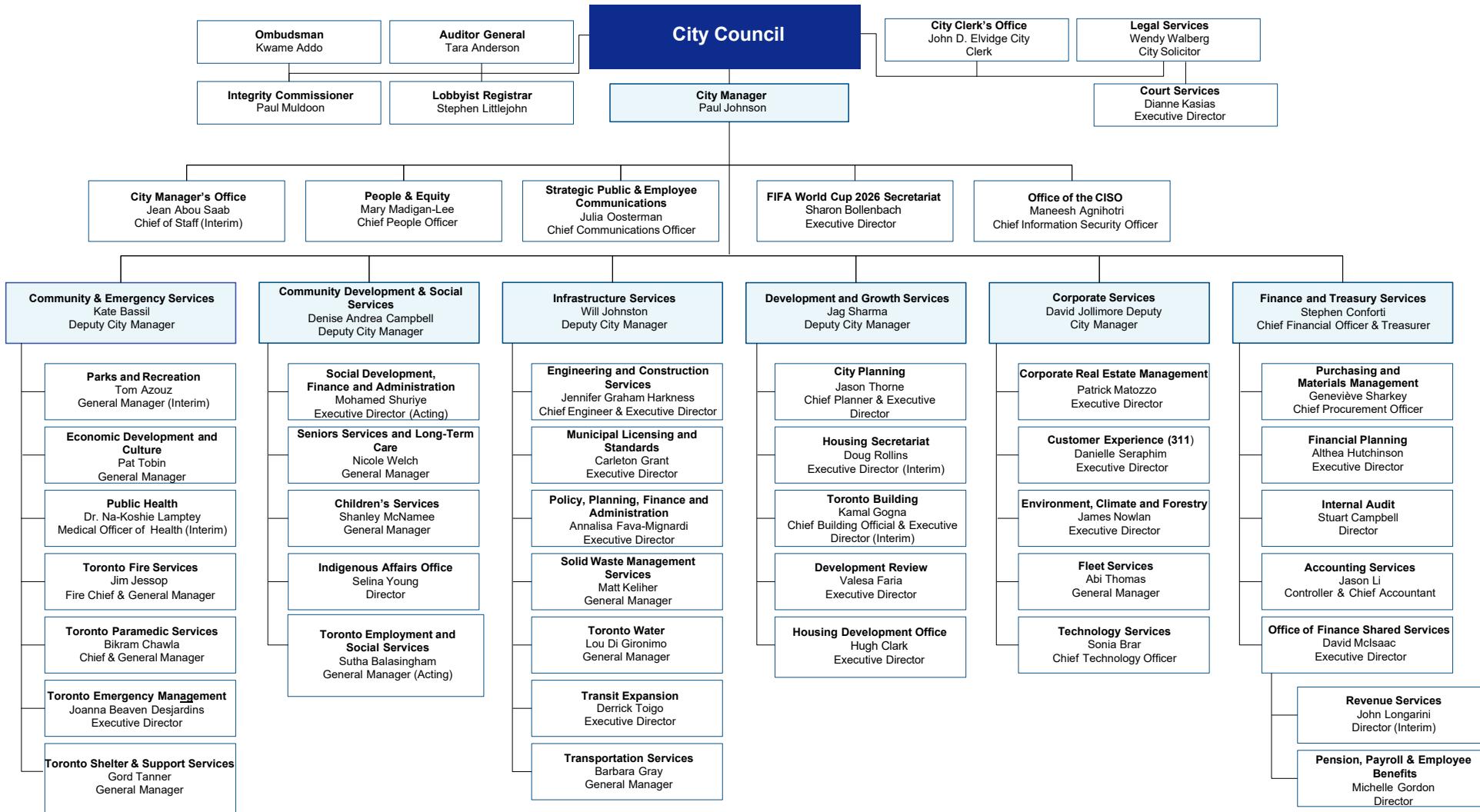
## How the City is structured: Organizational chart

The City provides services to the public and supports the community through an organized structure, which allows quick responses to evolving public needs. The City Manager is the most senior official in the City's administrative structure and is accountable to City Council (Council) for Council-approved policies and programs. The City Manager works closely with five Deputy City Managers, each of whom manages one of the five Toronto Public Service pillars: Community and Emergency Services, Community Development and Social Services, Infrastructure Services, Development and Growth Services, and Corporate Services. Each pillar is further supported by various divisions that implement Council's directions throughout the City and deliver services to the public. The City Manager also works with the Chief Financial Officer and Treasurer to support the City's prudent financial management.

The City's administrative structure is outlined in the organizational chart on the next page.



## The City's organizational chart



## A closer look at the City's Audit Committee

The Audit Committee is a sub-committee which reports directly to City Council (Council), consisting of five Councillors: Stephen Holyday (Chair), Paula Fletcher (Vice Chair), Frances Nunziata, Jamaal Myers and Vincent Crisanti. The Audit Committee exercises responsibility in three areas: financial reporting, corporate governance and corporate control.

The Audit Committee's responsibilities include:

- Recommending the appointment of the City's external auditor
- Recommending the appointment of an external auditor to conduct the annual audit of the Auditor General's office
- Considering the annual external audit of the financial statements and the financial statements of the agencies, boards and commissions
- Considering the external audit of the Auditor General's office
- Considering the Auditor General's reports and audit plan
- Conducting an annual review of the Auditor General's accomplishments
- Making recommendations to Council on reports considered by the Audit Committee
- Considering performance audits and other reports of the Auditor General concerning the agencies and corporations

## External audit: Audit function and the role of an auditor

As required by the [Municipal Act of Ontario](#) and the [City of Toronto Act](#) (collectively referred to as the Acts), the annual consolidated financial statements are prepared in accordance with Generally Accepted Accounting Principles for each fiscal year. Further, the Acts require the City to appoint an auditor licensed under the [Public Accounting Act, 2004](#) to audit the consolidated financial statements and express an opinion on the statements based on the audit.

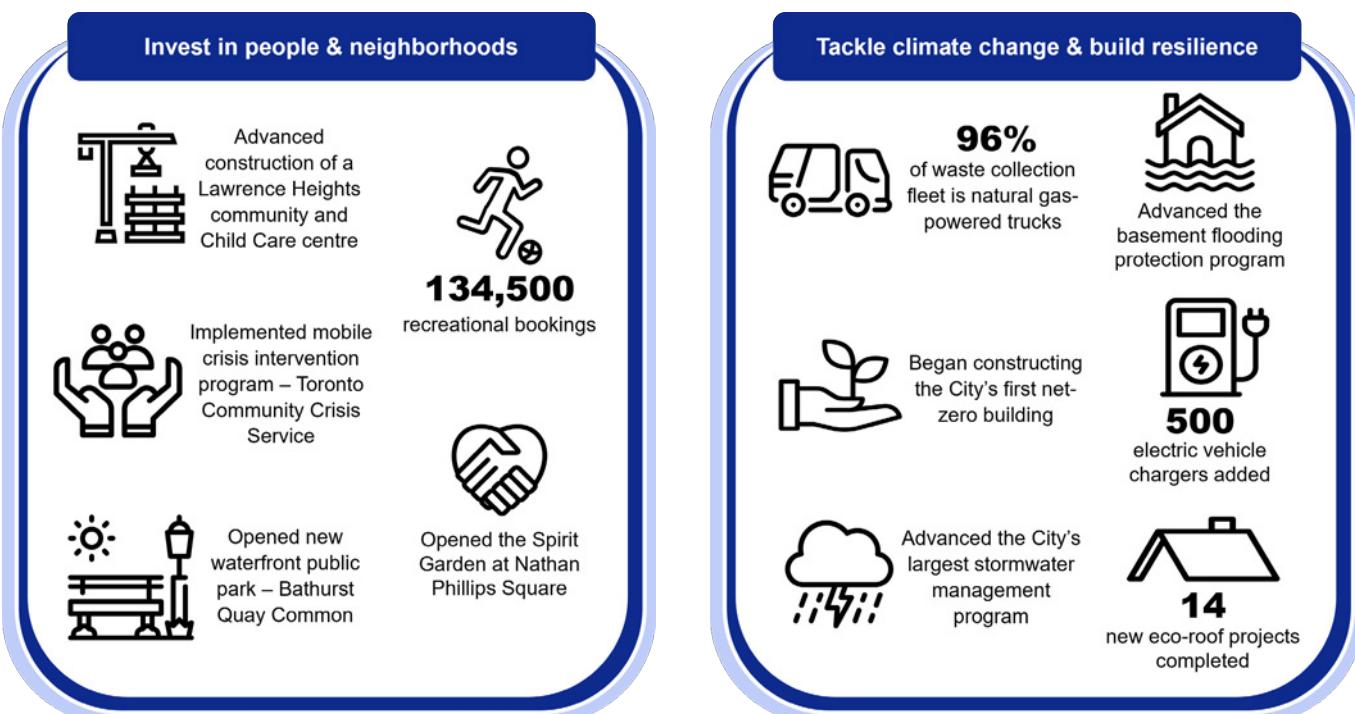
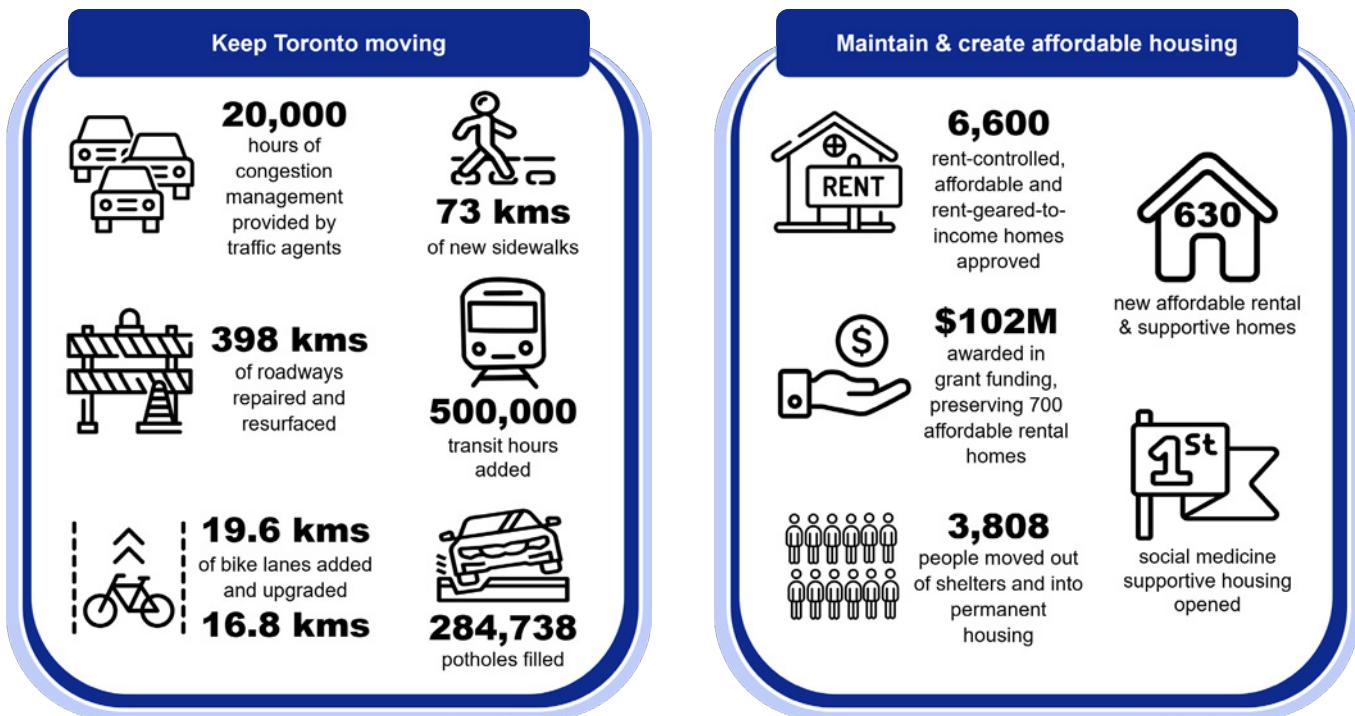
An audit is the examination of the financial statements that are prepared by management. The purpose of an audit is to reach a conclusion on whether the financial statements are free from material misstatements to ensure the users of the financial statements can make informed decisions based on accurate financial information. Material misstatements are misstatements that could influence decisions of financial statement users. At the planning stage of the audit, the auditor determines an appropriate materiality threshold for the financial statements as a whole and conducts selective testing under the concept of materiality, therefore, the audit is not an examination of every transaction.

The 2024 consolidated financial statements have been audited by an external auditor, KPMG LLP (KPMG). The audit report, which includes KPMG's audit opinion and details on the basis for their audit opinion, the responsibilities of management and those charged with governance, and the auditor's responsibilities for the audit of the financial statements, has been submitted to and approved by the Audit Committee and Council.

The consolidated financial statements and the auditor's report satisfy the legislative reporting requirements set out in the Acts.

# The City's 2024 achievements

Guided by the City's Corporate Strategic Plan, the City made significant advancements on the strategic priorities to improve the quality of life for Torontonians. Below are some of the City's many accomplishments in 2024.



## The 2023 financial statements received an award

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Canadian Award for Financial Reporting to the City of Toronto for its annual financial report for the fiscal year ended December, 31, 2023. The Canadian Award for Financial Reporting program was established to encourage Municipal governments throughout Canada to publish high quality financial reports and to provide peer recognition and technical guidance for officials preparing these reports.

In order to be awarded a Canadian Award for Financial Reporting, a government unit must publish an easily readable and efficiently organized annual financial report, whose contents conform to program standards. Such reports should go beyond the minimum requirements of generally accepted accounting principles and demonstrate an effort to clearly communicate the Municipal government's financial picture, enhance an understanding of financial reporting by Municipal governments, and address user needs.

A Canadian Award for Financial Reporting is valid for a period of one year only. The City believes the current report continues to conform to the Canadian Award for Financial Reporting program requirements, and the City will be submitting it to GFOA to determine its eligibility for another award.



Government Finance Officers Association

### Canadian Award for Financial Reporting

Presented to

**City of Toronto**

**Ontario**

For its Annual  
Financial Report  
for the Year Ended

**December 31, 2023**

*Christopher P. Morill*

Executive Director/CEO

# **The City's climate-related financial disclosures**

## **What this section contains**

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Looking ahead in 2025	<b>34</b>

# Introduction

Many cities around the world are experiencing volatile weather patterns due to climate change. For Toronto, it is experiencing a warmer, wetter and unpredictable weather, which impacts its people, infrastructure and services. In 2024, the City of Toronto released [Toronto's Current and Future Climate Report](#), a report that highlights how Toronto's climate has changed and examines what future climate conditions might be under two possible emissions scenarios. These findings indicate that the main climate impacts for Toronto include rising temperatures with more extreme heat days above 30°C; varying precipitation including more intense rain that may cause flooding; fewer cold days below negative 20°C; and a longer frost-free season.

Drawing on global experiences to date, climate change has the potential to affect the health and wellness of Toronto residents directly (e.g., injury, illness, or death) or indirectly (e.g., displacement of residents, disruption of essential services, and marginalization of at-risk populations). To mitigate these risks, the City remains committed to helping Toronto survive, adapt, and thrive in the face of climate change – by exploring opportunities to strengthen climate resilience and monitoring the evolving climate reporting requirements. These efforts support the City's goal of becoming a [climate-ready Toronto](#). Guided by the recommendations of the [Task Force on Climate-related Financial Disclosures \(TCFD\)](#), the City includes unaudited climate-related disclosures in its annual financial report.

TCFD is a voluntary framework that enhances transparency, reliability, consistency, and comparability regarding climate-related risks and opportunities for investors, lenders, insurers, regulators, policymakers, and other stakeholders. In 2023, the International Sustainability Standards Board (ISSB), under the International Financial Reporting Standards (IFRS) Foundation, released the first two of its private-sector focused disclosure standards: [IFRS S1 \(General Requirements for Disclosure of Sustainability-related Financial Information\)](#) and [IFRS S2 \(Climate-related Disclosures\)](#). In addition, the International Public Sector Accounting Standards Board (IPSASB) announced plans to develop a climate-related disclosure standard, marking a significant step for public sector reporting. In [October 2024](#), IPSASB released an initial Sustainability Reporting Standard Exposure Draft 1 (SRS ED1) to gather stakeholder feedback on proposed framework, with final climate-related disclosures anticipated by the end of 2025. Throughout this transition, the City is maintaining TCFD reporting alignment while closely monitoring and assessing the impact of these emerging standards.

In the face of uncertain futures due to climate change, this report incorporates forward-looking information about the City's climate-related initiatives and projects. Future-oriented information inherently involves uncertainties, risks and assumptions that may change over time and remain beyond direct control. As a result, these disclosures do not guarantee future outcomes, performance or conditions.



# TCFD disclosures

TCFD's disclosure framework is built upon four core pillars: governance, strategy, risk management, and metrics and targets.



## Governance

*Disclose the organization's governance around climate-related risks and opportunities.*

The Mayor and City Council

Provide direction on and approve the City's long-term strategic plans, major policies and funding. City Council (Council) periodically requests and receives reports on progress towards climate-related targets and initiatives.



Infrastructure & Environment Committee

Reports to Council and addresses issues related to infrastructure and the natural environment. Its mandate is to oversee and make recommendations on the City's infrastructure needs and services, parks and forestry, and the sustainable use of the City's environment, including climate change.



City Staff

Lead, coordinate and are accountable for the City's environment and energy sustainability outcomes through Council directives. The City conducts climate-related research and identifies climate-related risks, while pursuing policy development, greenhouse gas (GHG) emission reduction, climate adaptation and resilience-related initiatives and public engagement and outreach on climate-related matters. In addition, the City's Urban Forestry branch of the formerly-named Parks, Forestry and Recreation Division was merged with the former Environment and Climate (EC) division effective [January 1, 2025](#). This structural change will better allow the City to take a more coordinated approach to climate-related initiatives, recognizing the importance of the urban forest, which helps Toronto cope with more frequent extreme weather conditions.

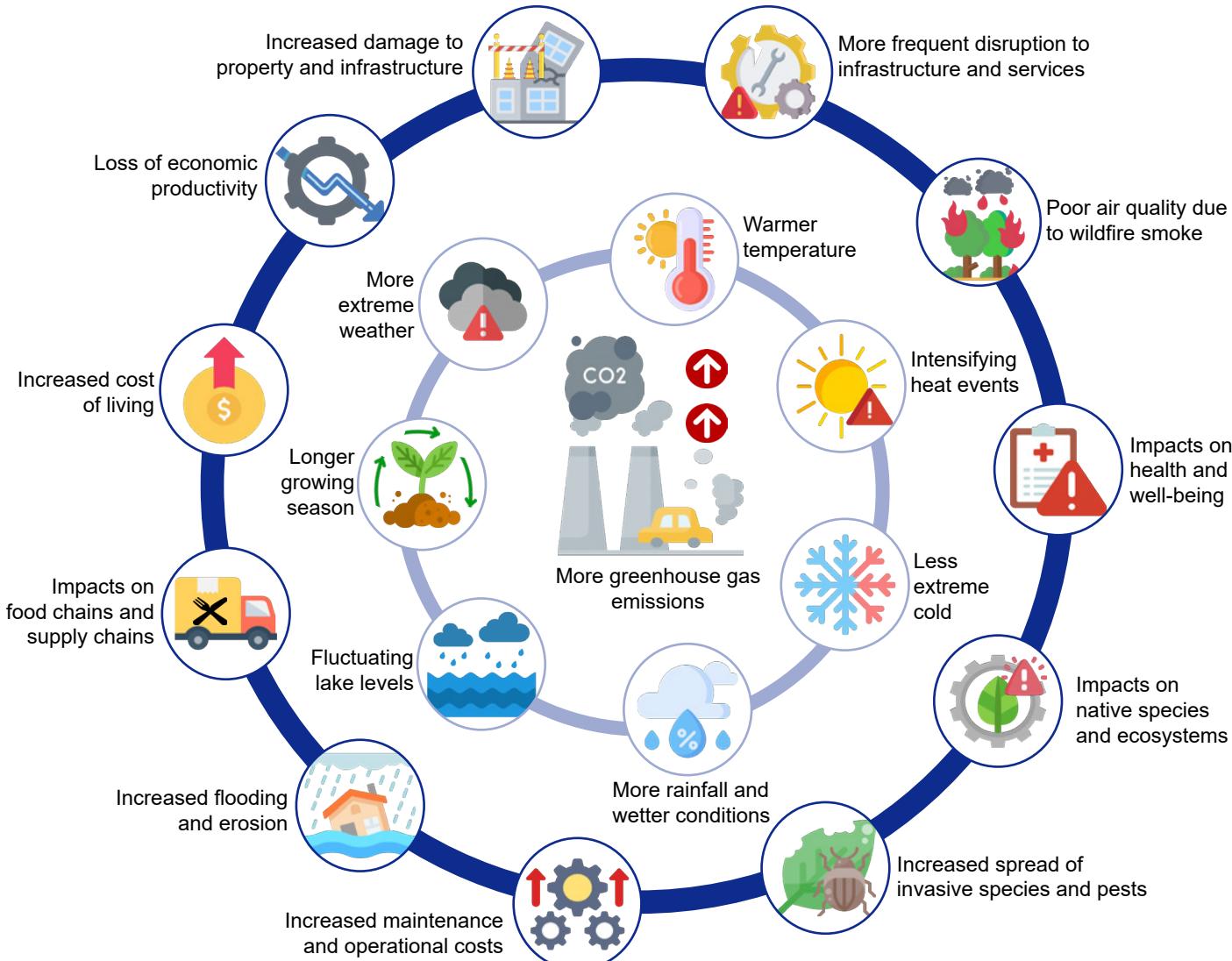
## Strategy

Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.

### Climate-related risks

The [climate crisis](#) grows more urgent every year, driven by rising GHG emissions and global warming. In 2024, the City released [Toronto's Current and Future Climate Report](#). Toronto's climate is predicted to shift towards warmer, wetter and more volatile conditions, with a corresponding increase in extreme weather events, such as extreme heat, uncontrolled wildfires, floods and storms. The report highlights several main climate impacts for Toronto, including:

- Rising temperatures:** Toronto's average annual temperature has been on the rise, with a growing number of extreme heat days exceeding 30°C expected in the years ahead. Exposure to extreme heat is increasing the risk of heat-related illness and deaths, such as heat stress, stroke, and cardiovascular disease and impacts are often unequally distributed across the population.
- Shifting precipitation patterns:** Overall precipitation is expected to increase, though it will be more localized. This includes more frequent heavy rainfall over short durations, heightening the risk of fluctuating lake levels, extensive flooding, and erosion.
- Milder winters:** A continued decline in cold days below negative 20°C is anticipated, leading to reduced snowfall and more winter precipitation falling as rain.
- Longer frost-free season:** Warmer temperatures will extend the growing season, potentially supporting agricultural activity, but also enabling the spread of insects, pests, and invasive species which can harm natural ecosystems. This may result in declines in biodiversity, disruption of food chains, decline in forest and plant health and potential damage to ecosystem services.

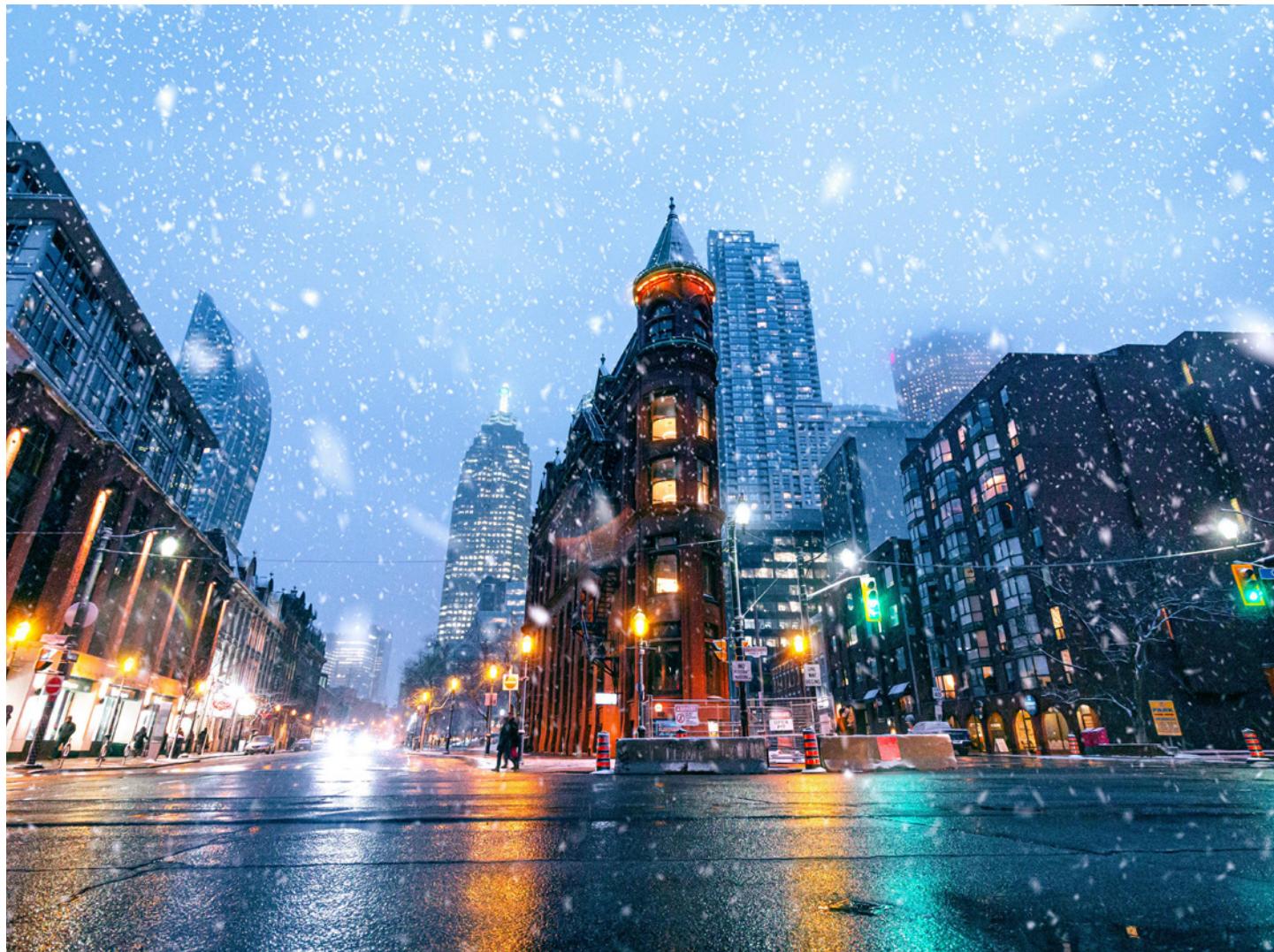


## Strategy (cont.)

With every additional increment of global warming, more significant challenges are expected to occur. According to the findings, Toronto is expected to face warmer temperatures, intensifying heat events, fewer extreme cold days, a longer growing season, fluctuating lake levels, and more extreme weather over the remainder of this century. These changes may lead to a wide range of impacts – many already being felt and seen – including infrastructure disruptions, rising maintenance costs, health risks, increased flooding and erosion, ecosystem shifts, and more poor air quality days from wildfire smoke. They may also lead to disruption in supply chains, increased cost of living as well as loss of economic productivity.

Most recently, Toronto experienced heavy rainfall events in July and August 2024, which caused basement and surface flooding and power outages, affecting over 1,000 properties and City's infrastructure. The [Insurance Bureau of Canada](#) reports that the intense flash flooding that occurred in Toronto and other parts of southern Ontario in July 2024 is estimated to have caused over \$940 million in insured damage. The Intact Centre on Climate Adaptation (Intact Centre) further estimates that "[for every dollar of losses borne by insurers in Canada, an estimated three to four dollars are incurred by governments, homeowners and business owners.](#)" This further illustrates how harmful and costly these events can be to residents and the assets and services that support them.

While the City has focused on contributing to global efforts to reduce GHG emissions and mitigate the worst impacts of climate change, the growing uncertainty and severity in climate changes are making it increasingly challenging – demanding greater resources and long-term investments. As outlined in the City's [2025 Corporate Asset Management Plan](#) report, maintenance and repair costs are expected to rise, as existing natural infrastructure may not be suited to thrive under future climate conditions. Furthermore, climate impacts will continue to put pressure on the City's ability to meet current and future service levels, requiring updates to infrastructure design and lifecycle planning. With a limited property tax base, it is an ongoing challenge and commitment for the City to explore alternative funding sources to support the substantial investments required to address accelerated infrastructure wear from more frequent extreme weather events and a growing population.



## Strategy (cont.)

### Climate-related opportunities

As the climate changes, the City is taking proactive actions by planning ahead – it is ready to cope with and recover from climate-related shocks, such as floods or extreme heat, when they happen. While addressing climate change presents challenges, the City is accelerating its efforts, exploring climate-related opportunities and remaining committed to being a strong partner in climate action.



### TransformTO

City Council adopted the [TransformTO Net Zero Strategy](#) (The Net Zero Strategy) in December 2021, which aims to reduce community-wide GHG emissions in Toronto to net zero by 2040, helping to limit the severity of climate hazards and lower operational costs by improving energy efficiency. To guide the Net Zero Strategy's implementation, Council also approved an [Accountability and Management Framework](#) the following year. The Framework defines roles for community and stakeholder oversight, fosters clear accountability, and ensures equitable and effective climate action. Three key groups were established under the Framework:

1. Climate Advisory Group (CAG), composed of community members;
2. Joint TransformTO Implementation Committee (JTIC), composed of City staff and labour union organizations; and
3. Net Zero Climate Leadership Table (NZCLT), composed of internal, inter-divisional City senior management staff.

These three groups continue to oversee the implementation of the TransformTO climate action strategy, driving progress towards a zero-carbon, healthy and resilient Toronto.

City Council further endorsed a [Carbon Accountability governance system](#) which includes a new Carbon Budget process. Started in 2023, this process provides a more integrated view of how the City's financial and operational decisions, policies, and projects contribute to GHG reductions. The first [Carbon Budget Baseline](#) was released with the 2024 Capital and Operating Budget. The [Carbon Budget Prioritization](#) process was launched in 2024, allowing City divisions and agencies and corporations to follow a consistent set of steps and technical guidance to identify and prioritize GHG reduction actions for inclusion in the City's annual budget. The Carbon Budget process has evolved since the adoption of TransformTO, with the City taking a continuous improvement approach to integrating climate considerations into the budget. Each year, the City has strengthened the integration of climate considerations as part of its budget process, drawing on better data, deeper insights, and valuable feedback from Councillors, CAG, stakeholders, and the public, resulting in progressively stronger climate actions. The City remains committed to tracking progress through the lens of Carbon Budget, with plans to disclose methodologies related to carbon measurement in future years.

The City's progress towards achieving net zero carbon emissions by 2040 is detailed in its recent report, [TransformTO Net Zero Strategy: 2024 Annual Report on Implementation Progress](#). This report outlines the critical steps to meet Council's GHG reduction goals and notes the implementation-related challenges.

### Green bonds

In 2024, the City issued \$200 million in [green bonds](#), bearing interest at 4.0 per cent. The proceeds from this issuance were used to fund approved green capital projects that meet the City's environmental objectives. Some of the [major projects](#) include the Port Lands flood protection project, replacement of diesel buses, as well as City Cycling Infrastructure. This is the seventh time that the City has issued a green bond since the initial green bond offering in 2018 to continue to support green initiatives.

## Strategy (cont.)

### Tree canopy

Trees are a key component of Toronto's green infrastructure and are critical to the city's climate resilience. The urban forest is composed of trees along city streets, in parks, ravines and natural areas, on private lands, and in landscaped open spaces. As outlined in the [Strengthening Toronto's Tree Canopy](#) report, a healthy urban forest is fundamental to climate resilience and ecosystem services. These ecosystem services include creating oxygen and removing pollutants from the air, reducing energy costs, improving water quality, mitigating extreme heat, and providing food and habitat for the many birds, insects, amphibians and mammals that contribute to the Toronto's biodiversity. The City has long recognized the importance of urban forests and the benefits they provide. In 2021, Council [reaffirmed Toronto's canopy cover target of 40 per cent by 2050](#) to align with the Net Zero Strategy.

According to the [2018 Tree Canopy Study](#) (the Canopy Study), Toronto has an average canopy cover of 28.4 to 31 per cent and 11.5 million trees across private and public property. The City continues to work towards the City's target by planting approximately 120,000 trees and shrubs each year. In 2024, the City planted 130,303 trees, exceeding the target of 126,000 trees and building on the 126,689 trees planted in 2023.

The Canopy Study recognized that the greatest amount of potential space for canopy growth exists on private land. In response, the City developed the [Tree Planting Strategy](#) which is a blueprint to guide actions and investments in expanding the urban forest on private land through planting, stewardship, education, leadership and innovation. As part of the Strategy, the [Urban Forestry Grants and Incentives Program](#) was created to support private land planting through subsidies and tree giveaways. From [2021 to 2024](#), the City's Grants and Incentives Program supported the planting of 64,581 trees and shrubs on private land, engaging 157,823 people across Toronto's communities.

To ensure an equitable distribution of the urban forest, the City also adopted a tree equity approach in 2021 to address uneven tree distribution of the urban forest. The tree equity approach prioritizes canopy expansion in underserved communities and ensures all residents benefit from environmental, health, and economic benefits of a resilient urban forest. In early 2024, the City launched the [Toronto Tree Equity Score Analyzer \(TESA\)](#) in partnership with American Forests, Local Enhancement and Appreciation of Forests, and local stakeholders. This is a free online tool that calculates a tree equity score (0 to 100) at the census tract and parcel level using tree canopy, heat mapping and socio-economic data from the Canadian census. TESA helps prioritize tree planting in equity-deserving communities most impacted by extreme heat, and enables residents, community organization and City staff to explore planting scenarios, track progress, and generate reports on the benefits of tree planting.

To help counter intensifying climate impacts, the City continues to invest significant resources in maintaining a healthy urban forest. However, external factors such as pests, extreme weather, storms, and other environmental and human factors pose a serious long-term risk to the future quality of Toronto's urban forest. This means that achieving 40 per cent tree canopy cover by 2050 will require sustained support from residents, community partners, and all levels of government.



## Strategy (cont.)

### Stormwater and stormwater management

Over the past several decades, Toronto has experienced severe storm events that have affected public and private property and the city's environment. When severe storms happen, stormwater can overwhelm the sewer system leading to basement and surface flooding. Rapid stormwater runoff can also erode watercourses, putting city infrastructure at risk. The City currently takes a multi-pronged approach to managing the negative impacts of stormwater and severe storm events. Some [key initiatives](#) include:

- The [Basement Flooding Protection Program \(BFPP\)](#) to reduce basement flooding risks by making improvements to the sewer system and overland drainage routes;
- [Wet Weather Flow Master Plan](#) which protects city's environment and water quality in Lake Ontario, rivers, streams and other water bodies from stormwater; and
- Watercourse erosion management projects to protect vulnerable City infrastructure.

In response to recent severe storm events in July and August 2024, the City reviewed its existing, discontinued, and potential new stormwater mitigation and adaption programs, as directed by Council. The [Reducing Stormwater Runoff and Mitigating Basement Flooding](#) report outlines that while current incentives align with other jurisdictions, public consultations revealed strong public interest in a new green infrastructure incentive program to support features like permeable surfaces and rain gardens for homeowners. The City is also considering expanding its [Basement Flooding Protection Subsidy Program \(BFPSP\)](#) to include new subsidies for stormwater assessments, additional backwater valves, and sump pump backup power. Plans to introduce stormwater fees for non-residential properties have been paused due to stakeholder feedback. In parallel, the City is exploring ways to accelerate sewer upgrades under the BFPP to reduce flood risks more effectively. A full implementation plan is expected to be developed and reported by Q3 2025.

### Risk management

*Disclose how the organization identifies, assesses, and manages climate-related risks.*

Toronto currently has a decentralized/localized physical risk management framework, and climate-related risks management is identified and assessed on a case-by-case basis. The City is currently investigating and updating its further-on physical climate risk priorities and will disclose more information in the future. A future report on the City's approach to climate resilience is anticipated in late 2025/early 2026.

Effective June 20, 2024, legislative amendments to the Competition Act were introduced through [Bill C-59](#). The amendments target misleading environmental benefits claims (greenwashing) by requiring organizations, if challenged by the Commissioner and private parties, to provide adequate and proper testing or substantiation for these claims. Misleading environmental benefits claims include any statements or guarantees suggesting that a product, business, or business activity helps protect or restore the environment, or address climate change. The City acknowledges the evolving regulatory and reporting landscape and will mitigate associated risks by promoting awareness of these changes within the organization and exploring best practices in collaboration with its municipal partners.

In October 2024, the IPSASB published two exposure drafts for its first sustainability reporting standard (SRS ED1) and guidance on reporting tangible natural resources (ED 92). The City submitted responses, which were developed in partnership with other Canadian municipalities, to IPSASB's questions associated with [climate-related disclosures](#) and [tangible natural resources](#) (led by Intact Centre on Climate Adaptation) for public sector entities.

### Metrics and targets

*Disclose any metrics or targets used to assess and manage relevant climate-related risks and opportunities where such information is material.*

The City's climate programs are currently in development and as a result, a key metric for Toronto's operations related to climate-related risks is measuring [GHG emissions in the community](#). These are reported regularly, and the City submits this data to the Carbon Disclosure Project (CDP), where it has consistently received an ["A" rating](#). For further details, please refer to the City's [TransformTO report](#).

With respect to physical climate risks, key metrics and targets are under consideration. Based on the [2025 Carbon Budget Briefing Note](#), the staff-prepared capital budget contains projects that have been identified by program areas as having one or more components that contribute to increasing climate resilience in Toronto, with a planned capital investment of \$17.6 billion over the next 10-year planning horizon.

The tree canopy program is one of the City's climate adaptation initiatives, playing a vital role in supporting Toronto's goal of being a resilient city (please refer to [Strategy](#) section for more details). As the City's climate-related initiatives progress, it will incorporate relevant metrics and targets in future publications of this report.

## Looking ahead in 2025

As climate change intensifies, Toronto, the rest of Canada and the world are increasingly bearing the costs of climate change. Despite the ongoing challenges, the City remains dedicated to supporting global efforts to reduce GHG emissions and mitigate the risk of climate change. At the same time, the City is participating in the Municipal Net-Zero Action Research Partnership (N-ZAP) to help shape the development of evolving public-sector sustainability reporting standards and enhance transparency in reporting.

As outlined in the [2025 Corporate Asset Management Plan report](#), the City has explicitly identified 'tackling climate change and building resilience' as a key strategic priority in its Corporate Strategic Plan. The City continues to demonstrate its commitment to environmental leadership by advancing green initiatives and enhancing Toronto's resilience to an increasingly unpredictable climate. The City will continue to leverage [green bond programs](#) and invest in projects that are predicted to deliver environmental benefits, while refining its carbon budgeting framework to guide sustainable and resilient infrastructure investments that support the long-term well-being of Torontonians. However, it is important to acknowledge that outcomes may evolve as methodologies are refined and strategies adapt; particularly, climate change may continue to affect City's capacity to maintain current and future levels of services, reinforcing the need for adaptive planning, sustained investment as well as concrete climate actions.

Taking meaningful climate action, however, requires a collective effort, not only from the City, but also from all orders of government, residents, and businesses across all sectors. Meeting future GHG reduction targets will require rapid scaling of existing programs, along with significant levels of investment and coordination with other levels of governments. Therefore, continued adaption, innovation, and cross-sector coordination will be critical to effectively confront the climate crisis and build a more resilient, sustainable future for all.



# The City's consolidated financial statements

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## Management's report

The management of the City of Toronto (City) is responsible for the integrity, objectivity and accuracy of the financial information presented in the accompanying consolidated financial statements.

The consolidated financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies is disclosed in Note 1 to the consolidated financial statements. The consolidated financial statements include certain amounts based on estimates and judgments. Such amounts have been determined on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly in all material respects.

To meet its responsibility, management maintains comprehensive financial and internal control systems designed to ensure the proper authorization of transactions, the safeguarding of assets and the integrity of the financial data. The City employs highly qualified professional staff and deploys an organizational structure that effectively segregates responsibilities, and appropriately delegates authority and accountability.

The Audit Committee, a sub-committee of City Council (Council), reviews and recommends the approval of the consolidated financial statements before they are submitted to Council.

The 2024 consolidated financial statements have been audited by the City's external auditors, KPMG LLP. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the City's consolidated financial statements.

Toronto, Canada  
July 23, 2025



**Jason Li**  
Controller and Chief Accountant



**Stephen Conforti**  
Chief Financial Officer and Treasurer



**Paul Johnson**  
City Manager

**KPMG LLP**

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**INDEPENDENT AUDITOR'S REPORT**

To the Members of the City Council, Inhabitants and Ratepayers of the City of Toronto

***Opinion***

We have audited the consolidated financial statements of the City of Toronto (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 remeasurement gains and losses for the year then ended
- the consolidated statement of change in net debt 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 remeasurement gains and losses, its consolidated change in net debt 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.

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

KPMG LLP, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Canada provides services to KPMG LLP.



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## ***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 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 "KPMG" part is in a stylized, bold font, and "LLP" is written in a smaller, more standard font directly below it, all underlined by a single horizontal line.

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

July 23, 2025

# Consolidated statement of financial position

As at December 31, 2024 with comparatives to 2023

	2024	2023
<b>Financial assets</b>		
Cash and cash equivalents	\$ 3,321	\$ 4,426
Accounts and taxes receivable (Note 2)	3,739	3,198
Loans receivable (Note 3)	182	168
Other assets (Note 4)	55	53
Investments (Note 5)	8,391	7,028
Investments in Government Business Enterprises (Note 6)	2,537	2,428
<b>Total financial assets</b>	<b>18,225</b>	<b>17,301</b>
<b>Liabilities</b>		
Bank indebtedness (Note 7)	66	143
Accounts payable and accrued liabilities (Note 8)	4,201	3,599
Deferred revenue (Note 9)	7,891	7,552
Provisions for property and liability claims (Note 10)	495	493
Environmental and contaminated site liabilities (Note 11)	272	276
Mortgages payable (Note 12)	490	451
Long-term debt (Note 13)	8,880	8,586
Employee benefit liabilities (Note 14)	4,930	4,810
Asset retirement obligations (Note 15)	1,005	993
<b>Total liabilities</b>	<b>28,230</b>	<b>26,903</b>
<b>Net debt</b>	<b>(10,005)</b>	<b>(9,602)</b>
<b>Non-financial assets</b>		
Prepaid expenses	186	154
Inventories (Note 16)	285	297
Tangible capital assets (Note 17, Schedule 1)	45,417	42,853
<b>Total non-financial assets</b>	<b>45,888</b>	<b>43,304</b>
<b>Accumulated surplus (Note 18)</b>	<b>34,746</b>	<b>32,730</b>
<b>Accumulated remeasurement gains</b>	<b>1,137</b>	<b>972</b>
<b>Total accumulated surplus</b>	<b>\$ 35,883</b>	<b>\$ 33,702</b>

Contingent assets and liabilities (Note 19)

Contractual rights and obligations (Note 20)

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

# Consolidated statement of operations and accumulated surplus

For the year ended December 31, 2024 with comparatives to 2023

	2024 Budget (Note 21)	2024 Actual	2023 Actual
<b>Revenues</b>			
Property taxes and taxation from other governments (Note 22)	\$ 5,774	\$ 5,808	\$ 5,380
Government transfers (Note 23)	4,709	4,669	4,278
User charges	3,422	3,610	3,457
Municipal land transfer tax	880	828	751
Investment income	266	801	337
Development charges	793	789	446
Rent and concessions	503	584	553
Government business enterprises earnings (Note 6)	-	176	178
Other revenue sources (Note 24)	1,325	937	945
<b>Total revenues</b>	<b>17,672</b>	<b>18,202</b>	<b>16,325</b>
<b>Expenses</b>			
Transportation	4,579	4,460	4,074
Social and family services	4,173	3,678	3,570
Protection to persons and property	2,302	2,452	2,241
Social housing	1,182	1,322	1,068
Recreation and cultural services	1,432	1,239	1,137
Environmental services	1,491	1,176	1,143
General government	1,406	1,063	1,062
Health services	664	577	612
Planning and development	293	219	168
<b>Total expenses (Note 25)</b>	<b>17,522</b>	<b>16,186</b>	<b>15,075</b>
<b>Annual surplus</b>	<b>150</b>	<b>2,016</b>	<b>1,250</b>
Accumulated surplus – beginning of year	32,730	32,730	31,480
<b>Accumulated surplus – end of year</b>	<b>\$ 32,880</b>	<b>\$ 34,746</b>	<b>\$ 32,730</b>

Segmented information is presented in [Appendices 2 and 3](#).

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

# Consolidated statement of remeasurement gains and losses

For the year ended December 31, 2024 with comparatives to 2023

	2024	2023
<b>Accumulated remeasurement gains – beginning of year</b>	\$ 972	\$ 1,050
<b>Unrealized gains (losses) attributable to:</b>		
Equity investments	203	128
Debt designated to fair value	20	(398)
Other investments designated to fair value	80	190
<b>Realized (gains) losses reclassified to consolidated statement of operations:</b>		
Equity investments	(80)	(1)
Other investments designated to fair value	(58)	3
<b>Net remeasurement gains (losses) during the year</b>	<b>165</b>	<b>(78)</b>
<b>Accumulated remeasurement gains – end of year</b>	<b>\$ 1,137</b>	<b>\$ 972</b>

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

# Consolidated statement of change in net debt

For the year ended December 31, 2024 with comparatives to 2023

	2024 Budget (Note 21)	2024 Actual	2023 Actual
<b>Annual surplus</b>	<b>\$ 150</b>	<b>\$ 2,016</b>	<b>\$ 1,250</b>
Acquisition of tangible capital assets	(4,415)	(4,415)	(4,366)
Amortization of tangible capital assets	1,793	1,793	1,776
(Gain) loss on disposal of tangible capital assets	-	(3)	15
Donated tangible capital assets	-	(22)	(9)
Proceeds on disposal of tangible capital assets	-	83	131
Change due to tangible capital assets	(2,622)	(2,564)	(2,453)
Change in prepaid expenses	-	(32)	(12)
Change in inventories	-	12	28
Net remeasurement gains (losses)	-	165	(78)
<b>Increase in net debt</b>	<b>\$ (2,472)</b>	<b>\$ (403)</b>	<b>\$ (1,265)</b>
Net debt – beginning of year	(9,602)	(9,602)	(8,337)
<b>Net debt – end of year</b>	<b>\$ (12,074)</b>	<b>\$ (10,005)</b>	<b>\$ (9,602)</b>

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

# Consolidated statement of cash flows

For the year ended December 31, 2024 with comparatives to 2023

	2024	2023
<b>Cash flows provided by (used in):</b>		
<b>Operating activities</b>		
Annual surplus	\$ 2,016	\$ 1,250
Add (deduct) items not involving cash:		
Government business enterprise earnings from operations	(176)	(178)
Amortization of tangible capital assets	1,793	1,776
Loss (gain) on disposal of tangible capital assets	(3)	15
Donated tangible capital assets	(22)	(9)
Accretion expense for asset retirement obligations	5	4
	3,613	2,858
Changes in non-cash assets and liabilities:		
Accounts and taxes receivable	(541)	(165)
Accounts payable and accrued liabilities	602	(211)
Deferred revenue	343	1,046
Provision for property and liability claims	2	(2)
Environmental and contaminated sites liabilities	(4)	(3)
Employee benefit liabilities	120	141
Asset retirement obligations	7	34
Prepaid expenses	(32)	(12)
Inventories	12	28
<b>Cash provided by operating activities</b>	<b>4,122</b>	<b>3,714</b>
<b>Capital activities</b>		
Acquisition / construction of tangible capital assets	(4,415)	(4,366)
Proceeds on disposal of tangible capital assets	83	131
<b>Cash used in capital activities</b>	<b>(4,332)</b>	<b>(4,235)</b>
<b>Financing activities</b>		
Net change in bank indebtedness	(77)	25
Principal repayments on mortgages payable	(31)	(57)
Issuance of long-term debt and mortgages payable	1,134	1,139
Principal repayments on long-term debt	(599)	(510)
Interest earned on sinking funds	(157)	(29)
<b>Cash provided by financing activities</b>	<b>\$ 270</b>	<b>\$ 568</b>

## Consolidated statement of cash flows (cont.)

For the year ended December 31, 2024 with comparatives to 2023

	2024	2023
<b>Investing activities</b>		
Net change in other assets	\$ (2)	\$ (9)
Net change in loans receivable	(14)	18
Proceeds from the sale and maturities of investments	15,068	10,544
Purchase of investments	(16,284)	(10,941)
Investment in government business enterprises	(50)	-
Distributions from government business enterprises	117	130
<b>Cash used in investing activities</b>	<b>(1,165)</b>	<b>(258)</b>
<b>Net decrease in cash and cash equivalents during the year</b>	<b>(1,105)</b>	<b>(211)</b>
Cash and cash equivalents – beginning of year	4,426	4,637
<b>Cash and cash equivalents – end of year</b>	<b>\$ 3,321</b>	<b>\$ 4,426</b>
<b>Supplementary information:</b>		
Cash paid for interest on long-term debt	\$ 436	\$ 421
Cash received for interest on investments	\$ 811	\$ 520

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

# Notes to consolidated financial statements

For the year ended December 31, 2024

The City of Toronto (City) is the provincial capital of Ontario and the largest city in Canada. Although the City was originally incorporated on March 6, 1834, the 1998 amalgamation of the City of Toronto, Metropolitan Toronto, East York, Etobicoke, North York, Scarborough and York resulted in the existing City. The City operates under the provisions of the City of Toronto Act, 2006.

## 1. Significant accounting policies:

### a. Basis of presentation

The consolidated financial statements (Statements) of the City have been prepared by management in accordance with Canadian Public Sector Accounting Standards (PSAS) as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada (CPA Canada).

### b. Principles of consolidation

The Statements reflect the assets, liabilities, revenues and expenses of City Divisions, including the Toronto Police Services Board and Toronto Public Health, and controlled organizations considered to be financially significant to the City's financial results. In addition, the City proportionately consolidates two entities held in partnership. The Toronto Waterfront Revitalization Corporation is a 33.3% partnership with each of the Canadian and Ontario Governments, and the Toronto Pan Am Sports Centre is a 50% partnership with the University of Toronto.

The City's 100% share of the Toronto Hydro Corporation and Toronto Parking Authority follow Government Business Enterprises (GBE) accounting, using the modified equity basis of accounting where the accounting principles of the GBEs are not adjusted to conform to the City's accounting principles and intercompany transactions and balances are not eliminated. Intercompany gains and losses are, however, eliminated on assets remaining within the government reporting entities at the reporting date.

### c. Consolidated entities

Agencies and corporations

- Board of Governors of Exhibition Place
- Board of Management of the Toronto Zoo
- Build Toronto Inc. (BTI)
- City of Toronto Economic Development Corporation c.o.b. Toronto Port Lands Company (TPLC)
- CreateTO
- Lakeshore Arena Corporation
- TO Live
- Toronto Atmospheric Fund (TAF)
- Toronto Community Housing Corporation (TCHC)
- Toronto Public Library Board (TPLB)
- Toronto Seniors Housing Corporation (TSHC)
- Toronto Transit Commission (TTC)
- Toronto Pan Am Sports Centre Inc. (TPASC) (50 per cent proportionately)
- Toronto Waterfront Revitalization Corporation (TWRC) (33.33 per cent proportionately)

All intercompany assets and liabilities and sources of financing and expenses have been eliminated in these Statements.

### d. Trust funds

Trust funds administered by the City are not included in these Statements.

### e. Use of estimates and measurement uncertainty

The preparation of these Statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, as well as disclosure of contingent assets and liabilities, at the Statement date, and the reported amounts of revenues and expenses during the reporting year. Significant estimates and assumptions, which include employee benefit liabilities, property tax assessment appeals, vacant home tax assessments, property, liability and accident claims provisions, asset retirement obligations, and environmental and contaminated sites provisions, are based on management's best information and judgment. The fair value of financial instruments is determined by valuation techniques discussed in the fair value hierarchy in section f of this note. Actual amounts, accounted for as they become known, may differ significantly from these estimates.

## f. Financial instruments and fair value hierarchy

The following is a list of the City's financial instruments and their related measurement basis:

<b>Financial assets</b>	<b>Measurement basis</b>
Cash and cash equivalents	Cost / amortized cost
Trade and other receivables	Cost / amortized cost
Loans receivable	Cost / amortized cost
Investments	Fair value
<b>Financial liabilities</b>	<b>Measurement Basis</b>
Bank indebtedness	Fair value
Accounts payable and accrued liabilities	Cost / amortized cost
Mortgages payable	Fair value
Long-term debt	Fair value

Transaction costs directly attributable to the acquisition or issue of a financial instrument asset or a financial instrument liability that is in the fair value category are expensed as incurred.

All financial instruments must be classified in accordance with the significance of the inputs used in making fair value measurements. The fair value hierarchy prioritizes the valuation techniques used to determine the fair value of a financial instrument based on whether the inputs to those techniques are observable or unobservable:

- i. Level 1 – Derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- ii. Level 2 – Derived from quoted prices for similar assets and liabilities, quoted prices in markets that are not active, or models using inputs that are observable.
- iii. Level 3 – Derived using discounted cash flow methodologies or similar techniques and at least one significant model assumption or input is unobservable.

Realized gains and losses arising from the disposition of financial instruments measured at fair value are recognized in the Consolidated Statement of Operations. Unrealized gains and losses arising from a change in fair value of such financial instruments are recognized in the Consolidated Statement of Remeasurement Gains and Losses.

## g. Assets

Assets are economic resources controlled by the City as a result of past transactions or events and from which future economic benefits are expected to be obtained. For the year ended December 31, 2024, all material assets have been disclosed and reported within the City's Statements.

## h. Financial assets

Financial assets are resources that can be used to discharge existing liabilities or finance future operations.

### i. Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at banks, and other short-term highly liquid investments with original maturities of three months or less.

### j. Loans receivable

Loans receivable are recorded at the lower of amortized cost and the net recoverable value, when the risk of loss exists. Changes in the valuation of loans receivable are recognized in the Consolidated Statement of Operations and Accumulated Surplus. Interest is accrued on loans receivable to the extent it is deemed collectable. When the terms associated with a loan are considered to be significant concessionary terms such that all or part of the loan is considered to be a grant, the City will expense the grant portion in the Consolidated Statement of Operations and Accumulated Surplus at the time the loan is made and the loan discount is amortized to revenue over the term of the loan.

### k. Investments

Investments consist mainly of government and corporate bonds, money market securities, and guaranteed investment certificates, as well as equity pooled funds. Investments are accounted for at fair value. Where there is a permanent loss in value, the investment value is written down to recognize the loss, with the corresponding write-down reflected in the Consolidated Statement of Operations and Accumulated Surplus.

Investment income is reported as revenue in the period earned. Investment income earned on specified deferred revenues (also referred to as Obligatory Reserve Funds as they are set aside for specific purposes by legislation, regulation or agreement), is added to the respective deferred revenue balances.

Dividends are recognized as revenues when declared.

## I. Liabilities

Liabilities are recorded to the extent that they represent present obligations of the City to outside parties as a result of events and transactions occurring prior to the end of the fiscal year. The settlement of liabilities will result in the sacrifice of economic benefits in the future.

### **m. Deferred revenue**

Deferred revenues, which include externally restricted inflows from other levels of government or other third parties, advance payments for tickets, building permits and program registration fees, and contributions from developers according to the Provincial Planning and Development Charge Acts, represent revenues which have been collected, but for which the City has yet to provide the required services or to satisfy the related performance obligations. These amounts are recorded as deferred revenue and are recognized as revenues in the period(s) that the related services are rendered or the performance obligations are satisfied.

### **n. Provision for property and liability claims**

Estimated costs to settle property and liability claims are actuarially determined based on available loss information and projections of the present value of estimated future expenses, developed based on historical experience on loss development. Where the costs are deemed to be likely and reasonably determinable, liabilities are included on the Consolidated Statement of Financial Position, with annual changes expensed as operating costs in the Consolidated Statement of Operations and Accumulated Surplus.

The City and TTC's insurance programs are administered through a combination of self-insurance and coverage with insurance carriers. When claims are reported, case reserves are established on an individual basis, and adjusted as the claim develops. An actuarial assessment is carried out to obtain a provision, on a present value basis, for claims incurred, and claims incurred-but-not-reported. The City maintains a corporate insurance reserve fund of \$45 (2023 – \$65) that is used to finance payments for insurance claim costs.

### **o. Environmental and contaminated site liabilities**

Liabilities related to the remediation of an unexpected contamination of sites are recorded when all of the following conditions are met:

- Environmental standards exist;
- Contamination exceeds the standard;
- The City is directly responsible or accepts responsibility for the contamination;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the liability can be made.

The estimated amounts of future remediation costs are reviewed annually, based on available information and governing legislation. Where the costs are deemed to be likely and reasonably determinable, liabilities are included in the Consolidated Statement of Financial Position, with annual changes expensed in the Consolidated Statement of Operations and Accumulated Surplus.

### **p. Employee benefit liabilities**

Employee benefit liabilities include sick leave, Schedule 2 employer benefits under the Workplace Safety and Insurance (WSIB) Act, life insurance, and extended health and dental benefits for early retirees as well as post-amalgamation retirees who were part of legacy plans offered by the former municipalities. The costs of these benefits are actuarially determined using management's best estimate of salary escalation, accumulated sick days at retirement, insurance and health care cost trends and plan investment performance. Accrued obligations and related costs of plan benefits are recognized net of plan assets.

The costs of WSIB obligations are actuarially determined and recognized in the period they occur. 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 using discount rates derived from the City's long-term borrowing rate.

Past service costs from plan amendments related to prior period employee services are accounted for in the period of the plan amendment. The effects of a gain or loss from settlements or curtailments are recognized in the period they occur. Net actuarial gains and losses related to the employee benefits are amortized over the estimated average remaining service life of the related employee group. Employee future benefit assets are presented net of any required valuation allowance. Employee future benefit liabilities are discounted using rates derived from the City's long-term borrowing rate consistent with the duration of the benefit obligations.

The City accounts for its participation in the Ontario Municipal Employees Retirement System (OMERS), a multi-employer public sector pension fund, as a defined benefit plan. The City does not recognize any share of the pension plan deficit based on the fair market value of OMERS assets, as this is a joint responsibility of all Ontario municipalities and their employees.

The City continues to administer the Toronto Fire Department Superannuation and Benefit Fund as a defined benefit pension plan covering a closed group of employees hired prior to the establishment of the OMERS pension plan.

#### **q. Asset retirement obligations**

The City assesses for the existence of an asset retirement obligation at the time a tangible capital asset is acquired, constructed, or developed.

An asset retirement obligation is recognized in the period when all of the following conditions are met:

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

Such obligations typically arise from existing legislation, agreements or contracts, or through other legally enforceable obligations. The estimate of the liability includes costs directly attributable to carrying-out the retirement activities required to settle the legal obligation, including post-retirement operation, maintenance, and monitoring costs. Significant assumptions used in the estimates of these liabilities are revisited periodically to ensure their ongoing relevance.

The liability is measured based on the undiscounted expected costs associated with each retirement obligation, except for retirement obligations associated with the City's active and non-active landfills, which are discounted using a present value calculation and adjusted annually for accretion expense.

#### **r. Non-financial assets**

Non-financial assets are used to provide City services and are not available to discharge existing liabilities. These assets have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

##### **i. Inventory**

Inventory of materials and supplies, which are often consumed for purposes of providing goods and/or services to residents and businesses, is valued at the lower of cost and replacement cost. Inventory of land held for sale is valued at the lower of cost or net realizable value.

#### **ii. Tangible capital assets**

Tangible Capital Assets (TCA) are recorded at historical cost or estimated historical cost based on appraisals or other supportable methods where historical cost is not available. Cost includes amounts directly attributable to the acquisition, construction, development or betterment of the asset, as well as the estimated cost to settle liabilities for asset retirement obligations. Internal labour directly attributable to the construction, development or implementation of a tangible capital asset is capitalized. The City does not capitalize interest costs associated with the acquisition or construction of TCA. Qualifying costs are recognized as part of the City's assets under construction balance until the underlying assets are ready for their intended use and/or are in service.

The City categorizes its TCA based on two major categories, general and infrastructure:

- **General capital assets** include those assets which are not part of a network. Land includes all of the City's land except land under roads. Land improvements include outdoor parks and recreation facilities, land improvements around buildings, and the active landfill sites. Buildings include office buildings, community centres, police, fire and ambulance stations, TCHC housing units and transit buildings. Machinery and equipment includes equipment used by police, fire and paramedic services, as well as computers and furniture. Corporate fleet and transit buses make up the vehicle assets.
- **Infrastructure assets** include those capital assets which are part of one of three networks: roads, water/wastewater, and transit. The land within this category is the value of the land under the City's roads. Water and wastewater treatment plants, pumping stations, and storm facilities are included within infrastructure buildings and building improvements. Machinery and equipment include expressway signs and traffic signals, as well as equipment within water and wastewater treatment plants and pumping stations. Water and wastewater infrastructure includes pipe networks delivering water and removing waste water. Road networks are inclusive of road bases, surfaces and sidewalks. Transit infrastructure includes the subway system, rolling stock, track work and power distribution assets.

Donated TCAs are recorded at estimated fair market value at the date of donation, with a corresponding recognition of revenue.

## ii. Tangible capital assets (cont.)

Lease arrangements, which transfer substantially all of the risks and benefits that are incidental to ownership, are recognized as a leased TCA and amortized over the lease term. All other forms of lease arrangements are considered to be operating expenses and are recognized over the lease term on the City's Consolidated Statement of Operations and Accumulated Surplus.

Cloud-based software costs are assessed to determine if they meet the definitions of an asset and TCA. In the event the transactions satisfy both of the definitions, the City recognizes all costs associated with preparing the software for its intended use as part of the assets under construction balance. Once the software has been fully implemented and is operational, the City reclassifies the associated costs to TCAs. Ongoing support and maintenance costs are expensed.

The TCA cost less expected residual value is amortized on a straight-line basis, over the estimated useful life of the assets, at the following rates:

Tangible capital asset	Useful life
<b>General assets</b>	
Land improvements	10 - 70 years
Buildings and building improvements	10 - 100 years
Machinery and equipment	4 - 75 years
Motor vehicles	5 - 20 years
<b>Infrastructure assets</b>	
Water and wastewater linear	20 - 100 years
Roads linear	4 - 100 years
Transit	3 - 65 years

One-half of the amortization is recorded in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is substantially complete and available for productive use.

TCAs are written down when conditions indicate that they no longer contribute to the City's ability to provide goods and services. Any impairment is accounted for as a loss in the Consolidated Statement of Operations and Accumulated Surplus.

The City manages and controls various works of art and non-operational historical cultural assets which are not recorded as TCAs and are not amortized. The valuation associated with these assets is not determinable. The City's collection includes historical buildings, artifacts, paintings and sculptures located at City sites and public display areas.

## ii. Tangible capital assets (cont.)

The City also has and manages various natural assets, including ravines and urban forests, that are used to mitigate and address climate-related risks, as well as provide services to residents and businesses. Currently, PSAS does not require the recognition of natural assets as assets in a public sector entity's financial statements. This disclosure, however, has been added for completeness purposes, as well as to demonstrate the City's ongoing commitments in maintaining its natural assets.

## s. Reserves and reserve funds

The City has Reserves and Discretionary (i.e. Council-Directed) Reserve Funds, which are reported in the Accumulated Surplus balance on the Consolidated Statement of Financial Position. These balances were established in response to a policy, to assist with fiscal management, or demonstrate compliance with Provincial legislation.

## t. Revenues

Taxation revenues and associated receivables are recognized when they meet the definition of an asset, are authorized, and the taxable event occurs. Additional property tax revenue can be added throughout the year, after the return of the annual assessment roll used for invoicing purposes, as new properties are occupied or become subject to property tax. The City may receive supplementary assessment rolls over the course of the year from the Municipal Property Tax Assessment Corporation (MPAC) identifying new or omitted assessments. Property taxes for these supplementary and/or omitted amounts are then invoiced according to the City Council approved tax rate for each property class. Taxation revenues may also be impacted by reductions in assessment values resulting from assessment and/or property tax appeals performed by MPAC. Vacant residential properties in the City are subject to vacant home tax (VHT) annually. The tax amount is based on the assessment value of the residential property and the authorized VHT rate. VHT revenues and associated receivables may be impacted by cancellations of tax amounts resulting from successful complaints/appeals filed by taxpayers. An annual adjustment to account for changes in collectability of the City's taxation receivables is reflected in the City's Consolidated Statement of Operations and Accumulated Surplus.

Municipal Land Transfer Tax revenues are recognized following the registration of the taxable sale.

**t. Revenues (cont.)**

Revenues arising from exchange transactions such as transit fees, utility charges (water, wastewater and solid waste), licensing fees, building permit fees, planning applications fees, and fees associated with City programs and facilities rentals are recognized as the City satisfies the performance obligation(s) associated with such transactions. Amounts received before the end of a fiscal year that require recognition in a subsequent fiscal year are recorded as deferred revenue.

Revenues arising from non-exchange transactions, such as fines and penalties, are recognized when the City has the authority to claim or retain an inflow of economic resources and when a past transaction or event results in an asset.

Government Transfers to the City are recognized as revenues in the period in which the transfer is authorized by the transferring government and all eligibility criteria are met, except if there are stipulations that create an obligation that meets the definition of a liability. Once a liability is recognized, the transfer is recognized as revenue as the performance obligation(s) related to these stipulations are met.

Development Charges are charges imposed on land development or redevelopment projects. Fees are set by City by-law, which conforms to the requirements of the Development Charges Act, 1997. Development Charges are collected when an above grade building permit is issued and are established as deferred revenues. Once the City incurs growth-related capital expenditures on qualifying capital projects, the City recognizes revenues.

**u. Expenses**

Expenses are recognized as they are incurred and measurable, as a result of receipt of goods or services and/or the creation of a legal obligation to pay. Interest expenses are recognized as incurred. Expenses paid in the current period attributable to future benefits received are classified as prepaid expenses in the City's non-financial assets on the Consolidated Statement of Financial Position.

**v. 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.

Contractual obligations represent obligations, which will result in liabilities upon completion of agreed upon terms specified in contracts and/or agreements in future fiscal periods.

Further details regarding the City's contractual rights and obligations, including nature, extent and timing of these types of transactions, can be found in [Note 20](#).

**w. Contingent assets and liabilities**

Contingent assets and contingent liabilities arise from circumstances when the City is uncertain whether it has an asset and/or liability on the date of the financial statements. The existence of the asset and/or liability is ultimately dependent upon the occurrence or non-occurrence of a future event that is outside of the City's control.

For the year ended on December 31, 2024, all disclosures regarding the City's contingent assets and liabilities, including the nature, extent, and basis of estimates (if available), can be found in [Note 19](#).

**x. Loan and line of credit guarantees**

The City provides loan guarantees for various cultural and community-based organizations, which are not consolidated as part of the City's Statements. As the guarantees represent potential financial commitments for the City, these amounts are considered contingent liabilities and not formally recognized as liabilities until the City considers it likely for the borrower to default on its obligation and the amount of the liability can be estimated. The City monitors the status of the organizations, loans, and lines of credit annually and in the event that payment by the City is likely to occur, a provision will be recognized in the Statements.

**y. Related party transactions**

A related party exists when one party has the ability to exercise control or shared control over the other. Related parties also include key management personnel, such as City Councillors and members of the City's Corporate Leadership Team (the City Manager, Deputy City Managers, Chief Financial Officer and Treasurer, Controller and Chief Accountant, and Division Heads), as well as their close family members.

As of December 31, 2024, the City is not aware of any material related party transactions aside from those that have already been disclosed as part of [Note 6](#), Investments in Government Business Enterprises.

**z. Changes in accounting policies****i. PS 3400 Revenue**

The City adopted Section PS 3400 – Revenue on a prospective basis effective January 1, 2024.

The new standard provides guidance on the accounting for revenues 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 revenues 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.

**i. PS 3400 Revenue (cont.)**

Taxation revenues, 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 result in significant changes or financial impacts to the City.

**ii. PS 3160 Public Private Partnerships**

The City adopted Section PS 3160 – Public Private Partnerships (P3) on a prospective basis effective January 1, 2024.

The new standard requires the recognition of a tangible capital asset and corresponding performance obligation liability for infrastructure acquired through public private partnerships with a user-pay model. Previously, the City was not required to recognize these assets or liabilities. The performance obligation liability is initially recognized as deferred revenue and revenue is recognized in future fiscal periods, when the performance obligations are satisfied.

The implementation of this standard did not result in significant changes or financial impacts to the City.

**iii. PSG-8 Purchased Intangibles**

The City adopted PSG-8 – Purchased Intangibles (PSG-8) on a prospective basis effective January 1, 2024.

The new guideline requires capitalization of purchased intangibles such as patents, trademarks, and easements, and results in the recognition of assets that were previously prohibited by PSAS.

The implementation of this standard did not result in significant changes or financial impacts to the City.

**aa. Future accounting pronouncements**

The City continues to assess the impact of the following upcoming changes to PSAS on its statements.

**Standards applicable for fiscal years beginning on or after April 1, 2026 (effective for the City's 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 PSAS 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.

**aa. Future accounting pronouncements (cont.)**

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. PS 1202 will replace current Section PS 1201 Financial Statement Presentation.

The impact of these standards on the Statements is not reasonably determinable at this time.

## 2. Accounts and taxes receivable

	2024	2023
Federal and Provincial government receivables	\$ 1,808	\$ 1,584
Property taxes receivables	458	403
Development charges receivable	350	281
Trade and other receivables	1,123	930
<b>Total accounts and taxes receivable</b>	<b>\$ 3,739</b>	<b>\$ 3,198</b>

Included in Federal and Provincial Government receivables are:

- Housing Accelerator Fund – \$236 (2023 – \$nil): \$118 has been received since December 31, 2024;
- Interim Housing Assistance Program – \$214 (2023 – \$240): the entire balance has been received since December 31, 2024;
- Ontario-Toronto New Deal – Shelters – \$200 (2023 – \$200): the entire balance has been received since December 31, 2024;
- Provincial Gas Tax (PGT) – \$134 (2023 – \$134): \$nil has been received since December 31, 2024; and
- Provincial Transit Infrastructure Fund (PTIF) claims – \$80 (2023 – \$80): \$nil has been received since December 31, 2024.

On December 13, 2023, City Council unanimously adopted recommendations to implement the Ontario-Toronto New Deal (New Deal). The New Deal arrangement focuses on achieving long-term financial stability and sustainability and therefore, affirms the Province of Ontario's commitment to support the City's key programs and initiatives, such as public transit, infrastructure, affordable housing, and shelter system.

Other Receivables consist of individual balances that are immaterial for disclosure purposes.

## 3. Loans receivable

	2024	2023
TCHC promissory notes, loan agreements and receivables, bearing interest rates between 3.0% and 6.0% (2023 – 3.0% to 7.5%) per annum with maturity dates from 2025 to 2057 (2023 – 2024 to 2057)	\$ 88	\$ 75
Loans receivable from community housing organizations bearing interest rates between 0.0% and the bank's prime rate plus 2.0% (2023 – 0.0% and the bank's prime rate plus 2.0%) per annum, with maturity dates from 2025 to 2074 (2023 – 2024 to 2074)	43	43
Energy loans receivable from organizations to enable the implementation of green initiative projects across the City bearing interest rates between 0.0% and 4.5% (2023 – 0.0% to 3.7%) per annum, with maturity dates from 2025 to 2054 (2023 – 2026 to 2043)	38	34
Other	13	16
<b>Total loans receivable</b>	<b>\$ 182</b>	<b>\$ 168</b>

## 4. Other assets

	2024	2023
Restricted cash	\$ 35	\$ 41
Other	20	12
<b>Total other assets</b>	<b>\$ 55</b>	<b>\$ 53</b>

Other consists of individual balances that are immaterial for disclosure purposes.

## 5. Investments

	2024	2023
Government bonds	\$ 2,135	\$ 1,362
Money market instruments	2,040	3,325
Corporate bonds	1,984	1,135
Equities	1,572	1,118
Pooled real estate funds	353	-
Mortgages	187	55
Foreign corporate bonds	118	32
Other	2	1
<b>Total investments</b>	<b>\$ 8,391</b>	<b>\$ 7,028</b>

The Toronto Investment Board manages the funds not immediately required by the City, as well as managing the City's investments in accordance with the City's investment standards and Council-approved investment policy.

Government bonds include bonds held in trust by the City's insurance carrier as collateral for the provision of automobile and primary liability insurance with a carrying value of \$58 (2023 – \$66).

Included in the City's government bonds portfolio are City of Toronto debentures at coupon rates varying from 2.6% to 4.6% (2023 – 2.2% to 4.6%) with a carrying value of \$53 (2023 – \$37).

Included in Equities (2023 – Money Market Instruments and Equities) are investments held by TAF with a carrying value of \$90 (2023 – \$87). TAF funds its work through proceeds from the investment of endowments received from the City, the Provincial government and the Federal government. Under the TAF Act, the City's Chief Financial Officer and Treasurer is the custodian and has oversight of the TAF funds. These endowments are managed by TAF in accordance with the Statement of Investment Objectives and Principles and the investments relate to marketable securities and private equity investments.

## 6. Investments in government business enterprises (GBEs)

Government business enterprises consist of 100% interest in Toronto Hydro Corporation and Toronto Parking Authority. In 2024 City Council approved an investment plan to fund critical capital infrastructure upgrades in Toronto Hydro Corporation. With \$50 million as special equity investment in 2024, followed by annual investment of \$25 million from 2025-2034 for the total of \$300 million. The funding will help Toronto Hydro Corporation to address urgent and essential capital work to ensure safe and reliable services.

	2024	2023
Toronto Hydro Corporation	\$ 2,189	\$ 2,091
Toronto Parking Authority	348	337
<b>Total investments in GBEs</b>	<b>\$ 2,537</b>	<b>\$ 2,428</b>

The book value continuity of the City's GBEs is as follows:

	2024	2023
Balance – beginning of year	\$ 2,428	\$ 2,380
Additional investment in Toronto Hydro Corporation	50	-
Income from operations ( <a href="#">Appendix 1</a> )	175	142
Distribution to City ( <a href="#">Appendix 1</a> )	(117)	(130)
Other ( <a href="#">Appendix 1</a> )	1	36
<b>Balance – end of year (<a href="#">Appendix 1</a>)</b>	<b>\$ 2,537</b>	<b>\$ 2,428</b>

## 6. Investments in GBEs (cont.)

GBE earnings on the Consolidated Statement of Operations and Accumulated Surplus consist of the following:

	2024	2023
Income from operations ( <a href="#">Appendix 1</a> )	\$ 175	\$ 142
Other ( <a href="#">Appendix 1</a> )	1	36
<b>GBE earnings</b>	<b>\$ 176</b>	<b>\$ 178</b>

Condensed audited financial results for each government business enterprise are disclosed in [Appendix 1, Consolidated Schedule of Government Business Enterprises](#).

Related party transactions between the City and its GBEs are as follows:

	2024	2023
Street-lighting, electricity, and maintenance services purchased by the City from Toronto Hydro Corporation	\$ 286	\$ 285
Property taxes paid to the City from Toronto Parking Authority	22	24
Property taxes paid to the City from Toronto Hydro Corporation	4	3
Rent expense paid to the City from Toronto Parking Authority	3	2
<b>Total related party transactions</b>	<b>\$ 315</b>	<b>\$ 314</b>

Principal repayments of unsecured long-term debt of the City's GBEs are as follows:

	Due to others
2025	\$ -
2026	200
2027	-
2028	200
2029	200
Thereafter	2,595
<b>Total</b>	<b>\$ 3,195</b>

Repayments relate to Toronto Hydro Corporation's long-term debt series with interest rates ranging from 1.5% to 5.5% (2023 – 1.5% to 5.5%) per annum and maturity dates ranging between 2026 to 2063 (2023 – 2024 to 2063), and Toronto Parking Authority's debt payable relating to the purchase of equipment upgrades, bearing an effective interest rate of 2.3% (2023 – 2.3%) per annum and maturing on June 30, 2025, with \$0.4 (2023 – \$0.7) due in 2025.

## 7. Bank indebtedness

The City has an unsecured demand revolving credit facility in the amount of \$100 (2023 – \$100) bearing interest at the bank prime rate with an effective rate during 2024 of 1.6% (2023 – 1.6%) per annum.

TCHC has a committed revolving credit facility of \$200 (2023 – \$200) that is available for short-term advances and letters of credit, with standby charges of 0.2%. Short-term advances are available by way of a prime loan at the bank prime rate and bankers' acceptances (BAs) at the bank BA rate plus 1.1%. Short-term drawings of \$18 (2023 – \$110) have been made in 2024. TCHC is in compliance with all bank covenants.

	2024	2023
City, net of outstanding cheques	\$ 48	\$ 33
TCHC	18	110
<b>Total bank indebtedness</b>	<b>\$ 66</b>	<b>\$ 143</b>

## 8. Accounts payable and accrued liabilities

	2024	2023
Trade payables and accruals	\$ 3,532	\$ 2,978
Tax appeal assessments on property taxes	363	351
Salary and wages payable	306	270
<b>Total accounts payable and accrued liabilities</b>	<b>\$ 4,201</b>	<b>\$ 3,599</b>

## 9. Deferred revenue

Deferred revenue includes balances received in the current and prior years that must be spent on growth related infrastructure, or specific goods and services, which will be delivered in future fiscal years. Deferred revenue also includes unrealized gains and losses on restricted sinking fund investments. These amounts are not available for other purposes to ensure compliance with agreements, performance obligations or legislation.

	2024					
	Opening balance	Additions		Recognized to income	Ending balance	
Advance payments received according to Provincial legislation or agreements	\$ 5,415	\$ 7,826	\$ (8,077)	\$ 5,164		
Advance payments received according to third-party agreements	1,470	1,070	(851)	1,689		
Advance payments received according to Federal legislation or agreements	290	839	(566)	563		
Advance payments received for goods and services	300	679	(656)	323		
Unrealized gains/losses on sinking fund investments	42	81	(76)	47		
Other advance payments received	35	351	(281)	105		
<b>Total deferred revenue</b>	<b>\$ 7,552</b>	<b>\$ 10,846</b>	<b>\$ (10,507)</b>	<b>\$ 7,891</b>		

The following balances are included in the above deferred revenue amounts. The other balance includes advance payments received in support of various initiatives, including: Housing Accelerator \$343, National Child Benefit Supplement \$31, Federal Social Housing \$15 and other smaller initiatives, which are individually immaterial for disclosure purposes.

## 9. Deferred revenue (cont.)

The following table provides a summary of significant components included in the City's deferred revenue balance:

	2024					
	Opening balance	Additions	Recognized to income	Ending balance		
Development charges	\$ 3,108	\$ 944	\$ (1,209)	\$ 2,843		
Water / wastewater capital payments	1,375	1,069	(838)	1,606		
Parkland acquisitions / development	997	219	(251)	965		
Section 37 / 45 of the Planning Act	615	120	(37)	698		
Toronto-Ontario New Deal	-	594	(358)	236		
Building Code Act service improvement	230	21	(18)	233		
Rapid Housing Initiative	235	6	(62)	179		
Advance payments for building permits	146	122	(117)	151		
Community and Social Services programs	411	5,709	(5,983)	137		
Unrealized gains/losses on sinking fund investments	42	81	(76)	47		
Canada Community-Building Fund	16	478	(491)	3		
Other	377	1,483	(1,067)	793		
<b>Total deferred revenue</b>	<b>\$ 7,552</b>	<b>\$ 10,846</b>	<b>\$ (10,507)</b>	<b>\$ 7,891</b>		

The following table provides a summary of significant components included in the City's deferred revenue balance:

	2023					
	Opening balance	Additions	Recognized to income	Ending balance		
Advance payments received according to Provincial legislation or agreements	\$ 4,443	\$ 9,797	\$ (8,825)	\$ 5,415		
Advance payments received according to third-party agreements	1,347	1,087	(964)	1,470		
Advance payments received for goods and services	311	382	(393)	300		
Advance payments received according to Federal legislation or agreements	335	560	(605)	290		
Unrealized gains/losses on sinking fund investments	-	(9)	51	42		
Other advance payments received	28	202	(195)	35		
<b>Total deferred revenue</b>	<b>\$ 6,464</b>	<b>\$ 12,019</b>	<b>\$ (10,931)</b>	<b>\$ 7,552</b>		

The following balances are included in the above deferred revenue amounts. The other balance includes advanced payments received in support of various initiatives, including: National Child Benefit Supplement \$33, Federal Social Housing \$18 and other smaller initiatives.

## 9. Deferred revenue (cont.)

The following table provides a summary of significant components included in the City's deferred revenue balance:

		2023			
		Opening balance	Additions	Recognized to income	Ending balance
Development charges	\$	2,714	\$ 1,854	\$ (1,460)	\$ 3,108
Water / wastewater capital payments		1,211	1,083	(919)	1,375
Parkland acquisitions / development		878	276	(157)	997
Section 37 / 45 of the Planning Act		517	120	(22)	615
Community and Social Services programs		87	7,077	(6,753)	411
Rapid Housing Initiative		131	203	(99)	235
Building Code Act service improvement		220	31	(21)	230
Advance payments for building permits		158	109	(121)	146
Unrealized gains/losses on sinking fund investments		-	(9)	51	42
Canada Community-Building Fund		167	352	(503)	16
Other		381	923	(927)	377
<b>Total deferred revenue</b>	<b>\$</b>	<b>6,464</b>	<b>\$ 12,019</b>	<b>\$ (10,931)</b>	<b>\$ 7,552</b>

## 10. Provision for property and liability claims

		2024	2023
Property and liability claims provision		\$ 359	\$ 352
TTC unsettled accident claims		136	141
<b>Total provision for property and liability claims</b>	<b>\$</b>	<b>495</b>	<b>\$ 493</b>

The City's insurance program is administered through a combination of self-insurance and coverage with insurance carriers. The City maintains a corporate insurance reserve fund of \$45 (2023 – \$65) that can be used to finance payments for vehicle, property and liability insurance claim payments, as well as related legal and adjusting expenses.

## 11. Environmental and contaminated site liabilities

		2024	2023
Contaminated site liabilities		\$ 254	\$ 258
TTC environmental liabilities		18	18
<b>Total environmental and contaminated site liabilities</b>	<b>\$</b>	<b>272</b>	<b>\$ 276</b>

Environmental and contaminated site liabilities are based on internal expert assessments and/or third-party engineering reports covering estimated costs of remediating sites with known contamination for which City entities are responsible. Given that the estimate of environmental liabilities is based on a number of assumptions, such as remediation methods and average industry remediation rates, actual costs may vary. The estimated amounts of future remediation costs are reviewed annually based on available information and governing legislation, as well as adjusted to account for annual increases in remediation costs.

## 11. Environmental and contaminated site liabilities (cont.)

### Liability for contaminated sites held by TPLC

TPLC owns a number of properties that are not in productive use, where contamination exceeds environmental standards. Although TPLC is responsible for each of these properties, the anticipated land use is not known at this time, therefore, no remediation efforts have been planned. However, in accordance with PS 3260 – Liability for Contaminated Sites, recognizing the uncertainty of the remediation action plan until use of this land is known, management has taken a risk management approach to determine a liability of \$205 (2023 – \$208), which is an undiscounted balance, at December 31, 2024. While certain contaminated properties may require additional remediation once the land use is known, at this time, it has been determined that risk can be mitigated through the management or containment of the contaminants, where appropriate, through a combination of engineered and operating measures. Management will continue to monitor this risk and update the liability when conditions change or use is known with greater certainty.

## 12. Mortgages payable

	2024	2023
TCHC secured mortgages, collateralized by TCHC housing properties, with interest rates between 0.7% and 11% (2023 – 0.7% and 12.8%) per annum and maturity dates ranging from 2025 to 2054 (2023 – 2024 to 2053)	\$ 490	\$ 451
<b>Total mortgages payable</b>	<b>\$ 490</b>	<b>\$ 451</b>

Mortgages payable have been presented in accordance with the City's accounting policy ([Note 1](#)).

Principal repayments on mortgages are due as follows:

	2024
2025	\$ 34
2026	34
2027	33
2028	32
2029	27
Thereafter	367
<b>Total</b>	<b>\$ 527</b>

Principal repayments made in 2024 were \$31 (2023 – \$30) on the TCHC mortgages.

### 13. Long-term debt

	2024	2023
Unsecured debentures issued by the City, bearing interest at various rates ranging from 0.0% to 5.3% (2023 – 0.0% to 5.3%), maturing from 2025 to 2054 (In 2023 – 2024 to 2052)	\$ 8,379	\$ 8,092
Unsecured green bonds issued by the City, bearing interest at various rates ranging from 2.2% to 4.4% (2023 – 2.2% to 4.4%), maturing from 2031 to 2048 (In 2023 – 2031 to 2048)	1,251	1,059
Unsecured social bonds issued by the City, bearing interest at 1.6% to 4.6% (2023 – 1.6% to 4.6%), maturing from 2030 to 2054 (2023 – 2030 to 2042)	841	638
Less: sinking fund deposits bearing interest at rates between 2.0% to 4.0% (2023 – 2.0% to 4.0%)	(2,872)	(2,512)
<b>Unsecured debentures, net of sinking fund deposits</b>	<b>7,599</b>	<b>7,277</b>
TCHC loans from Infrastructure Ontario secured by various floating and fixed income investments at floating and fixed rates between 2.8% and 4.5% (2023 – 2.8% and 4.5%), subject to financial covenants, maturing between 2043 to 2051 (2023 – 2043 to 2051). TCHC is compliant with all financial covenants as at December 31, 2024	771	788
TCHC debentures, unsecured, consisting of Series A bonds of \$250 at 4.9% (2023 – \$250 at 4.9%), maturing in 2037 (2023 – 2037) and Series B bonds of \$200 at 5.4% (2023 – \$200 at 5.4%), maturing in 2040 (2023 – 2040)	481	489
TCHC non-revolving, 10-year loan to assist with the financing of the construction for Phase 1 of its Building Renewal Program, which was completed in 2009. The loan was provided at a fixed interest rate of 3.4% with repayment beginning March 15, 2018	9	11
Lakeshore Arena Corporation credit facilities from Infrastructure Ontario, secured by a property mortgage, a general security agreement and assignments of rents and leases, bearing interest at 3.5%, with a maturity date of October 31, 2042	20	21
<b>Consolidated entities debentures</b>	<b>1,281</b>	<b>1,309</b>
<b>Total net long-term debt</b>	<b>\$ 8,880</b>	<b>\$ 8,586</b>

The City's ability to issue long-term debt is governed by Provincial legislation. Long-term debt can only be issued to finance capital expenditures. In addition, long-term debt has been presented with the City's accounting policy ([Note 1](#)). As at December 31, 2024, long-term debt has been measured and recognized at fair value.

The gross interest paid in 2024 was \$422 and the principal repayments total \$550 (2023 – \$523). Principal and interest payments are repayable annually, as follows:

	Principal	Interest	Total
2025	\$ 655	\$ 439	\$ 1,094
2026	632	430	1,062
2027	607	416	1,023
2028	540	406	946
2029	548	405	953
Thereafter	6,703	4,865	11,568
<b>Total</b>	<b>\$ 9,685</b>	<b>\$ 6,961</b>	<b>\$ 16,646</b>

## 14. Employee benefit liabilities

### a. Description of benefits

The City provides post retirement benefit plans for hospital, extended healthcare, drug, dental and life insurance benefits; amounts include health care spending accounts for Toronto Firefighters and the Toronto Police Service. Post-employment benefit plans provide income benefits for employees on Long-Term Disability (LTD) and the continuation of benefits (hospital, extended health care, drug, dental and life insurance) in respect thereof; accumulated sick leave benefits; and self-insured WSIB Benefits (for Schedule 2 employers).

The most recent actuarial valuation was completed as at December 31, 2024. The next actuarial valuation for post-retirement and post-employment benefits is scheduled to be performed on December 31, 2027.

	2024	2023
Sick leave benefits	\$ 411	\$ 418
Worker Safety Insurance Board (WSIB) obligations	1,186	1,096
Other employment and post-employment benefits	2,236	2,532
<b>Total employee accrued benefit obligation</b>	<b>3,833</b>	<b>4,046</b>
Unamortized actuarial gain	1,097	764
<b>Total employee benefit liabilities</b>	<b>\$ 4,930</b>	<b>\$ 4,810</b>

### b. Reconciliation of the plan assets and accrued benefit obligation, based on the actuarial assessment, to the amounts in the Consolidated Statement of Financial Position:

	2024					
	Post-retirement and post- employment	TTC pension plan (Note 14, h(ii))	City pension plans (Note 14, h(iii))		Total	
Accrued benefit obligation (Note 14(c))	\$ 3,833	\$ 3,428	\$ 115	\$ 7,376		
Fair value of plan assets (Note 14(d))	-	4,596	161	4,757		
<b>Funding deficit (surplus)</b>	<b>3,833</b>	<b>(1,168)</b>	<b>(46)</b>	<b>2,619</b>		
Unamortized actuarial gain	1,097	29	-	1,126		
Valuation allowance	-	1,139	46	1,185		
<b>Employee benefit liability (Note 14(e))</b>	<b>\$ 4,930</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,930</b>		

	2023					
	Post-retirement and post- employment	TTC pension plan	City pension plans		Total	
Accrued benefit obligation (Note 14(c))	\$ 4,046	\$ 3,157	\$ 124	\$ 7,327		
Fair value of plan assets (Note 14(d))	-	4,159	159	4,318		
<b>Funding deficit (surplus)</b>	<b>4,046</b>	<b>(1,002)</b>	<b>(35)</b>	<b>3,009</b>		
Unamortized actuarial gain	764	-	-	764		
Valuation allowance	-	1,002	35	1,037		
<b>Employee benefit liability (Note 14(e))</b>	<b>\$ 4,810</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,810</b>		

**c. Continuity of the accrued benefit obligation, in aggregate:**

	2024					
	Post-retirement and post- employment	TTC pension plan (Note 14, h(ii))		City pension plans (Note 14, h(iii))		Total
Balance – beginning of year	\$ 4,046	\$ 3,157		\$ 124	\$	7,327
Current service cost	408	86		-		494
Interest cost	165	220		6		391
Actuarial (gain) loss	(410)	90		1		(319)
Benefits paid	(335)	(232)		(16)		(583)
Plan amendments	10	107		-		117
Others	(51)	-		-		(51)
<b>Balance – end of year</b>	<b>\$ 3,833</b>	<b>\$ 3,428</b>		<b>\$ 115</b>	<b>\$</b>	<b>7,376</b>

	2023					
	Post-retirement and post- employment	TTC pension plan		City pension plans		Total
Balance – beginning of year	\$ 3,690	\$ 2,877		\$ 148	\$	6,715
Current service cost	383	75		-		458
Interest cost	168	210		6		384
Actuarial loss (gain)	139	104		(13)		230
Benefits paid	(336)	(220)		(17)		(573)
Plan amendments	2	111		-		113
<b>Balance – end of year</b>	<b>\$ 4,046</b>	<b>\$ 3,157</b>		<b>\$ 124</b>	<b>\$</b>	<b>7,327</b>

**d. Continuity of the plan assets:**

	2024					
	Post-retirement and post- employment	TTC pension plan (Note 14, h(ii))		City pension plans (Note 14, h(iii))		Total
Balance – beginning of year	\$ -	\$ 4,159		\$ 159	\$	4,318
Employer contributions	335	156		-		491
Actual return on assets	-	516		18		534
TTC pension administrative expenses	-	(3)		-		(3)
Benefits paid	(335)	(232)		(16)		(583)
<b>Balance – end of year</b>	<b>\$ -</b>	<b>\$ 4,596</b>		<b>\$ 161</b>	<b>\$</b>	<b>4,757</b>

**d. Continuity of the plan assets (cont.):**

	2023					
	Post-retirement and post- employment	TTC pension plan		City pension plans		Total
Balance – beginning of year	\$ -	\$ 3,898	\$ 161	\$ 4,059		
Employer contributions	336	141	-			477
Actual return on assets	-	342	15			357
TTC pension administrative expenses	-	(2)	-			(2)
Benefits paid	(336)	(220)	(17)			(573)
<b>Balance – end of year</b>	<b>\$ -</b>	<b>\$ 4,159</b>	<b>\$ 159</b>	<b>\$ 4,318</b>		

The City has established reserve funds to help reduce the future impact of the employee benefit obligation. As at December 31, 2024, the balance in the Employee Benefits Reserve Fund was \$551 (2023 – \$641), which includes \$79 (2023 – \$69) for Sick Leave and \$15 (2023 – \$17) for WSIB. Prior year balances in Note 14(d) were revised to account for category changes that were made for presentation purposes.

**e. Continuity of the City's employee benefit liabilities, in aggregate:**

	2024					
	Post-retirement and post- employment	TTC pension plan <i>(Note 14, h(ii))</i>		City pension plans <i>(Note 14, h(iii))</i>		Total
Balance – beginning of year	\$ 4,810	\$ -	\$ -	\$ -	\$ -	4,810
Current service cost	408	89	-	-	-	497
Interest cost (revenue)	165	(60)	(2)			103
Amortization of actuarial gain	(77)	(118)	(8)			(203)
Employer contributions	(335)	(156)	-			(491)
Plan amendments	10	107	-			117
Change in valuation allowance	-	138	10			148
Others	(51)	-	-			(51)
<b>Balance – end of year</b>	<b>\$ 4,930</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>4,930</b>

	2023					
	Post-retirement and post- employment	TTC pension plan		City pension plans		Total
Balance – beginning of year	\$ 4,669	\$ -	\$ -	\$ -	\$ -	4,669
Current service cost	383	77	-	-	-	460
Interest cost (revenue)	168	(64)	(1)			103
Amortization of actuarial gain	(76)	(75)	(22)			(173)
Employer contributions	(336)	(141)	-			(477)
Plan amendments	2	111	-			113
Change in valuation allowance	-	92	23			115
<b>Balance – end of year</b>	<b>\$ 4,810</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>4,810</b>

**f. Total expenses related to these employee benefits include the following:**

	2024					
	Post-retirement and post- employment	TTC pension plan <i>(Note 14, h(ii))</i>		City pension plans <i>(Note 14, h(iii))</i>		Total
Current service cost	\$ 408	\$ 89		\$ -		\$ 497
Interest cost (revenue)	165	(60)		(2)		103
Amortization of actuarial gain	(77)	(118)		(8)		(203)
Plan amendments	10	107		-		117
Change in valuation allowance	-	138		10		148
<b>Total expenses</b>	<b>\$ 506</b>	<b>\$ 156</b>		<b>\$ -</b>		<b>\$ 662</b>

	2023					
	Post-retirement and post- employment	TTC pension plan		City pension plans		Total
Current service cost	\$ 383	\$ 77		\$ -		\$ 460
Interest cost (revenue)	168	(64)		(1)		103
Amortization of actuarial gain	(76)	(75)		(22)		(173)
Plan amendments	2	111		-		113
Change in valuation allowance	-	92		23		115
<b>Total expenses</b>	<b>\$ 477</b>	<b>\$ 141</b>		<b>\$ -</b>		<b>\$ 618</b>

**g. Sick leave benefits, WSIB obligations, and post-retirement and post-employment benefits:**

The following is a list of actuarial assumptions compiled from actuarial valuations completed for 2024:

	Discount rate for accrued benefit obligation		Discount rate for benefit costs	
	2024	2023	2024	2023
Post-employment	3.5% to 3.8%	3.5% to 4.0%	3.5% to 4.0%	3.8% to 4.3%
Post-retirement	4.3% to 4.4%	4.2%	4.2%	4.6% to 4.7%
Sick leave	3.7% to 4.2%	3.7% to 4.1%	3.7% to 4.1%	3.9% to 4.4%
WSIB	3.9% to 4.0%	4.0%	4.0%	4.3%
Rate of compensation increase	2.5% to 5.3%	2.5% to 4.5%	2.5% to 5.3%	2.5% to 4.5%
Health care inflation – LTD, hospital and other medical	5.0% to 5.8%	5.0% to 5.9%	4.0% to 5.6%	4.0% to 5.7%
Health care inflation – dental care	3.0% to 4.0%	3.0% to 4.0%	3.0% to 4.0%	3.0% to 4.0%
Health care inflation – drugs	5.8% to 6.4%	5.9% to 6.6%	6.0% to 10.0%	6.0% to 10.1%

For 2024 benefit costs and year end 2024 benefit obligations, the health care inflation rate for LTD, hospital, other medical, and drugs is assumed to reduce to a range of 4.0% to 5.0% by 2030 based on the latest actuarial valuation.

## **h. Pension benefits**

### **i. OMERS pension plan**

The City makes contributions to the Ontario Municipal Employees' Retirement System plan (OMERS), a multi-employer pension plan, on behalf of most of its employees. The plan is a defined benefit plan that specifies the retirement benefit to be received by employees based on length of service and rates of pay. Employees and employers contribute equally to the plan.

The City does not recognize any share of the pension plan deficit based on the fair market value of OMERS assets, as the plan is managed by OMERS and the City does not share risk or control of decisions in the plan administration, benefits, or contributions. The plan is a joint pension plan of all Ontario municipalities and their employees. Employer contributions for current service amounted to \$264 (2023 – \$249) and are expensed in the Consolidated Statement of Operations and Accumulated Surplus. Employees' contributions amounted to \$264 (2023 – \$249). The City is current with all payments to OMERS. As at December 31, 2024, OMERS has a deficit of \$2,913 (2023 – deficit \$4,202).

The date of the most recently filed actuarial valuation for funding purposes for the OMERS Primary Pension Plan was December 31, 2023. The next required filing of an actuarial valuation for funding purposes will be performed with a date no later than December 31, 2026.

### **ii. TTC pension plan**

The TTC participates in a defined benefit pension plan (TTC Pension Fund). The TTC Pension Fund is administrated by the Toronto Transit Commission Pension Fund Society (Society), a separate legal entity. The Board of Directors (Board) of the Society consists of 10 voting members, five of whom are appointed from the Toronto Transit Commission and five are appointed from the Amalgamated Transit Union Local 113 (ATU). Pursuant to the Sponsors Agreement between the ATU and the TTC, the TTC Pension Fund was registered as a Jointly Sponsored Pension Plan (JSPP) effective January 1, 2011.

The plan is accounted for as a joint defined benefit plan as the TTC and its employees jointly share the risk in the plan and share control of decisions related to the plan administration and to the level of benefits and contributions on an ongoing basis. The TTC is required to account for its portion of the plan (i.e. 50%) and therefore, recognized 50% of the pension expense incurred during the year and 50% of the plan's assets and obligations.

Effective January 1, 2019, in lieu of the TTC paying the administrative expenses of the Society directly, the TTC and the Society agreed that the TTC would make a fixed contribution to the Society each January. The fixed contribution is adjusted annually based on the Toronto consumer price index.

The plan covers substantially all employees of the TTC (and the Society) who have completed six months of continuous service. Under the plan, contributions are made by the plan members and matched by the TTC (or the Society, as an employer). The contribution rates are set by the Board, subject to the funding requirements determined in the actuarial report and subject to the limitations in the Sponsors Agreements between ATU and the TTC.

The plan provides pensions to members, based on a formula that factors in the length of credited service and best four years of pensionable earnings up to a base year. A formula exists that sets a target for pensioner increases. The Board of Directors of the Society make decisions with respect to affordable pension formula updates, pension indexing and plan improvements based on the results of the most recent funding valuation and the priorities set out in the plan's by-laws and funding policy.

Effective January 1, 2024 the base year for the TTC pension plan and the funded supplemental pension plans was updated to December 31, 2023 from December 31, 2022. In addition, the survivor benefit date was updated to January 1, 2024 (from January 1, 2023) and an ad hoc increase of up to 4.77% (December 31, 2023 – 5.35%) was granted to all pensioners. The TTC's share of the prior service cost of these plan amendments have been reflected in the Consolidated Statement of Operations and Accumulated Surplus.

The effective date of the most recent actuarial valuation for funding purposes for the TTC Pension Fund was January 1, 2024. The next required actuarial valuation for funding purposes will be performed as at January 1, 2025. The effective date of the most recent valuation for accounting purposes was December 31, 2024.

## ii. TTC pension plan (cont.)

Actuarial assumptions for the TTC Pension Plan are as follows:

	2024	2023
Discount rate	6.6%	6.8%
Actual rate of return on plan assets	12.9%	9.3%
Expected rate of return on plan assets	6.8%	7.1%
Rate of increase in salaries	2.5% to 5.3%	2.5% to 4.5%
Inflation rate	2.0%	2.0%

## iii. City pension plan

The City continues to administer the Toronto Fire Department Superannuation and Benefit Fund, a defined benefit pension plan that provides benefits to employees who were employed prior to the establishment of the OMERS pension plan. The plan covers a closed group of employees hired prior to July 1, 1968 and provides for pensions based on length of service and final average earnings. The overall accounting valuation for funding purposes for the City's pension plan was completed on December 31, 2024. The next required accounting valuation for funding purposes will be performed as at December 31, 2025.

As at December 31, 2024, there were 184 (2023 – 204) fire pensioners with an average age of 85.7 years (2023 – 83.9 years) and 264 (2023 – 276) survivors and beneficiaries with an average age of 84.9 years (2023 – 83.6 years), in receipt of a pension. Pension payments during the year were \$16 (2023 – \$17). Given that there are no active members in the plan, there are no contributions being made into the plan.

The financial status of the City pension plan, which includes assets that will be distributed to members in future fiscal years, as at December 31, 2024 is as follows:

	2024			2023		
	<b>Pension assets – market value, end of year</b>	<b>Actuarial pension obligation, end of year</b>	<b>Net actuarial surplus</b>	<b>Net actuarial surplus</b>		
Toronto Firefighters Pension Plan	\$ 161	\$ 115	\$ 46	\$ 46	\$ 35	\$ 35
<b>Total City Pension Plan</b>	<b>\$ 161</b>	<b>\$ 115</b>	<b>\$ 46</b>	<b>\$ 46</b>	<b>\$ 35</b>	<b>\$ 35</b>

Actuarial assumptions for the Toronto Fire Department Superannuation and Benefit Plan:

	2024	2023
Discount rate	5.2%	4.2%
Actual rate of return on plan assets	11.0%	9.9%
Expected rate of return on plan assets	5.2%	4.2%
Inflation rate	2.0%	2.0%

## 15. Asset retirement obligations

The City's asset retirement obligations are as follows:

	2024						Change in estimates	December 31, 2024
	December 31, 2023	Additions	Settlements	Accretion expense				
Buildings	\$ 808	\$ 11	\$ (7)	\$ -	\$ 4	\$ 816		
Landfills	135	-	(9)	5	7	138		
Other	50	2	(1)	-	-	51		
<b>Total asset retirement obligations</b>	<b>\$ 993</b>	<b>\$ 13</b>	<b>\$ (17)</b>	<b>\$ 5</b>	<b>\$ 11</b>	<b>\$ 1,005</b>		

	2023						Change in estimates	December 31, 2023
	December 31, 2022	Additions	Settlements	Accretion expense				
Buildings	\$ 814	\$ -	\$ (6)	\$ -	\$ -	\$ 808		
Landfills	115	-	(9)	4	25	135		
Other	26	26	(2)	-	-	50		
<b>Total asset retirement obligations</b>	<b>\$ 955</b>	<b>\$ 26</b>	<b>\$ (17)</b>	<b>\$ 4</b>	<b>\$ 25</b>	<b>\$ 993</b>		

### a. Buildings

The City owns and operates a significant amount of buildings and other structures that are known to contain asbestos. Asbestos is a designated substance declared as a human carcinogen for which the removal and disposal are regulated through legislation. Therefore the City has recognized an obligation relating to the removal and post-removal care of the asbestos in these buildings and other structures.

The estimated liability associated with the removal and post-removal care of asbestos in City owned buildings and other structures is based on the undiscounted expected cost of the activities required to settle the legal obligation. Site assessment reports that include the type and quantity of contamination are used with experience and expert advice to determine the cost of retiring asbestos. The estimated cost for retirement activities as at December 31, 2024 was \$816 (2023 – \$808).

### b. Landfills

The City owns a number of landfill sites for which closure and post-closure activities are prescribed through legislation. Therefore a liability for the closure of operational sites and post-closure care has been recognized.

#### i. Active landfill sites

In 2007, the City acquired the Green Lane Landfill, securing the City's long-term disposal requirements. The landfill is projected to reach its approved capacity by the end of 2034, based on Toronto achieving a 70% residential waste diversion rate. The post-closure care period is expected to occur in perpetuity.

The estimated liability for the care of this landfill site is the present value of future cash flows associated with closure and post-closure costs, adjusted for estimated inflation and discounted using the City's average long-term borrowing rate of 4.39% (2023 – 4.67%). The estimated present value of future expenditures for closure and post-closure as at December 31, 2024 was \$26 (2023 – \$24).

In order to help reduce the future impact of these obligations, the City has established a reserve fund for the care of these sites. This reserve fund account is included as part of the State of Good Repair Reserve Fund.

	2024	2023
Green Lane Perpetual Care Reserve Fund (GLPC)	\$ 11	\$ 10

### i. Active landfill sites (cont.)

2024 contributions to the GLPC reserve of \$1 (2023 – \$0.9) are based on a contribution rate of \$2.46 (2023 – \$2.04) per tonne of waste disposed. This rate is updated annually.

### ii. Inactive landfill sites

The estimated liability for the care of 160 inactive landfill sites is the present value of future cash flows associated with closure and post-closure costs, adjusted for estimated inflation and discounted using the City's average long-term borrowing rate of 4.39% (2023 – 4.67%). The estimated present value of future expenditures for post-closure care as at December 31, 2024 was \$111 (2023 – \$111).

In order to help reduce the future impact of these obligations, the City has established a reserve fund for the care of these sites and maintains a trust fund to satisfy the requirements of the Ministry of the Environment, Conservation and Parks. The Solid Waste Management Perpetual Care Reserve Fund is included as part of the State of Good Repair Reserve Fund.

	2024	2023
Solid Waste Management Perpetual Care Reserve Fund	\$ 16	\$ 21

### c. Other obligations

Other obligations include \$27 (2023 – \$26) relating to the dismantling of a decommissioned rail transit structure as required by land easement agreements and \$19 (2023 – \$19) relating to activities associated with the retirement of fuel storage tanks as required by legislation.

## 16. Inventories

	2024	2023
Inventories	\$ 282	\$ 294
Properties held for resale	3	3
<b>Total inventories</b>	<b>\$ 285</b>	<b>\$ 297</b>

## 17. Tangible capital assets

	2024			2023
	Cost	Accumulated amortization	Net book value	Net book value
<b>General</b>				
Land	\$ 4,595	\$ -	\$ 4,595	\$ 4,530
Land improvements	5,795	2,576	3,219	3,096
Buildings and building improvements	12,700	4,681	8,019	7,833
Machinery and equipment	3,543	2,341	1,202	1,137
Motor vehicles	3,383	2,061	1,322	1,232
<b>Total general</b>	<b>30,016</b>	<b>11,659</b>	<b>18,357</b>	<b>17,828</b>
<b>Infrastructure</b>				
Land	140	-	140	140
Buildings and building improvements	1,194	337	857	734
Machinery and equipment	3,440	1,783	1,657	1,714
Water and wastewater linear	9,715	2,997	6,718	6,216
Roads linear	6,797	2,972	3,825	3,458
Transit	12,750	6,158	6,592	6,279
<b>Total infrastructure</b>	<b>34,036</b>	<b>14,247</b>	<b>19,789</b>	<b>18,541</b>
<b>Assets under construction</b>	<b>7,271</b>	<b>-</b>	<b>7,271</b>	<b>6,484</b>
<b>Total tangible capital assets</b>	<b>\$ 71,323</b>	<b>\$ 25,906</b>	<b>\$ 45,417</b>	<b>\$ 42,853</b>

The value of donated assets received during the year was \$22 (2023 – \$9).

The City recognized no write down of assets under construction during the year (2023 – \$nil).

Further details associated with tangible capital assets can be found in [Schedule 1, Consolidated Schedule of Tangible Capital Assets.](#)

**18. Accumulated surplus**

	<b>2024</b>	<b>2023</b>
Historical surplus (deficit)	\$ (206)	\$ 198
Reserves and reserve funds (a)	5,607	5,288
Net investment in TCA (b)	34,770	32,547
Liabilities to be funded from future revenues (c)	(5,425)	(5,303)
<b>Total accumulated surplus</b>	<b>\$ 34,746</b>	<b>\$ 32,730</b>

**(a) Reserves and reserve funds****Reserves:**

Corporate	646	1,092
Stabilization	662	891
Water and wastewater	61	61
Donations	2	2
<b>Total reserves</b>	<b>1,371</b>	<b>2,046</b>

**Reserve funds:**

Employee benefits	651	651
Corporate	3,115	2,090
Community initiatives	158	155
State of Good Repair (Note 15)	312	346
<b>Total reserves funds</b>	<b>4,236</b>	<b>3,242</b>
<b>Total reserves and reserve funds</b>	<b>\$ 5,607</b>	<b>\$ 5,288</b>

**(b) Net investment in TCA**

Tangible capital assets (Note 17)	45,417	42,853
Mortgages payable (Note 12)	(490)	(451)
Long-term debt (Note 13)	(8,880)	(8,586)
Environmental and contaminated site liabilities (Note 11)	(272)	(276)
Asset retirement obligations (Note 15)	(1,005)	(993)
<b>Total net investment in TCA</b>	<b>\$ 34,770</b>	<b>\$ 32,547</b>

**(c) Liabilities to be funded from future revenues**

Employee benefit liabilities (Note 14)	(4,930)	(4,810)
Provision for property and liability claims (Note 10)	(495)	(493)
<b>Total liabilities to be funded from future revenues</b>	<b>\$ (5,425)</b>	<b>\$ (5,303)</b>

## 19. Contingent assets and liabilities

### a. Contingent assets

In the ordinary course of business, various claims and lawsuits are brought by the City. It is the opinion of management that the settlement of these actions will result in the City's favour and that the settlement amounts will be available for the City's use. These contingent assets are not recorded or disclosed in the Statements, as the City is unable to reasonably estimate their value at this time.

In February 2022, the Toronto City Council enacted By-Law 97-2022, Taxation, Vacant Home Tax, which imposes a tax levy based on the Current Value Assessment (CVA) on all Toronto residences that are declared, deemed, or determined vacant for more than six months during the previous year. The annual tax is effective from 2022, and taxes are payable in each following year. Taxes levied on properties deemed or determined vacant for a particular year are recognized as taxation revenues in the following fiscal year. Taxpayers/residents are required to provide their vacant property declarations by the declaration due date each year. Complaints/appeals can also be filed by the taxpayers/residents regarding their vacant home tax bills by the corresponding due dates. A reasonable estimate of potential resulting adjustments required from the complaints/appeals is also established in each fiscal year.

### b. Contingent legal liabilities

In the normal course of its operations, labour relations, and completion of capital projects, the City is subject to various litigations, arbitrations, and claims. Where the occurrence of a future event is considered likely to result in a loss with respect to an existing condition and potential liability is reasonably estimated, amounts have been included in accrued liabilities. Management believes that the ultimate disposition of the matters will not materially exceed the provisions recorded in the accounts. In other cases when the ultimate outcome of the claims cannot be determined at this time, any additional losses related to claims will be recorded in the period during which the liability is determinable. Amounts recorded in the accounts have not been disclosed in the Statements as disclosure may adversely impact the outcome. Management's estimate is based on an analysis of specific claims and historical experience with similar claims.

### c. Loan and line of credit guarantees

The City currently guarantees operating lines of credit and capital loans under Council approved policies for organizations that have a financial relationship with the City. The City monitors the status of these lines of credit, loans, and the financial position of the organizations. As at December 31, 2024 all loans and lines of credit are in good standing and no provision has been recorded in the Statements (2023 – \$nil). Organizations that have received a guarantee from the City also pledged various assets for security purposes.

#### i. Loan guarantees

Loan guarantees provided by the City are to support the capital initiatives of organizations that will assist in increasing participation in sports, recreation, culture and community-based activities. The total amount of all capital loan guarantees provided by the City under the policy for capital loan guarantees is limited to an aggregate total of \$300, with individual loan guarantees being limited to a maximum of \$10 unless otherwise approved by Council.

In 2024, the City provided capital loan guarantees to various organizations amounting to \$28 (2023 – \$30). The City's guarantees are set to expire between 2025 and 2049 (2023 – 2024 and 2049).

#### ii. Line of credit guarantees

The intended purpose of line of credit guarantees is to enable culture and community-based organizations to obtain a line of credit for operational cash requirements in the event no other economic resources are available. Organizations are required to submit audited financial statements and business plans to demonstrate their financial viability and capacity to repay the funds on an annual basis. The City is authorized to provide line of credit guarantees of \$10 in aggregate.

In 2024, the City provided line of credit guarantees that have an aggregate value of \$6 (2023 – \$6).

## 20. Contractual rights and obligations

### a. Contractual rights

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

**i. City of Toronto:**

Contractual rights	Amounts to be received:										Thereafter	Total
	2025	2026	2027	2028	2029							
City of Toronto Lease agreements (ranging from 25 to 83 years remaining)	\$ 9	\$ 9	\$ 9	\$ 9	\$ 9	\$ 531	\$ 576					
Street Furniture Program	37	39	-	-	-							76
Blue Bin Recycling Program	46	-	-	-	-							46
<b>Total contractual rights</b>	<b>\$ 92</b>	<b>\$ 48</b>	<b>\$ 9</b>	<b>\$ 9</b>	<b>\$ 9</b>	<b>\$ 531</b>	<b>\$ 698</b>					

**ii. City Agencies, Corporations, and Government Business Enterprises:**

Contractual rights	Amounts to be received:										Thereafter	Total
	2025	2026	2027	2028	2029							
Advertising agreement with Pattison Outdoor Advertising LP	\$ 33	\$ 34	\$ 35	\$ 36	\$ 37	\$ 157	\$ 332					
Meridian Credit Union naming rights sponsorship agreement	2	2	2	2	2						11	21
<b>Total contractual rights</b>	<b>\$ 35</b>	<b>\$ 36</b>	<b>\$ 37</b>	<b>\$ 38</b>	<b>\$ 39</b>	<b>\$ 168</b>	<b>\$ 353</b>					

**b. Contractual obligations**

The City and its consolidated entities have entered into various agreements and contracts for goods, services and planned capital activity to support the delivery of services to residents and businesses.

The City's procurement of goods and services are completed in accordance with the City's purchasing by-law (Municipal Code Chapter 195, Purchasing), which requires that City Council authorization to negotiate, enter into, and execute significant agreements and contracts. The City's most significant contractual obligations and estimates of amounts payable over the coming years have been summarized in the below tables:

**i. City of Toronto**

Commitments	Amounts to be paid in:										Thereafter	Total
	2025	2026	2027	2028	2029							
Service agreements for winter maintenance services	\$ 169	\$ 168	\$ 168	\$ 168	\$ 168	\$ 420	\$ 1,261					
Various agreements for purchase of goods and services for multiple capital projects	501	243	83	78	50						52	1,007
Various agreements for purchase of goods and services for miscellaneous operational needs	325	190	129	67	65						9	785
Service agreements for curbside collection services	53	40	52	50	51						161	407
Construction of new Etobicoke Civic Centre	108	96	179	2	1						-	386
Construction and engineering services agreements for the Basement Flooding Protection Program	104	80	47	32	20						69	352

**i. City of Toronto (cont.)**

<b>Commitments</b>	<b>Amounts to be paid in:</b>						
	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>Thereafter</b>	<b>Total</b>
Construction and engineering services agreements for the F.G. Gardiner Expressway	132	49	9	45	6	6	247
Construction agreements for the Ashbridge's Bay Treatment Plant	56	72	57	22	18	8	233
Highland Creek Treatment Plant Biosolids Implementation Project and South Facility Upgrades Project	23	38	36	42	24	16	179
School Crossing Guard Services	36	36	36	21	-	-	129
Service agreements for waste transport services in the City	18	19	20	21	21	22	121
Contracts with non-profit organizations for additional shelter services	104	-	-	-	-	-	104
Toronto Community Crisis Services	26	25	25	25	-	-	101
Delivery agreement for Quayside Projects	35	27	14	9	-	-	85
Waterfront Toronto Lakeshore bridge extension	63	18	-	-	-	-	81
Construction and professional services for the Humber Treatment Plant rehabilitation and upgrades project	14	19	19	21	6	-	79
Construction of two new fully electric ferry vessels	34	24	12	-	-	-	70
Provision of operations and maintenance services Dufferin Organic Processing Facility	12	13	14	13	10	-	62
Provision of operation and maintenance services of the Disco Rd organics processing facility	14	13	14	14	7	-	62
Rehabilitation of Eastern / Adelaide Bridges	19	19	11	4	7	-	60
<b>Total commitments</b>	<b>\$ 1,846</b>	<b>\$ 1,189</b>	<b>\$ 925</b>	<b>\$ 634</b>	<b>\$ 454</b>	<b>\$ 763</b>	<b>\$ 5,811</b>

**ii. City agencies, corporations, and government business enterprises:**

<b>Commitments</b>	<b>Amounts to be paid in:</b>							<b>Thereafter</b>	<b>Total</b>
	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2029</b>	<b>2029</b>		
Agreement for the provision of 340 Battery Electric Buses to the TTC – 40 delivered to date	\$ 252	\$ 165	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 417
Train Operating and Funding Agreement (TOFA) with Metrolinx associated with the new Eglinton Crosstown LRT (Line 5) operations	33	34	35	36	37	202	377		
Various agreements for the purchase of goods and services for multiple TTC capital projects	94	117	53	21	20	4	309		
Various agreements for the purchase of goods and services for multiple TCHC capital projects	119	31	12	-	25	-	187		
Train Operating and Servicing Agreement (TOSA) with Metrolinx associated with the Finch West LRT (Line 6) operations	14	14	15	15	16	86	160		
Agreement for the provision of 264 Light Rail vehicles to the TTC – 239 delivered to date	137	11	-	-	-	-	148		
Various agreements for the purchase of goods and services for multiple Toronto Zoo capital projects	48	1	-	-	-	-	49		
Various agreements for the purchase of goods and services for the Toronto Parking Authority capital projects and operational needs	-	-	-	16	-	-	16		
<b>Total commitments</b>	<b>\$ 697</b>	<b>\$ 373</b>	<b>\$ 115</b>	<b>\$ 88</b>	<b>\$ 98</b>	<b>\$ 292</b>	<b>\$ 1,663</b>		

**c. Lease commitments**

At December 31, 2024, the City is committed to future minimum annual operating lease payments, mainly for facilities and equipment. Lease commitments over the next five years and thereafter are as follows:

	<b>2024</b>
2025	\$ 164
2026	126
2027	112
2028	103
2029	54
Thereafter	89
<b>Total lease commitments</b>	<b>\$ 648</b>

## 21. Budget data

Budget data presented in these Statements is based on the 2024 operating and capital budgets approved by City Council. Adjustments to budgeted values were required to provide comparative budget figures based on the full accrual basis of accounting, which includes the capitalization of capital expenditures (i.e., recognition of TCA), as well as the recognition of debt proceeds as a liability and non-cash expenditures such as amortization on TCAs. The following chart reconciles the approved cash-based budget with the budget figures as presented in these Statements:

	Approved by Council:					Total adjusted budget
	Operating	Capital	Non-levy	Consolidated entities	Adjustments	
<b>Revenues:</b>						
Property taxes and taxation from other governments	\$ 5,879	\$ -	\$ -	\$ -	\$ (105)	\$ 5,774
Government transfers	3,787	833	1	2,009	(1,921)	4,709
User charges	1,953	1,143	2,030	1,121	(2,825)	3,422
Municipal land transfer tax	880	-	-	-	-	880
Development charges	-	793	-	-	-	793
Rent and concessions	56	-	-	447	-	503
Investment income	277	-	-	-	(11)	266
Other revenue sources	2,508	2,898	103	167	(4,351)	1,325
<b>Total revenues</b>	<b>15,340</b>	<b>5,667</b>	<b>2,134</b>	<b>3,744</b>	<b>(9,213)</b>	<b>17,672</b>
<b>Expenses:</b>						
Transportation	3,218	2,344	161	2,568	(3,712)	4,579
Social and family services	4,129	113	-	-	(69)	4,173
Protection to persons and property	2,128	201	-	-	(27)	2,302
Environmental services	131	1,401	1,973	-	(2,014)	1,491
Recreation and cultural services	1,099	489	-	426	(582)	1,432
General government	3,417	462	-	-	(2,473)	1,406
Social housing	524	392	-	750	(484)	1,182
Health services	623	59	-	-	(18)	664
Planning and development	71	206	-	-	16	293
<b>Total expenses</b>	<b>15,340</b>	<b>5,667</b>	<b>2,134</b>	<b>3,744</b>	<b>(9,363)</b>	<b>17,522</b>
<b>Annual surplus</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 150</b>	<b>\$ 150</b>

The below table summarizes the adjustments that were required to convert the City's Council approved budgets to PSAS-compliant budgets. Other adjustments required for accrual accounting include re-classifications between revenues and expenses (\$326), internal cost recoveries (\$314), and other individual adjustments that are immaterial for disclosure purposes.

**21. Budget data (cont.)**

	<b>2024</b>
<b>Revenue adjustments</b>	
Eliminations for consolidated entities' budgets – revenues	\$ (3,719)
Contributions to the City's operating fund, capital fund, and reserve and discretionary reserve funds	(2,834)
Proceeds from the issuance of long-term debt	(2,057)
Other adjustments required for accrual accounting	(603)
<b>Total revenue adjustments</b>	<b>\$ (9,213)</b>
<b>Expenditure adjustments</b>	
Eliminations for consolidated entities' budgets – expenditures	\$ (3,789)
Withdrawals from City's operating fund, capital fund and reserve and discretionary reserve funds	(2,386)
Capitalization of tangible capital assets and recognition of amortization	(1,999)
Debt principal repayments	(522)
Other adjustments required for accrual accounting	(667)
<b>Total expenditure adjustments</b>	<b>\$ (9,363)</b>

**22. Property taxes and taxation from other governments**

	<b>2024</b>	<b>2023</b>
Tax levies from annual return of the property assessment roll	\$ 5,615	\$ 5,210
Tax levies from supplementary and omitted returns of the property assessment roll	74	63
Payments in lieu of tax	94	86
Heads and beds levy on public hospitals, provincial mental health facilities, universities, colleges, and correctional institutions	21	20
Other	4	1
<b>Total property taxes and taxation from other governments</b>	<b>\$ 5,808</b>	<b>\$ 5,380</b>

**23. Government transfers****a. Government transfers by function**

	<b>2024</b>	<b>2023</b>
Social and family services	\$ 3,006	\$ 2,879
Transportation	764	589
Health services	390	353
Social housing	193	90
General government	122	208
Planning and development	72	21
Protection to persons and property	63	76
Environmental services	36	36
Recreation and cultural services	23	26
<b>Total transfers by function</b>	<b>\$ 4,669</b>	<b>\$ 4,278</b>

### b. Government transfers by source

	2024	2023
<b>Operating transfers</b>		
Federal	\$ 883	\$ 978
Provincial	2,937	2,667
Other	30	18
<b>Total operating transfers</b>	<b>3,850</b>	<b>3,663</b>
<b>Capital transfers</b>		
Federal	406	477
Provincial	409	132
Other	1	3
<b>Total capital transfers</b>	<b>816</b>	<b>612</b>
<b>Other transfers</b>	<b>3</b>	<b>3</b>
<b>Total transfers by source</b>	<b>\$ 4,669</b>	<b>\$ 4,278</b>

In November 2023, through the New Deal for the City, a commitment of \$600 in Provincial funding over three fiscal years was publicly announced to help address financial pressures in the City's emergency shelter system. The City recognized \$200 (2023 – \$200) of revenue for costs associated with the provision of emergency shelters.

The City recognized \$262 (2023 – \$192) as part of the Government of Canada's Interim Housing Assistance Program. These additional transfer payments were provided by the Federal government to recognize the City's efforts in offering interim housing services to asylum claimants in 2024.

In December 2023, the City approved the Ontario-Toronto New Deal Agreement (the New Deal), which included the Province of Ontario's commitment to provide various government grants for the purpose of assisting the City with its long-term financial sustainability. The New Deal focused on providing government grants for essential service areas: Housing and Transportation. In 2024, the City recognized and received \$214 of Provincial grants to accelerate the construction and traffic mitigation measures for the Gardiner Expressway and Don Valley Parkway (DVP), as well as \$100 of Provincial grants to be used for subway and transit safety, recovery and sustainable operations.

The City received and recognized \$31 of grants as part of the Building Faster Fund (BFF) program, which is designed to help municipalities pay for critical housing-enabling infrastructure and other related costs that support community growth.

Further details associated with government transfers can be found in [Appendix 2, Consolidated Schedule of Segment Disclosure – Service](#).

### 24. Other revenue sources

	2024	2023
Utilities cut and other recoveries	\$ 163	\$ 138
Hotel, lodging and sign tax	128	105
Sale of properties and recycled materials	81	193
Other income	565	509
<b>Total other revenue sources</b>	<b>\$ 937</b>	<b>\$ 945</b>

Other income consists of individual balances that are immaterial for disclosure purposes.

## 25. Total expenses

	2024	2023
Salaries, wages and benefits	\$ 7,642	\$ 7,069
Contracted services	2,205	2,209
Transfer payments to agencies, corporations, and other external organizations	2,083	1,860
Amortization ( <a href="#">Schedule 1</a> )	1,793	1,776
Materials	1,743	1,387
Interest on long-term debt	437	421
Other	283	353
<b>Total expenses</b>	<b>\$ 16,186</b>	<b>\$ 15,075</b>

Further details associated with the City's expenses can be found in [Appendix 2, Consolidated Schedule of Segment Disclosure – Service](#).

## 26. Fair value hierarchy and risk management

### a. Fair value hierarchy

The fair value hierarchy of the City's financial instruments as at December 31, 2024 is as follows:

	2024					Total
	Level 1	Level 2	Level 3			
Investments	\$ 7,156	\$ 1,235	\$ -	\$ -	\$ 8,391	
Bank indebtedness	-	66	-	-	66	
Mortgages payable	-	490	-	-	490	
Long-term debt	7,515	1,365	-	-	8,880	
<b>Total</b>	<b>\$ 14,671</b>	<b>\$ 3,156</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 17,827</b>	

	2023					Total
	Level 1	Level 2	Level 3			
Investments	\$ 5,702	\$ 1,301	\$ 25	\$ -	\$ 7,028	
Bank indebtedness	-	143	-	-	143	
Mortgages payable	-	451	-	-	451	
Long-term debt	7,176	1,410	-	-	8,586	
<b>Total</b>	<b>\$ 12,878</b>	<b>\$ 3,305</b>	<b>\$ 25</b>	<b>\$ -</b>	<b>\$ 16,208</b>	

As at December 31, 2024, investments include items classified as Level 1 and 2 (2023 – Level 1, 2 and 3). There are public equities that were classified as Level 3 in 2023 and transferred to Level 2 in the current year. The investment transferred out of Level 3 into Level 2 in the current year as there are no Level 3 items within the underlying holdings in 2024.

### b. Risk management

The City's activities expose it to a range of financial risks, including credit risk, liquidity risk, and market risk (which includes interest rate risk and other price risk). The City's overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the City's financial performance.

#### Credit risk

Credit risk on financial instruments is the risk of financial loss occurring as a result of default or insolvency of a counterparty on its obligations to the City. The City is subject to credit risk with respect to its fixed income investments, accounts receivable, and loans receivable.

## b. Risk management (cont.)

The fair value of the investment in debt securities represents the maximum credit risk exposure at the date of the Statements. Credit risk is managed by the City's internal investment managers, as well as third-party investment managers, which are responsible for regular monitoring of credit exposures. The credit quality of financial assets is generally assessed by reference to external credit ratings where available, or to historical information about counterparty default rates. The City further mitigates its credit risk by limiting its investment portfolio to investments at the investment grade.

The City's exposure to credit risk associated with accounts receivable is assessed as low as a significant portion is due from other governments. A provision is recognized for any doubtful accounts, further mitigating credit risk.

With respect to loans receivable, the City manages and controls credit risk by dealing primarily with recognized, creditworthy third parties ([Note 3](#)).

### **Liquidity risk**

Liquidity risk is the risk that the City will encounter difficulty in meeting obligations associated with its financial liabilities. The City is subject to liquidity risk through its accounts payable and debt. To manage its liquidity risk, the City performs extensive budgeting exercises, ongoing monitoring of its short-term cash flows, and has highly liquid securities that can be easily converted to cash to ensure it meets all short-term obligations. The City also has access to other liquid resources, such as council-directed reserve funds and revolving credit facilities. Furthermore, accounts payable are primarily due and settled within 30 days of receipt of an invoice. The contractual maturities of mortgages payable and long-term debt are disclosed in [Notes 12](#) and [13](#), respectively.

### **Market risk**

Market risk is the risk that the fair value of future cash flows of investments and debt will fluctuate as a result of changes in market conditions, whether those changes are caused by factors specific to the individual investment, or factors affecting all securities traded in the market. Market risk encompasses a variety of financial risks, such as foreign currency risk, interest rate risk, and other price risk. The City recognizes that it is subject to market risk primarily through interest rate risk and other price risk.

#### i. **Interest rate risk:**

Interest rate risk is the risk that either future cash flows or the fair value of a financial instrument will fluctuate because of changes in market interest rates. The City is exposed to significant interest rate risk as a result of fixed income investments and fixed and floating rate debt.

- **Fixed income investments:**

The City is exposed to the risk of fluctuation in the fair value of its fixed income investments due to changes in interest rates. The City invests in debt instruments with varying terms to maturity. Those in the short-term investment portfolio have terms to maturity of eighteen months or less and as such have minimal sensitivity to changes in interest rates since these debt instruments have short maturity profiles and are usually held to maturity. However, debt instruments in the long-term investment portfolio are traded frequently at a high volume and rarely held to maturity – these have a greater sensitivity to changes in interest rates, which can cause fluctuations in fair value. For every 1% increase in the public market interest rates, the fair value of the investments held by the City as at December 31, 2024 would have decreased by approximately \$324 (2023 – \$182). For every 1% decline in public market interest rates, the fair value of the investments held by the City as at December 31, 2024 would have increased by approximately \$324 (2023 – \$182).

- **Fixed and floating rate debt carried at fair value:**

The City's net long-term debt, comprised mainly of debentures and mortgages, have lengthy terms and are not extinguished until maturity. They are therefore sensitive to changes in interest rates, which can cause fluctuations in fair value. For every 1% increase in public market interest rates, the net long-term debt held by the City as at December 31, 2024 would have decreased by \$141 (2023 – \$149). For every 1% decrease in public market interest rates, the net long-term debt held by the City as at December 31, 2024 would have increased by \$159 (2023 – \$168).

**b. Risk management (cont.)*****ii. Other price risk:***

Other price risk refers to the risk that the fair value of financial instruments or future associated cash flows will fluctuate because of changes in market prices (other than those arising from interest rate risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all similar instruments traded in the market.

The City is exposed to other price risk due to its investments in a variety of marketable securities, including equities and fixed income instruments. Risk and volatility of investment returns are mitigated through diversification of investments. To minimize other price risk, the City operates within the constraints of an investment policy. Compliance to this policy is monitored by management, the Toronto Investment Board, and Council.

**27. Comparative information**

Certain 2023 comparative information have been regrouped from the Statements previously presented, to conform with the presentation adopted in 2024.

## Schedule 1: Consolidated schedule of tangible capital assets

As at and for the year ended December 31, 2024

	Cost						Accumulated Amortization				Net book value
	Beginning	Additions	Disposals / transfers	Revaluation	Donated	Ending	Beginning	Amortization	Disposals	Ending	
<b>General</b>											
Land	\$ 4,530	\$ 68	\$ (10)	\$ -	\$ 7	\$ 4,595	\$ -	\$ -	\$ -	\$ -	\$ 4,595
Land improvements	5,432	350	(1)	-	14	5,795	2,336	240	-	2,576	3,219
Buildings and building improvements	12,209	504	(13)	-	-	12,700	4,376	310	(5)	4,681	8,019
Machinery and equipment	3,292	326	(76)	-	1	3,543	2,155	263	(77)	2,341	1,202
Motor vehicles	3,235	326	(178)	-	-	3,383	2,003	234	(176)	2,061	1,322
<b>Total general</b>	<b>28,698</b>	<b>1,574</b>	<b>(278)</b>	<b>-</b>	<b>22</b>	<b>30,016</b>	<b>10,870</b>	<b>1,047</b>	<b>(258)</b>	<b>11,659</b>	<b>18,357</b>
<b>Infrastructure</b>											
Land	140	-	-	-	-	140	-	-	-	-	140
Buildings and building improvements	1,036	158	-	-	-	1,194	302	35	-	337	857
Machinery and equipment	3,402	38	-	-	-	3,440	1,688	95	-	1,783	1,657
Water and wastewater linear	9,085	633	(3)	-	-	9,715	2,869	129	(1)	2,997	6,718
Roads linear	6,289	508	-	-	-	6,797	2,831	141	-	2,972	3,825
Transit	12,112	659	(21)	-	-	12,750	5,833	346	(21)	6,158	6,592
<b>Total infrastructure</b>	<b>32,064</b>	<b>1,996</b>	<b>(24)</b>	<b>-</b>	<b>-</b>	<b>34,036</b>	<b>13,523</b>	<b>746</b>	<b>(22)</b>	<b>14,247</b>	<b>19,789</b>
<b>Assets under construction</b>	<b>6,484</b>	<b>845</b>	<b>(58)</b>	<b>-</b>	<b>-</b>	<b>7,271</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,271</b>
<b>Total</b>	<b>\$ 67,246</b>	<b>\$ 4,415</b>	<b>\$ (360)</b>	<b>\$ -</b>	<b>\$ 22</b>	<b>\$ 71,323</b>	<b>\$ 24,393</b>	<b>\$ 1,793</b>	<b>\$ (280)</b>	<b>\$ 25,906</b>	<b>\$ 45,417</b>

## Schedule 1: Consolidated schedule of tangible capital assets

As at and for the year ended December 31, 2023

	Cost						Accumulated Amortization				Net book value
	Beginning	Additions	Disposals / transfers	Revaluation	Donated	Ending	Beginning	Amortization	Disposals	Ending	
<b>General</b>											
Land	\$ 4,458	\$ 93	\$ (21)	\$ -	\$ -	\$ 4,530	\$ -	\$ -	\$ -	\$ -	\$ 4,530
Land improvements	4,989	436	-	(2)	9	5,432	2,096	241	(1)	2,336	3,096
Buildings and building improvements	11,755	511	(57)	-	-	12,209	4,114	311	(49)	4,376	7,833
Machinery and equipment	3,056	349	(113)	-	-	3,292	2,030	236	(111)	2,155	1,137
Motor vehicles	2,932	411	(108)	-	-	3,235	1,884	225	(106)	2,003	1,232
<b>Total general</b>	<b>27,190</b>	<b>1,800</b>	<b>(299)</b>	<b>(2)</b>	<b>9</b>	<b>28,698</b>	<b>10,124</b>	<b>1,013</b>	<b>(267)</b>	<b>10,870</b>	<b>17,828</b>
<b>Infrastructure</b>											
Land	140	-	-	-	-	140	-	-	-	-	140
Buildings and building improvements	983	53	-	-	-	1,036	276	26	-	302	734
Machinery and equipment	3,103	299	-	-	-	3,402	1,584	104	-	1,688	1,714
Water and wastewater linear	7,794	1,312	(21)	-	-	9,085	2,747	132	(10)	2,869	6,216
Roads linear	5,708	586	(5)	-	-	6,289	2,691	144	(4)	2,831	3,458
Transit	11,696	416	-	-	-	12,112	5,476	357	-	5,833	6,279
<b>Total infrastructure</b>	<b>29,424</b>	<b>2,666</b>	<b>(26)</b>	<b>-</b>	<b>-</b>	<b>32,064</b>	<b>12,774</b>	<b>763</b>	<b>(14)</b>	<b>13,523</b>	<b>18,541</b>
<b>Assets under construction</b>	<b>6,684</b>	<b>505</b>	<b>(705)</b>	<b>-</b>	<b>-</b>	<b>6,484</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,484</b>
<b>Total</b>	<b>\$ 63,298</b>	<b>\$ 4,971</b>	<b>\$ (1,030)</b>	<b>\$ (2)</b>	<b>\$ 9</b>	<b>\$ 67,246</b>	<b>\$ 22,898</b>	<b>\$ 1,776</b>	<b>\$ (281)</b>	<b>\$ 24,393</b>	<b>\$ 42,853</b>

# Appendix 1: Consolidated schedule of government business enterprises

As at and for the year ended December 31, 2024 with comparatives to 2023

Condensed financial results (\$)	Toronto Hydro Corporation		Toronto Parking Authority		Total							
	Fiscal year ended	2024	2023	2024	2023	2024	2023					
<b>Financial position</b>												
<b>Assets</b>												
Current	\$	616	\$	652	\$	96	\$	89	\$	712	\$	741
Capital		7,180		6,597		307		275		7,487		6,872
Other		339		345		38		39		377		384
<b>Total assets</b>		<b>8,135</b>		<b>7,594</b>		<b>441</b>		<b>403</b>		<b>8,576</b>		<b>7,997</b>
<b>Liabilities</b>												
Current		1,075		1,089		91		63		1,166		1,152
Long-term		4,860		4,402		2		3		4,862		4,405
<b>Total liabilities</b>		<b>5,935</b>		<b>5,491</b>		<b>93</b>		<b>66</b>		<b>6,028</b>		<b>5,557</b>
<b>Net equity</b>	\$	<b>2,200</b>	\$	<b>2,103</b>	\$	<b>348</b>	\$	<b>337</b>	\$	<b>2,548</b>	\$	<b>2,440</b>
<b>City's share (Note 6)</b>	\$	<b>2,189</b>	\$	<b>2,091</b>	\$	<b>348</b>	\$	<b>337</b>	\$	<b>2,537</b>	\$	<b>2,428</b>
<b>Results of operations</b>												
Revenues	\$	4,006	\$	3,713	\$	169	\$	152	\$	4,175	\$	3,865
Expenses		3,874		3,573		125		114		3,999		3,687
<b>Net income</b>	\$	<b>132</b>	\$	<b>140</b>	\$	<b>44</b>	\$	<b>38</b>	\$	<b>176</b>	\$	<b>178</b>
<b>City's share (Note 6)</b>	\$	<b>132</b>	\$	<b>140</b>	\$	<b>44</b>	\$	<b>38</b>	\$	<b>176</b>	\$	<b>178</b>
Distribution to City (Note 6)		84		98		33		32		117		130
Net book value of assets sold from the City to Toronto Hydro Corporation		11		12		-		-		11		12

## Appendix 2: Consolidated schedule of segment disclosure — service

As at and for the year ended December 31, 2024

	General government	Protection to persons and property	Transportation	Environmental	Health	Social and family	Social housing	Recreation and cultural	Planning and development	Consolidated
Taxation*	\$ 6,636	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,636
User charges	100	298	1,280	1,601	1	69	18	209	34	3,610
Government transfers	122	63	764	36	390	3,006	193	23	72	4,669
Net GBE income	176	-	-	-	-	-	-	-	-	176
Other	1,088	103	600	322	3	44	505	367	79	3,111
<b>Total revenues</b>	<b>8,122</b>	<b>464</b>	<b>2,644</b>	<b>1,959</b>	<b>394</b>	<b>3,119</b>	<b>716</b>	<b>599</b>	<b>185</b>	<b>18,202</b>
Salaries, wages, and benefits	683	2,196	2,108	333	468	815	254	699	86	7,642
Materials	44	81	565	170	25	347	314	172	25	1,743
Contracted services	165	39	614	238	28	890	104	102	25	2,205
Interest on long-term debt	39	7	236	13	1	36	74	16	15	437
Transfer payments	(148)	56	(3)	139	48	1,543	258	125	65	2,083
Other	147	16	18	12	1	40	32	16	1	283
Amortization	133	57	922	271	6	7	286	109	2	1,793
<b>Total expenses</b>	<b>1,063</b>	<b>2,452</b>	<b>4,460</b>	<b>1,176</b>	<b>577</b>	<b>3,678</b>	<b>1,322</b>	<b>1,239</b>	<b>219</b>	<b>16,186</b>
<b>Annual surplus (deficit)</b>	<b>\$ 7,059</b>	<b>\$ (1,988)</b>	<b>\$ (1,816)</b>	<b>\$ 783</b>	<b>\$ (183)</b>	<b>\$ (559)</b>	<b>\$ (606)</b>	<b>\$ (640)</b>	<b>\$ (34)</b>	<b>\$ 2,016</b>

\*Taxation revenues are allocated to General Government for presentation purposes however fund all divisional activities and consolidated entities as required.

## Appendix 2: Consolidated schedule of segment disclosure — service

As at and for the year ended December 31, 2023

	General government	Protection to persons and property	Transportation	Environmental	Health	Social and family	Social housing	Recreation and cultural	Planning and development	Consolidated
Taxation*	\$ 6,131	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,131
User charges	92	268	1,158	1,619	1	66	17	193	43	3,457
Government transfers	208	76	589	36	353	2,879	90	26	21	4,278
Net GBE income	178	-	-	-	-	-	-	-	-	178
Other	530	96	487	276	9	29	504	173	177	2,281
<b>Total revenues</b>	<b>7,139</b>	<b>440</b>	<b>2,234</b>	<b>1,931</b>	<b>363</b>	<b>2,974</b>	<b>611</b>	<b>392</b>	<b>241</b>	<b>16,325</b>
Salaries, wages, and benefits	610	2,019	1,897	312	505	760	242	650	74	7,069
Materials	185	24	367	180	25	291	157	154	4	1,387
Contracted services	111	52	572	202	27	1,029	109	85	22	2,209
Interest on long-term debt	38	7	219	17	1	31	80	15	13	421
Transfer payments	(155)	65	6	134	46	1,408	181	124	51	1,860
Other	144	18	85	22	3	50	17	12	2	353
Amortization	129	56	928	276	5	1	282	97	2	1,776
<b>Total expenses</b>	<b>1,062</b>	<b>2,241</b>	<b>4,074</b>	<b>1,143</b>	<b>612</b>	<b>3,570</b>	<b>1,068</b>	<b>1,137</b>	<b>168</b>	<b>15,075</b>
<b>Annual surplus (deficit)</b>	<b>\$ 6,077</b>	<b>\$ (1,801)</b>	<b>\$ (1,840)</b>	<b>\$ 788</b>	<b>\$ (249)</b>	<b>\$ (596)</b>	<b>\$ (457)</b>	<b>\$ (745)</b>	<b>\$ 73</b>	<b>\$ 1,250</b>

\*Taxation revenues are allocated to General Government for presentation purposes however fund all divisional activities and consolidated entities as required.

## Appendix 3: Consolidated schedule of segment disclosure — entity

As at and for the year ended December 31, 2024

		City	Toronto Police Service	Toronto Transit Commission	Toronto Public Library	Toronto Community Housing Corporation	Other Agencies and Corporations	Total
Taxation*	\$	6,636	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,636
User charges		2,390	56	1,034	1	18	111	3,610
Government transfers		3,924	60	442	6	193	44	4,669
Net GBE income		176	-	-	-	-	-	176
Other		2,174	47	325	19	501	45	3,111
<b>Total revenues</b>		<b>15,300</b>	<b>163</b>	<b>1,801</b>	<b>26</b>	<b>712</b>	<b>200</b>	<b>18,202</b>
Salaries, wages, and benefits		3,790	1,473	1,832	184	221	142	7,642
Materials		1,167	55	267	3	312	(61)	1,743
Contracted services		1,622	28	385	41	103	26	2,205
Interest on long-term debt		359	5	-	-	72	1	437
Transfer payments		3,825	16	(1,366)	43	(215)	(220)	2,083
Other		182	5	48	4	27	17	283
Amortization		636	46	768	54	276	13	1,793
<b>Total expenses</b>		<b>11,581</b>	<b>1,628</b>	<b>1,934</b>	<b>329</b>	<b>796</b>	<b>(82)</b>	<b>16,186</b>
<b>Annual surplus (deficit)</b>	<b>\$</b>	<b>3,719</b>	<b>\$ (1,465)</b>	<b>\$ (133)</b>	<b>\$ (303)</b>	<b>\$ (84)</b>	<b>\$ 282</b>	<b>\$ 2,016</b>

\*Taxation revenues are allocated to City for presentation purposes to fund all consolidated entities as required.

## Appendix 3: Consolidated schedule of segment disclosure — entity

As at and for the year ended December 31, 2023

		City	Toronto Police Service	Toronto Transit Commission	Toronto Public Library	Toronto Community Housing Corporation	Other Agencies and Corporations	Total
Taxation*	\$	6,131	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,131
User charges		2,340	46	949	2	17	103	3,457
Government transfers		3,528	72	571	6	76	25	4,278
Net GBE income		178	-	-	-	-	-	178
Other		1,270	44	295	15	501	156	2,281
<b>Total revenues</b>		<b>13,447</b>	<b>162</b>	<b>1,815</b>	<b>23</b>	<b>594</b>	<b>284</b>	<b>16,325</b>
Salaries, wages, and benefits		3,577	1,317	1,663	175	211	126	7,069
Materials		1,070	-	252	3	156	(94)	1,387
Contracted services		1,645	44	353	38	109	20	2,209
Interest on long-term debt		333	5	-	-	80	3	421
Transfer payments		3,564	15	(1,287)	38	(278)	(192)	1,860
Other		272	6	61	2	17	(5)	353
Amortization		645	45	769	39	268	10	1,776
<b>Total expenses</b>		<b>11,106</b>	<b>1,432</b>	<b>1,811</b>	<b>295</b>	<b>563</b>	<b>(132)</b>	<b>15,075</b>
<b>Annual surplus (deficit)</b>	<b>\$</b>	<b>2,341</b>	<b>\$ (1,270)</b>	<b>\$ 4</b>	<b>\$ (272)</b>	<b>\$ 31</b>	<b>\$ 416</b>	<b>\$ 1,250</b>

\*Taxation revenues are allocated to City for presentation purposes to fund all consolidated entities as required.

# The City's sinking funds financial statements

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**INDEPENDENT AUDITOR'S REPORT**

To the Members of the City Council of the City of Toronto

***Opinion***

We have audited the financial statements of the City of Toronto Sinking Funds (the Entity), which comprise:

- the statement of financial position as at December 31, 2024
- the statement of operations and accumulated surplus (deficit) for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies (Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2024, and its results of operations and its cash flows for the year then ended in accordance with the basis of accounting described in Note 2 to the financial statements.

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

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

KPMG LLP, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Canada provides services to KPMG LLP.



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## ***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 the basis of accounting described in Note 2 to the financial statements, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

## ***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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads "KPMG LLP". Below the signature is a horizontal line that starts under the "K" and ends under the "P".

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

July 23, 2025

# Statement of financial position

As at December 31, 2024 with comparatives to 2023

	2024	2023
<b>Financial assets</b>		
Cash and cash equivalents	\$ 162,887	\$ 364,815
Accounts receivable	7,905	7,690
Investments ( <a href="#">Note 3</a> )	2,700,941	2,139,822
<b>Total financial assets</b>	<b>2,871,733</b>	<b>2,512,327</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	-	38
Deferred revenue ( <a href="#">Note 5</a> )	47,033	41,546
Actuarial requirements ( <a href="#">Note 4</a> )	2,790,751	2,525,286
<b>Total liabilities</b>	<b>2,837,784</b>	<b>2,566,870</b>
<b>Total accumulated surplus (deficit)</b>	<b>33,949</b>	<b>(54,543)</b>
<b>Total liabilities and accumulated surplus (deficit)</b>	<b>\$ 2,871,733</b>	<b>\$ 2,512,327</b>

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

# Statement of operations and accumulated surplus (deficit)

For the year ended December 31, 2024 with comparatives to 2023

	2024	2023
<b>Revenues</b>		
Contributions	\$ 497,023	\$ 471,691
Investment income ( <a href="#">Note 6</a> )	157,057	15,308
<b>Total revenues</b>	<b>654,080</b>	<b>486,999</b>
<b>Expenses (income)</b>		
Changes in actuarial requirements ( <a href="#">Note 4</a> )	565,465	539,889
Other expenses	123	(81)
<b>Total expenses</b>	<b>565,588</b>	<b>539,808</b>
<b>Annual surplus (deficit)</b>	<b>88,492</b>	<b>(52,809)</b>
Accumulated (deficit) – beginning of year	(54,543)	(1,734)
<b>Accumulated surplus (deficit) – end of year</b>	<b>\$ 33,949</b>	<b>\$ (54,543)</b>

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

# Statement of cash flows

For the year ended December 31, 2024 with comparatives to 2023

	2024	2023
<b>Cash flows provided by (used in):</b>		
<b>Operating activities</b>		
Annual surplus (deficit)	\$ 88,492	\$ (52,809)
Changes in non-cash assets and liabilities:		
Accounts receivable	(215)	(1,730)
Accounts payable and accrued liabilities	(38)	(43)
Actuarial requirements	565,465	539,889
<b>Cash provided by operating activities</b>	<b>653,704</b>	<b>485,307</b>
<b>Investing activities</b>		
Purchase of investments	(1,531,700)	(748,681)
Proceeds from maturities of investments	88,243	88,726
Proceeds from sale of investments	887,825	526,693
<b>Cash used in investing activities</b>	<b>(555,632)</b>	<b>(133,262)</b>
<b>Financing activities</b>		
Maturity of debenture	(300,000)	(300,000)
<b>Cash used in financing activities</b>	<b>(300,000)</b>	<b>(300,000)</b>
<b>Net (decrease) increase in cash and cash equivalents during the year</b>	<b>(201,928)</b>	<b>52,045</b>
Cash and cash equivalents – beginning of year	364,815	312,770
<b>Cash and cash equivalents – end of year</b>	<b>\$ 162,887</b>	<b>\$ 364,815</b>

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

# Notes to the financial statements

For the year ended December 31, 2024

## 1. Purpose of Sinking Funds

The City of Toronto Sinking Funds (the Sinking Funds) accumulate amounts through periodic contributions, which are calculated such that the contributions and interest earnings will be sufficient to retire the principal amount of the Sinking Funds debt when it matures. When the accumulated Sinking Funds exceeds the maturity value of the related debenture, the excess may be applied against other Sinking Funds accounts created for the same purpose.

**Note 7** in these financial statements contains the schedule of projected debenture maturity amounts.

The Sinking Funds are governed under the City of Toronto Act, 2006 and are exempt from income taxes under Section 149(1) of the Income Tax Act (Canada).

## 2. Significant accounting policies

### a. Basis of presentation

These financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards (PSAS) as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

### b. Use of estimates and measurement uncertainty

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the Financial Statement date and the reported amount of revenues and expenses during the reporting period. In particular, there is significant judgment applied in determining actuarial requirements for Sinking Funds. Actual results could differ from those estimates.

### c. Investments

Investments are measured at fair value and consist mainly of government and corporate bonds, money market securities, and guaranteed investment certificates, as well as equity pooled funds. Where there is a permanent loss in value, the investment value is written down to recognize the loss, with the corresponding write-down reflected in the Statement of Operations and Accumulated Surplus (Deficit).

Investment transactions are recorded on a trade date basis and transaction costs are expensed as incurred.

Unrealized gains and losses arising from a change in fair value of investments are recognized as deferred revenue until the investments mature or are sold.

Realized gains and losses arising from disposition or maturity of investments are recognized in the Statement of Operations and Accumulated Surplus (Deficit).

### d. Financial instruments and fair value hierarchy

The following is a list of the Sinking Funds' financial instruments and their related measurement basis:

Financial assets	Measurement basis
Cash and cash equivalents	Cost / amortized cost
Accounts receivable	Cost / amortized cost
Investments	Fair value

Financial liabilities	Measurement basis
Accounts payable and accrued liabilities	Cost / amortized cost
Actuarial requirements	Cost / amortized cost

All financial instruments must be classified in accordance with the significance of the inputs used in making fair value measurements. The fair value hierarchy prioritizes the valuation techniques used to determine the fair value of a financial instrument based on whether the inputs to those techniques are observable or unobservable:

- i. Level 1 – Derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- ii. Level 2 – Derived from quoted prices for similar assets and liabilities, quoted prices in markets that are not active, or models using inputs that are observable.
- iii. Level 3 – Derived using discounted cash flow methodologies or similar techniques and at least one significant model assumption or input is unobservable.

The fair value of the Sinking Funds' investments as at December 31, 2024, are Level 1 and Level 2.

### e. Revenue recognition

Contributions are recognized as revenue in the year receivable. Interest income is recognized as revenue in the period earned.

Investment income includes interest income and realized gains and losses, net of bank service charges.

### 3. Investments

	2024	2023
<b>Debt investments issued or guaranteed by:</b>		
Provincial governments	\$ 1,511,020	\$ 1,239,076
Corporations	408,049	319,007
Other Canadian municipalities	19,836	24,273
City of Toronto	17,365	10,905
<b>Total debt investments</b>	<b>1,956,270</b>	<b>1,593,261</b>
<b>Equity investments issued or guaranteed by:</b>		
Corporations	579,175	546,561
<b>Total equity investments</b>	<b>579,175</b>	<b>546,561</b>
<b>Real estate investments issued or guaranteed by:</b>		
Corporations	165,496	-
<b>Total real estate investments</b>	<b>165,496</b>	-
<b>Total investments</b>	<b>\$ 2,700,941</b>	<b>\$ 2,139,822</b>

The Toronto Investment Board manages the funds not immediately required by the City, as well as managing the City's investments in accordance with the City's investment standards and Council-approved investment policy.

### 4. Actuarial requirements

The actuarial requirements liability of the Sinking Funds represents the amounts levied during the year as set out in the Sinking Funds debenture by-laws plus interest accrued, compounded at the Sinking Funds rates of 3.5%, or 4.0% per annum on debt issued in 1997 and after; and 2.0%, and 2.5% per annum on debt issued in 2015 and after. These actuarial requirement liabilities are presented at amortized cost, which approximates fair value.

	2024	2023
Actuarial requirements – beginning of year	\$ 2,525,286	\$ 2,285,397
Add: change in actuarial liability requirements	565,465	539,889
	3,090,751	2,825,286
Less: value of debentures matured during the year	(300,000)	(300,000)
<b>Actuarial requirements – end of year</b>	<b>\$ 2,790,751</b>	<b>\$ 2,525,286</b>

### 5. Deferred revenue

Deferred revenue consists of unrealized gains and losses arising from the change in fair value on investments. The following table provides a summary of significant components of the deferred revenue balance:

	2024			
	Opening balance	In-year unrealized gains	In-year realized (gains)	Ending balance
<b>Total deferred revenue</b>	<b>\$ 41,546</b>	<b>\$ 81,264</b>	<b>\$ (75,777)</b>	<b>\$ 47,033</b>

	2023			
	Opening balance	In-year unrealized (losses)	In-year realized losses	Ending balance
<b>Total deferred revenue</b>	<b>\$ -</b>	<b>\$ (8,962)</b>	<b>\$ 50,508</b>	<b>\$ 41,546</b>

## 6. Investment income

	2024	2023
Investment income (loss)	\$ 139,456	\$ (6,980)
Interest income	17,601	22,288
<b>Total investment income</b>	<b>\$ 157,057</b>	<b>\$ 15,308</b>

## 7. Schedule of projected debenture maturities

For the year ended December 31, 2024, the following is a list of the projected maturities of the Sinking Funds debentures, held within the City of Toronto (2023 for comparison). The list only includes years when debentures are expected to mature.

	2024	2023
2024	\$ -	\$ 300,000
2025	300,000	300,000
2026	300,000	300,000
2027	700,000	700,000
2029	600,000	600,000
2030	200,000	200,000
2031	150,000	150,000
2032	300,000	300,000
2033	335,000	335,000
2034	500,000	-
2035	400,000	400,000
2036	750,000	750,000
2039	330,000	330,000
2040	1,106,250	1,106,250
2041	650,000	650,000
2042	1,150,000	1,150,000
2044	300,000	300,000
2046	500,000	500,000
2048	300,000	300,000
2049	600,000	600,000
2051	350,000	350,000
2052	715,000	715,000
2054	500,000	-
<b>Total projected debenture maturities</b>	<b>\$ 11,036,250</b>	<b>\$ 10,336,250</b>

## 8. Risk management

The Sinking Funds are subject to a range of financial risks including credit risk, liquidity risk, and market risk (which includes interest rate risk and other price risk) with respect to the investment portfolio. The Sinking Funds' overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Sinking Funds' financial performance.

### a. Credit risk

Credit risk on financial instruments is the risk of financial loss occurring as a result of default or insolvency of a counterparty on its obligations to the Sinking Funds. The Sinking Funds are subject to credit risk with respect to fixed income investments.

The fair value of the investments in debt securities represents the maximum credit risk exposure at the date of the financial statements. Credit risk is managed by the Sinking Funds' internal investment managers, as well as third-party investment managers, which are responsible for regular monitoring of credit exposures. The credit quality of financial assets is generally assessed by reference to external credit ratings where available, or to historical information about counterparty default rates. The Sinking Funds further mitigate credit risk by limiting the investment portfolio to investments at the investment grade.

## 8. Risk management (cont.)

### b. Liquidity risk

Liquidity risk is the risk that the Sinking Funds will be unable to settle or meet commitments as they come due. These commitments include payment of the funding obligations of the Sinking Funds. To manage liquidity risk, the Sinking Funds invest in a broader range of marketable securities, including equities and fixed income instruments that are actively traded and can be easily converted to cash.

### c. Market risk

Market risk is the risk that the fair value of future cash flows of investments will fluctuate as a result of changes in market conditions, whether those changes are caused by factors specific to the individual investment, or factors affecting all securities traded in the market. Market risk encompasses a variety of financial risks, such as foreign currency risk, interest rate risk, and other price risk. The Sinking Funds are subject to market risk primarily through interest rate risk and other price risk.

#### i. Interest rate risk:

Interest rate risk is the risk that either future cash flows or the fair value of a financial instrument will fluctuate because of changes in market interest rates. The Sinking Funds are exposed to the risk of fluctuation in the fair value of their fixed income investments due to changes in interest rates. The Sinking Funds invest in debt instruments with varying terms to maturity. Debt instruments in the long-term investment portfolio are traded frequently at a high volume and rarely held to maturity – these have a greater sensitivity to changes in interest rates, which can cause fluctuations in fair value. For every 1% increase in the public market interest rates, the fair value of the fixed income investments held by the Sinking Funds as at December 31, 2024 would have decreased by approximately \$241,911. For every 1% decrease in the public market interest rates, the fair value of the fixed income investments held by the Sinking Funds as at December 31, 2024 would have increased by approximately \$241,911.

This fixed income investment sensitivity is mitigated by the liabilities of the Sinking Funds which have a similar duration and will have an opposite change in value under the same circumstances. Overall, due to the matching of the assets and liabilities, public market interest rate fluctuations will have a minimal impact on the net value of the Sinking Funds.

#### ii. Other price risk:

Other price risk refers to the risk that the fair value of financial instruments or future associated cash flows will fluctuate because of changes in market prices (other than those arising from interest rate risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all similar instruments traded in the market.

The Sinking Funds are exposed to other price risk due to investments in a variety of marketable securities, including equities and fixed income instruments. Risk and volatility of investment returns are mitigated through diversification of investments. To minimize other price risk, the Sinking Funds operate within the constraints of an investment policy. Compliance to this policy is monitored by management, the Toronto Investment Board, and City Council.

# The City's consolidated trust funds financial statements

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**INDEPENDENT AUDITOR'S REPORT**

To the Members of the City Council of the City of Toronto

***Opinion***

We have audited the consolidated financial statements of the City of Toronto Consolidated Trust Funds (the Entity), which comprise:

- the consolidated statement of financial position as at December 31, 2024
- the consolidated statement of operations and changes in fund balances for the year then ended
- the consolidated statement of cash flows for the year then ended
- the consolidated statement of continuity of fund balances for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2024, and its results of operations and fund balances and its cash flows for the year then ended in accordance with the basis of accounting described in Note 1 to the financial statements.

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

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

KPMG LLP, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Canada provides services to KPMG LLP.



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### ***Emphasis of Matter - Financial Reporting Framework***

We draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the Members of the City Council of the City of Toronto to assess the financial performance of the Entity. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Members of the City Council of the City of Toronto and management, in accordance with the terms of our engagement, and should not be distributed to or used by parties other than the Members of City Council and management.

Our opinion is not modified in respect of this matter.

### ***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 the basis of accounting described in Note 1 to the financial statements, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### ***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.



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We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.  
The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads "KPMG LLP". Below the signature is a single horizontal line.

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

July 23, 2025

# Consolidated statement of financial position

As at December 31, 2024 with comparatives to 2023

	2024	2023
<b>Assets</b>		
Cash	\$ 6,638	\$ 6,113
Accounts receivable	218	246
Due from City of Toronto ( <a href="#">Note 3</a> )	12,190	13,925
Investments ( <a href="#">Note 4</a> and <a href="#">6</a> )	78,167	89,896
<b>Total assets</b>	<b>97,213</b>	<b>110,180</b>
<b>Liabilities</b>		
Accounts payable	181	173
<b>Fund balances (<a href="#">Note 6</a>)</b>	<b>97,032</b>	<b>110,007</b>
<b>Total liabilities and fund balances</b>	<b>\$ 97,213</b>	<b>\$ 110,180</b>

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

# Consolidated statement of operations and changes in fund balances

For the year ended December 31, 2024 with comparatives to 2023

	2024	2023
<b>Revenues</b>		
Investment income ( <a href="#">Note 5</a> and <a href="#">6</a> )	\$ 8,766	\$ 9,795
Contributions and other income	14,876	15,957
<b>Total revenues</b>	<b>23,642</b>	<b>25,752</b>
 <b>Expenses</b>	 <b>36,617</b>	 <b>26,360</b>
 <b>Annual deficit (<a href="#">Note 6</a>)</b>	 <b>(12,975)</b>	 <b>(608)</b>
Fund balances – beginning of year	110,007	110,615
<b>Fund balances – end of year</b>	<b>\$ 97,032</b>	<b>\$ 110,007</b>

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

# Consolidated statement of cash flows

For the year ended December 31, 2024 with comparatives to 2023

	2024	2023
<b>Cash flows provided by (used in):</b>		
<b>Operating activities</b>		
Annual deficit	\$ (12,975)	\$ (608)
Add (deduct) items not involving cash:		
Unrealized loss (gain) on investments	628	(8,553)
	<hr/>	<hr/>
	(12,347)	(9,161)
Change in non-cash operating items:		
Accounts receivable – accrued interest on bank balance	15	(73)
Accounts receivable – other	29	1
Due from Toronto Police Services	(16)	(20)
Due from City of Toronto	1,735	(317)
Accounts payable	8	15
<b>Cash (used in) operating activities</b>	<hr/> <b>(10,576)</b>	<hr/> <b>(9,555)</b>
<b>Investing activities</b>		
Purchase of investments	(19,041)	(20,350)
Proceeds from maturities of investments	6,374	6,335
Proceeds from sale of investments	23,768	23,799
<b>Cash provided by investing activities</b>	<hr/> <b>11,101</b>	<hr/> <b>9,784</b>
<b>Net increase in cash during the year</b>	<hr/> <b>525</b>	<hr/> <b>229</b>
Cash – beginning of year	6,113	5,884
<b>Cash – end of year</b>	<hr/> <b>\$ 6,638</b>	<hr/> <b>\$ 6,113</b>

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

# Consolidated statement of continuity of fund balances

As at and for the year ended December 31, 2024

	Balance, beginning of year	Contributions	Investment income	Expenses	Balance, end of year
<b>Investments held in trust for:</b>					
Toronto Atmospheric Fund	\$ 81,560	\$ 12,033	\$ 7,557	\$ 31,334	\$ 69,816
Keele Valley Site Post-Closure	7,802	-	111	-	7,913
Homes for the Aged Residents	6,524	2,833	237	3,023	6,571
Community Centre Development Levy Trust	5,738	-	310	1,625	4,423
Toronto Police Services Board Mounted Unit	2,141	-	226	63	2,304
Indemnity Deposit – Waterpark Place	1,281	-	73	-	1,354
Contract Aftercare Project	1,243	-	54	-	1,297
Regent Park Legacy Trust	825	-	45	-	870
Music Garden Trust Fund	646	-	34	22	658
Community Services and Facilities	833	-	45	399	479
Queen's Quay Community Services	356	-	19	-	375
Lakeshore Pedestrian Bridge	296	-	17	-	313
Children's Green House Trust	138	-	7	-	145
Green Lane Small Claims	130	-	7	-	137
Toronto Police Services Board	97	-	6	6	97
Public Art Maintenance Trust	83	-	4	8	79
Preservation Trust	60	-	3	-	63
Hugh Clydesdale	52	-	3	-	55
Michael Sansone	46	-	1	-	47
Other Trust Funds	156	10	7	137	36
<b>Total</b>	<b>\$ 110,007</b>	<b>\$ 14,876</b>	<b>\$ 8,766</b>	<b>\$ 36,617</b>	<b>\$ 97,032</b>

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

# Consolidated statement of continuity of fund balances

As at and for the year ended December 31, 2023

	Balance, beginning of year	Contributions	Investment income	Expenses	Balance, end of year
<b>Investments held in trust for:</b>					
Toronto Atmospheric Fund	\$ 82,995	\$ 12,887	\$ 8,563	\$ 22,885	\$ 81,560
Keele Valley Site Post-Closure	7,703	-	99	-	7,802
Homes for the Aged Residents	6,411	2,845	288	3,020	6,524
Community Centre Development Levy Trust	5,463	-	275	-	5,738
Toronto Police Services Board Mounted Unit	2,015	-	167	41	2,141
Indemnity Deposit – Waterpark Place	1,212	-	69	-	1,281
Contract Aftercare Project	1,192	-	51	-	1,243
Community Services and Facilities	847	-	43	57	833
Regent Park Legacy Trust	785	-	40	-	825
Music Garden Trust Fund	628	-	26	8	646
Queen's Quay Community Services	366	-	18	28	356
Lakeshore Pedestrian Bridge	280	-	16	-	296
Children's Green House Trust	131	-	7	-	138
Green Lane Small Claims	124	-	6	-	130
Toronto Police Services Board	98	-	104	105	97
Public Art Maintenance Trust	79	-	4	-	83
Preservation Trust	57	-	3	-	60
Hugh Clydesdale	50	-	2	-	52
Michael Sansone	45	-	1	-	46
Other Trust Funds	134	225	13	216	156
<b>Total</b>	<b>\$ 110,615</b>	<b>\$ 15,957</b>	<b>\$ 9,795</b>	<b>\$ 26,360</b>	<b>\$ 110,007</b>

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

# Notes to the consolidated financial statements

For the year ended December 31, 2024

## 1. Significant accounting policies

The City of Toronto Consolidated Trust Funds (Trust Funds) consist of various trust funds administered by the City of Toronto (City) as well as those within organizations that are accountable to the City. The Trust Funds' consolidated financial statements are the representation of management and have been prepared in accordance with the Chartered Professional Accountants of Canada's Public Sector Accounting Standards, except that investments are recorded at fair value to reflect their ability to support the purpose for which they were created. The Trust Funds are not subject to income taxes under Section 149 (1) of the Income Tax Act (Canada). The significant accounting policies are summarized below.

### a. Revenue recognition

The Trust Funds follow the restricted fund method of accounting for contributions. The City ensures, as part of its fiduciary responsibilities, that all funds received with a restricted purpose are expended for the purpose for which they were provided. For financial reporting purposes, the Trust Funds are all classified as "restricted" and are to be used only for the specific purposes as specified by each trust agreement.

Investment income includes dividends, interest and realized and unrealized gains and losses and is included in the consolidated statement of operations and changes in fund balances.

### b. Financial instruments and investment income

Investments consisting of government and corporate bonds, equity funds, debentures and short-term instruments of various financial institutions are authorized investments pursuant to the provisions of the Municipal Act.

All financial instruments must be classified in accordance with the significance of the inputs used in making fair value measurements. The fair value hierarchy prioritizes the valuation techniques used to determine the fair value of a financial instrument based on whether the inputs to those techniques are observable or unobservable:

- i. Level 1 – Derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- ii. Level 2 – Derived from quoted prices for similar assets and liabilities, quoted prices in markets that are not active, or models using inputs that are observable.

- iii. Level 3 – Derived using discounted cash flow methodologies or similar techniques and at least one significant model assumption or input is unobservable.

The fair value of the Trust Funds' investments as at December 31, 2024, are Level 1 and Level 2.

The Trust Funds' investment activities expose it to a range of financial risks, including market risk, liquidity risk, and credit risk. The value of investments recorded in the consolidated financial statements is the fair value determined as follows:

- i. Short-term investments are comprised of money market instruments, such as bankers acceptances and are valued based on cost plus accrued income, which approximates fair value.
- ii. Publicly traded bonds and debentures are determined based on the latest bid prices.
- iii. Equity Funds are valued based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

Transactions are recorded on a settlement date basis. Transaction costs are expensed as incurred.

### c. Expenses

Expenses are recognized on an accrual basis of accounting based on the receipt of goods or services and the creation of a legal obligation to pay.

Distributions, withdrawals from, and management fees for investments held in trust for the Toronto Atmospheric Fund are recorded as expenses in the period incurred in the consolidated statement of operations and changes in fund balances.

## 2. Use of estimates

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amount of assets, liabilities and surplus/loss at the reporting date and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## 3. Due from City of Toronto

As at December 31, 2024 the Trust Funds have amounts due from the City of Toronto of \$12,190 (2023 - \$13,925) for investment and banking transactions, since the City maintains bank accounts or holds investments on behalf of the Trust Funds. These amounts are non-interest bearing and are due on demand.

#### 4. Investments

Investments consist of the following:

	2024		2023	
	Fair value	Book value	Fair value	Book value
Short-term investments	\$ 6,441	\$ 6,300	\$ 6,573	\$ 6,394
Mutual fund investments	71,726	56,387	83,323	64,125
<b>Total investments</b>	<b>\$ 78,167</b>	<b>\$ 62,687</b>	<b>\$ 89,896</b>	<b>\$ 70,519</b>

	2024	2023
Weighted average rate of return	6.59%	6.07%
Range of maturity dates	2025-2034	2024-2034
Excess of fair value over book value	\$ 15,480	\$ 19,376

#### 5. Investment income

	2024	2023
Investment income	\$ 7,708	\$ 215
Interest income	1,686	1,027
Unrealized (loss) gain on change in fair value (Note 7)	(628)	8,553
<b>Total investment income</b>	<b>\$ 8,766</b>	<b>\$ 9,795</b>

#### 6. Risk exposure

The Trust Funds are subject to market risk, credit risk, liquidity risk, and interest rate risk with respect to their investment portfolio. The Trust Funds' interest bearing investments are exposed to interest rate risk. The Trust Funds' investments are at risk due to fluctuations in market prices whether changes are caused by factors specific to the individual investment or market conditions affecting all securities traded in the market. Unrealized gains and/or losses accounting for the valuation changes between fair value and book value of investments are recognized as part of the Trust Funds' consolidated statement of operations and changes in fund balances.

Market risks include exposure arising from holdings of foreign currency denominated investments and equity prices. The Trust Funds' reporting currency is Canadian dollars. A decrease in the relative value of the Canadian dollar as compared to the US dollar will result in an increase to the Trust Funds' US dollar investments. An increase in the relative value of the Canadian dollar as compared to the US dollar will result in a decrease to the Trust Funds' US dollar investments.

Equity price risk is the risk that the fair value or future cash flows of an equity financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument, or its issuer, or factors affecting all similar financial instruments traded in the market. The Trust Funds manage risk by investing across a wide variety of asset classes and investment strategies.

The Trust Funds hold investments in fixed income securities issued by corporations and government entities and as such have fixed income credit risk. The Trust Funds mitigate this risk by limiting the investment portfolio to investments in BBB grade or higher.

#### 7. Capital management

In managing capital, the Trust Funds focus on liquid resources available for reinvestment. The Trust Funds' objective is to have sufficient liquid resources to meet payout requirements. The need for sufficient liquid resources is considered in the investment process. As at December 31, 2024, the Trust Funds have met their objective of having sufficient liquid resources to meet their current requirements.

#### 8. Comparative information

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

# **Supplemental financial & statistical information**

## Supplemental financial and statistical information

(Not subject to audit; all dollar amounts are in millions except per capita figure. See accompanying notes and schedules to financial statements. Figures from prior years that have been restated are identified as such in the schedules below.)

### 1. Five year review summary

	2024	2023	2022	2021	2020
Population*	3,273,119	3,110,984	3,025,647	2,974,293	2,988,408
Households*	1,359,790	1,292,432	1,256,980	1,211,822	1,217,573
Areas in square kilometres	634	634	634	634	634
Full-time employees	53,821	51,590	49,980	48,285	47,657
Housing starts	18,715	30,516	20,864	17,959	20,982
Building permit values	\$ 17,544	\$ 14,189	\$ 12,489	\$ 12,911	\$ 11,928

\*Source of population data and number of households is from the City of Toronto, City Planning Division – which uses the data from the last Annual Demographic Estimate of Statistics Canada.

### 2. Taxation assessment upon which tax rates were set\*\*

	2024	2023	2022	2021	2020
Residential, multi-residential, new multi-residential, farmlands, and managed forest	\$ 649,716	\$ 639,652	\$ 631,031	\$ 620,468	\$ 610,239
Commercial, industrial and pipeline	135,321	135,075	135,228	135,309	136,164
<b>Total</b>	<b>\$ 785,037</b>	<b>\$ 774,727</b>	<b>\$ 766,259</b>	<b>\$ 755,777</b>	<b>\$ 746,403</b>
<b>Total per capita</b>	<b>\$ 239,844</b>	<b>\$ 249,030</b>	<b>\$ 253,255</b>	<b>\$ 254,103</b>	<b>\$ 249,766</b>

\*\*Taxation related information reflects Current Value Assessment (CVA).



**3. Tax rates (urban area)\*****a. Residential, new multi-residential, farmlands and managed forest (expressed in per cent, full rate only)**

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
City purposes	0.5622890	0.5132740	0.4789330	0.4580130	0.4467040
School board purposes	0.1530000	0.1530000	0.1530000	0.1530000	0.1530000
<b>Total</b>	<b>0.7152890</b>	<b>0.6662740</b>	<b>0.6319330</b>	<b>0.6110130</b>	<b>0.5997040</b>

**b. Multi-residential (expressed in per cent)**

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
City purposes	1.0094780	0.9748480	0.9403840	0.9403840	0.9403840
School board purposes	0.1530000	0.1530000	0.1530000	0.1530000	0.1530000
<b>Total</b>	<b>1.1624780</b>	<b>1.1278480</b>	<b>1.0933840</b>	<b>1.0933840</b>	<b>1.0933840</b>

**c. Commercial (expressed in per cent)**

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
City purposes	1.3486770	1.2898170	1.2420090	1.2001860	1.1918090
School board purposes	0.8800000	0.8800000	0.8800000	0.9024760	0.9800000
<b>Total</b>	<b>2.2286770</b>	<b>2.1698170</b>	<b>2.1220090</b>	<b>2.1026620</b>	<b>2.1718090</b>

**d. Industrial (expressed in per cent)**

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
City purposes	1.4059560	1.2909260	1.2046810	1.1853460	1.1736660
School board purposes	0.8800000	0.8800000	0.8800000	0.8800000	1.0672200
<b>Total</b>	<b>2.2859560</b>	<b>2.1709260</b>	<b>2.0846810</b>	<b>2.0653460</b>	<b>2.2408860</b>

**e. Pipeline (expressed in per cent)**

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
City purposes	1.0815200	0.9873160	0.9212560	0.8810160	0.8592620
School board purposes	0.8800000	0.8800000	0.8800000	0.8800000	1.2500000
<b>Total</b>	<b>1.9615200</b>	<b>1.8673160</b>	<b>1.8012560</b>	<b>1.7610160</b>	<b>2.1092620</b>

\*Taxation related information reflects Current Value Assessment (CVA).

**4. Property taxes receivable – end of year**

	<b>2024</b>	<b>2023 Restated</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Amount	\$ 458	\$ 403	\$ 462	\$ 381	\$ 466
Per capita	\$ 140	\$ 130	\$ 153	\$ 128	\$ 156

**5. Net long-term debt – end of year**

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Amount	\$ 8,880	\$ 8,586	\$ 8,859	\$ 8,146	\$ 7,654
Per capita	\$ 2,713	\$ 2,760	\$ 2,928	\$ 2,739	\$ 2,561

**6. Interest charges for net long-term debt**

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020 Restated</b>
Amount	\$ 436	\$ 421	\$ 365	\$ 364	\$ 343
Per capita	\$ 133	\$ 135	\$ 121	\$ 122	\$ 115

**7. Long-term debt supported by property taxes**

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Gross long-term debt	\$ 9,370	\$ 9,037	\$ 9,299	\$ 8,535	\$ 8,003
Net long-term debt (net of sinking fund deposits)	\$ 8,880	\$ 8,586	\$ 8,859	\$ 8,146	\$ 7,654

**8. Long-term debt and mortgages charges**

The following includes principal repayments, interest on long-term debt and interest earned on sinking funds:

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021 Restated</b>	<b>2020 Restated</b>
Amount	\$ 1,223	\$ 1,030	\$ 880	\$ 902	\$ 666
Percentage of total consolidated expenses	7.56%	6.83%	6.35%	6.81%	5.35%

**9. Legal debt limit\***

The City's debt limit represents 15% of property tax levy.

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Property tax levy amount	\$ 5,690	\$ 5,273	\$ 4,872	\$ 4,672	\$ 4,559
Debt limit	\$ 854	\$ 791	\$ 731	\$ 701	\$ 684

\*Debt Limit is approved by City Council as per the City of Toronto Act (COTA) effective 2007. Debt Limit shall not be greater than 15% of the property tax levy.

**10. Taxes collected**

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
City collection	\$ 6,699	\$ 6,182	\$ 6,129	\$ 6,093	\$ 5,239
Taxes transferred to the school board	2,158	2,119	2,083	2,075	2,229
<b>Total</b>	<b>\$ 8,857</b>	<b>\$ 8,301</b>	<b>\$ 8,212</b>	<b>\$ 8,168</b>	<b>\$ 7,468</b>

**11. Trust funds balance – end of year**

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020 Restated</b>
Trust funds – end of year	\$ 97	\$ 110	\$ 111	\$ 116	\$ 106

## 12. Summary of consolidated revenues and expenses

### a. Consolidated revenues by source

	2024	2023	2022 Restated	2021	2020 Restated
Residential and commercial property taxation	\$ 5,690	\$ 5,273	\$ 4,872	\$ 4,672	\$ 4,559
Transfers from other governments	4,669	4,278	4,463	4,682	4,070
User charges	3,610	3,457	3,224	2,798	2,864
Municipal land transfer tax	828	751	1,038	1,172	804
Investment income	801	337	131	147	187
Development charges	789	446	344	365	263
Rental and concessions	584	553	513	477	511
Government business enterprise earnings	176	178	197	146	129
Taxation from other government	118	107	102	95	91
Other	937	945	749	687	597
<b>Total</b>	<b>\$ 18,202</b>	<b>\$ 16,325</b>	<b>\$ 15,633</b>	<b>\$ 15,241</b>	<b>\$ 14,075</b>

### b. Consolidated expenses by function

	2024	2023	2022 Restated	2021	2020 Restated
Transportation	\$ 4,460	\$ 4,074	\$ 3,787	\$ 3,648	\$ 3,472
Social and family services	3,678	3,570	3,080	2,658	2,627
Protection to persons and property	2,452	2,241	2,104	1,985	1,946
Social housing	1,322	1,068	1,003	950	877
Recreation and cultural services	1,239	1,137	1,009	969	938
Environment services	1,176	1,143	1,118	1,148	1,008
General government	1,063	1,062	1,081	1,066	919
Health services	577	612	642	687	536
Planning and development	219	168	51	132	130
<b>Total</b>	<b>\$ 16,186</b>	<b>\$ 15,075</b>	<b>\$ 13,875</b>	<b>\$ 13,243</b>	<b>\$ 12,453</b>

### c. Annual surplus

	2024	2023	2022 Restated	2021	2020
<b>Annual surplus</b>	<b>\$ 2,016</b>	<b>\$ 1,250</b>	<b>\$ 1,758</b>	<b>\$ 1,998</b>	<b>\$ 1,622</b>

**13. Accumulated surplus**

	<b>2024</b>		<b>2023</b>		<b>2022 Restated</b>		<b>2021</b>		<b>2020</b>
Financial assets	\$ 18,225	\$ 17,301	\$ 16,702	\$ 14,941	\$ 14,113				
Liabilities	28,230	26,903	26,089	23,320	22,718				
<b>Net debt</b>	<b>(10,005)</b>	<b>(9,602)</b>	<b>(9,387)</b>	<b>(8,379)</b>	<b>(8,605)</b>				
Non-financial assets	45,888	43,304	40,867	38,805	37,033				
<b>Accumulated surplus</b>	<b>\$ 35,883</b>	<b>\$ 33,702</b>	<b>\$ 31,480</b>	<b>\$ 30,426</b>	<b>\$ 28,428</b>				

**14. Consolidated summary of funding transfers from other governments**

	<b>2024</b>		<b>2023 Restated</b>		<b>2022</b>		<b>2021</b>		<b>2020</b>
Social assistance	\$ 1,125	\$ 957	\$ 843	\$ 758	\$ 922				
Child care assistance	788	901	694	482	398				
Social housing	602	518	244	375	411				
Province of Ontario transfer – capital	409	132	126	147	171				
Government of Canada transfer – TTC	277	441	342	203	57				
Health services	170	151	149	157	187				
Government of Canada transfer – capital	129	36	178	172	50				
Pandemic support	-	117	986	1,743	1,191				
Other	1,169	1,025	901	645	683				
<b>Total</b>	<b>\$ 4,669</b>	<b>\$ 4,278</b>	<b>\$ 4,463</b>	<b>\$ 4,682</b>	<b>\$ 4,070</b>				

**15. Consolidated expenses by object**

	<b>2024</b>		<b>2023</b>		<b>2022 Restated</b>		<b>2021</b>		<b>2020 Restated</b>
Salaries, wages and benefits	\$ 7,642	\$ 7,069	\$ 6,679	\$ 6,418	\$ 6,127				
Contracted services	2,205	2,209	1,969	1,754	1,584				
Transfer payments	2,083	1,860	1,530	1,427	1,533				
Amortization	1,793	1,776	1,651	1,554	1,432				
Materials	1,743	1,387	1,269	1,284	1,078				
Interest on long-term debt & TCHC mortgage	437	421	375	361	346				
Other	283	353	402	445	353				
<b>Total</b>	<b>\$ 16,186</b>	<b>\$ 15,075</b>	<b>\$ 13,875</b>	<b>\$ 13,243</b>	<b>\$ 12,453</b>				

**16. Reserve & reserve fund balance – end of year**

	<b>2024</b>		<b>2023</b>		<b>2022</b>		<b>2021</b>		<b>2020</b>
<b>Amount</b>	<b>\$ 5,607</b>		<b>\$ 5,288</b>		<b>\$ 5,427</b>		<b>\$ 4,103</b>		<b>\$ 3,263</b>

**17. Tangible capital assets**

	<b>2024</b>	<b>2023</b>	<b>2022 Restated</b>	<b>2021</b>	<b>2020 Restated</b>
<b>Cost</b>					
Infrastructure	\$ 34,036	\$ 32,064	\$ 29,424	\$ 27,405	\$ 26,682
General assets	30,016	28,698	27,190	25,871	24,554
Assets under construction	7,271	6,484	6,684	6,323	5,141
<b>Total – cost</b>	<b>71,323</b>	<b>67,246</b>	<b>63,298</b>	<b>59,599</b>	<b>56,377</b>
<b>Accumulated amortization</b>					
Infrastructure	14,247	13,523	12,774	11,843	11,183
General assets	11,659	10,870	10,124	9,370	8,666
<b>Total – accumulated amortization</b>	<b>25,906</b>	<b>24,393</b>	<b>22,898</b>	<b>21,213</b>	<b>19,849</b>
<b>Net book value</b>	<b>\$ 45,417</b>	<b>\$ 42,853</b>	<b>\$ 40,400</b>	<b>\$ 38,386</b>	<b>\$ 36,528</b>

**18. Capital expenses by function**

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Transportation	\$ 1,345	\$ 1,231	\$ 837	\$ 922	\$ 860
Social housing	264	(0)	0	0	(5)
Planning and development	143	84	7	71	86
Recreation and cultural services	137	79	60	91	85
Environment services	86	53	74	203	51
Protection to persons and property	63	16	27	12	34
Social and family services	24	(5)	23	7	(5)
Health services	1	(1)	(1)	(0)	1
General government	(32)	148	169	(52)	55
<b>Total</b>	<b>\$ 2,031</b>	<b>\$ 1,605</b>	<b>\$ 1,196</b>	<b>\$ 1,254</b>	<b>\$ 1,162</b>

**19. Property tax breakdown**

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
<b>Property taxes</b>	<b>\$ 5,690</b>	<b>\$ 5,273</b>	<b>\$ 4,872</b>	<b>\$ 4,672</b>	<b>\$ 4,559</b>
<b>Payments in Lieu (PIL) of taxes*</b>					
Net assessment based	94	86	81	71	68
Non-assessment based	24	21	21	24	23
<b>Total – PIL of taxes</b>	<b>118</b>	<b>107</b>	<b>102</b>	<b>95</b>	<b>91</b>
<b>Total property taxes</b>	<b>\$ 5,808</b>	<b>\$ 5,380</b>	<b>\$ 4,974</b>	<b>\$ 4,767</b>	<b>\$ 4,650</b>

\*Net assessment based PIL is calculated based on the current value assessment (CVA) for Federal, Provincial and Municipal properties, multiplied by applicable tax rates. Non-assessment based PIL include heads and beds levies on institutions (colleges and universities, public hospitals and correctional facilities), acreage levy, and airport passenger levies.

